Pak Kuwait

INSPIRING CHANGE SUSTAINING SUCCESS

Annual Report 2023

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 34.3 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.

PKIC Leading the Way

First DFI to Introduce Islamic Finance Division

Pakistan Kuwait Investment Company (PKIC) has reached a crucial landmark as it secures permission from the State Bank of Pakistan to launch Islamic Banking operations, marking a historic moment in Pakistan's financial sector, with PKIC leading as the first DFI to offer such services. Through steadfast dedication, meticulous efforts and strategic foresight, PKIC has attained this pivotal milestone, opening up a new business avenue to provide a diverse array of Sharia-compliant financial products to its esteemed clientele.

Breaking New Grounds

Raqami Islamic Digital Bank

Pakistan Kuwait Investment Company (PKIC) in partnership with Kuwait Investment Authority through its subsidiary, M/s. Enertech Holding Company KSC has launched Pakistan's first Shariah-Compliant Digital Banking venture. This innovative move blends tradition with technology, revolutionizing the financial sector by offering a cutting-edge digital platform aligned with Islamic principles. With State Bank of Pakistan's In-Principle approval secured, Raqami Islamic Digital Bank is swiftly advancing towards operational readiness, poised to reshape Pakistan's financial landscape.

Championing Excellence

Celebrating Our Journey

Pakistan Kuwait Investment Company (PKIC)'s commitment to excellence and inclusivity has earned prestigious accolades. Recognized with the 'Gender Diversity at Workplace Award', PKIC's initiatives promote equal opportunities for professional growth. Additionally, awarded "Best Small Company to Work'', PKIC's supportive environment prioritizes employee well-being and satisfaction. These honors affirm PKIC's dedication to fostering a diverse and positive workplace culture.

Our Pledge to Community Enrichment

Pakistan Kuwait Investment Company (PKIC) exemplifies corporate social responsibility, actively engaging in community enrichment beyond financial pursuits. With a focus on healthcare, PKIC supports various NGOs, aiming for lasting improvements in community well-being. Additionally, PKIC sponsors educational initiatives, recognizing the transformative power of knowledge in fostering societal growth and development.

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 & 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

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

CONTENTS

CORPORATE INFORMATION

Mr. Mohammad A. M. Al-Fares	Chairman
Mr. Jasem A. Al-Hajry	Director
Mr. Abdullah Salah A. Al-Sayer	Director
Mr. Naveed Alauddin	Director
Mr. Mansoor Masood Khan	Director
Mr. Saad Ur Rahman Khan	Managing Director

LEGAL ADVISOR

M/s. KMS Law Associates Advocates and
Corporate Consultants

AUDITORS

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

REGISTERED OFFICE

4th Floor, Block-C, Finance & Trade Centre, Shahrah-e-Faisal, Karachi- 74400 (Pakistan)
Ph: (92-21) 35630901-7 | UAN: (92-21) 111-611-611 | Fax: (92-21) 35630940
E-mail: info@pkic.com | Website: www.pkic.com

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Tricon Corporate Center, 6th Floor, Office # 601,
Main Jail Road, Gulberg-II, Lahore.
Ph: (92-42) 35781726-27
UAN: (92-42) 111-611-611
Fax: (92-42) 35781725

BOARD OF DIRECTORS

Mohammad A. M. Al-Fares
Chairman

Saad Ur Rahman Khan
Managing Director

Jasem A. Al-Hajry
Director

Abdullah Salah A. Al-Sayer
Director

Naveed Alauddin
Director

Mansoor Masood Khan
Director

Executive Committee

Mohammad A. M. Al-Fares
Member

Saad Ur Rahman Khan
Member

Audit Committee

Jasem A. Al-Hajry
Chairman

Abdullah Salah A. Al-Sayer
Member

Naveed Alauddin
Member

Mansoor Masood Khan
Member

Risk Management Committee

Mansoor Masood Khan
Chairman

Abdullah Salah A. Al-Sayer
Member

Naveed Alauddin
Member

Human Resource & Remuneration Committee

Abdullah Salah A. Al-Sayer
Chairman

Mansoor Masood Khan
Member

Jasem A. Al-Hajry
Member

MANAGEMENT

Saad Ur Rahman Khan
Managing Director

Naveed Sherwani
Chief Risk Officer

Naeem Sattar
Company Secretary

Atif Anwar
Group Head Capital Markets, Treasury & Financial Institutions

Ayesha Umer
Group Head Corporate & Investment Banking

Rashid Aziz
Officiating 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

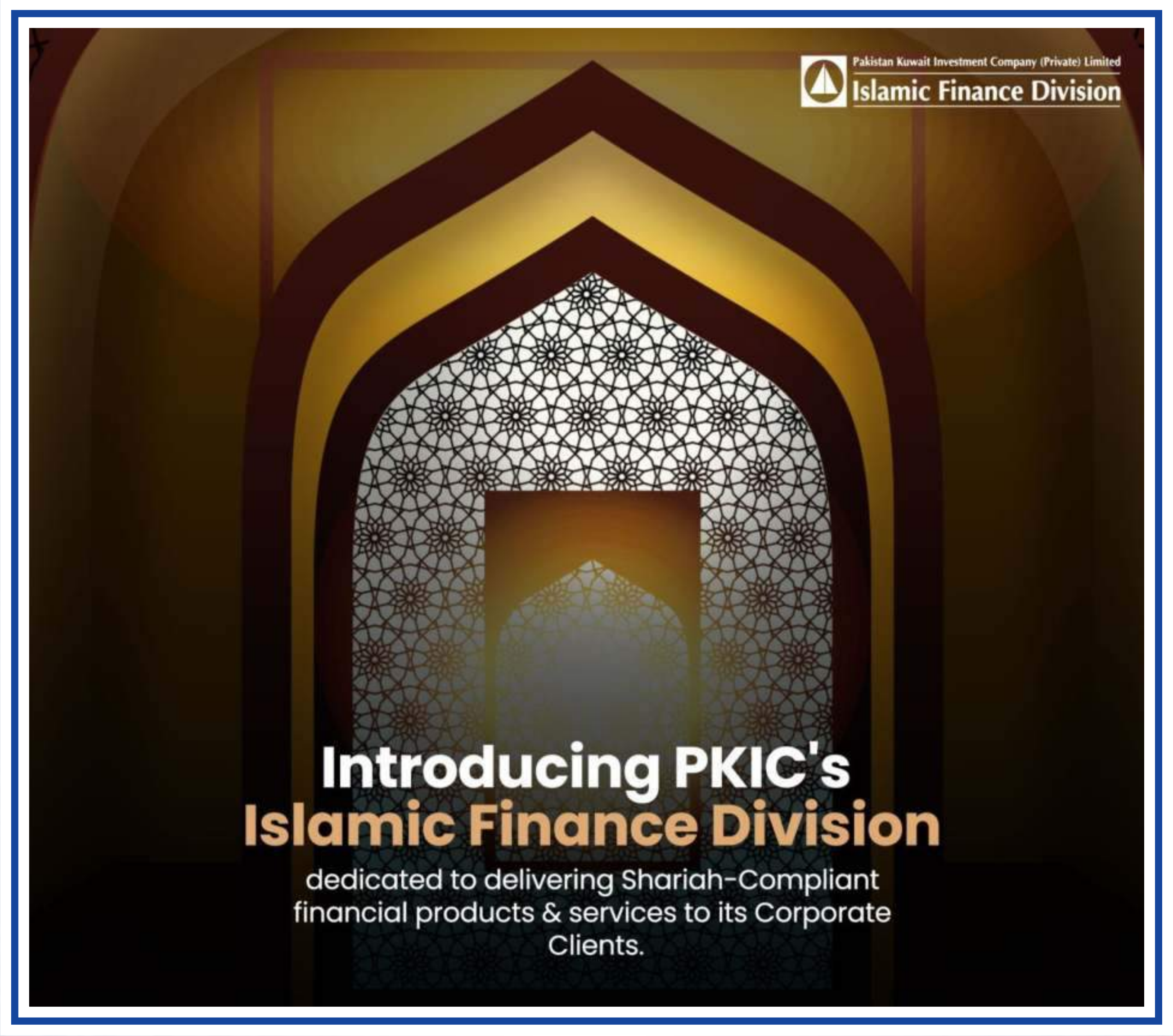
PERFORMANCE HIGHLIGHTS 2023

REACHING NEW HEIGHTS:

PKIC Secures SBP's Permission to Commence Islamic Banking Operations

In a recent development, Pakistan Kuwait Investment Company (PKIC) has achieved a significant milestone by receiving permission from the State Bank of Pakistan to commence Islamic Banking operations. This achievement marks a pivotal moment in the financial landscape of DFIs in Pakistan, with PKIC emerging as the first DFI to offer such services.

This underscores PKIC's commitment to promoting Sharia-compliant financial services and its dedication to adhering to the principles of Islamic banking. The company's rigorous efforts and strategic vision have culminated in this momentous achievement, equipping PKIC with a brand-new business avenue to offer a diverse range of Sharia-compliant financial products to its valued customers.



REVOLUTIONIZING FINANCE:

Raqami Islamic Digital Bank – Pakistan's Pioneering Venture into Shariah-Compliant Digital Banking

Pakistan Kuwait Investment Company (PKIC) in partnership with Kuwait Investment Authority through its subsidiary M/s. Enertech Holding Company KSC has launched Pakistan's first-ever Shariah-Compliant Digital Banking venture. This visionary move by PKIC represents a fusion of tradition and innovation, revolutionizing the financial landscape by providing a cutting-edge digital platform that adheres to Islamic principles.

The introduction of Shariah-Compliant Digital Banking by PKIC marks a significant stride towards meeting the evolving needs of financial markets in Pakistan. By leveraging technology, PKIC has not only embraced principles of Shariah finance but has also paved the way to foster growth of tech-enabled financial services especially for SME, agriculture and financial inclusion of the unbanked with special focus towards women. PKIC has successfully obtained In-Principle approval from State Bank of Pakistan for setting up Raqami Islamic Digital Bank. Raqami is now working extensively towards achieving operational readiness.

EMPOWERING FUTURES:

Our Commitment to Giving Back to the Community

Pakistan Kuwait Investment Company (PKIC) stands as a beacon of Corporate Social Responsibility (CSR) and community engagement, exemplifying the power of businesses to make an impact beyond its financial endeavors. With a commitment to social welfare ingrained in its ethos, PKIC has consistently striven to give back to the community, creating a ripple effect of positive change.

One of the core pillars of PKIC's CSR initiatives is centered around healthcare. Recognizing the importance of well-being for a thriving community, the company has actively supported various initiatives by sponsoring healthcare NGOs and by providing its office space to children from Karachi Down Syndrome Program (KDSP) and Family Educational Services Foundation (FESF) whose work was displayed to PKIC Board members and staff. This commitment to healthcare extends beyond immediate assistance, aiming to create a lasting impact on the overall health and wellness of the community.

Education is another focal point of PKIC's philanthropic endeavors. Understanding the transformative power of knowledge, the company has sponsored various initiatives promoting education. By investing in education, PKIC not only enhances individual lives but also contributes to the development of a skilled and knowledgeable workforce that is essential for sustainable growth of communities and the nation at large.

NURTURING EXCELLENCE:

Strategic Investment in Our Greatest Asset – Our Team

Pakistan Kuwait Investment Company (PKIC) is dedicated towards professional growth and advancement of its team members, fostering an environment where each individual is given the opportunity to flourish. PKIC truly believes that investing in the development of its employees not only enhances their skills but also contributes to the overall success of the company.

PKIC recognizes that the key to sustained success is a team of motivated and skilled professionals. To achieve this, the company has implemented a comprehensive professional development program that encompasses continuous learning, skill enhancement, and career progression. From the moment a team member joins PKIC, they are welcomed into an inclusive environment that encourages innovation, collaboration, and a thirst for knowledge.







Apart from its strong commitment to professional development, PKIC places great importance on fostering a positive and enjoyable work environment. Recognizing the significance of work-life balance and employee well-being, PKIC goes the extra mile to ensure that its employees have opportunities to unwind along with their families and connect on a personal level. In addition, adhering to its principles of inclusion, PKIC also celebrates International Women's Day and arranges different awareness sessions for its female employees.

EXCELLENCE RECOGNIZED:

Our Journey & Triumphs through Accolades & Awards

Pakistan Kuwait Investment Company (PKIC) stands as a shining example of corporate excellence, and its commitment to fostering a diverse and inclusive workplace has been recognized. The company's dedication to gender diversity at the workplace has been duly accoladed by CFA Society Pakistan, by awarding 'Gender Diversity at Workplace Award 2023'. The company has implemented policies and initiatives that not only encourages the recruitment and retention of women but also provide them with equal opportunities for professional growth.

Furthermore, PKIC's efforts to provide an exceptional work environment has been acknowledged with the prestigious title of "Best Small Company to Work" by Pakistan Society of Human Resource Management and Engage Consulting. This award reflects the company's commitment to creating a positive and supportive atmosphere for its employees, where their contributions are valued, and their well-being is prioritized. The recognition as the best small company to work for is a testament to PKIC's unwavering resolve to cultivate a workplace culture that fosters employee satisfaction and engagement.

GROWTH AT A GLANCE

Rupees in million

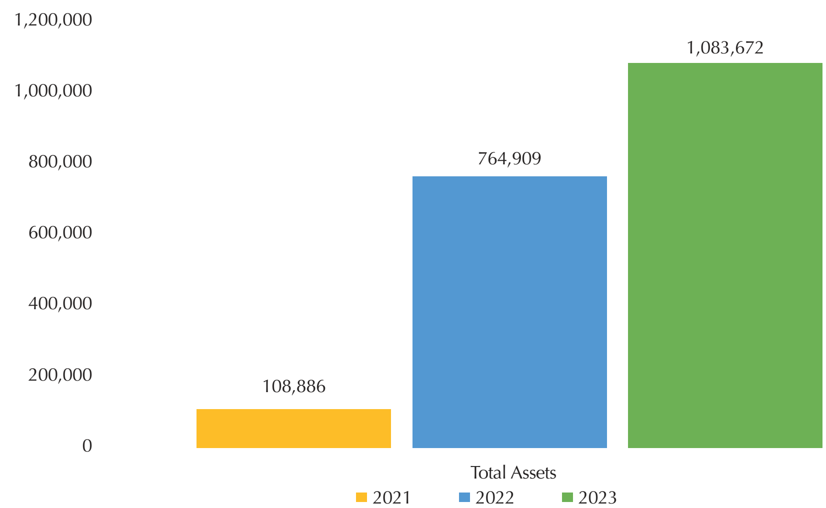
SUMMARIZED STATEMENT OF FINANCIAL POSITION	2023	%	2022	%	2021	%
Assets						
Investments - Net	988,400	43	689,067	793	77,128	12
Advances - Net	53,825	9	49,598	81	27,359	92
Other Assets - Net	41,447	58	26,244	497	4,399	93
Total Assets	**1,083,672**	**42**	**764,909**	**602**	**108,886**	**27**
Liabilities						
Borrowings	1,026,530	41	727,243	796	81,209	31
Deposits And Other Accounts	19,271	41	13,685	118	6,265	122
Other Liabilities	3,578	7	3,337	105	1,626	83
Total Liabilities	**1,049,379**	**41**	**744,265**	**735**	**89,100**	**35**
Net Assets	**34,293**	**66**	**20,644**	**4**	**19,786**	**1**
Represented By:						
Share Capital	16,000	-	16,000	-	16,000	60
Reserves, Unappropriated Profit and Surplus/(Deficit) on Revaluation	18,293	294	4,644	23	3,786	(61)
Net Assets	**34,293**	**66**	**20,644**	**4**	**19,786**	**1**

SUMMARIZED PROFIT AND LOSS ACCOUNT	2023	%	2022	%	2021	%
Mark-up / Return / Interest Earned	236,792	448	43,194	488	7,340	10
Mark-up / Return / Interest Expensed	230,745	467	40,662	701	5,079	11
Net Mark-up / Interest Income	**6,047**	**139**	**2,532**	**12**	**2,261**	**8**
Fee, Commission and Other Income	405	121	183	62	113	102
Gain on securities & Dividend income	8,980	96	4,592	34	3,419	-
Non-markup / Interest Income	**9,385**	**97**	**4,775**	**35**	**3,532**	**1**
Total Income	**15,432**	**111**	**7,307**	**26**	**5,793**	**4**
Operating and other expenses	2,345	29	1,821	18	1,542	49
Profit Before Provisions	**13,087**	**139**	**5,486**	**29**	**4,251**	**(6)**
Provisions and write offs - net	(146)	(112)	1,175	223	364	(65)
Profit Before Taxation	**13,233**	**207**	**4,311**	**11**	**3,887**	**11**
Taxation	3,232	140	1,347	74	774	(4)
Profit After Taxation	**10,001**	**237**	**2,964**	**(5)**	**3,113**	**15**

*The figures for the year 2021 are from the stand-alone Financial Statements.

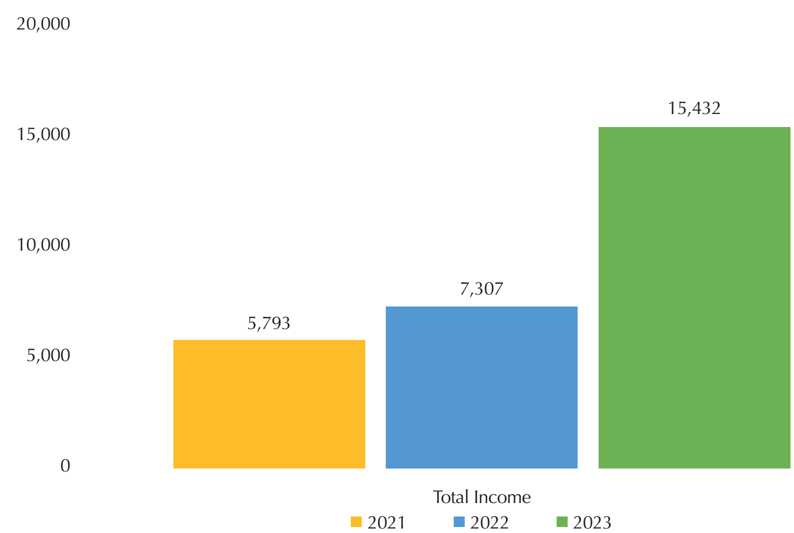
Growth in Assets

(Rupees in million)



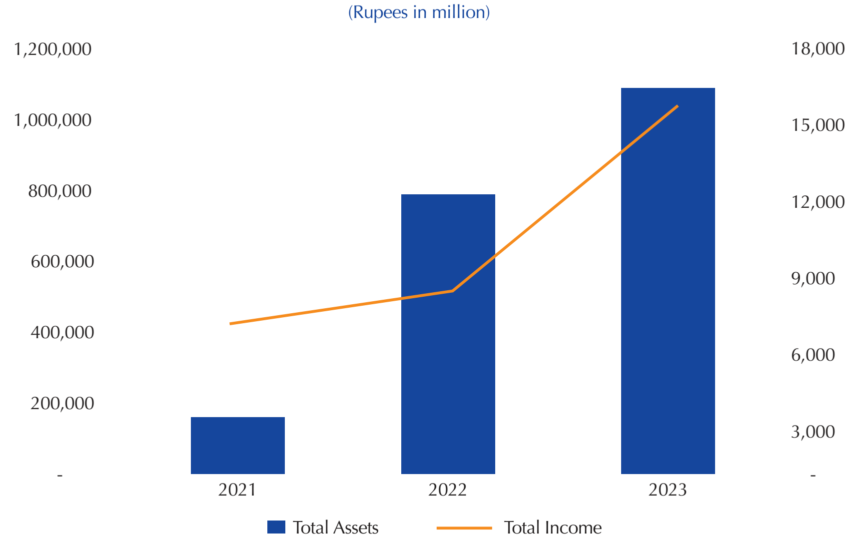
Growth in Total Income

(Rupees in million)



Growth in Total Assets and Income

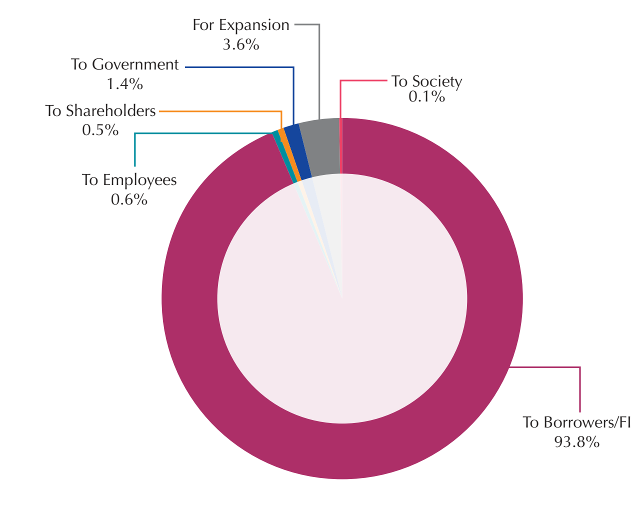
(Rupees in million)



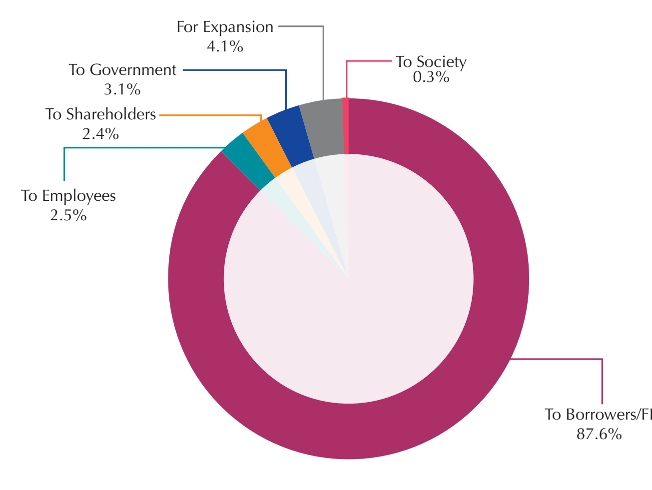
STATEMENT OF VALUE ADDED AND DISTRIBUTED

	2023 (Rupees in million)	%	2022 (Rupees in million)	%
Value Added				
Mark-up / return / interest earned - net of provision	236,938	96.4%	42,019	90.6%
Fee and commission income	84	-	102	0.2%
Dividend Income	8,607	3.5%	4,220	9.1%
Gain on securities and other income	694	0.3%	453	1.0%
	246,323	100.2%	46,794	100.9%
Operating and other expenses - excluding salaries, depreciation, amortization and workers' welfare fund	(430)	-0.2%	(395)	-0.9%
	245,893	**100%**	**46,399**	**100%**
Value Allocated				
To Borrowers / Institutions as mark-up / return / interest on deposit and borrowings	230,745	93.8%	40,662	87.6%
To Employees as salaries, allowances and other benefits	1,359	0.6%	1,142	2.5%
To Shareholders as cash dividend	1,210	0.5%	1,100	2.4%
To Government				
as workers welfare fund	265	0.1%	86	0.2%
as income tax	3,232	1.3%	1,347	2.9%
	3,497	1.4%	1,433	3.1%
For Expansion				
as depreciation and amortization - owned assets	163	0.1%	53	0.1%
retained in business	8,791	3.6%	1,864	4.0%
	8,954	3.6%	1,917	4.1%
To promote development and welfare of the society as donations	128	0.1%	145	0.3%
	245,893	**100%**	**46,399**	**100%**

Value Added & Distributed in 2023



Value Added & Distributed in 2022



CHAIRMAN'S MESSAGE

I am delighted to share the performance of Pakistan Kuwait Investment Company (Private) Limited (PKIC, the Company) for the year ended 31 December 2023. PKIC exhibited exceptional performance this year, recording a Profit After Tax of PKR 10.0 billion, which is 237% higher than the preceding year. The total assets of the Company increased to a record level of PKR 1,084 billion compared to PKR 765 billion at the end of last year.

PKIC remained resolute at its strategy of facilitating the economic growth of the country despite the economic uncertainties. The focus of our financing and investment continued to be the various sectors that contributed in the industrial and infrastructural development of the country.

In view of the growing potential of Islamic Banking in Pakistan, PKIC decided to establish a dedicated Islamic Finance Division (IFD). PKIC has successfully obtained permission from State Bank of Pakistan to launch shariah compliant business operations, and consequently has commenced its operations. PKIC - IFD is equipped with a team of qualified professionals who have developed a wide range of financial products and services in accordance with Shariah principles to serve our valued customers.

PKIC, in partnership with Kuwait Investment Authority through its subsidiary M/s. Enertech Holding Company KSC, has successfully obtained an In-principle approval from SBP for setting up Raqami Islamic Digital Bank, in a bid to revolutionize the banking industry. This will be Pakistan's first Shariah Compliant Digital Bank which will foster growth of tech-enabled financial services especially for SME, agriculture and financial inclusion of the unbanked market with special focus on women. The bank is now moving towards operational readiness.

PKIC remained steadfast in its commitment to giving back to the community. During 2023, PKIC contributed to the cause of health and education, exemplifying the power of business to make a positive impact beyond the financial endeavors. PKIC continued to foster, nurture and acknowledge its greatest asset, its team and our efforts were also recognized by credible institutions through accolades and awards.

Despite the volatility in the economy, PKIC led by example and showcased remarkable financial growth. PKIC remains positive about achieving its long-term vision of being the financial house of excellence through diversification, innovation and commitment.

I would like to convey my gratitude to PKIC's management, employees, its shareholders and other stakeholders for their continued resilience, adaptability and initiatives to make PKIC the symbol of success as it is today. I am confident that going forward we will take any challenge head-on and continue to grow.

Mr. Mohammad A. M. Al-Fares
Chairman

Date: March 04, 2024

چیئرمین کا پیغام

31 دسمبر، 2023 کو اختتام پذیر سال پر میں پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC / کمپنی) کی کارکردگی پیش کرتے ہوئے انتہائی خوشی محسوس کر رہا ہوں۔ PKIC نے زیرِ جائزہ سال میں شاندار کارکردگی پیش کی اور 10.0 ارب روپے سے زائد کا بعد از محصول منافع پیش کیا، جو کہ گزشتہ سال سے 237 فیصد زیادہ ہے۔ کمپنی کے کل اثاثے گزشتہ سال کے اختتام پر 765 ارب روپے تھے جو زیر جائزہ سال بڑھ کر 1,084 ارب روپے کی ریکارڈ سطح پر پہنچ گئے۔

معاشی غیر یقینی کی صورتحال کے باوجود PKIC پاکستان کی اقتصادی و معاشی ترقی میں معاونت کی حکمت عملی پر ثابت قدم رہی۔ ہماری فنانسنگ اور سرمایہ کاریوں کی توجہ کا مرکز ان شعبوں کی جانب رہا جن کا ملک کی صنعتی اور انفرااسٹرکچر کی ترقی میں اہم کردار رہے۔

پاکستان میں اسلامی بینکاری کے فروغ کے بڑھتے ہوئے امکانات اور توقعات کو دیکھتے ہوئے PKIC نے ایک مکمل وقف اسلامی فنانس ڈویژن (IFD) کے قیام کا فیصلہ کیا۔ PKIC نے اسٹیٹ بینک آف پاکستان سے شریعت کی پابند کاروباری آپریشنز کی منظوری حاصل کر لی ہے، اور بعد ازاں اپنے کام کا باقاعدگی سے آغاز کر دیا ہے۔ PKIC کا اسلامک فنانس ڈویژن پیشہ ورانہ ماہرین کی ٹیم پر مشتمل ہے اور اس قابل ٹیم نے ہمارے معزز صارفین کو خدمات کی فراہمی کے لئے شریعت کے اصولوں کے مطابق مالیاتی پروڈکٹس اور سروسز کی وسیع رینج تیار کی ہے۔

PKIC نے کویت انویسٹمنٹ اتھارٹی کی اپنی ذیلی کمپنی میسرز Enertech ہولڈنگ کمپنی KSC کے ساتھ شراکت میں بینکاری صنعت میں انقلاب برپا کرنے کے لئے اسٹیٹ بینک آف پاکستان سے رقمی اسلامک ڈیجیٹل بینک کے قیام کی اصولی منظوری حاصل کر لی ہے۔ یہ پاکستان کا پہلا شریعہ کمپلائنٹ ڈیجیٹل بینک ہوگا جو ٹیکنالوجی پر مبنی فنانشل خدمات کی ترقی میں معاون ہوگا اور خاص طور پر خواتین پر خصوصی توجہ کے ساتھ اسمال میڈیم انٹرپرائزز، زراعت اور غیر بینک شدہ مارکیٹ کی مالیاتی شمولیت کے فروغ میں اہم ثابت ہوگا۔ بینک اب آپریشنل تیاری کے مراحل میں ہے۔

PKIC معاشرے کے ساتھ تعاون کے اپنے عزم پر ثابت قدم رہی۔ 2023 کے دوران PKIC نے کاروباری قابلیت کو مثال بناتے ہوئے صحت اور تعلیم کے مقاصد میں اپنا حصہ ڈالا تاکہ مالی جدوجہد کے علاوہ بھی معاشرے پر مثبت اثرات مرتب کئے جائیں۔ PKIC نے اپنے سب سے بڑے اثاثے یعنی اپنی ٹیم کی ترقی اور تربیت کا سلسلہ جاری رکھا اور ہماری ان کاوشوں کا اعتراف معتبر اداروں نے متعدد اعزازات اور ایوارڈز کے ذریعے کیا۔

معیشت میں اتار چڑھاؤ کے باوجود PKIC نے ایک روشن مثال قائم کی اور حیرت انگیز مالیاتی نمو کا مظاہرہ کیا۔ PKIC اپنے تنوع، جدت اور وابستگی کے ذریعے بہترین مالیاتی ادارہ بننے کے اپنے طویل مدتی عزم کے حصول کے لئے پُرامید ہے۔

میں PKIC کی انتظامیہ، اس کے ملازمین، حصص یافتگان اور دیگر شرکائے مفاد کا ان کی اپنے کام سے لگن اور پیشہ ورانہ رویئے اور PKIC کو آج کی طرح کامیابی کی علامت بنانے کے ان کے اقدامات کا تہہ دل سے شکریہ ادا کرتا ہوں۔ مجھے یقین ہے کہ ہم آئندہ آنے والے چیلنجز کا پورے اعتماد کے ساتھ مقابلہ کرتے ہوئے ترقی کی راہوں پر گامزن رہیں گے۔

محمد اے۔ ایم۔ الفارس

چیئرمین

بتاریخ: 04 مارچ، 2024

رسالة رئيس الشركة

أستهل هذه الرسالة بحمد الله والصلاة والسلام على أشرف خلقه محمد بن عبد الله.. وبعد

يسعدني أن أشارك معكم أداء الشركة الباكستانية الكويتية (الخاصة) المحدودة للعام المنصرم المنتهي ب 31 ديسمبر 2023. قدمت الشركة في هذا العام أداء استثنائيا وحققت ربحا صافيا بقيمة 10 مليار روبية باكستانية والذي يفوق على ربح العام الماضي بنسبة 237 في المئة، كما زادت الأصول الإجمالية للشركة من 765 مليار روبية في نهاية العام الماضي لتصل هذا العام الى مستوى قياسي بقيمة 1084 مليار روبية.

من ناحية أخرى، استمرت الشركة في العمل على سياسة دعم النمو الاقتصادي للدولة على الرغم من انعدام الاستقرار الاقتصادي والذي يظهر من تركيز مشاريعنا التمويلية والاستثمارية على القطاعات التي تساهم في التطوير الصناعي وتحسين البنية التحتية للدولة.

قررت PKIC إنشاء قسم مستقل في الشركة متخصص للتمويل الإسلامي (IFD) نظرا للإمكانيات المتنامية للصرافة الإسلامية في باكستان، وقد بدأت الشركة بالفعل بتقديم خدمات متوافقة مع الشريعة بعد حصولها على إذن من البنك المركزي الباكستاني لإطلاق الخدمات التجارية المتوافقة مع الشريعة. القسم الجديد المتخصص في التمويل الإسلامي مجهز بفريق من المهنيين المؤهلين الذين قاموا بتطوير مجموعة واسعة من المنتجات والخدمات المالية التوافقة مع مبادئ الشريعة الإسلامية لخدمة عملائنا الكرام.

وفي سياق متصل، حصلت PKIC بالشراكة مع الهيئة العامة للاستثمار الكويتية من خلال Enertech Holding Company KSC التابع للشركة على موافقة مبدئية من البنك المركزي الباكستاني لإنشاء بنك رقمي إسلامي في محاولة لإحداث تحول في القطاع المصرفي، هذا البنك سيكون أول بنك رقمي إسلامي في باكستان والذي سيعزز نمو الخدمات المالية الرقمية وخاصة تلك التي تدعم الشركات الصغيرة والمتوسطة وقطاع الزراعة، كما سيساعد السوق الحر مع تركيز بشكل خاص على النساء اللاتي يعملن فيه. البنك الرقمي الإسلامي في مرحلة الاستعداد التشغيلي الآن.

إضافة الى ذلك، ظلت الشركة راسخة في التزامها برد الجميل للمجتمع اذ ساهمت خلال عام 2023 في قطاعات الصحة والتعليم لتجسد امكانيات الشركات التجارية في إحداث تأثير إيجابي في المجتمع بعيدا عن الأطماع المالية لهذه الشركات. كما واصلت الشركة تعزيز ورعاية واعتراف أغلى ثرواتها المتمثلة في فريقها الذي أشادت بجهوده المؤسسات الأخرى أيضا وقدمت لهم الأوسمة والجوائز على جهودهم وخدماتهم.

قدمت الشركة خلال العام من خلال النمو المالي الملحوظ الذي حققته مثالا يحتذى به في بيئة حفوفة بالتحديات والتقلبات الاقتصادية وستظل PKIC إيجابية بشأن تحقيق رؤيتها طويلة المدى المتمثلة في أن تكون مصدر التمويل للتميز من خلال التنويع والابتكار والالتزام.

أخيرا، أود أن أعرب عن امتناني لإدارة الشركة الباكستانية الكويتية (الخاصة) المحدودة وموظفيها وأصحاب الحصص ولمن لهم علاقة بهذه الشركة على مرونتهم المستمرة وقدرتهم على التكيف ومبادراتهم لجعلها رمزا للنجاح كما نراها اليوم. أنا واثق من أننا سنستمر في النمو في المستقبل وسنواجه أي تحد بعزم وصرامة.

محمد الفارس

رئيس الشركة

التاريخ: 04 مارس 2024

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 along with the Consolidated Financial Statements of the Group for the year ended 31 December 2023, together with the Auditors' Report thereon.

Company Performance

For the Year (PKR million)	**2023**	**2022 (Restated)**
Net Markup Income	6,047	2,532
Non Markup Income	9,385	4,775
Total Income	15,432	7,307
Operating Expenses	2,344	1,822
Profit before provisions	13,087	5,486
(Reversal)/Credit Loss Allowance/Provisions	(146)	1,175
Profit Before Taxation	13,233	4,311
Taxation	3,232	1,347
Profit After Taxation	10,001	2,963

At Year end (PKR million)	**2023**	**2022 (Restated)**
Total Assets	1,083,672	764,909
Liabilities	1,049,379	744,265
Share Capital	16,000	16,000
Reserves and Un-appropriated Profit	18,293	4,644

The Company earned a Profit after Tax of PKR 10.0 billion for the year ended 31 December 2023, as against PKR 3.0 billion during the previous year. The increase of 237% YoY in Profit after Tax was mainly attributed to the increase in income from core business activities and higher dividend income from our associates.

Net markup-based income of the Company increased by 139% YoY to PKR 6.0 billion. This result was achieved by increasing investments in government securities to take advantage of the prevailing interest rate scenario.
Non-markup-based income increased from PKR 4.8 billion last year to PKR 9.4 billion in 2023, showing an increase of 97% YoY, due to a 104% YoY increase in dividend income from our associates.

Total Assets of the Company increased to PKR 1,084 billion as of 31 December 2023, compared to PKR 765 billion at the end of last year. The increase in assets was due to investments in government securities to earn additional income and higher disbursements to the corporate sector.

The company has incorporated Raqami Islamic Digital Bank Limited (RIDBL) as a subsidiary during the year. Prior to this, the Company did not have a subsidiary and the Company had only prepared a single set of financial statements (standalone financial statements). Investments in associates were accounted for using the equity method in the standalone financial statements of the Company. As a result of the incorporation of RIDBL, PKIC is now the parent company of RIDBL and is required to prepare consolidated financial statements under the provisions of Companies Act, 2017 and in accordance with the requirements of International Financial Reporting Standards as applicable in Pakistan.

Economic Review

Pakistan's economic growth is expected to recover in FY24 with GDP growth estimated at 2% (FY23: -0.17%). This is in line with provisional 1QFY24 GDP growth of 2.13%. Pakistan's economy would be supported by a rebound in agriculture output amid higher prices. Pakistan entered a 9-month Stand by Arrangement with the IMF in July, 2023 amounting to USD 3 billion, with an aim to provide a policy anchor for addressing domestic and external balances along with a framework for financial support from multilateral and bilateral partners. After resumption of the IMF program, the immediate balance of payment crisis was averted with the aggregate receipt of USD 5 billion from IMF, KSA & UAE.

Economic activity remained mixed with some sectors showing early signs of recovery. High frequency indicators such as sales of cement & urea fertilizer are up 10% YoY & 5% YoY during Jul-Dec'23, while power generation remained on par with last year (+0.6% YoY). Higher prices have impacted the transport sector where consumption of petrol (-7%) & diesel (6%) have declined, whereas car sales still remain depressed (-54%). Further, Large-Scale Manufacturing index contracted by 0.4% during Jul-Dec 2023.

Imports during Jul-Dec'23 contracted by 17% YoY to USD 26.1 billion, while exports increased by 5% to USD 15 billion. Consequently, the trade deficit contracted by 35% to USD 11.2 billion. The current account deficit contracted by 77% YoY during Jul-Dec'23 to USD 831 million as compared to USD 3,629 million during SPLY. CAD compression mainly reflects contraction in imports, which continues to outweigh the decline in remittances. Remittances during Jul-Dec'23 fell 7% YoY to USD 13.4 billion, as a temporary gap existed between the official & grey market FX rates.

The PKR lost 25% over the year, closing at PKR282/USD as compared to PKR226/USD in Dec'22. Though some recovery was witnessed after making a high of PKR307/USD in Aug'23 in the latter half of the year amid FX inflows from the IMF and friendly countries. As of Dec'23 foreign exchange reserves with SBP rose to USD 8.2 billion up 47% as compared to USD 5.6 billion at the end of Dec'22.

Inflation remained elevated during Jul-Dec'23, averaging 28.8% as compared to 25.1% SPLY. However, in its latest MPC meeting (Dec'23), the SBP held status quo, maintaining the policy rate at 22% citing that inflation was expected to ease in the coming period. High interest rates, administrative measures and economic headwinds restricted credit offtake, where credit to private sector businesses declined (-1.34% YoY) at PKR 7.4 trillion in Dec'23.

Re-entry into the IMF program along with expectations of peaking interest rates and inflation easing drew renewed interest in the equity market. After half a decade of sluggish returns, the KSE-100 soared 55% in 2023, closing at the 62,451 points level.

Future Outlook

PKIC aims to continue its growth trajectory while remaining cautious. During 2024, 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, Raqami Islamic Digital Bank owned by PKIC has been incorporated with SECP and in-principle approval has been received from SBP for the launch of the digital bank. The bank is now moving towards operational readiness. In addition, PKIC has received permission from SBP to launch its Islamic Financing Division and consequently has commenced its operations.

Dividend

The Board of Directors is pleased to recommend a cash dividend of PKR 1,331 million for the year ended 31 December 2023.

Earnings per Share

The basic and diluted earnings per share have increased to PKR 15,627 from PKR 4,630 on share of PKR 25,000/- each.

Risk Management Framework

PKIC has implemented a comprehensive risk management framework that is designed to address risks at organizational level by robust Board oversight, effective management supervision, and streamlined systems. The Board of Directors plays a pivotal role in establishing the strategic direction and ultimately bears the responsibility for ensuring the efficacy of the framework. To aid in this responsibility, the Board is assisted by dedicated committees such as the Risk Management Committee (RMC) and the Board Audit Committee (BAC). At the senior management level, several management committees are tasked with overseeing the strategy, initiatives, and processes associated with 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.

Credit risk is managed through Board approved policies; internal risk ratings tools and continuous monitoring of portfolio. Strong credit approval process is in place to ensure booking of quality assets. PKIC also emphasis on environmental and social (E&S) risks associated with its borrowers, and considers these risks as part of core credit risk. The latest guidelines on Environment and Social Risk Management (ESRM) framework is duly covered in Board approved policy on Green Banking. 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. 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.

The Company has adopted IFRS 9 "Financial Instruments" with effect from January 1, 2023. The IFRS 9 replaces the current credit loss measurement method with an "Expected Credit Loss" model ("ECL"). Accordingly, annual and interim financial statements are 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, except for policy related to adoption of IFRS-9, 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 Internal annual evaluation of the Board and its Committees, which was carried out by the Corporate Affairs Function. 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 2023 as per following schedule:

1st Meeting	February 22, 2023
2nd Meeting	May 4, 2023
3rd Meeting	August 23, 2023
4th Meeting	October 26, 2023

Audit Committee Meetings

Four meetings of the Audit Committee of the Company were held in the year 2023 as per following schedule:

1st Meeting	February 21, 2023
2nd Meeting	May 3, 2023
3rd Meeting	August 22, 2023
4th Meeting	October 25, 2023

Risk Management Committee Meetings

Four meetings of the Risk Management Committee of the Company were held in the year 2023 as per following schedule:

1st Meeting	February 21, 2023
2nd Meeting	May 3, 2023
3rd Meeting	August 22, 2023
4th Meeting	October 26, 2023

Executive Committee Meeting

Four meeting of the Executive Committee of the Company were held in the year 2023 as per following schedule:

1st Meeting	February 21, 2023
2nd Meeting	May 3, 2023
3rd Meeting	August 22, 2023
4th Meeting	October 25, 2023

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. Mansoor Masood Khan – Member *(Non-Executive Director)*	2	2
Mr. Saad Ur Rahman Khan – Member *(Executive Director / Managing Director)* *(In place of Mr. Mubashar Maqbool)*	2	2
Mr. Mubashar Maqbool - Member *(Former Executive Director / Managing Director)*	2	2

Risk Management Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Mansoor Masood Khan - Chairman	2	2
Mr. Abdullah Salah A. Al-Sayer - Member	4	4
Mr. Naveed Alauddin - Member	4	4
Mr. Jasem A. Al-Hajry – Former Member	3	3

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
Mr. Mansoor Masood Khan - Member	2	2

Executive Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Mohammad A. M. Al-Fares – Member	4	4
Mr. Saad Ur Rahman Khan – Member *(In place of Mr. Mubashar Maqbool)*	2	2
Mr. Mubashar Maqbool *(Former Executive Director / Managing Director)*	2	2

Summarized Operating and Financial Data for the last six years:

(PKR Million)	2023	2022 (Restated)	2021 (Restated)	2020	2019	2018
Paid up Capital	16,000	16,000	16,000	10,000	10,000	6,000
Reserves	18,293	33,941	26,184	27,717	23,535	20,549
Total Assets	1,083,672	798,096	135,034	106,825	65,781	29,977
Profit before tax	13,233	13,995	9,508	7,818	5,768	3,515
Net Profit after tax	10,001	11,030	7,882	6,344	4,743	2,768
Cash Dividend	1,331	1,210	1,100	1,000	800	450
Stock Dividend	-	-	6,000	-	4,000	-

Note: The Reserves are inclusive of surplus on revaluation of Investments.
*For the purpose of comparisons, the figures for the years 2018-2020 have been taken from the standalone financial statements, wherein investment in associate were accounted for using the equity method of accounting.

Statement of Investments of Provident and Gratuity Funds

Investments of Provident and Gratuity Funds as of December 31, 2023 according to their respective un-audited accounts were PKR 404.792 million and PKR 194.676 million, respectively. Investment of Provident Fund and Gratuity Fund amounted to PKR 381.238 million and PKR 174.031 million respectively, as at December 31, 2022 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and 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, 2024.

Acknowledgement

We would like to express our sincere appreciation to our shareholders for having reposed confidence in 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. The board appreciates the contribution of the outgoing Managing Director Mr. Mubashar Maqbool, and welcomes the incoming Managing Director Mr. Saad Ur Rahman Khan. The board also welcomes incoming director Mr. Mansoor Masood Khan to the company. 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

Saad Ur Rahman Khan
Managing Director

Date: March 04, 2024
Karachi

ناظمین کی رپورٹ

پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC، کمپنی) کے ناظمین 31 دسمبر، 2023 کو اختتام پذیر سال کی سالانہ رپورٹ اور تصدیق شدہ مالیاتی گوشوارے مع گروپ کے مجموعی مالیاتی گوشوارے، جس میں کمپنی کے تفصیلی نتائج درج ہیں، اور ان پر آڈیٹرز کی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

کمپنی کی کارکردگی

برائے سال (پاکستانی روپیہ ملین میں)	2023	2022 دوبارہ بیان کیا گیا ہے
خالص مارک اپ کی بنیاد پر آمدن	6,047	2,532
بغیر مارک اپ کے آمدن	9,385	4,775
کل آمدنی	15,432	7,307
عملی اخراجات	2,344	1,822
منافع معروضات سے پہلے	13,087	5,486
معروضات/ (معروضات کی واپسی)	(146)	1,175
منافع قبل از محصول	13,233	4,311
محصول	3,232	1,347
منافع بعد از محصول	10,001	2,963

اختتام سال پر (پاکستانی روپیہ ملین میں)	2023	2022 دوبارہ بیان کیا گیا ہے
کل اثاثہ جات	1,083,672	764,909
مالیاتی واجبات	1,049,379	744,265
حصص کا سرمایہ	16,000	16,000
محفوظ سرمایہ اور غیر مختص شدہ منافع	18,293	4,644

کمپنی نے 31 دسمبر، 2023 کو ختم ہونے والے سال میں 10.0 ارب پاکستانی روپے بعد از محصول منافع حاصل کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 3.0 ارب روپے منافع بعد از محصول کمایا تھا۔ سال بہ سال منافع بعد از محصول میں 237 فیصد اضافے کی بنیادی وجہ اصل کاروباری سرگرمیوں اور شریک کمپنیوں کا نتائج میں زیادہ حصہ ہے۔

کمپنی کی خالص مارک اپ کی بنیاد پر آمدنی سال بہ سال 139 فیصد اضافے کے بعد 6.0 ارب روپے ہوگئی۔ یہ نتائج حکومتی سیکیورٹیز میں سرمایہ کاریوں میں اضافہ سے حاصل کئے گئے تاکہ موجودہ شرح سود کے منظرنامے کا فائدہ اٹھایا جائے۔

نان۔مارک اپ کی بنیاد پر آمدنی گزشتہ سال کے 4.8 ارب روپے کے مقابلے میں سال 2023 میں بڑھ کر 9.4 ارب روپے ہوگئی، جو 97 فیصد سال بہ سال کا اضافہ ظاہر کرتی ہے، جس کی بنیادی وجہ شریک کمپنیوں سے آمدنی میں 104 فیصد سال بہ سال اضافہ ہے۔

31 دسمبر 2023 تک کمپنی کے کل اثاثے گزشتہ سال کے 765 ارب روپے کے مقابلے میں بڑھ کر 1,084 ارب روپے ہوگئے۔ اثاثوں میں اضافے کی وجہ اضافی آمدنی کے حصول کے لئے حکومتی سیکیورٹیز میں زیادہ سرمایہ کاری اور کارپوریٹ شعبہ کو قرضہ جات کی فراہمی تھی۔

کمپنی نے سال کے دوران راقمی اسلامک ڈیجیٹل بینک لمیٹڈ کو بطور ذیلی ادارہ شامل کیا ہے۔ اس سے پہلے، کمپنی کے پاس کوئی ذیلی ادارہ نہیں تھا اور کمپنی نے مالی بیانات کا صرف ایک سیٹ تیار کیا تھا) اسٹینڈ الون مالیاتی بیانات (۔ایسوسی ایٹس میں سرمایہ کاری کا حساب کمپنی کے اسٹینڈ الون مالیاتی بیانات میں ایکویٹی طریقہ استعمال کرنے کے لیے کیا گیا تھا۔

راقمی اسلامک ڈیجیٹل بینک لمیٹڈ کی شمولیت کے نتیجے میں) پی کے آئی سی (اب راقمی اسلامک کی بنیادی کمپنی ہے اور اسے کمپنیز ایکٹ، 2017 کی دفعات کے تحت اور پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ معیارات کے تقاضوں کے مطابق مالیاتی بیانات تیار کرنے کی ضرورت ہے۔

معاشی جائزہ

مجموعی قومی پیداوار کے 2 فیصد (مالی سال 2023: -0.17 فیصد) رہنے کے تخمینوں کے ساتھ مالی سال 2024 میں پاکستان کی معاشی نمو کی بحالی کی توقع ہے۔ یہ تخمینے مالی سال 2024 کی پہلی سہ ماہی کی عبوری مجموعی ترقیاتی پیداوار یعنی 2.13 فیصد کے مطابق ہیں۔ بڑھتی قیمتوں کے دوران زرعی پیداوار میں اضافہ سے پاکستانی معیشت کو کافی سہارا ملے گا۔ پاکستان جولائی 2023 میں آئی ایم ایف کے ساتھ 3 ارب ڈالر کے اسٹینڈ بائی ارینجمنٹ میں شامل ہوا، جس کا مقصد مقامی اور بیرونی ادائیگیوں کو پالیسی تحفظ کی فراہمی اور اس کے ساتھ ساتھ کثیر فریقی اور دو فریقی شراکت داروں کی جانب سے مالی تعاون کے لئے فریم ورک کی تشکیل تھی۔ آئی ایم ایف پروگرام کی بحالی کے بعد آئی ایم ایف، سعودی عرب اور متحدہ عرب امارات سے 5 ارب امریکی ڈالر کی وصولی کے بعد ادائیگیوں کے توازن کا فوری بحران ٹل گیا۔

معاشی سرگرمیوں میں مختلف شعبوں میں ملا جلا رجحان رہا جبکہ کچھ شعبوں میں بحالی کے ابتدائی آثار نظر آئے۔ زیادہ تعداد کے اشاریے جیسے کہ سیمنٹ اور یوریا فرٹیلائیزر سال بہ سال 10 فیصد اور جولائی تا دسمبر 2023 کے دوران 5 فیصد نمو ظاہر کر رہے ہیں، جبکہ توانائی کا شعبہ گزشتہ سال کی سطح پر برقرار ہے (0.6+ فیصد سال بہ سال)۔ زیادہ قیمتوں نے ٹرانسپورٹ کے شعبہ کو متاثر کیا جہاں پیٹرول (7- فیصد) اور ڈیزل (6 فیصد) کی کھپت میں کمی آئی، جبکہ گاڑیوں کی فروخت بھی بدستور کم ہے (54- فیصد)۔ مزید برآں، بڑے پیمانے کے کاروبار (LSM) کا انڈیکس جولائی تا دسمبر 2023 کے دوران 0.4 فیصد کم ہوا۔

جولائی تا دسمبر 2023 کے دوران درآمدات 17 فیصد سال بہ سال کمی کے بعد 26.1 ارب ڈالر رہیں، جبکہ برآمدات 5 فیصد اضافے کے بعد 15 ارب امریکی ڈالر ہوگئیں۔ نتیجے کے طور پر تجارتی خسارہ 35 فیصد کم ہو کر 11.2 ارب امریکی ڈالر ہوگیا۔ ملک کا جاری کھاتوں کا خسارہ جولائی تا دسمبر 2023 کے دوران 77 فیصد سال بہ سال کمی کے ساتھ 831 ملین امریکی ڈالر رہا، جبکہ گزشتہ سال کی اسی مدت میں یہ خسارہ 3,629 ملین امریکی ڈالر رہا تھا۔ جاری کھاتوں کے خسارے (CAD) میں کمی بنیادی طور پر درآمدات میں کمی کی عکاسی کرتی ہے، جس نے ترسیلات زر میں کمی کو مسلسل پیچھے چھوڑا ہوا ہے۔ سرکاری اور گرے مارکیٹ کے فارن کرنسی ریٹس میں عارضی فرق کی موجودگی کے باعث جولائی تا دسمبر 2023 کے دوران ترسیلات زر 7 فیصد سال بہ سال کمی کے بعد 13.4 ارب امریکی ڈالر ہوگئیں۔

سال کے دوران پاکستانی روپے کی قدر میں 25 فیصد کمی آئی، اور دسمبر 2022 کے 266 روپے/ امریکی ڈالر کے مقابلہ میں 282 روپے/ امریکی ڈالر پر بند ہوا۔ اگرچہ اگست 2023 میں 307 روپے/ امریکی ڈالر کی بلند شرح کو چھونے کے بعد سال کے دوسرے نصف حصہ میں آئی ایم ایف اور دوست ممالک سے غیر ملکی زرمبادلہ کی آمد کی وجہ سے روپے کی قدر میں کچھ بحالی نظر آئی۔ دسمبر 2023 تک اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 47 فیصد اضافے کے بعد 8.2 ارب امریکی ڈالر ہوگئے جو کہ دسمبر 2022 کے اختتام تک 5.6 ارب امریکی ڈالر تھے۔

جولائی تا دسمبر 2023 کے دوران افراط زر کی شرح بدستور بلند رہی، اور گزشتہ سال کی اسی مدت کے 25.1 فیصد کے مقابلہ میں 28.8 فیصد ریکارڈ کی گئی۔ تاہم مانیٹری پالیسی کمیٹی کے اپنے حالیہ اجلاس میں اسٹیٹ بینک آف پاکستان نے پالیسی شرح 22 فیصد کی حسب سابق سطح پر برقرار رکھی اور بیان دیا کہ آئندہ مدت میں افراط زر کی شرح میں کمی متوقع ہے۔ افراط زر کی بلند شرح، انتظامی اقدامات اور معاشی چیلنجز اور مشکلات نے قرضوں کے حصول کو محدود رکھا اور نجی شعبے کے کاروبار کو قرضہ جات کی فراہمی میں دسمبر 2023 میں 7.4 ٹریلین روپے (1.34- فیصد سال بہ سال) کی کمی آئی۔

شرح سود میں کمی اور افراط زر میں تخفیف کی توقعات کے ساتھ آئی ایم ایف پروگرام میں دوبارہ شمولیت ایکویٹی مارکیٹ میں نئے سرے سے دلچسپی پیدا کرنے کا باعث بنی۔ نصف دہائی کے سست رو منافعوں کے بعد 2023 میں KSE-100 انڈیکس میں 55 فیصد اضافہ دیکھنے میں آیا اور انڈیکس 62,451 پوائنٹس کی سطح پر بند ہوا۔

مستقبل کا منظر نامہ

کمپنی محتاط طرزِ عمل اختیار کرتے ہوئے ترقی کی رفتار جاری رکھنے کا ارادہ رکھتی ہے۔ 2024 کے دوران کمپنی پروجیکٹ فنانسنگ، شرکت تجارت سازی، مشاورت اور ٹریژری آپریشنز پر توجہ کے ساتھ ترقی کی رفتار جاری رکھے گی۔ PKIC معیشت کے تزویراتی 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 کی زیر ملکیت رقمی اسلامک ڈیجیٹل بینک کو SECP کے ساتھ شامل کرلیا گیا ہے اور ڈیجیٹل بینک کے باقاعدہ عملی آغاز کے لئے اسٹیٹ بینک آف پاکستان سے اصولی منظوری حاصل ہوچکی ہے۔ بینک اب آپریشنل سطح پر تیاری کی جانب بڑھ رہا ہے۔ مزید برآں، PKIC نے اپنا اسلامک فنانس ڈویژن شروع کرنے کے لئے اسٹیٹ بینک آف پاکستان سے منظوری حاصل کرلی ہے اور اس کے بعد آپریشنز کا آغاز بھی کردیا ہے۔

منافع منقسمہ (Dividend)

بورڈ آف ڈائریکٹرز 31 دسمبر، 2023 کو اختتام پذیر سال کے لئے 1,331 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 4,630 روپے سے بڑھ کر 15,627 روپے ہوگئی ہے۔

خطرات سے نمٹنے کا انتظامی ڈھانچہ (Risk Management Framework)

PKIC نے ایک جامع رسک مینجمنٹ فریم ورک نافذ کیا ہے جو بورڈ کی سخت نگرانی، مؤثر انتظامی نگرانی اور ہموار نظام کے ذریعے انتظامی سطح کے خطرات پر قابو پانے کے لئے تیار کیا گیا ہے۔ بورڈ آف ڈائریکٹرز تزویزاتی 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 بنایا ہے۔

کریڈٹ رسک بورڈ کی منظور کردہ پالیسیوں، اندرونی رسک ریٹنگز ٹولز کے استعمال اور پورٹ فولیو کی مسلسل نگرانی کے ذریعے منظم کیا جاتا ہے۔ کریڈٹ کی منظوری کا مستحکم نظام موجود ہے تاکہ معیاری اثاثہ جات کی بکنگ کو یقینی بنایا جائے۔ PKIC اپنے قرض خواہان سے وابستہ ماحولیاتی اور سماجی (E&S) خطرات پر بھی توجہ دیتا ہے، اور ان خطرات کو اپنے بنیادی کریڈٹ رسک کا حصہ سمجھتا ہے۔ ماحولیاتی اور سماجی رسک مینجمنٹ (ESRM) فریم ورک پر حالیہ ہدایات کو بورڈ کی گرین بینکنگ پالیسی میں باقاعدہ طور پر شامل کیا گیا ہے۔ بورڈ کی رسک مینجمنٹ کمیٹی، PKIC کے متعدد خطرات بشمول کریڈٹ رسک کے انتظام کے لئے مجموعی رہنمائی فراہم کرتی ہے۔

مارکیٹ اور سیولیت (Liquidity) کے خطرات مع ہنگامی فنڈ کا انتظام ایسٹ اور لائبلیٹی 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 (VoR)، دورانیہ، میچورٹی گیپس اور ری پرائسنگ گیپس شامل ہیں۔ مزید برآں، PKIC ریگیولیٹرز کے تجویز کردہ، اندرونی طور پر تیار کردہ منظرناموں کو استعمال کرکے دباؤ کے ٹیسٹ کرتی ہے۔ مزید برآں، PKIC کے پاس مناسب انتظامی پالیسیاں ہیں جو مارکیٹ رسک مینجمنٹ سسٹم کو مستحکم کرنے کے ایکشن پلان اور حد کی پابندی کی نگرانی کے لئے مڈل آفس فنکشن پر مشتمل ہیں۔

آپریشنل رسک فریم ورک ریگیولیٹری تقاضوں کے مطابق مکمل طور پر نافذ کیا گیا ہے۔ آپریشنل لاس ڈیٹا، بنیادی خطرات کے اشاریے اور رسک کنٹرول کی خود تشخیص جیسے تمام مجوزہ ٹولز کا مکمل طور پر انطباق کیا گیا ہے۔ PKIC نے اپنا ہموار کاروباری تسلسل منظور شدہ PCB پلان کے ساتھ منظم رکھا ہے، دوران سال تمام کاروباری اور آپریشنل سرگرمیاں مؤثر انداز سے انجام دی گئیں۔ انفارمیشن سیکیورٹی رسک کی پیمائش اور نگرانی کے لئے تمام ٹیم ممبران کو باقاعدگی سے تربیت فراہم کی جاتی ہے جو انہیں بروقت رسک کی نشاندہی میں مدد دیتی ہے۔

کمپنی نے یکم جنوری 2023 سے IFRS-9 ''فنانشل انسٹرومنٹس'' کو مکمل طور پر اختیار کرلیا ہے۔ IFRS-9 نے ''متوقع کریڈٹ لاس'' ("ECL") ماڈل کے ساتھ کریڈٹ لاس کی پیمائش کے موجودہ طریقے کی جگہ لے لی ہے۔ لہٰذا سالانہ اور درمیانی مدت کے مالیاتی گوشوارے اسٹیٹ بینک آف پاکستان کے مورخہ 9 فروری 2023 کو جاری کردہ سرکلر نمبر 2 کے ذریعے بیان کردہ طریقہ کار کے مطابق تیار کئے گئے ہیں۔

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

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے پاک کویت انویسٹمنٹ کمپنی لمیٹڈ کی طویل المدتی اینٹٹی ریٹنگ "AAA" (ٹرپل اے) اور قلیل المدتی ریٹنگ A1+ (اے ون پلس) کو برقرار رکھا ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ کی کارپوریٹ گورننس ریٹنگ 'CGR 9+' کی دوبارہ توثیق کی ہے، یہ ریٹنگز 'کارپوریٹ گورننس کے اعلیٰ ترین معیار' کو ظاہر کرتی ہیں۔

ادارتی نظم وضبط (کارپوریٹ گورننس) کے ضابطوں کی تعمیل

- کمپنی کے ڈائریکٹرز ادارتی نظم وضبط (Corporate Governance) کے ضوابط (CCG) کی تعمیل کی تصدیق کرتے ہیں۔ اس حوالے سے ادارتی نظم وضبط کے قوانین کی متعلقہ شقوں کی تعمیل کی تفصیلات درج ذیل ہیں:
  - کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، عملی امور کے نتائج، کیش فلو 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 پالیسیاں یکساں طور پر اپنائی گئی ہیں، ماسوائے IFRS-9 کے اطلاق کی پالیسیوں کے، 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 احتساب کا شعبہ متعین کنٹرولز کا مسلسل جائزہ لیتا رہتا ہے اور نگرانی اور جائزہ کا یہ عمل جاری رہے گا تا کہ مزید بہتری لائی جا سکے۔
- تمام مالی واجبات جو محصول، ڈیوٹیز، 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 سی 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 کے بورڈ نے بورڈ اور اس کی کمیٹیوں کی داخلی جانچ کا انتخاب کیا، جو کہ Corporate Affairs Function کے ذریعے انجام دیا گیا۔ اس جانچ میں بطور بورڈ اور اس کے ساتھ ساتھ انفرادی ڈائریکٹرز کی سطح پر کارکردگی کا جائزہ لیا گیا، جس میں بورڈ کی ساخت وترکیب، تزویراتی منصوبہ بندی، بورڈ کے طریقہ ہائے کار اور کنٹرول انوائرمنٹ کے جائزہ کو شامل کیا گیا۔

داخلی ضبط

بورڈ آف ڈائریکٹرز بذریعہ ہٰذا ICFR اور مجموعی داخلی ضبط سے متعلق انتظامیہ کی تشخیص کی توثیق کرتا ہے، جیسا کہ سالانہ رپورٹ میں شامل 'داخلی ضبط کے بیان' میں تفصیل بیان کی گئی ہے۔

بورڈ کے اجلاس

بورڈ کے اجلاس سال 2023 کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے جن کا جدول درج ذیل ہے۔

پہلا اجلاس 22 فروری، 2023 — تیسرا اجلاس 23 اگست، 2023

دوسرا اجلاس 04 مئی، 2023 — چوتھا اجلاس 26 اکتوبر، 2023

آڈٹ کمیٹی کے اجلاس

سال 2023 کے دوران کمپنی کی آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس 21 فروری، 2023 — تیسرا اجلاس 22 اگست، 2023

دوسرا اجلاس 03 مئی، 2023 — چوتھا اجلاس 25 اکتوبر، 2023

رسک مینجمنٹ کمیٹی کے اجلاس

سال 2023 کے دوران کمپنی کی رسک مینجمنٹ کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس	21 فروری، 2023	تیسرا اجلاس	22 اگست، 2023
دوسرا اجلاس	03 مئی، 2023	چوتھا اجلاس	26 اکتوبر، 2023

ایگزیکٹیو کمیٹی کے اجلاس

سال 2023 کے دوران کمپنی کی ایگزیکٹیو کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس	21 فروری، 2023	تیسرا اجلاس	22 اگست، 2023
دوسرا اجلاس	03 مئی، 2023	چوتھا اجلاس	25 اکتوبر، 2023

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 ۔ چیئرمین، (نان ایگزیکیٹیو ڈائریکٹر)	4	4
جناب جیسم اے۔ الجری، رکن، (نان ایگزیکیٹیو ڈائریکٹر)	4	4
جناب نوید علاؤالدین ۔ رکن، (نان ایگزیکیٹیو ڈائریکٹر)	4	4
جناب عبداللہ صالح اے۔ السائر ۔ رکن، (نان ایگزیکیٹیو ڈائریکٹر)	4	4
جناب منصور مسعود خان ۔ رکن (نان ۔ ایگزیکٹو ڈائریکٹر)	2	2
جناب سعد الرحمان خان ۔ رکن (ایگزیکیٹو ڈائریکٹر/ مینجنگ ڈائریکٹر) (جناب مبشر مقبول کی جگہ)	2	2
جناب مبشر مقبول، رکن (سابق ایگزیکیٹو ڈائریکٹر/ مینجنگ ڈائریکٹر)	2	2

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب منصور مسعود خان ۔ چیئرمین	2	2
جناب عبداللہ صالح اے۔ السائر ۔ چیئرمین	4	4
جناب نوید علاؤالدین ۔ رکن	4	4
جناب جیسم اے۔ الجری ۔ رکن	3	3

آڈٹ کمیٹی کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب جیسم اے۔ الجری، چیئرمین	4	4
جناب نوید علاؤالدین ۔ رکن	4	4
جناب عبداللہ صالح اے۔ السائر ۔ رکن	4	4
جناب منصور مسعود خان ۔ رکن	2	2

ایگزیکیٹو کمیٹی کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب محمد اے ۔ایم ۔الفارس ۔ رکن	4	4
جناب سعدالرحمان خان ۔رکن (ایگزیکیٹو ڈائریکٹر/ منیجنگ ڈائریکٹر) (جناب مبشر مقبول کی جگہ)	2	2
جناب مبشر مقبول، رکن (سابق ایگزیکیٹو ڈائریکٹر/ منیجنگ ڈائریکٹر)	2	2

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

پاکستانی روپے (ملین میں)	2023	2022 دوبارہ بیان کیا گیا ہے	2021 دوبارہ بیان کیا گیا ہے	2020	2019	2018
اداشدہ سرمایہ	16,000	16,000	16,000	10,000	10,000	6,000
محفوظ سرمایہ	18,293	33,941	26,184	27,717	23,535	20,549
کل اثاثہ جات	1,083,672	798,096	135,034	106,825	65,781	29,977
منافع قبل از محصول	13,233	13,995	9,508	7,818	5,768	3,515
خالص منافع بعد از محصول	10,001	11,030	7,882	6,344	4,743	2,768
نقد منافع منقسمہ	1,331	1,210	1,100	1,000	800	450
حصص منافع منقسمہ	-	-	6,000	-	4,000	-

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

* موازنے کے مقصد کے لئے 2018-20 کے سالوں کے اعداد و شمار انفرادی مالیاتی گوشواروں سے لئے گئے ہیں، جن میں ایسوسی ایٹ میں سرمایہ کاری کا حساب کتاب کا ایکویٹی طریقہ استعمال کرنے کے لیے کیا گیا تھا۔

پراویڈنٹ اور گریجویٹی فنڈز کی سرمایہ کاری کا بیان:

31 دسمبر، 2023 تک پراویڈنٹ اور گریجویٹی فنڈز کے غیر تصدیق شدہ کھاتوں کے مطابق سرمایہ کاری کی تفصیل بالترتیب 792.404 ملین روپے اور 676.194 ملین روپے رہی۔ 31 دسمبر، 2023 تک پراویڈنٹ فنڈز اور گریجویٹی فنڈز کے تصدیق شدہ کھاتوں کے مطابق سرمایہ کاری کی مالیت بالترتیب 238.381 ملین روپے اور 031.174 ملین روپے رہی۔

محاسبین (Auditors)

کمپنی کے موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس ریٹائر ہو گئے ہیں اور بوجوہ اہلیت خود کو دوبارہ تقرری کے لئے پیش کر دیا ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کا تقاضا ہے، آڈٹ کمیٹی نے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 31 دسمبر، 2024 کو ختم ہونے والے سال کے لئے دوبارہ تقرری 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 سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا بھی ہمہ وقت کمپنی کی رہنمائی کے لئے شکریہ 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 رخصت ہونے والے منیجنگ ڈائریکٹر جناب مبشر مقبول کی خدمات کا تہہ دل سے اعتراف کرتا ہے اور نئے آنے والے ڈائریکٹر جناب سعدالرحمان خان کو خوش آمدید کہتا ہے۔ بورڈ نئے ڈائریکٹر جناب منصور مسعود خان کو بھی خوش آمدید کہتا ہے۔ بورڈ اپنی ٹیم کے ارکان کی کام سے لگن اور اخلاص کی بھی تہہ دل سے قدر کرتا ہے اور اس بات کا ریکارڈ پر لانا چاہتا ہے۔

منجانب بورڈ آف ڈائریکٹرز

جناب محمد اے ۔ایم ۔الفارس

چیئرمین

سعدالرحمان خان

منیجنگ ڈائریکٹر

بتاریخ: 04 مارچ، 2024

کراچی

تقرير المدراء

يسر أعضاء مجلس إدارة الشركة باكستان كويت للاستثمار (خاصة) المحدودة (PKIC) أن يقدموا التقرير السنوي والبيانات المالية المدققة، التي توضح النتائج المالية التفصيلية للشركة إلى جانب البيانات المالية الموحدة للمجموعة للعام المنتهي في 31 ديسمبر 2023 مرفقاً مع تقرير مدققي الحسابات عنها.

أداء الشركة

للعام (مليون/روبية باكستانية)	2023	2022 دوبارہ بیان کیا گیا ہے
صافي دخل الربح	6,047	2,532
الدخل غير التشغيلي	9,385	4,775
إجمالي الدخل	15,432	7,307
المصاريف التشغيلية	2,344	1,822
الربح قبل المخصصات	13,087	5,486
المخصصات/(إلغاء المخصصات)	(146)	1,175
الربح قبل الضرائب	13,233	4,311
الضرائب	3,232	1,347
الربح بعد الضرائب	10,001	2,963

	2023	2022 دوبارہ بیان کیا گیا ہے
إجمالي الأصول	1,083,672	764,909
الالتزامات/الاستحقاقات	1,049,379	744,265
رأس مال	16,000	16,000
الاحتياطيات والأرباح غير المخصصة	18,293	4,644

حققت الشركة أرباحًا بعد الضريبة بقيمة 10.0 مليار روبية باكستانية للسنة المنتهية في 31 ديسمبر 2023، مقابل 3.0 مليار روبية باكستانية خلال العام السابق. تعزى الزيادة بنسبة 237% على أساس سنوي في الأرباح بعد الضريبة بشكل رئيسي إلى الزيادة في الدخل من أنشطة الأعمال الأساسية وارتفاع دخل الأرباح من الشركات الزميلة.

في الجانب الآخر، ارتفع صافي الدخل القائم على هامش الربح للشركة بنسبة 139% على أساس سنوي ليصل إلى 6.0 مليار روبية باكستانية. وقد تحققت هذه النتيجة من خلال زيادة الاستثمارات في الأوراق المالية الحكومية للاستفادة من سيناريو أسعار الفائدة السائدة.

ارتفع الدخل غير القائم على هامش الربح من 4.8 مليار روبية باكستانية العام الماضي إلى 9.4 مليار روبية باكستانية في عام 2023، مما يظهر زيادة بنسبة 97% على أساس سنوي، بسبب زيادة بنسبة 104% على أساس سنوي في دخل الأرباح من شركائنا.

ارتفعت إجمالي أصول الشركة إلى 1,084 مليار روبية باكستانية كما في 31 ديسمبر 2023، مقارنة بـ 765 مليار روبية باكستانية في نهاية العام الماضي. ويعود سبب الارتفاع في الأصول إلى الاستثمار في الأوراق المالية الحكومية لتحقيق دخل إضافي وارتفاع المصروفات لقطاع الشركات.

قامت الشركة بتأسيس بنك رقمي الإسلامي المحدود (RIDBL) كشركة تابعة خلال العام. قبل ذلك، لم يكن لدى الشركة شركة تابعة وكانت الشركة قد أعدت فقط مجموعة واحدة من البيانات المالية (قوائم مالية مستقلة). تمت المحاسبة عن الاستثمارات في الشركات الزميلة باستخدام طريقة حقوق الملكية في البيانات المالية المستقلة للشركة. نتيجة لتأسيس RIDBL، أصبحت PKIC الآن الشركة الأم لـ RIDBL ويُطلب منها إعداد بيانات مالية موحدة بموجب أحكام قانون الشركات لعام 2017 ووفقًا لمتطلبات معايير التقارير المالية الدولية كما هو معمول به في باكستان.

المراجعة الاقتصادية

من المتوقع أن ينتعش النمو الاقتصادي في باكستان في السنة المالية 24 مع تقدير نمو الناتج المحلي الإجمالي بنسبة 2% (السنة المالية 23: 0.17%). ويتماشى هذا مع نمو الناتج المحلي الإجمالي المؤقت للربع الأول من العام المالي 24 بنسبة 2.13%. وسيتلقى الاقتصاد الباكستاني الدعم من انتعاش الإنتاج الزراعي وسط ارتفاع الأسعار. دخلت باكستان في اتفاق الاستعداد الاحتياطي لمدة 9 أشهر مع صندوق النقد الدولي في يوليو 2023 بقيمة 3 مليارات دولار أمريكي، بهدف توفير ركيزة سياسية لمعالجة التوازنات المحلية والخارجية إلى جانب إطار للدعم المالي من الشركاء متعددي الأطراف والثنائيين. وبعد استئناف برنامج صندوق النقد الدولي، تم تجنب أزمة ميزان المدفوعات المباشرة من خلال استلام إجمالي قدره 5 مليارات دولار أمريكي من صندوق النقد الدولي والمملكة العربية السعودية والإمارات العربية المتحدة.

وظل النشاط الاقتصادي متوترا مع ظهور بعض القطاعات علامات مبكرة على الانتعاش. ارتفعت المؤشرات عالية التكرار مثل مبيعات الأسمنت وأسمدة اليوريا بنسبة 10% على أساس سنوي و5% على أساس سنوي خلال الفترة من يوليو إلى ديسمبر 2023، في حين ظل توليد الطاقة على قدم المساواة مع العام الماضي

(+6.0% على أساس سنوي)، فيما أثر ارتفاع الأسعار على قطاع النقل حيث انخفض استهلاك البنزين (7%) والديزل (6%). في حين لا تزال مبيعات السيارات منخفضة (54%). علاوة على ذلك، انكمش مؤشر التصنيع واسع النطاق بنسبة 4.0% خلال الفترة من يوليو إلى ديسمبر 2023.

وانكمشت الواردات خلال الفترة من يوليو إلى ديسمبر 23 بنسبة 17% على أساس سنوي إلى 26.1 مليار دولار أمريكي، بينما زادت الصادرات بنسبة 5% إلى 15 مليار دولار أمريكي. ونتيجة لذلك، انكمش العجز التجاري بنسبة 35% ليصل إلى 11.2 مليار دولار. وانكمش عجز الحساب الجاري بنسبة 77% على أساس سنوي خلال الفترة من يوليو إلى ديسمبر 23 إلى 831 مليون دولار أمريكي مقارنة بـ 3,629مليون دولار أمريكي خلال SPLY. ويعكس ضغط الدولار الكندي في الأساس انكماش الواردات، الذي لا يزال يفوق الانخفاض في التحويلات المالية. انخفضت التحويلات خلال الفترة من يوليو إلى ديسمبر 23 بنسبة 7٪ على أساس سنوي لتصل إلى 13.4 مليار دولار أمريكي، بسبب وجود فجوة مؤقتة بين أسعار صرف العملات الأجنبية الرسمية والسوق الرمادية.

خسرت الروبية الباكستانية قيمتها بنسبة 25% خلال العام، لتغلق عند 282 روبية باكستانية/دولار أمريكي مقارنة بـ 226 روبية باكستانية/دولار أمريكي في ديسمبر 2022. على الرغم من حدوث بعض الانتعاش بعد أن وصل إلى أعلى مستوى عند 307 روبية باكستانية/دولار أمريكي في 23 أغسطس في النصف الأخير من العام وسط تدفقات العملات الأجنبية من صندوق النقد الدولي والدول الصديقة. اعتبارًا من 23 ديسمبر، ارتفعت احتياطيات النقد الأجنبي لدى البنك المركزي الباكستاني إلى 8.2 مليار دولار أمريكي، بزيادة 47٪ مقارنة بـ 5.6 مليار دولار أمريكي في نهاية ديسمبر 22.

ظل التضخم مرتفعًا خلال الفترة من يوليو إلى ديسمبر 23، حيث بلغ متوسطه 28.8% مقارنة بـ 25.1% SPLY. ومع ذلك، في اجتماع لجنة السياسة النقدية الأخير (23 ديسمبر)، أبقى بنك الاحتياطي الفيدرالي نسبة الفائدة على الوضع الراهن، وحافظ على سعر الفائدة عند 22٪ مشيرًا إلى أنه من المتوقع أن يتراجع التضخم في الفترة المقبلة. أدت أسعار الفائدة المرتفعة والإجراءات الإدارية والرياح الاقتصادية المعاكسة إلى تقييد الحصول على الائتمان، حيث انخفض الائتمان المقدم لشركات القطاع الخاص (1.34٪ على أساس سنوي) ليصل إلى 7.4 تريليون روبية باكستانية في ديسمبر 23.

أدت العودة إلى برنامج صندوق النقد الدولي جنبًا إلى جنب مع توقعات وصول أسعار الفائدة إلى ذروتها وتخفيف التضخم إلى تجدد الاهتمام في سوق الأسهم. وبعد نصف عقد من العوائد البطيئة، ارتفع مؤشر KSE-100 بنسبة 55% في عام 2023، ليغلق عند مستوى 62,451نقطة.

نظرة مستقبلية

تهدف PKIC إلى مواصلة مسار النمو مع الحفاظ على الحذر. خلال عام 2024، ستحافظ الشركة على الزخم مع التركيز بشكل أساسي على تمويل المشاريع والقروض المشتركة والخدمات الاستشارية وعمليات الخزانة. تخطط PKIC لمواصلة دعم الاقتصاد الباكستاني من خلال الاستثمارات في القطاعات الاستراتيجية للاقتصاد مع الحفاظ على التركيز على تحسين الربحية. وفيما يتعلق بالمبادرات الجديدة، فقد تم دمج بنك رقمي الإسلامي الرقمي المملوك لشركة PKIC مع هيئة الأوراق المالية والبورصة، وتم الحصول على موافقة مبدئية من بنك SBP لإطلاق البنك الرقمي. ويتجه البنك الآن نحو الاستعداد التشغيلي. بالإضافة إلى ذلك، حصلت شركة PKIC على إذن من بنك SBP لإطلاق قسم التمويل الإسلامي التابع لها، وبالتالي بدأت عملياتها.

توزيعات الأرباح

يسر مجلس الإدارة أن يوصي بتوزيع أرباح نقدية بقيمة 1,331 مليون روبية باكستانية للسنة المنتهية في 31 ديسمبر 2023.

ربحية السهم

ارتفعت ربحية السهم الأساسية والمخففة إلى 15,627 روبية باكستانية من 4,630روبية باكستانية للسهم الواحد بقيمة 25,000 روبية باكستانية.

الإطار العملي لإدارة المخاطر

نفذت PKIC إطارًا شاملاً لإدارة المخاطر مصممًا لمعالجة المخاطر على المستوى التنظيمي من خلال إشراف مجلس الإدارة القوي والإشراف الإداري الفعال والأنظمة المبسطة. كما يلعب مجلس الإدارة دورًا محوريًا في تحديد التوجه الاستراتيجي ويتحمل في النهاية مسؤولية ضمان فعالية الإطار. وللمساعدة في هذه المسؤولية، يتم مساعدة مجلس الإدارة من قبل لجان متخصصة مثل لجنة إدارة المخاطر (RMC) ولجنة التدقيق التابعة لمجلس الإدارة (BAC). على مستوى الإدارة العليا، يتم تكليف العديد من اللجان الإدارية بالإشراف على الإستراتيجية والمبادرات والعمليات المرتبطة بإدارة المخاطر.

تتبنى شركة PKIC نموذج "خطوط الدفاع الثلاثة" لإدارة المخاطر بأدوار ومسؤوليات محددة بوضوح. تعمل خطوط الأعمال كخط الدفاع الأول وهي المسؤولة بشكل أساسي عن إدارة المخاطر على أساس يومي. تعتبر إدارة المخاطر ووظائف الرقابة الأخرى بمثابة خط الدفاع الثاني وهي المسؤولة عن مساعدة خطوط الأعمال في تصميم وتنفيذ الضوابط الكافية لإدارة المخاطر. يعتبر التدقيق الداخلي بمثابة خط الدفاع الثالث، فهو يوفر ضمانًا مستقلاً بشأن كفاية الضوابط الداخلية.

تتم إدارة مخاطر الائتمان من خلال السياسات المعتمدة من قبل مجلس الإدارة. أدوات تصنيف المخاطر الداخلية والمراقبة المستمرة للمحفظة. يتم تطبيق عملية قوية للموافقة على الائتمان لضمان حجز الأصول عالية الجودة. تركز PKIC أيضًا على المخاطر البيئية والاجتماعية المرتبطة بمقترضيها، وتعتبر هذه المخاطر جزءًا من مخاطر الائتمان الأساسية. تمت تغطية أحدث المبادئ التوجيهية بشأن إطار إدارة المخاطر البيئية والاجتماعية (ESRM) على النحو الواجب في السياسة المعتمدة من مجلس الإدارة بشأن الخدمات المصرفية الخضراء. تقدم لجنة إدارة المخاطر التابعة لمجلس الإدارة التوجيه العام في إدارة المخاطر المختلفة لشركة PKIC بما في ذلك مخاطر الائتمان.

تتم إدارة مخاطر السوق والسيولة مع خطة التمويل الطارئة من قبل لجنة الأصول والالتزامات (ALCO). قامت PKIC بتطوير أدوات مختلفة لقياس المخاطر والتخفيف منها، بما في ذلك القيمة المعرضة للخطر (VaR)، والمدة، وفجوات الاستحقاق، وفجوات إعادة التسعير. بالإضافة إلى ذلك، تقوم شركة PKIC بإجراء اختبارات التحمل، باستخدام سيناريوهات مطورة داخليًا على النحو المنصوص عليه من قبل الجهة التنظيمية.

علاوة على ذلك، تمتلك PKIC سياسات إدارية مناسبة تحتوي على خطط عمل لتعزيز نظام إدارة مخاطر السوق ووظيفة مكتب وسط للإشراف على الالتزام بالحدود.

يتم تنفيذ إطار المخاطر التشغيلية بالكامل بما يتماشى مع المعايير التنظيمية. جميع الأدوات الموصى بها على سبيل المثال. يتم تنفيذ بيانات الخسائر التشغيلية ومؤشرات المخاطر الرئيسية والتقييم الذاتي للتحكم في المخاطر بالكامل. تدير شركة PKIC استمرارية أعمالها بسلاسة من خلال خطة استمرارية الأعمال المعتمدة، وتم تنفيذ جميع الأنشطة التجارية والتشغيلية خلال العام بكفاءة. كما يتم أيضًا قياس ومراقبة مخاطر أمن المعلومات من خلال توفير تدريب منتظم لجميع أعضاء الفريق مما يساعدهم على تسليط الضوء على المخاطر في الوقت المناسب.

اعتمدت الشركة المعيار الدولي لإعداد التقارير المالية رقم 9 "الأدوات المالية" اعتبارًا من 1 يناير 2023. ويستبدل المعيار الدولي لإعداد التقارير المالية رقم 9 طريقة قياس خسارة الائتمان الحالية بنموذج "الخسارة الائتمانية المتوقعة" ("الخسارة الائتمانية المتوقعة"). وبناءً على ذلك، يتم إعداد البيانات المالية السنوية والمؤقتة وفقًا للصيغة المنصوص عليها من قبل بنك SBP بموجب تعميم BPRD رقم 2 لعام 2023 بتاريخ 9 فبراير 2023.

تصنيف الكيان لشركة باكستان كويت للاستثمار الخاصة المحدودة
حافظت وكالة التصنيف الائتماني الباكستانية المحدودة (PACRA) على تصنيفات الكيانات طويلة الأجل وقصيرة الأجل لشركة PKIC عند "AAA" و"A1+" (A One plus)، على التوالي.

أعادت شركة VIS للتصنيف الائتماني المحدودة تأكيد تصنيف حوكمة الشركات لشركة PKIC عند "CGR 9+". يعكس هذا التصنيف "مستوى عالٍ جدًا من حوكمة الشركات".

الالتزام بقواعد حوكمة الشركات
يؤكد أعضاء مجلس الإدارة الالتزام بقواعد حوكمة الشركات (CCG). وفي هذا الصدد، فإن الامتثال للبنود ذات الصلة من قانون CCG مذكور أدناه:

- إن البيانات المالية المعدة من قبل إدارة الشركة تظهر بشكل عادل وضع الشركة ونتائج عملياتها وتدفقاتها النقدية والتغيرات في حقوق الملكية.
- تحتفظ الشركة بدفاتر حسابات منتظمة.
- تم تطبيق السياسات المحاسبية المناسبة بشكل ثابت، باستثناء السياسة المتعلقة بتطبيق المعيار الدولي لإعداد التقارير المالية رقم 9، في إعداد البيانات المالية والتقديرات المحاسبية مبنية على أحكام معقولة وحكيمة.
- تم اتباع المعايير الدولية لإعداد التقارير المالية، كما هي معمول بها في باكستان، عند إعداد البيانات المالية، وتم الإفصاح بشكل كاف عن أي خروج عنها.
- تصميم نظام الرقابة الداخلية سليم وتم تنفيذه ومراقبته بشكل فعال. تتم مراجعة الضوابط المطبقة بشكل مستمر من قبل قسم التدقيق الداخلي وستستمر عملية المراجعة والمراقبة بهدف تحسينها بشكل أكبر.
- تم توفير جميع الالتزامات المتعلقة بدفع الضرائب والرسوم والجبايات والمصاريف بالكامل وسيتم دفعها في الوقت المناسب أو في حالة عدم الاعتراف بالمطالبة كالتزام، يتم الإفصاح عنها كالتزامات محتملة في الملاحظات على الحسابات.
- ليس هناك شك في قدرة الشركة على الاستمرار كمنشأة مستمرة.
- حضر جميع أعضاء مجلس الإدارة دورة توجيهية نظمتها الشركة من خلال المعهد الباكستاني لحوكمة الشركات (PICG).
- قام مجلس الإدارة بتقييم أداء أعضائه ضمن آلية التقييم الذاتي.
- تم إجراء التدقيق القانوني للشركة من قبل الشركة الحاصلة على تصنيف QCR.
- قام مجلس الإدارة وموظفو الشركة بالتوقيع على "بيان الأخلاقيات والممارسات التجارية" (قواعد السلوك).

تقييم أداء مجلس الإدارة
اختار مجلس إدارة شركة PKIC إجراء تقييم سنوي داخلي لمجلس الإدارة ولجانه، والذي تم إجراؤه من قبل قسم شؤون الشركة. قام التقييم بتقييم الأداء على مستوى مجلس الإدارة وكذلك على مستوى أعضاء مجلس الإدارة. وغطى تكوين مجلس الإدارة، والتخطيط الاستراتيجي، وفعالية مجلس الإدارة والرئيس التنفيذي، ومعلومات مجلس الإدارة، ولجان مجلس الإدارة، وإجراءات مجلس الإدارة، وبيئة الرقابة.

الضوابط الداخلية
يصادق مجلس الإدارة بموجب هذا على تقييم الإدارة المتعلق بالرقابة الداخلية على التقارير المالية والضوابط الداخلية الشاملة، على النحو المفصل في "بيان الضوابط الداخلية"، المدرج في التقرير السنوي.

اجتماعات مجلس الإدارة

تم عقد أربعة اجتماعات لمجلس إدارة الشركة خلال عام 2023 حسب الجدول التالي:

الاجتماع الأول	22 فبراير 2023	الاجتماع الثاني	4 مايو 2023
الاجتماع الثالث	23 أغسطس 2023	الاجتماع الرابع	26 أكتوبر 2023

اجتماعات لجنة التدقيق

تم عقد أربعة اجتماعات للجنة التدقيق للشركة في عام 2023 حسب الجدول التالي:

الاجتماع الأول	21 فبراير 2023	الاجتماع الثاني	3 مايو 2023
الاجتماع الثالث	22 أغسطس 2023	الاجتماع الرابع	25 أكتوبر 2023

اجتماعات لجنة إدارة المخاطر

تم عقد أربعة اجتماعات للجنة إدارة المخاطر بالشركة في عام 2023 حسب الجدول التالي:

الاجتماع الأول	21 فبراير 2023	الاجتماع الثاني	3 مايو 2023
الاجتماع الثالث	22 أغسطس 2023	الاجتماع الرابع	26 أكتوبر 2023

اجتماع اللجنة التنفيذية

تم عقد أربعة اجتماعات للجنة التنفيذية للشركة في عام 2023 حسب الجدول التالي:

الاجتماع الأول	21 فبراير 2023	الاجتماع الثاني	3 مايو 2023
الاجتماع الثالث	22 أغسطس 2023	الاجتماع الرابع	25 أكتوبر 2023

تفاصيل حضور مجلس الإدارة واللجان التابعة لها كما يلي:

تفاصيل اجتماع المجلس:

أسماء المدراء	عدد الاجتماعات التي تم حضورها	عدد الأجتماعات المنعقدة خلال الفترة
السيد محمد الفارس – رئيساً (مدير غير تنفيذي)	4	4
السيد جاسم الهاجري عضوا (مدير غير تنفيذي)	4	4
السيد نويد علاء الدين عضوا (مدير غير تنفيذي)	4	4
السيد عبدالله صلاح الساير – عضواً (مدير غير تنفيذي)	4	4
السيد منصور مسعود خان – عضواً (مدير غير تنفيذي)	2	2
السيد سعد الرحمن خان – عضواً (المدير التنفيذي / العضو المنتدب (بدلاً من السيد مبشر مقبول)	2	2
السيد مبشر مقبول عضواً (المدير التنفيذي / العضو المنتدب السابق)	2	2

تفاصيل اجتماع لجنة إدارة المخاطر:

أسماء المدراء	عدد الاجتماعات التي تم حضورها	عدد الأجتماعات المنعقدة خلال الفترة
السيد منصور مسعود خان – رئيساً	2	2
السيد عبدالله صلاح الساير – عضواً	4	4
السيد نويد علاء الدين – عضوا	4	4
السيد جاسم الهاجري – عضو سابق	3	3

تفاصيل اجتماع لجنة التدقيق:

أسماء المدراء	عدد الاجتماعات التي تم حضورها	عدد الأجتماعات المنعقدة خلال الفترة
السيد جاسم الهاجري – رئيساً	4	4
السيد نويد علاء الدين – عضوا	4	4
السيد عبدالله صلاح الساير – عضواً	4	4
السيد منصور مسعود خان – عضواً	2	2

تفاصيل اجتماع اللجنة التنفيذية:

أسماء المدراء	عدد الاجتماعات التي تم حضورها	عدد الأجتماعات المنعقدة خلال الفترة
السيد محمد الفارس – عضواً	4	4
السيد سعد الرحمن خان – عضواً (بدلاً من السيد مبشر مقبول)	2	2
السيد مبشر مقبول عضواً (المدير التنفيذي / العضو المنتدب السابق)	2	2

ملخص البينات التشغيلية والمالية لستة سنوات:

(مليون روبية)	2023	2022 دوبارہ بیان کیا گیا ہے	2021 دوبارہ بیان کیا گیا ہے	2020	2019	2018
رأس المال المدفوع	16,000	16,000	16,000	10,000	10,000	6,000
الإحتياطات	18,293	33,941	26,184	27,717	23,535	20,549
إجمالي الأصول	1,083,672	798,096	135,034	106,825	65,781	29,977
الربح قبل الضرائب	13,233	13,995	9,508	7,818	5,768	3,515
الربح الصافي بعد الضرائب	10,001	11,030	7,882	6,344	4,743	2,768
العائد النقدي	1,331	1,210	1,100	1,000	800	450
عائد الأسهم	-	-	6,000	-	4,000	-

ملحوظة: تشمل الاحتياطيات الفائض الناتج عن إعادة تقييم الاستثمارات.

* ولأغراض المقارنة، تم أخذ أرقام السنوات 20202018 من البيانات المالية المستقلة، حيث تم محاسبة الاستثمار في الشركة الزميلة بأستخدام طريقة حقوق الملكية.

بيان استثمارات صناديق الادخار والمكافآت
بلغت استثمارات صناديق الادخار والإكراميات اعتبارًا من 31 ديسمبر 2023 وفقًا لحساباتها غير المدققة 792.404 مليون روبية باكستانية و676.194 مليون روبية باكستانية على التوالي. بلغ استثمار صندوق الادخار وصندوق المكافآت 238.381 مليون روبية باكستانية و031.174 مليون روبية باكستانية على التوالي، كما في 31 ديسمبر 2022 وفقًا لحساباته المدققة.

المدققين
قدمت شركة فيرجسون وشركاءه للتدقيق المالي والمحاسبة نفسها لإعادة التعيين كمدققي حسابات الشركة السنة المنتهية في 31 ديسمبر 2023، الطلب الذي تمت الموافقة عليه بتوصية من مجلس ادارة الشركة ولجنة التدقيق.

إعتراف
ونود أن نعرب عن خالص تقديرنا لمساهمينا الذين وضعوا ثقتهم فينا بفضل دعمهم وتوجيهاتهم المستمرة، كما أننا ممتنون أيضًا لحكومة باكستان، ووزارة المالية، وبنك الدولة الباكستاني، وهيئة الأوراق المالية والبورصة الباكستانية لتوجيهاتهم الدائمة للشركة.

كما نود أن نهنئ في هذه المناسبة إدارة شركة PKIC على الأداء الجيد في ظل الظروف الصعبة خلال العام الحالي. يعرب مجلس الإدارة عن تقديره لمساهمة المدير العام المنتهية ولايته السيد مبشر مقبول، ويرحب بالمدير العام الجديد السيد سعد الرحمن خان. ويرحب مجلس الإدارة أيضًا بالمدير الجديد السيد منصور مسعود خان في الشركة. كما نود أن نعبر عن تقدير مجلس الإدارة لدور أعضاء الفريق لالتزامهم وتفانيهم في العمل.

نيابة عن مجلس الإدارة

نيابة عن مجلس الإدارة

محمد الفارس
رئيس مجلس الإدارة

سعد الرحمن خان
المدير التنفيذي

التاريخ: 04 مارس 2024
كراتشي

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2023

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. Saad Ur Rahman Khan – Managing Director
Non-Executive Directors	Mr. Mohammad A.M. Al-Fares Mr. Abdullah Salah A. Al-Sayer Mr. Jasem A. Al-Hajry Mr. Mansoor Masood Khan Mr. Naveed Alauddin

The directors have confirmed that none of them is serving as a director on more than seven listed companies.

3. 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.

4. 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.

5. 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.

6. 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.

7. The Board of Directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Act and the Regulations.

8. All directors have completed the Director's Training Certification under the Directors' Training Program as prescribed by SECP.

9. 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.

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

11. 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. Mansoor Masood Khan - Member Mr. Abdullah Salah A. Al-Sayer - Member Mr. Naveed Alauddin - Member
b) Risk Management Committee	Mr. Mansoor Masood Khan - Chairman Mr. Abdullah Salah A. Al-Sayer - Member Mr. Naveed Alauddin - Member
c) Executive Committee (entrusted with Human Resources responsibilities)	Mr. Abdullah Salah A. Al-Sayer - Chairman Mr. Mansoor Masood Khan - Member Mr. Jasem A. Al-Hajry – Member

* The Human Resource and Remuneration Committee (HR&RC) was established with effect from October 26, 2023. Prior to that the Executive Committee of the Board was performing the duties of HR&RC.

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 relevant and applicable requirements, of the Regulations, on the Company have been complied with.

Mr. Mohammad A. M. Al-Fares
Chairman

Saad Ur Rahman Khan
Managing Director

Date: March 4, 2024
Karachi

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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, 2023 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, 2023.

A F Ferguson & Co

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 6, 2024
UDIN: CR202310061bZljVsFxL

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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▪KARACHI ▪LAHORE ▪ISLAMABAD

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 an 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 2023 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 the Long Form Report (LFR) on the same is also being issued by the

Head of Internal Audit	**Chief Financial Officer**	**Managing Director**	**Chairman Audit Committee**

Date: March 04, 2024,
Karachi

Report of Shari’ah Advisor

(For the year 2023)

In the name of Allah, the Beneficent, the Merciful

الحمد لله ربّ العالمين، والصّلوة والسّلام على خاتم الانبياء والمرسلين، وعلى آله وأصحابه أجمعين، وبعد

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Pakistan Kuwait Investment Company (Pvt.) Limited – Islamic Finance Division (PKIC-IFD) are conducted in a manner that comply with Shari’ah principles at all times, I am required to submit a report on the overall Shari’ah compliance environment of PKIC-IFD.

2. It is to be noted that during the year 2023 PKIC-IFD was in the process of obtaining license from SBP for starting its Islamic Operations, which was granted on 20-Dec-2023. During this process of obtaining license, the Shari’ah Compliance Function of the PKIC-IFD carried out reviews of Policies, Product Programs, Procedure Manuals, Service Level Agreements, Legal Agreements etc. which were in development stage at that time. Based on the above, I am of the view that:

   i. PKIC-IFD has covered the Shari’ah rules and principles in the light of opinions given by Shari’ah Advisor during documents development stage.

   ii. PKIC-IFD has covered it’s all documents with the directives, regulations, instructions and guidelines related to Shari’ah compliance issued by SBP in accordance with the rulings of SBP’s Shari’ah Board.

   iii. PKIC-IFD has a comprehensive mechanism in writing to ensure Shari’ah compliance in their overall operations.

   iv. PKIC-IFD has a well-defined policy in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shari’ah will be credited to charity account and will be properly utilized.

   v. PKIC-IFD has covered the SBP instructions on profit and loss distribution and pool management in its related policy.

   vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shari’ah compliance in the products and processes of PKIC-IFD are considered as an important aspect in Islamic Financing and PKIC-IFD has initiated the internal and external Shariah training sessions for the staff.

   vii. Shariah Advisor has been provided adequate resources enabling it to discharge its duties effectively.

3. PKIC-IFD received the license from SBP last year on 20-Dec-2023 for its Islamic Operations, since afterwards, no business transactions have been executed under PKIC-IFD, therefore no significant Shari’ah related issues were highlighted for the year 2023.

Mufti Mansoor Rais
Shariah Advisor
Pakistan Kuwait Investment Company
Islamic Finance Division

Date of Report: 4th March, 2024

شرعی مشیر کی رپورٹ

(برائے سال ۲۰۲۳ء)

بسم اللہ الرحمٰن الرحیم

الحمد للہ ربّ العالمین، والصّلوۃ والسّلام علی خاتم الانبیاء والمرسلین، وٗعلی آلہ وأصحابہ أجمعین، وبعد

1- درایں حالیکہ پاکستان کویت سرمایہ کاری کمپنی (نجی) محدود اسلامی مالیاتی ڈویژن (PKIC-IFD) کے معاملات کو ہمہ وقت شرعی اصولوں کے مطابق سرانجام دینے کے واحد ذمہ داران اسکے بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کے افراد ہیں، البتہ مجھے PKIC-IFD میں مجموعی شرعی ماحول پر عمل درآمد کی رپورٹ پیش کرنی ہے۔

2- واضح رہے کہ سال ۲۰۲۳ء کے دوران PKIC-IFD، اسٹیٹ بینک آف پاکستان سے اسلامی معاملات کے اجازت نامہ کے حصول کے عمل میں تھا، اور ۲۰ دسمبر ۲۰۲۳ء کو اجازت نامہ موصول ہوگیا۔ اجازت نامہ کے حصول کے اس عمل کے دوران PKIC-IFD کے شریعہ کمپلائنس کے شعبے نے تمام پالیسیوں، پروڈکٹ پروگراموں، طریقِ کار کے رہنما کتابچوں، خدماتی درجے کے معاہدوں، قانونی معاہدوں، وغیرہ کا جائزہ لیا۔ جو کہ اس وقت تشکیلی سطح پر تھے۔ مندرجہ بالا دستاویزات کے جائزے کی بنیاد پر، میرا نقطۂ نظر یہ ہے کہ:

i- PKIC-IFD نے شرعی مشیر کی دی گئی رائے کی روشنی میں، دستاویزات کی تشکیلی سطح پر، شرعی ضوابط اور اصولوں کی پاسداری کی ہے۔

ii- PKIC-IFD نے اپنی تمام دستاویزات میں اسٹیٹ بینک آف پاکستان کی شرعی مجلس کے فیصلوں کے مطابق جاری کردہ تمام تر احکامات، قوانین، ہدایات اور ضوابط کا احاطہ کیا ہے جو شرعی تعمیل سے متعلق ہیں۔

iii- PKIC-IFD کے پاس، ان کے مجموعی معاملات میں شرعی عمل درآمد کو یقینی بنانے کے لیے جامع تحریری ضابطۂ کار موجود ہے۔

iv- PKIC-IFD کے پاس ایک جامع وضع کردہ پالیسی موجود ہے، جو کہ اس بات کو یقینی بنانے کے لیے کافی مستحکم ہے، کہ شرعی طور پر ممنوعہ ذرائع یا طریقوں سے حاصل شدہ آمدنی، صدقاتی (چیریٹی) کھاتے میں ڈالی جائے گی اور درست انداز میں استعمال ہوگی۔

v- PKIC-IFD نے اپنی متعلقہ پالیسی میں نفع اور نقصان کی تقسیم اور Pool کے انتظام پر اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کا احاطہ کیا ہے۔

vi- اسلامی سرمایہ کاری میں، مصنوعات اور طریق عمل میں شرعی تعمیل کی اہمیت کا لحاظ رکھنے کے لیے، عملہ، انتظامیہ اور بورڈ آف ڈائریکٹرز کی سوجھ بوجھ، استعداد اور حساس کاری کو ایک بہت اہم پہلو سمجھا جاتا ہے چنانچہ PKIC-IFD نے عملے کے لیے اندرونی و بیرونی شرعی تربیتی نشستوں کا آغاز کردیا ہے۔

vii- شرعی مشیر کو اس کے فرائض کی مؤثر انداز میں انجام دہی کے لیے خاطر خواہ وسائل فراہم کیے گئے ہیں۔

3- PKIC-IFD نے پچھلے سال ۲۰ دسمبر ۲۰۲۳ء کو اسٹیٹ بینک آف پاکستان سے اپنے اسلامی معاملات کے لیے اجازت نامہ حاصل کیا۔ اس کے بعد سے کوئی کاروباری لین دین PKIC-IFD کے تحت وقوع پذیر نہیں ہوا، چنانچہ سال ۲۰۲۳ء میں شرعی حوالے سے کوئی قابل ذکر مسئلہ نہیں اٹھا۔

مفتی منصور رئیس

شرعی مشیر

پاکستان کویت سرمایہ کاری کمپنی - اسلامی مالیاتی ڈویژن

رپورٹ پیش کرنے کی تاریخ: 2024,4th March

تقرير المستشار الشرعي

(لعام 2023)

بسم الله الرحمٰن الرحیم

الحمد لله ربّ العالمين، والصّلوة والسّلام على خاتم الانبياء والمرسلين، وعلى آله وأصحابه أجمعين، وبعد

1. بما أن مجلس الإدارة والإدارة التنفيذية هم المسؤولون الوحيدون عن ضمان إجراء عمليات الشركة باكستان كويت للاستثمار (خاصة) المحدودة - قسم التمويل الإسلامي (PKIC-IFD) بطريقة تتوافق مع مبادئ الشريعة الإسلامية في جميع الأوقات، يُطلب مني (بصفتي المستشار الشرعي) تقديم تقرير عن بيئة الالتزام الشرعي الشاملة لـPKIC-IFD.

2. تجدر الإشارة إلى أنه خلال عام 2023، كانت شركة PKIC-IFD بصدد الحصول على ترخيص من بنك المركزي الباكستان لبدء عملياتها الإسلامية، والذي تم منحه في 20 ديسمبر 2023. خلال عملية الحصول على الترخيص، قامت إدارة الامتثال الشرعي في PKIC-IFD بمراجعة السياسات وبرامج المنتجات وأدلة الإجراءات واتفاقيات مستوى الخدمات والاتفاقيات القانونية وما إلى ذلك والتي كانت في مرحلة التطوير في ذلك الوقت. وبناء على ما سبق فإنني أرى أن:

اولا: قام PKIC-IFD بتغطية القواعد والمبادئ الشرعية في ضوء آراء المستشار الشرعي خلال مرحلة تطوير الوثائق.

ثانيا: قام PKIC-IFD بتغطية جميع وثائقه بالتوجيهات واللوائح والتعليمات والمبادئ التوجيهية المتعلقة بالامتثال للشريعة الاسلامية الصادرة عن بنك المركزي الباكستان وفقًا لأحكام الهيئة الشرعية لبنك المركزي الباكستان.

ثالثا: لدى PKIC-IFD آلية شاملة مكتوبة لضمان الالتزام بالشريعة الإسلامية في عملياتها الشاملة.

رابعا: لدى PKIC-IFD سياسة محددة جيدًا وسليمة بما يكفي لضمان أن أي أرباح يتم تحقيقها من مصادر أو عن طريق وسائل محظورة بموجب الشريعة سيتم إيداعها في حساب خيري وسيتم استخدامها بشكل صحيح.

خامسا: قامت PKIC-IFD بتغطية تعليمات بنك المركزي الباكستان بشأن توزيع الأرباح والخسائر وإدارة المجمعات في سياستها ذات الصلة.

سادسا: يعتبر مستوى الوعي والقدرة والتوعية لدى الموظفين والإدارة ومجلس الإدارة في تقدير أهمية الامتثال للشريعة الإسلامية في منتجات وعمليات PKIC-IFD جانبًا مهمًا في التمويل الإسلامي وقد بدأت PKIC-IFD دورات تدريبية شرعية داخلية وخارجية للموظفين.

سابعا: وقد تم تزويد المستشار الشرعي بالموارد الكافية التي تمكنه من أداء واجباته بفعالية.

3. حصلت PKIC-IFD على ترخيص من بنك المركزي الباكستان العام الماضي في 20 ديسمبر 2023 لعملياتها الإسلامية، ومنذ ذلك الحين، لم يتم تنفيذ أي معاملات تجارية بموجب PKIC-IFD، وبالتالي لم يتم تسليط الضوء على أي قضايا هامة متعلقة بالشريعة لهذا العام 2023.

مفتي منصور رئيس
المستشار الشرعي
الشركة باكستان كويت للاستثمار
قسم التمويل الإسلامي

تاريخ التقرير: 4 مارس 2024

Unconsolidated Financial Statements

For the year ended December 31, 2023

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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 unconsolidated financial statements of Pakistan Kuwait Investment Company (Private) Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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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Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

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Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

AFFerguson&Co

A.F. Ferguson & Co
Chartered Accountants
Karachi
Dated: March 6, 2024
UDIN: AR202310061xfZJM9UBW

Unconsolidated Statement of Financial Position

As at December 31, 2023

2023	2022	2021		Note	2023	2022	2021
	(USD in '000)					(Rupees in '000)	
	(Restated)	(Restated)				(Restated)	(Restated)
			ASSETS				
2,239	2,183	506	Cash and balances with treasury banks	6	**631,063**	615,277	142,662
417	331	68	Balances with other banks	7	**117,418**	93,405	19,152
-	34,853	-	Lendings to financial institutions	8	**-**	9,823,727	-
3,506,696	2,444,707	273,640	Investments	9	**988,399,955**	689,066,885	77,128,151
190,962	175,966	97,067	Advances	10	**53,824,753**	49,598,009	27,359,484
3,491	2,475	993	Property and equipment	11	**983,916**	697,544	279,773
-	-	-	Right-of-use assets		**-**	-	-
47	68	46	Intangible assets	12	**13,211**	19,238	13,066
6,438	7,218	2,017	Deferred tax assets	13	**1,814,574**	2,034,350	568,583
134,418	45,983	11,975	Other assets	14	**37,887,132**	12,960,689	3,375,278
3,844,708	2,713,784	386,312	**Total assets**		**1,083,672,022**	764,909,124	108,886,149
			LIABILITIES				
-	-	-	Bills payable		**-**	-	-
3,641,977	2,580,152	288,118	Borrowings	15	**1,026,530,216**	727,243,477	81,209,024
68,370	48,552	22,226	Deposits and other accounts	16	**19,270,777**	13,684,896	6,264,766
-	-	-	Lease liabilities		**-**	-	-
-	-	-	Subordinated debt		**-**	-	-
-	-	-	Deferred tax liabilities		**-**	-	-
12,693	11,839	5,769	Other liabilities	17	**3,577,661**	3,336,817	1,625,926
3,723,040	2,640,543	316,113	**Total liabilities**		**1,049,378,654**	744,265,190	89,099,716
121,668	73,241	70,199	**NET ASSETS**		**34,293,368**	20,643,934	19,786,433
			REPRESENTED BY				
56,766	56,765	56,766	Share capital	18	**16,000,000**	16,000,000	16,000,000
49,670	48,461	40,634	Reserves	19	**14,000,074**	13,659,314	11,453,379
8,343	(10,604)	(7,063)	Surplus / (deficit) on revaluation of assets	20	**2,351,511**	(2,988,891)	(1,990,743)
6,889	(21,381)	(20,138)	Unappropriated profit / (accumulated loss)		**1,941,783**	(6,026,489)	(5,676,203)
121,668	73,241	70,199			**34,293,368**	20,643,934	19,786,433
			CONTINGENCIES AND COMMITMENTS	21			

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

2023	2022		Note	2023	2022
-------(USD in '000)-------				-------(Rupees in '000)-------	
	(Restated)				(Restated)
840,104	153,246	Mark-up / return / interest earned	22	**236,792,321**	43,193,902
818,650	144,261	Mark-up / return / interest expensed	23	**230,745,208**	40,661,577
21,454	8,985	Net mark-up / interest income		**6,047,113**	2,532,325
		NON MARK-UP / INTEREST INCOME			
296	360	Fee and commission income	24	**83,459**	101,531
30,538	14,973	Dividend income		**8,607,358**	4,220,369
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
1,324	1,321	Gain on securities	25	**373,085**	372,328
-	-	Net gains / (loss) on derecognition of financial assets measured at amortised cost		**-**	-
1,138	287	Other income	26	**320,666**	80,766
33,296	16,941	Total non-markup / interest income		**9,384,568**	4,774,994
54,750	25,926	**Total income**		**15,431,681**	7,307,319
		NON MARK-UP / INTEREST EXPENSES			
7,378	6,157	Operating expenses	27	**2,079,673**	1,735,463
939	306	Workers Welfare Fund		**264,661**	86,215
-	-	Other charges		**-**	-
8,317	6,463	Total non-markup / interest expenses		**2,344,334**	1,821,678
46,433	19,463	**Profit before credit loss allowance / provisions**		**13,087,347**	5,485,641
(517)	4,168	(Reversal of provision) / credit loss allowance / provisions and write-offs - net	28	**(145,704)**	1,174,873
-	-	Other income / expense items		**-**	-
46,950	15,295	**PROFIT BEFORE TAXATION**		**13,233,051**	4,310,768
11,467	4,780	Taxation	29	**3,231,909**	1,347,315
35,483	10,515	**PROFIT AFTER TAXATION**		**10,001,142**	2,963,453
------------USD------------				------------Rupees------------	
	(Restated)				(Restated)
55	16	Basic and diluted earnings per share (on share of Rs. 25,000 each)	30	**15,627**	4,630

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

2023	2022		2023	2022
-------(USD in '000)-------			-------(Rupees in '000)-------	
	(Restated)			(Restated)
35,483	10,515	Profit after taxation for the year	**10,001,142**	2,963,453
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(4)	-	Movement in deficit on revaluation of debit investments through FVOCI - net of tax	**(1,146)**	-
6,045	-	Movement in surplus on revaluation of government securities through FVOCI - net of tax	**1,703,871**	-
-	(3,541)	Movement in deficit on revaluation of 'available-for-sale' securities - net of tax	**-**	(998,148)
6,041	(3,541)		**1,702,725**	(998,148)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(122)	(28)	Remeasurement loss on defined benefit obligation - net of tax	**(34,274)**	(7,804)
4,126	-	Movement in surplus on revualuation of investment in equity investments - net of tax	**1,163,079**	-
(890)	-	Loss on sale of equity shares - FVOCI	**(250,737)**	-
3,114	(28)		**878,068**	(7,804)
44,638	6,946	**Total comprehensive income**	**12,581,935**	1,957,501

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Note	Share Capital	Capital reserve: Non-Distributable Reserve	Capital reserve: Statutory Reserve	Capital reserve: Capital Market Equalization Reserve	Surplus / (deficit) on revaluation of: Investments	Surplus / (deficit) on revaluation of: Non banking assets of associates	Unappropriated profit	Total
		---------	---------	---------	---------	(Rupees in '000)	---------	---------	---------
Opening balance as at January 1, 2022 (audited)		**16,000,000**	**935,264**	**9,793,911**	**1,659,468**	**(949,097)**	**6,706**	**14,738,034**	**42,184,286**
Effect of change in accounting policy with respect to accounting for investment in associates applied retrospectively - net of tax - referred to in note 5.1		-	(935,264)	-	-	(1,041,646)	(6,706)	(20,414,237)	(22,397,853)
Balance as at January 01, 2022 (restated)		16,000,000	-	9,793,911	1,659,468	(1,990,743)	-	(5,676,203)	19,786,433
Profit after taxation for year ended December 31, 2022 (restated)									
Other comprehensive loss - net of tax		-	-	-	-	-	-	2,963,453	2,963,453
Movement in deficit on revaluation of available for sale securities - net of tax		-	-	-	-	(998,148)	-	-	(998,148)
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	-	-	(7,804)	(7,804)
Total other comprehensive loss (restated)		-	-	-	-	(998,148)	-	(7,804)	(1,005,952)
Transfer to statutory reserve	19.1	-	-	2,205,935	-	-	-	(2,205,935)	-
Transfer to capital market equalization reserve	19.2	-	-	-	-	-	-	-	-
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)
Closing balance as at December 31, 2022 (restated)		**16,000,000**	**-**	**11,999,846**	**1,659,468**	**(2,988,891)**	**-**	**(6,026,489)**	**20,643,934**
Opening balance as at January 1, 2023 (restated)		**16,000,000**	**-**	**11,999,846**	**1,659,468**	**(2,988,891)**	**-**	**(6,026,489)**	**20,643,934**
Impact of adoption of IFRS - 9 (note 5.3)		-	-	-	-	2,474,598	-	(197,099)	2,277,499
Profit after taxation for the year ended December 31, 2023		-	-	-	-	-	-	10,001,142	10,001,142
Other comprehensive income / (loss) - net of tax									
Movement in deficit on revaluation of debt investments at FVOCI - net of tax		-	-	-	-	(1,146)	-	-	(1,146)
Movement in surplus on revaluation of government securities at FVOCI - net of tax		-	-	-	-	1,703,871	-	-	1,703,871
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	-	-	(34,274)	(34,274)
Movement in surplus on revaluation of equity investments - net of tax		-	-	-	-	1,163,079	-	-	1,163,079
Loss on sale of equity shares - FVOCI		-	-	-	-	-	-	(250,737)	(250,737)
Total other comprehensive loss		-	-	-	-	2,865,804	-	(285,011)	2,580,793
Transfer to statutory reserve	19.1	-	-	2,000,228	-	-	-	(2,000,228)	-
Transfer from capital market equalization reserve	19.2	-	-	-	(1,659,468)	-	-	1,659,468	-
Transactions with owners recorded directly in equity									
Final dividend for the year ended December 31, 2022 @ Rs.1,890.625 per share		-	-	-	-	-	-	(1,210,000)	(1,210,000)
Closing balance as at December 31, 2023		**16,000,000**	**-**	**14,000,074**	**-**	**2,351,511**	**-**	**1,941,783**	**34,293,368**

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Unconsolidated Cash Flow Statement
For the year ended December 31, 2023

2023	2022		Note	2023	2022
-------(USD in '000)-------				-------(Rupees in '000)-------	
	(Restated)	**CASH FLOW FROM OPERATING ACTIVITIES**			(Restated)
46,950	15,295	Profit before taxation		**13,233,051**	4,310,768
(30,538)	(14,973)	Less:Dividend income		**(8,607,358)**	(4,220,369)
16,412	322			**4,625,693**	90,399
		Adjustments :			
(21,454)	-	Net mark-up / interest income		**(6,047,113)**	-
558	168	Depreciation		**157,343**	47,212
21	21	Amortisation		**6,027**	5,800
(517)	4,168	(Reversal of provision) / credit loss allowance / provisions and write-offs - net	28	**(145,704)**	1,174,873
(34)	(26)	Gain on sale of property and equipment		**(9,587)**	(7,320)
45	31	Unrealised loss on revaluation of FVPL / held for trading securities	25	**12,715**	8,754
(21,381)	4,362			**(6,026,319)**	1,229,319
(4,969)	4,684			**(1,400,626)**	1,319,718
		Decrease / (increase) in operating assets			
34,853	(34,853)	Lendings to financial institutions		**9,823,727**	(9,823,727)
(87)	(233)	Securities classified as FVPL / held for trading		**(24,388)**	(65,688)
(14,509)	(80,534)	Advances		**(4,089,462)**	(22,699,475)
(457)	(19,627)	Others assets (excluding advance taxation)		**(128,765)**	(5,532,147)
19,800	(135,247)			**5,581,112**	(38,121,037)
		Increase / (decrease) in operating liabilities			
1,061,826	2,292,035	Borrowings from financial institutions		**299,286,739**	646,034,453
19,818	26,326	Deposits		**5,585,881**	7,420,130
1,142	6,030	Other liabilities (excluding current taxation)		**321,893**	1,699,515
1,082,786	2,324,391			**305,194,513**	655,154,098
1,097,617	2,193,828			**309,374,999**	618,352,779
		Payments against off-balance sheet obligations			
775,950	-	Mark-up / interest received		**218,709,849**	-
(819,135)	-	Mark-up / interest paid		**(230,881,896)**	-
(45,305)	(20,304)	Income tax paid		**(12,769,746)**	(5,722,841)
(88,490)	(20,304)			**(24,941,793)**	(5,722,841)
1,009,127	2,173,524	**Net cash generated from operating activities**		**284,433,206**	612,629,938
		CASH FLOW FROM INVESTING ACTIVITIES			
(1,029,488)	(2,179,475)	Net Investments in securities classified as FVOCI / available-for-sale		**(290,172,156)**	(614,308,541)
-	(1,508)	Net investments in associates		**-**	(424,993)
(3,907)	-	Net investments in subsidiary		**(1,101,345)**	-
30,538	14,973	Dividends received		**8,607,358**	4,220,369
(1,926)	(1,697)	Investments in property and equipment		**(542,792)**	(478,186)
91	29	Disposal of property and equipment		**25,544**	8,281
(1,004,692)	(2,167,678)	Net cash used in investing activities		**(283,183,391)**	(610,983,070)
		CASH FLOW FROM FINANCING ACTIVITIES			
(4,293)	(3,903)	Dividend paid		**(1,210,000)**	(1,100,000)
(4,293)	(3,903)	Net cash used in financing activities		**(1,210,000)**	(1,100,000)
142	1,943	**Increase in cash and cash equivalents**		**39,815**	546,868
-	-	Credit loss on cash and cash equivalent		**(16)**	-
2,514	574	Cash and cash equivalents at beginning of the year		**708,682**	161,814
2,656	2,517	**Cash and cash equivalents at end of the year**	31	**748,481**	708,682

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

Chief Executive Chief Financial Officer Director Director Director

Notes to and Forming Part of the Unconsolidated Financial Statements
For the year ended December 31, 2023

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, Pakistan. 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 Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October 2003 issued by the State Bank of Pakistan.

Based on the financial statements of the Company for the year ended December 31, 2022, Pakistan Credit Rating Agency (PACRA) has reaffirmed both the Company's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'. During the year the Company has been granted Islamic licence for setting up an Islamic Finance Division.

During the year, the Company has incorporated Raqami Islamic Digital Bank Limited, a subsidiary company, with an authorised share capital of Rs. 10,000 million. The Company is in the process of completing the post incorporation activities of RIDBL. The Company has injected a share capital of Rs. 1,101 million and is currently holding 72.94% shareholding in the Bank.

2 BASIS OF PREPARATION

The US Dollar amounts presented in the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income and unconsolidated cash flow statement are converted at the rate of Rs. 281.8607, prevalent as at December 31, 2023, for 2023, 2022 and 2021. This additional information is presented only for the convenience of users of the financial statements.
These unconsolidated financial statements have been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 02 dated February 09, 2023.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) as 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); and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banks and DFIs through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the companies for accounting periods beginning on or after January 1, 2023. The Company has early adopted IFRS - 9 'Financial Instruments' and new format of the financial statements with effect from

January 1, 2023, impacts of which are disclosed in notes 5.2 and 5.3. There are certain other standards, amendments and interpretations of the accounting and reporting standards which are considered not to be relevant or do have any significant effect on the Company's operations and are therefore not detailed in these unconsolidated financial statements.

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

The following standards, amendments and interpretations of the accounting and reporting standards will be effective for accounting periods as stated below:

Standared, Interpretation or amendments	Effective date (annual periods beginning on or after)
- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Company.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if their revision affects only that period, or in the period of revision and future periods if their revision affects both current and future periods. Material accounting estimates applied in the preparation of these unconsolidated financial statements are presented below:

(a) classification and valuation of investments (notes 5.3 and 9.1);
(b) provision against non-performing advances (notes 5.4.3.3 and 10.3.2);
(c) accounting for defined benefit plan and compensated absences (notes 5.15, 5.16, 17 and 33);
(d) valuation of non current assets held for sale (notes 5.13, 11.4 and 14);
(e) depreciation / amortisation of fixed assets and intangible assets (notes 5.12.4, 6.1.2, 11 and 12);
(f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 5.19, 13, and 29);
(g) contingent assets and liabilities, provisions against off balance sheet obligations (note 5.28)
(h) provision against expected credit losses (note 5.4.3)

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.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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

- obligation in respect of staff retirement benefit has been carried at present value of defined benefit obligation and compensated absences;
- certain advances disbursed at lower than market rate have been carried at fair value in accordance with the requirements of IFRS - 9.
- certain borrowings obtained at lower than market rate have been carried at fair value in accordance with the requirements of IFRS - 9.
- certain investments classified as FVOCI and FVPL are carried at fair value in accordance with the requirements of IFRS - 9.

4.2 Functional and presentation currency

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

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements are stated below. These policies have been consistently applied to all the years presented except for changes in accounting policies mentioned in notes 5.1, 5.2 and 5.3 to these unconsolidated financial statements.

5.1 Change in accounting policy

As mentioned in note 1, the Company has incorporated Raqami Islamic Digital Bank Limited (RIDBL) Limited as a subsidiary during the year. Prior to this, the Company did not have a subsidiary and the Company had only prepared a single set of financial statements (unconsolidated financial statements). Investments in associates were accounted for using the equity method in the unconsolidated financial statements of the Company. As a result of the incorporation of RIDBL, PKIC is now the parent company of RIDBL and is required to prepare the consolidated financial statements under the provisions of the Companies Act, 2017 and in accordance with the requirements of International Financial Reporting Standards as applicable in Pakistan.

The consolidated financial statements are those financial statements in which the results and financial position of the parent company and its subsidiary are reflected as one economic entity. Investments in associates are required to be accounted for using the equity method in the consolidated financial statements. Consequently, the Company has changed its accounting policy for investments in associates in its unconsolidated financial statements. As per the revised policy, investments in associates have been accounted for in the unconsolidated financial statements on the basis of the direct equity interest (i.e. at cost less accumulated impairment losses; if any) rather than on the basis of the reported results and net assets of the investees.

The above mentioned change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative information have been restated. Further, as required under IAS 1, ' Presentation of Financial Statements', the Company has presented a three column balance sheet at the beginning of the preceding period as a result of the change in accounting policy.

The effects on the Company's unconsolidated financial statements as a result of this change have been summarised below:

Impact on the unconsolidated statement of financial position	**As at December 31, 2022**	**As at December 31, 2021**
	--------(Rupees in '000)-------	
Decrease in investments	**35,220,653**	26,716,778
Reversal of deferred taxation liability	**3,316,108**	3,370,747
Recognition of deferred tax asset	**2,034,350**	568,583
Decrease in other liability (WWF payable)	**193,683**	112,424

	2022 (Rupees in '000)
Impact on the unconsolidated profit and loss account	
Increase in dividend income	3,825,113
Decrease in share of profit from associates	(13,702,925)
Decrease in deferred tax expense	1,617,909
Decrease in WWF expense	193,683
Impact on the unconsolidated statement of other comprehensive income	
Share of other comprehensive income of associate	1,241,737
Decrease in earnings per share (Rupees)	(12,906)

Impact on the unconsolidated statement of changes in equity	**2022 (Rupees in '000)**
Cumulative decrease in equity as at January 1, 2022	(22,397,853)
Decrease in total comprehensive income for the year ended December 31, 2022	(6,824,483)
Reversal of share in employee share option scheme of associate	(74,961)
Cumulative decrease in the unconsolidated statement of changes in equity as at January 1, 2023	**(29,297,297)**

5.2 Adoption of new forms for the preparation of the annual financial statements

During the year, the SBP, vide BPRD Circular No. 02 dated February 09, 2023, issued the revised format for the preparation of the annual financial statements of the Banks / DFIs applicable for year ended December 31, 2023 which was subsequently deferred to January 1, 2024. However, since the Company has early adopted IFRS 9 as described in note 5.3, it has early adopted the new format of the financial statements. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the annual financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no other impact of this change in the annual unconsolidated financial statements of the Company.

The Company has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation (note 43).

5.3 IFRS 9 - 'Financial Instruments'

Effective January 1, 2023, the Company has early adopted International Financial Reporting Standard (IFRS) 9, “Financial Instruments” (IFRS 9 / the Standard). As permitted by the transitional provisions of IFRS 9, the Company has elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and liabilities as at the date of transition (i.e. January 1, 2023), were recognised in the unappropriated profit and loss as of the transition date.

The adoption of IFRS 9 has resulted in changes in the Company's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to financial instruments.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current year are described in more detail below:

a) Classification and measurement of financial instruments

The measurement category and carrying amounts of financial assets and liabilities in accordance with the accounting and reporting standards as applicable in Pakistan and IFRS 9 as at January 1, 2023 are compared as follows:

b) Reconciliation of reported statement of financial position balances to IFRS 9

	Before adoption of IFRS 9			
Financial assets	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
	----------- (Rupees in '000) ---------			
Cash and balances with treasury banks	Loans and receivables	615,277	Amortised cost	615,277
Balances with other banks	Loans and receivables	93,405	Amortised cost	93,405
Lending to financial institutions	Loans and receivables	9,823,727	Amortised cost	9,823,727
Investments	Held-for-trading	110,389	Fair value through profit or loss	110,389
	Available-for-sale	685,597,175	Fair value through profit or loss	4,353,055
			Fair value through other comprehensive income	644,231,613
			Amortised cost	41,074,650
Advances - net	Loans and receivables	49,598,009	Amortised cost	48,331,031
Other assets (financial assets only)	Loans and receivables	8,052,008	Amortised cost	8,052,008
		753,889,990		756,685,155
Borrowings	Held-to-maturity	727,243,477	Amortised cost	725,947,006
Deposits and other accounts	Held-to-maturity	13,684,896	Amortised cost	13,676,570
Other liabilities - (financial liabilities only)	Held-to-maturity	3,179,278	Amortised cost	3,180,614

The Company performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the carrying amount of financial assets, from their previous measurement category in accordance with the framework prescribed by the State Bank of Pakistan to their new measurement categories upon transition to IFRS 9.

5.3.1 Financial assets and liabilities

		Impact due to:									
	Balances as of December 31, 2022 (Restated)	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifications due to business model and SPPI assessments	Remea-surements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2023	IFRS 9 Category
	(Rupees in '000)										
ASSETS											
Cash and balances with treasury banks	615,277	-	-	-	-	-	-	-	-	615,277	Amortised cost
Balances with other banks	93,405	(9)	-	-	-	-	(9)	3	(6)	93,399	Amortised cost
Lending to financial institutions	9,823,727	-	-	-	-	-	-	-	-	9,823,727	Amortised cost
Investments											
- Classified as available for sale	685,597,175	-	(685,597,175)	-	-	-	(685,597,175)	-	(685,597,175)	-	
- Classified as fair value through other comprehensive income	-	(519)	644,231,613	-	(465,974)	-	643,765,120	171	643,765,291	643,765,291	FVOCI
- Classified as held to maturity	-	-	-	-	-	-	-	-	-	-	
- Classified as amortised cost	-	-	-	37,012,507	4,062,143	-	41,074,650	(1,352,872)	39,721,778	39,721,778	Amortised cost
- Classified as held for trading	110,389	-	(110,389)	-	-	-	(110,389)	-	(110,389)	-	
- Classified as fair value through profit or loss	-	-	110,389	4,353,055	-	-	4,463,444	-	4,463,444	4,463,444	FVPL
- Associates	3,359,321	-	-	-	-	-	-	-	-	3,359,321	Outside the scope of IFRS 9
	689,066,885	(519)	(41,365,562)	41,365,562	3,596,169	-	3,595,650	(1,352,701)	2,242,949	691,309,834	
Advances											
- Gross amount	51,683,527	(22,091)	-	-	(1,252,177)	-	(1,274,268)	7,290	(1,266,978)	50,416,549	
- Provisions	(2,085,518)	-	-	-	-	-	-	-	-	(2,085,518)	
	49,598,009	(22,091)	-	-	(1,252,177)	-	(1,274,268)	7,290	(1,266,978)	48,331,031	Amortised cost
Property and equipment	697,544	-	-	-	-	-	-	-	-	697,544	Outside the scope of IFRS 9
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Intangible assets	19,238	-	-	-	-	-	-	-	-	19,238	Outside the scope of IFRS 9
Deferred tax asset	2,034,350	-	-	-	-	-	-	-	-	2,034,350	Outside the scope of IFRS 9
Other assets - financial assets	8,052,008	(21)	-	-	(1,913)	-	(1,934)	7	(1,927)	8,050,081	Amortised cost
Other assets - non financial assets	4,908,681	-	-	-	-	-	-	-	-	4,908,681	Outside the scope of IFRS 9
	764,909,124	(22,640)	(41,365,562)	41,365,562	2,342,079	-	2,319,439	(1,345,401)	974,038	765,883,162	
LIABILITIES											
Bills payable	-	-	-	-	-	-	-	-	-	-	Amortised cost
Borrowings	727,243,477	-	-	-	(1,296,471)	-	(1,296,471)	-	(1,296,471)	725,947,006	Amortised cost
Deposits and other accounts	13,684,896	-	-	-	(8,326)	-	(8,326)	-	(8,326)	13,676,570	Amortised cost
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-	-	-	Amortised cost
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	157,539	-	-	-	-	-	-	-	-	157,539	Outside the scope of IFRS 9
Other liabilities - financial liabilities	3,179,278	1,994	-	-	-	-	1,994	(658)	1,336	3,180,614	Amortised cost
	744,265,190	1,994	-	-	(1,304,797)	-	(1,302,803)	(658)	(1,303,461)	742,961,729	
NET ASSETS	20,643,934	(24,634)	(41,365,562)	41,365,562	3,646,876	-	3,622,242	(1,344,743)	2,277,499	22,921,433	
REPRESENTED BY											
Share capital	16,000,000	-	-	-	-	-	-	-	-	16,000,000	Outside the scope of IFRS 9
Reserves	13,659,314	-	-	-	-	-	-	-	-	13,659,314	Outside the scope of IFRS 9
Deficit on revaluation of assets - net of tax	(2,988,891)	-	-	-	4,099,612	(272,142)	3,827,470	(1,352,872)	2,474,598	(514,293)	Outside the scope of IFRS 9
Unappropriated profit	(6,026,489)	(24,634)	-	-	(452,736)	272,142	(205,228)	8,129	(197,099)	(6,223,588)	Outside the scope of IFRS 9
	20,643,934	(24,634)	-	-	3,646,876	-	3,622,242	(1,344,743)	2,277,499	22,921,433	

* Interest / return accrued is based on classification of underlying financial assets. Remaining other financial assets are classified as amortised cost.

	Balances as of December 31, 2022 (Audited)	IFRS 9 Classification	Balances as December 31, 2022	Remeasure-ments	Balances as of January 01, 2023 - before ECL
	------------------------- (Rupees in '000) ------------------------				
- Federal Government Securities - AFS	674,715,703	FVOCI	638,703,196	-	638,703,196
		Amortised Cost	36,012,507	4,062,143	40,074,650
- Non Government Sukuk - AFS	8,753,984	FVOCI	3,400,929	-	3,400,929
		FVPL	4,353,055	-	4,353,055
		Amortised Cost	1,000,000	-	1,000,000
- Shares - AFS	2,127,488	FVOCI	2,127,488	-	2,127,488

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value including transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. However, in case of financial asset or liability measured through profit or loss, any transaction costs are expensed in the unconsolidated profit and loss account. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI as described in note 5.3.5.

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the unconsolidated profit and loss account.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that are not purchased or originated credit-impaired ('POCI') but have subsequently become credit-impaired (or 'stage 3'), for which profit revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Interest income for Purchased or originated credit impaired assets

For those financial assets that are purchased or originated credit impaired, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

5.3.2 Financial assets

5.3.2.1 Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and
(ii) the cash flows characteristics of the assets / SPPI test.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in 'interest earned’ using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gain on sale of securities'. Interest earned from these financial assets is included in interest earned using the effective interest rate method.

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss and presented in the unconsolidated profit and loss account within unrealised gain / loss on securities - held for trading in the period in which it arises. Interest earned from these financial assets is included in interest earned on investments using the effective interest rate method.

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sales are also important aspects of the Company’s assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Cash flows characteristics assessment – Solely Payment of Principal and interest test:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic due from counterparty risks and an interest margin that is consistent with a basic due from counterparty arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic due from counterparty arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Company measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the unconsolidated profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the unconsolidated profit and loss account as income when the Company's right to receive payments is established.

Unquoted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 as per the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2023.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly the Company has reversed impairment of Rs 272.142 million on listed equity investments held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements disclosed in note 5.3. However, in case of unquoted securities where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value has been classified as loss and provided for by charging it to the unconsolidated profit and loss account.

Gains and losses on equity instruments at FVPL are included in the 'Gain on sales of securities' line in the unconsolidated profit and loss account.

5.3.2.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

5.3.2.3 Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS - 9, the Company recalculates the gross carrying amount of the financial asset recognise a modification gain or loss in unconsolidated profit and loss account. The gross carrying amount of a financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

5.3.2.4 Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuks) furnished by the Company under due from and due to institutions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Company retains a subordinated residual interest.

5.3.3 Financial liabilities

5.3.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

5.3.3.2 Derecognition

Financial liabilities are derecognised when these are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

5.3.4 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and

- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Company are measured as the amount of the loss allowance. For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

5.3.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 5.4.3.3 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;

- Choosing appropriate models and assumptions for the measurement of ECL;

- Establishing the number and relative weightings of forward-looking scenarios for each type of portfolio and the associated ECL; and

- Establishing groups of similar financial assets for the purposes of measuring ECL.

5.4 RISK MANAGEMENT POLICIES

The following section discusses the Company's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the Company uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

5.4.1 Credit risk

Credit risk, being the potential default of one or more debtors, is the largest source of risk for the Company. The Company is exposed to credit risk through its financing and investment activities. The credit risk arising from exposure to corporate entities is governed by the Risk Management Policy and Credit Administration Frameworks. The counter party credit risk arising from interbank lines are addressed in the Treasury policy framework. The Company has adopted standardised Approach of the Basel II Accord.

5.4.2 Credit risk measurement

Financing and related assets (incl. financing commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The credit risk arising from exposure to corporate entities is governed by the Credit Risk Management Policy and Credit Administration Frameworks. The counter party credit risk arising from interbank lines are addressed in the Treasury policy framework. The Company has adopted Standardised Approach of the Basel II Accord.

The Company manages 3 principal sources of credit risk:

i) Sovereign credit risk on its public sector advances.

When the Company lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GoP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GoP guarantee.

ii) Non-sovereign credit risk on its private sector advances.

When the Company lends to private sector borrowers it does not benefit from sovereign guarantees or the equivalent. Consequently, each borrower’s credit worthiness is analysed on a standalone basis. Board approved Internal risk rating models are in place to rate Corporates.

iii) Counter party credit risk on interbank limits

In the normal course of its business, the Company’s Treasury department utilises products such as reverse repos to meet the needs of the borrowers and manages its exposure to fluctuations in market interest rates and to temporarily invest its liquidity prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation towards the Company.

Reflecting a preference for minimising exposure to counterparty credit risk, the Company maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies.

Credit Administration Department is involved in minimising losses that could arise due to security and documentation deficiencies.

5.4.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the Company determines when a significant increase in credit risk has occurred is given in note 5.4.3.1 to these unconsolidated financial statements.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. A description of how the Company defines credit-impaired and default is given in note 5.4.3.2 of these unconsolidated financial statements.

- Financial instruments in Stage 1 have their ECL measured for 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL are given in note 5.4.3.3 to these unconsolidated financial statements.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 5.4.3.3 includes an explanation of how the Company has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

Further explanation is also provided of how the Company determines appropriate groupings when ECL is measured on a collective basis.

The key judgments and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

5.4.3.1 Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitatives or qualitatives criteria have been met to classify or assess the instrument for classification as Stage 2 and attract a lifetime ECL. The Company have defined portfolio wise criteria's which is as follows:

Quantitative criteria:

- Loan facilities that are past due for 60 days and above but less than 90 days. Further, the loan facilities pertaining to agriculture, project infrastructure and housing financing classified as OAEM as mentioned in the annexure C of implementation instructions issued by the SBP being past due for 90 days and above but less than 365 days;

Qualitative criteria:

- The credit risk has increased significantly since initial recognition based on Internal Credit Risk Rating (ICRR) model.
- The customer has been placed on watchlist by the Company.

5.4.3.2 Definition of default and credit-impaired assets

(a) Definition of default:

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:
The borrower is more than 90 days past due on its contractual payments.

Further the following qualitative criteria has been determined for assessment of default

- The Company considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Company to actions such as realising security (if held).

- The Company makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Company taking on the exposure.

- The Company sells the credit obligation at a material credit-related economic loss.

- The Company consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.

- The Company has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the industry group.

- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

5.4.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The expected amount to be drawn up is computed after adjustment of the appropriate credit conversion factor (CCF).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The Company is using Basel defined LGD for ECL purpose.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective profit rate or an approximation thereof.

When estimating the ECLs, the Company considers three scenarios (a base, best and a worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financings are expected to be recovered, including the probability that the financings will be recovered and the value of collateral that might be received.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Forward-looking information incorporated in the ECL models

The assessment of ECL incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (economic scenario) provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD. The Company has used the following economic inputs in the ECL model;

• GDP growth
• Consumer price index
• Oil prices
• Unemployment rate
• Domestic credit growth
• PKR / USD rate parity
• Exchange rate

The Company has identified basis of ECL computation for following stages:

Stage 1 : No significant deterioration in credit quality of financial asset - 12 month expected credit loss.
Stage 2 : Significant deterioration in credit quality of financial asset since recognition - lifetime expected credit loss.
Stage 3 : Credit impaired - impairment determined on individual or collective basis over the lifetime.

The staging guidelines applicable on the Company has been adopted from the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2023.

Particular	Classification	Days due	Stage allocation under IFRS 9	Provisions to be made
Prudential regulations for corporates	Performing	1-59	Stage 1	As per IFRS 9 ECL modelling
	Underperforming	60-89	Stage 2	
	Non-perferforming			
	Subtandard	90-179	Stage 3	Whichever is higher ; (a) IFRS 9 ECL or (b) PR's requirements
	Doubtful	180 or more days		
	Loss	one year or more		

5.5 Associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates are measured at cost less accumulated impairment (if any).

5.6 Subsidiary

Subsidiary is an entity over which the Company has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks and balances with other banks in current and deposit accounts having original maturity of three months or less.

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

The Company enters into transactions of agreements to resell (reverse repo) and repurchase agreements (repo) at contracted rates for a specified period of time. These are recorded as below :

5.8.1 Sale under repurchase agreement

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. Expense under sale under repurchase agreement is charged to unconsolidated profit and loss account using effective interest rate method.

5.8.2 Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised as investment in the unconsolidated statement of financial position. Amounts paid under these agreements are included in reverse repurchase agreement lendings. Income for agreement under resale agreement is recorded to unconsolidated profit and loss account using effective interest rate method.

5.9 Other borrowings

Other borrowings including borrowings from the SBP are recorded at the present value discounted at the prevailing market rate. Mark-up on such borrowings is charged to the unconsolidated profit and loss account using effective interest rate method.

5.10 Bai Muajjal

The Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

5.10.1 Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction using effective interest rate method in the unconsolidated profit and loss account.

5.10.2 Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction using effective interest rate method in the unconsolidated profit and loss account.

5.11 Advances including net investment in finance leases

Advances are stated net of provision for ECL. 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 recognised 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 recognised as unearned finance income.

5.12 Tangible assets

5.12.1 Operating fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 15,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the unconsolidated profit and loss account.

5.12.2 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

5.12.3 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the unconsolidated profit and loss account as and when incurred.

5.12.4 Depreciation / amortisation

Depreciation / amortisation is charged to the unconsolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 11.2 and 12 whereby the depreciable value of an asset is written off over its estimated service life. The Company charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal.

5.12.5 Capital work-in-progress

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

5.12.6 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

5.13 Assets classified as held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, which is when the sale is highly probable, and it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Assets classified as held for sale are measured at the lower of the carrying amount upon classification and the fair value less costs to sell. Once assets are classified as held for sale, property and equipment is no longer subject to depreciation. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment previously recognised.

5.14 Certificates of investment (COI) / deposits

COI / deposits are initially recorded at the amount of proceeds received. Interest is charged to the unconsolidated profit and loss account under the effective interest rate method.

5.15 Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme for all its eligible permanent employees. The liability recognised 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 recognised in the unconsolidated 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, 2023.

Defined contribution plan

The Company also operates a recognised 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.

5.16 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 unconsolidated statement of financial position. The provision is recognised 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, 2023.

5.17 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 reporting date. Exchange gains and losses are recognised in the unconsolidated profit and loss account.

5.18 Revenue recognition

i) Dividend income is recognised 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 recognised under effective interest rate method, except where recovery is considered doubtful, the income is recognised 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 or loss on sale of securities is recognised at the time of sale of relevant securities.

v) Advisory income is recognised as the services are rendered.

vi) The Company earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services. The Company recognises fees earned on transaction-based arrangements at a point in time when the Company has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under other liabilities.

5.19 Taxation

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws and taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

5.20 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 recognised 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.

5.21 Provisions

Provisions are recognised 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.

5.22 Off setting of financial assets and financial liabilities

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

5.23 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 recognised in the unconsolidated profit and loss account.

5.24 Dividend distribution

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the unconsolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

5.25 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.

5.26 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.

5.27 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

- 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.

5.28 Provisions and contingent assets and liabilities

Provisions are recognised when the Company has a present legal or constructive obligation arising 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 of the obligation can be made.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

5.29 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Company to settle the obligation. The charge to the unconsolidated profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.30 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Company to pay bills of exchange drawn on customers. The Company expects most acceptances to be settled simultaneously with there imbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

The Company issues guarantees and letters of credit. These are disclosed in the unconsolidated statement of financial position as part of contingencies and commitments.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2023	2022
		--------(Rupees in '000)-------	
In hand			
local currency		**150**	80
With State Bank of Pakistan in			
- local currency current account	6.1	**629,800**	614,665
With National Bank of Pakistan in			
- local currency current account		**1,113**	532
		631,063	615,277
Less: credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		**631,063**	615,277

6.1 This includes Rs. 600.500 million (December 31, 2022: Rs. 610.500 million) held as minimum cash reserve required to be maintained with the SBP in accordance with requirement of BSD Circular No. 04 dated May 22, 2004.

7 BALANCES WITH OTHER BANKS

	Note	2023	2022
		--------(Rupees in '000)-------	
In Pakistan			
- current accounts		**67,809**	7,701
- deposit accounts	7.1	**49,625**	85,704
		117,434	93,405
Less: Credit loss allowance held against balances with other banks		**(16)**	-
Balances with other banks - net of credit loss allowance		**117,418**	93,405

7.1 This represents balance maintained in saving accounts with banks which includes a balance with Meezan bank (a related party) amounting Rs. 44.207 million (December 31, 2022: Rs. 83.526 million). The profit rates on these accounts ranges between 11.01% and 20.50% (December 31, 2022: 7.00% and 14.50%).

8 LENDINGS TO FINANCIAL INSTITUTIONS

	2023	2022
	--------(Rupees in '000)-------	
Reverse repo agreements	**-**	9,823,727
Less: credit loss allowance held against lendings to financial institutions	**-**	-
Lendings to financial institutions - net of credit loss allowance	**-**	9,823,727

8.1 Particulars of lending

	2023	2022
In local currency	**-**	9,823,727

8.2 Securities held as collateral against lendings to financial institutions

	Note	2023			2022		
		Held by Company	**Further given as collateral**	**Total**	Held by Company	Further given as collateral	Total
		---(Rupees in '000)---					
Market Treasury Bills	8.3	**-**	**-**	**-**	9,823,727	-	9,823,727

8.3 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at December 31, 2023 amounted to Rs. Nil (December 31, 2022: Rs. 9,815 million). The mark-up rates on these lendings is Nil (December 31, 2022: 15.80 and 16.00) percent per annum with maturity in Nil (December 31, 2022: four days).

9 INVESTMENTS

9.1 Investments by type:

	Note	2023 Fair value / amortised cost	2023 Credit loss allowances / provisions	2023 Surplus / (deficit)	2023 Carrying value	2022 Fair value / amortised cost	2022 Credit loss allowances / provisions	2022 Surplus / (deficit)	2022 Carrying value
		-----------------	-----------------	-----------------	(Rupees in '000)	-----------------	-----------------	-----------------	-----------------
- Debt Instruments									
Amortised cost									
Federal government securities	9.5.1 & 9.5.3	**27,864,892**	**-**	**-**	**27,864,892**	-	-	-	-
Non government debt securities	9.5.2 & 9.5.3	**1,000,000**	**(135)**	**-**	**999,865**	-	-	-	-
		28,864,892	**(135)**	**-**	**28,864,757**	-	-	-	-
FVOCI									
Federal government securities	9.4.1	**941,843,063**	**-**	**2,767,316**	**944,610,379**	-	-	-	-
Non government debt securities	9.4.3	**2,524,307**	**(34,010)**	**17,618**	**2,507,915**	-	-	-	-
		944,367,370	**(34,010)**	**2,784,934**	**947,118,294**	-	-	-	-
FVPL									
Non government debt securities		**4,339,068**	**-**	**(10,223)**	**4,328,845**	-	-	-	-
- Equity Instruments									
FVOCI (Non - Reclassifiable)									
Shares									
Listed companies	9.4.2	**2,634,745**	**-**	**839,509**	**3,474,254**	-	-	-	-
Unlisted companies	9.4.2 & 9.4.4	**104,026**	**(103,225)**	**-**	**801**	-	-	-	-
		2,738,771	**(103,225)**	**839,509**	**3,475,055**	-	-	-	-
FVPL									
Shares									
Listed companies		**143,531**	**-**	**(2,492)**	**141,039**	-	-	-	-
Subsidiary									
Raqami Islamic Digital Bank Limited	9.1.1	**1,101,345**	**-**	**-**	**1,101,345**	-	-	-	-
Associates (restated)									
Meezan Bank Limited	9.2.2	**2,422,369**	**-**	**-**	**2,422,369**	2,422,369	-	-	2,422,369
Ghandhara Tyre and Rubber Company Limited		**272,463**	**-**	**-**	**272,463**	272,463	-	-	272,463
Al Meezan Mutual Funds		**58,231**	**-**	**-**	**58,231**	58,231	(9,284)	-	48,947
Al Meezan Investment Management Ltd.		**27,750**	**-**	**-**	**27,750**	27,750	-	-	27,750
National Clearing Company of Pakistan Limited		**104,814**	**-**	**-**	**104,814**	104,814	-	-	104,814
Eclear Services Limited		**60,000**	**-**	**-**	**60,000**	60,000	(2,015)	-	57,985
Planet N (Private) Limited		**424,993**	**-**	**-**	**424,993**	424,993	-	-	424,993
		3,370,620	**-**	**-**	**3,370,620**	3,370,620	(11,299)	-	3,359,321
Held-for-trading securities									
Shares		**-**	**-**	**-**	**-**	119,143	-	(8,754)	110,389
Available-for-sale securities									
Federal government securities	9.4.1	**-**	**-**	**-**	**-**	678,773,341	-	(4,057,638)	674,715,703
Shares	9.4.2	**-**	**-**	**-**	**-**	2,844,839	(375,368)	(341,983)	2,127,488
Non government debt securities	9.4.3	**-**	**-**	**-**	**-**	8,769,871	(33,638)	17,751	8,753,984
		-	**-**	**-**	**-**	690,388,051	(409,006)	(4,381,870)	685,597,175
Total Investments		**984,925,597**	**(137,370)**	**3,611,728**	**988,399,955**	693,877,814	(420,305)	(4,390,624)	689,066,885

9.1.1 Investment in Subsidiaries

The Company has incorporated an Islamic digital bank named 'Raqami Islamic Digital Bank Limited '. Initially the Company has injected a capital amounting to Rs. 6.75 million to acquire 67.5% shareholding. Further, the Company subsequently subscribed to the right shares of Raqami Islamic Digital Bank Limited amounting to Rs. 1,094 million against which shares are in the process of being issued to the Company. Currently, the Company holds shareholding of 72.94%.

9.1.2 Investment in Associates

The Company's associates are:

Associates	Nature of Activities	Country of Incorporation	Percentage holding
Meezan Bank Limited (MBL)	Islamic Banking	Pakistan	29.97
Ghandhara Tyre and Rubber Company Limited (GTR)	Manufacturing and trading of Tyre and Tubes	Pakistan	30.00
Al Meezan Investment Management Limited (AMIM)	Asset Management Company	Pakistan	30.00
EClear Services Limited (ESL)	Clearing & Settlement	Pakistan	20.00
Al Meezan Mutual Fund (AMMF)	Open ended Mutual Fund	Pakistan	9.20
National Clearing Company of Pakistan Limited (NCCPL)	Clearing & Settlement	Pakistan	15.00
Planet N (Private) Ltd (PNL)	Tech Startups	Pakistan	9.93

9.1.3 Summarized financial statements of associates

2023	MBL	GTR	AMIM	AMMF	NCCPL	ESL	PNL
	----	----	----	(Rupees in '000)	----	----	----
Current assets	1,065,061,564	12,046,084	742,420	4,501,792	33,129,451	1,360,379	230,018
Non-current assets	1,947,047,193	7,581,644	5,257,339	-	643,633	26,409	334,804
Total assets	3,012,108,757	19,627,728	5,999,759	4,501,792	33,773,084	1,386,788	564,822
Current liabilities	2,657,591,129	12,542,610	1,216,456	171,965	31,349,585	1,060,152	69,819
Non-current liabilities	169,610,111	1,172,034	355,846	-	27,341	-	10,475
Total liabilities	2,827,201,240	13,714,644	1,572,302	171,965	31,376,926	1,060,152	80,294
Net assets	184,907,517	5,913,084	4,427,457	4,329,827	2,396,158	326,636	484,528
Fair value / break-up value of investment	86,632,133	1,227,253	27,750	398,525	104,814	60,000	424,993
Dividend received	8,053,309	-	210,000	-	17,972	-	3,908
Revenue	226,428,822	2,834,440	2,535,916	1,654,281	1,606,238	33,529	157,425
Profit from continuing operations	169,407,916	1,690	2,417,336	1,506,866	586,933	25,767	344,135
Tax	(84,932,274)	(57,740)	(724,232)	-	(222,532)	(2,308)	(54,565)
Profit after tax from continuing operations	84,475,642	(56,050)	1,693,104	1,506,866	364,401	23,459	289,570
Other comprehensive income / (loss)	11,460,762	2,443	(6,738)	-	(12,717)	-	-
Total comprehensive income / (loss)	95,936,404	(53,607)	1,686,366	1,506,866	351,684	23,459	289,570

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)

9.2 Investments by segments:

	Note	2023 Cost / amortised cost	2023 Credit loss allowance / provisions for diminution	2023 Surplus / (deficit)	2023 Carrying value	2022 Cost / amortised cost	2022 Provision for diminution	2022 Surplus / (deficit)	2022 Carrying value
		(Rupees in '000)							
Federal Government Securities:									
Market Treasury Bills	9.4.1	**497,985,000**	**-**	**567,619**	**498,552,619**	439,438,195	-	216,998	439,655,193
Pakistan Investment Bonds	9.2.1 9.4.1	**471,722,955**	**-**	**2,199,697**	**473,922,652**	239,335,146	-	(4,274,636)	235,060,510
		969,707,955	**-**	**2,767,316**	**972,475,271**	678,773,341	-	(4,057,638)	674,715,703
Shares:									
Listed Companies	9.4.2	**2,778,276**	**-**	**837,017**	**3,615,293**	2,859,956	(272,142)	(350,737)	2,237,077
Unlisted Companies	9.4.2	**93,736**	**(92,936)**	**-**	**800**	93,736	(92,936)	-	800
		2,872,012	**(92,936)**	**837,017**	**3,616,093**	2,953,692	(365,078)	(350,737)	2,237,877
Non Government Debt Securities									
Listed		**4,357,517**	**(285)**	**14,106**	**4,371,338**	4,893,260	-	3,334	4,896,594
Unlisted		**3,505,858**	**(33,859)**	**(6,711)**	**3,465,288**	3,876,611	(33,638)	14,417	3,857,390
		7,863,375	**(34,144)**	**7,395**	**7,836,626**	8,769,871	(33,638)	17,751	8,753,984
Foreign Securities									
Unlisted equity securities	9.4.4	**10,290**	**(10,290)**	**-**	**-**	10,290	(10,290)	-	-
Associates (Restated)									
Meezan Bank Limited	9.2.2	**2,422,369**	**-**	**-**	**2,422,369**	2,422,369	-	-	2,422,369
Ghandhara Tyre and Rubber Company Limited		**272,463**	**-**	**-**	**272,463**	272,463	-	-	272,463
Al Meezan Mutual Funds		**58,231**	**-**	**-**	**58,231**	58,231	(9,284)	-	48,947
Al Meezan Investment Management Ltd.	9.2.3	**27,750**	**-**	**-**	**27,750**	27,750	-	-	27,750
National Clearing Company of Pakistan Ltd.		**104,814**	**-**	**-**	**104,814**	104,814	-	-	104,814
Eclear Services Limited		**60,000**	**-**	**-**	**60,000**	60,000	(2,015)	-	57,985
Planet N (Private) Limited		**424,993**	**-**	**-**	**424,993**	424,993	-	-	424,993
		3,370,620	**-**	**-**	**3,370,620**	3,370,620	(11,299)	-	3,359,321
Subsidiary									
Raqami Islamic Digital Bank Limited		**1,101,345**	**-**	**-**	**1,101,345**	-	-	-	-
Total Investments		**984,925,597**	**(137,370)**	**3,611,728**	**988,399,955**	693,877,814	(420,305)	(4,390,624)	689,066,885

9.2.1 The investments in Pakistan Investment Bonds are maturing between September 19, 2024 and September 19, 2029 (2022: July 12, 2023 and September 19, 2029) and the effective interest rates range between 8.66% and 26.22% (2022: 8.66 and 17.13) percent per annum.

9.2.2 Investments in shares of Meezan Bank Limited costing Rs. 2,422 million and market value of Rs. 86,632 million (2022: Cost Rs. 2,422 million and market value Rs.53,442 million) are held as strategic investment in terms of Prudential Regulations applicable to Corporate / Commercial Banking which can be sold only with the prior permission of the SBP.

9.2.3 The investment in Al-Meezan Investment Management Limited can be sold only with prior permission of the SECP.

9.2.4 The market value of shares in listed associates amounted to Rs. 88,258 million (2022: Rs. 54,690 million).

9.2.5 Investments given as collateral

	2023	2022
	(Rupees in '000)	
Pakistan Investment Bonds	462,402,786	234,365,271
Market Treasury Bills	498,552,619	423,020,833
	960,955,405	657,386,104

9.3 Particulars of credit loss allowance / provision

9.3.1 Investments - exposure

	2023					2022	
	Stage 1	**Stage 2**	**Stage 3**	**Performance**	**Non Performing Investment**	Performance	Non Performing Investment
	(Rupees in '000)						
Opening balance	**-**	**-**	**-**	**687,510,374**	**136,864**	72,892,803	136,864
Implementation of IFRS 9	**679,226,443**	**-**	**136,864**	**(687,510,374)**	**(136,864)**	-	-
New investments	**4,242,756,107**	**-**	**-**	**-**	**-**	1,102,908,502	-
Investments derecognised or repaid	**(3,948,783,126)**	**-**	**-**	**-**	**-**	(488,290,931)	-
Transfer to stage 1	**-**	**-**	**-**	**-**	**-**	-	-
Transfer to stage 2	**-**	**-**	**-**	**-**	**-**	-	-
Transfer to stage 3	**-**	**-**	**-**	**-**	**-**	-	-
	293,972,981	**-**	**-**	**-**	**-**	614,617,571	-
Amounts written off / charged off	**-**	**-**	**-**	**-**	**-**	-	-
Other changes (to be specific)	**-**	**-**	**-**	**-**	**-**	-	-
Closing balance	**973,199,424**	**-**	**136,864**	**-**	**-**	687,510,374	136,864

9.3.2 Investments - exposure

	2023				2022
	Stage 1	**Stage 2**	**Stage 3**	**Provision**	**Provision**
	(Rupees in '000)				
Gross carrying amount	**-**	**-**	**-**	136,864	136,864
Implementation of IFRS - 9	**519**	**-**	**136,864**	(136,864)	
New investments	**-**	**-**	**-**	-	-
Investments derecognised or repaid	**(115)**	**-**	**-**	-	-
Transfer to stage 1	**-**	**-**	**-**	-	-
Transfer to stage 2	**-**	**-**	**-**	-	-
Transfer to stage 3	**-**	**-**	**-**	-	-
	(115)	**-**	**-**	-	-
Amounts written off / charged off	**-**	**-**	**-**	-	-
Changes in risk parameters (PDs/LGDs/EADs)	**102**	**-**	**-**	-	-
Changes (to be specific)	**-**	**-**	**-**	-	-
Closing balance - Current year	**506**	**-**	**136,864**	-	136,864

9.3.3 Credit loss allowance / provision for diminution in value of investments

	2023	2022
	(Rupees in '000)	
Opening balance	**420,305**	192,769
Reversal for the previous years provision due to IFRS 9 implementation	**(272,142)**	-
ECL charge on opening investment portfolio	**519**	-
Charge / (reversals)		
Charge for the year	**718**	713,923
Reversal for the year	**(12,030)**	(486,387)
	(11,312)	227,536
Closing balance	**137,370**	420,305

9.3.4 Particulars of credit loss allowance / provision against debt securities (excluding government securities)

Category of classification		2023 Outstanding amount	2023 Credit loss allowance / provision held	2022 Outstanding amount	2022 Provision held
		----------------------------	(Rupees in '000)	----------------------------	
Domestic					
Performing	Stage 1	**3,490,669**	**506**	8,736,233	-
Underperforming	Stage 2	**-**	**-**	-	-
Non-performing	Stage 3	**-**	**-**	-	-
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**33,638**	**33,638**	33,638	33,638
		33,638	**33,638**	33,638	33,638
Total		**3,524,307**	**34,144**	8,769,871	33,638

9.4 Quality of Securities

Details regarding quality of securities measured at FVOCI / available for sale model are as follows:

9.4.1 Federal Government Securities - Government guaranteed

	2023 Cost	2022 Cost
	--------(Rupees in '000)	-------
Market Treasury Bills	**497,985,000**	439,438,195
Pakistan Investment Bonds	**443,858,063**	239,335,146
	941,843,063	678,773,341

9.4.2 Shares

Listed Companies

	2023	2022
- Cement	**533,649**	667,941
- Commercial Banks	**519,179**	452,678
- Fertilizer	**193,541**	106,876
- Leasing	**5,042**	7,407
- Oil and Gas Exploration Companies	**356,382**	-
- Oil and Gas Marketing Companies	**-**	130,179
- Power Generation and Distribution	**886,257**	945,182
- Technology & Communication	**140,695**	358,219
- Textile Composite	**-**	-
- Engineering	**-**	72,331
	2,634,745	2,740,813

Unlisted Companies	2023 Cost	2023 Breakup value	2022 Cost	2022 Breakup value
	------------------------	(Rupees in '000)	------------------------	
Arabian Sea Country Club*	**2,150**	**-**	2,150	-
Axel Products Limited*	**4,043**	**-**	4,043	-
Dadabhoy Padube Limited*	**200**	**-**	200	-
Engine Systems Limited*	**10,000**	**-**	10,000	-
FTC Management Company (Private) Limited	**500**	**44,279**	500	43,259
Innovative Investment Bank Limited*	**4,770**	**-**	4,770	-
Pakistan Mercantile Exchange Limited*	**11,773**	**-**	11,773	-
Pakistan Textile City Limited*	**50,000**	**-**	50,000	-
Trans Mobile Limited*	**10,000**	**-**	10,000	-
TCC Management Company Limited	**300**	**2,573**	300	2,122
	93,736	**46,852**	93,736	45,381

9.4.3 Non Government Debt Securities

	2023	2022
	Cost	
	(Rupees in '000)	
Listed		
AAA	**250,000**	250,000
AA+, AA, AA-	**1,625,000**	4,157,546
A+, A, A-	**142,857**	485,714
	2,017,857	4,893,260
Unlisted		
AAA	**-**	1,639,744
AA+, AA, AA-	**325,000**	1,541,666
A+, A, A-	**147,812**	661,563
Unrated	**33,638**	33,638
	506,450	3,876,611

9.4.4 Foreign Securities

Equity Securities

Unlisted Shares

	2023	2022
Islamic International Rating Agency Limited	**10,290**	10,290

9.5 Particulars relating to securities classified under Held to collect model

9.5.1 Federal Government Securities - Government guaranteed

	2023	2022
Pakistan Investment Bonds	**27,864,892**	-

9.5.2 Non Government Debt Securities

	2023	2022
Unlisted		
AAA	**1,000,000**	-

9.5.3 The market value of securities classified as amortised cost / held to maturity as at December 31, 2023 amounted to Rs. 25,588 million (December 31, 2022: Rs. Nil)

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	**2023**	2022	**2023**	2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	10.1	**54,950,020**	50,657,236	**822,969**	1,026,291	**55,772,989**	51,683,527
Bills discounted and purchased		**-**	-	**-**	-	**-**	-
Advances - gross		**54,950,020**	50,657,236	**822,969**	1,026,291	**55,772,989**	51,683,527
Provision against advances							
- Specific		**-**	-	**-**	(985,518)	**-**	(985,518)
- General		**(1,100,000)**	(1,100,000)	**-**	-	**(1,100,000)**	(1,100,000)
		(1,100,000)	(1,100,000)	**-**	(985,518)	**(1,100,000)**	(2,085,518)
Credit loss allowance against advances							
-Stage 1		**(22,710)**	-	**-**	-	**(22,710)**	-
-Stage 2		**(16,369)**	-	**-**	-	**(16,369)**	-
-Stage 3		**-**	-	**(809,157)**	-	**(809,157)**	-
		(39,079)	-	**(809,157)**	-	**(848,236)**	-
- Advances - net of credit loss allowance / provision		**53,810,941**	49,557,236	**13,812**	40,773	**53,824,753**	49,598,009

10.1 Includes Net Investment in Finance Lease as disclosed below:

	2023				2022			
	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	650,390	305,076	-	955,466	813,236	658,774	-	1,472,010
Residual value	13,812	41,935	-	55,747	40,773	41,935	-	82,708
Minimum lease payments	664,202	347,011	-	1,011,213	854,009	700,709	-	1,554,718
Financial charges for future periods	64,258	26,567	-	90,825	84,962	76,939	-	161,901
Present value of minimum lease payments	599,944	320,444	-	920,388	769,047	623,770	-	1,392,817

10.1.1 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 24.47% (2022: 5% and 18.24%) per annum.

10.1.2 In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 55.747 million (2022: Rs. 82.708 million) as security deposits on behalf of the lessees which are included under other liabilities (note 17).

10.2 Particulars of advances (Gross)

	2023	2022
	(Rupees in '000)	
In local currency	55,772,989	51,683,527

10.3 Particulars of credit loss allowance

10.3.1 Advances - Exposure

	2023					2022	
	Stage 1	Stage 2	Stage 3	Performance	Non Performing Investment	Performance	Non Performing Investment
	(Rupees in '000)						
Gross carrying amount - current year	-	-	-	50,657,236	1,026,291	27,918,711	1,065,341
Implementation of IFRS 9	50,416,549	-	1,026,291	(50,657,236)	(1,026,291)	-	-
New advances	34,490,430	872,353	-	-	-	39,730,200	-
Advances derecognised or repaid	(30,829,312)	-	(176,361)	-	-	(16,991,675)	(39,050)
Transfer to stage 1	-	-	-	-	-	-	-
Transfer to stage 2	(1,435,801)	1,435,801	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-
	2,225,317	2,308,154	(176,361)	-	-	22,738,525	(39,050)
Settlement from security deposit	-	-	(26,961)	-	-	-	-
Closing balance - current year	52,641,866	2,308,154	822,969	-	-	50,657,236	1,026,291

10.3.2 Advances - Credit loss allowance / Provision

	2023					2022	
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Specific Provision	General Provision
	(Rupees in '000)						
Opening balance	-	-	-	985,518	1,100,000	1,024,568	600,000
IFRS 9 implementation	22,091	-	985,518	(985,518)	-	-	-
New advances	6,608	3,979	-	-	-	-	500,000
Advances derecognised or repaid	(3,060)	-	(176,361)	-	-	(39,050)	-
Transfer to stage 1	-	-	-	-	-	-	-
Transfer to stage 2	(990)	990	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-
	2,558	4,969	(176,361)	-	-	(39,050)	500,000
Changes in risk parameters (PDs/LGDs/EADs)	(1,939)	11,400	-	-	-	-	-
Amount written off / charged off	-	-	-	-	-	-	-
Closing balance	22,710	16,369	809,157	-	1,100,000	985,518	1,100,000

10.3.3 Advances - Credit loss allowance / Provisions details Internal / External rating / stage classification

	2023				2022
	Stage 1	Stage 2	Stage 3	Provision	Provision
	(Rupees in '000)				
Outstanding gross exposure					
Performing - Stage 1					
Loan	**52,013,915**	**-**	**-**	**50,657,236**	-
Lease	**627,952**	**-**	**-**	**-**	-
Under Performing - Stage 2					
Loan	**-**	**2,308,154**	**-**	**-**	-
Non-performing - Stage 3					
Substandard	**-**	**-**	**-**	**-**	-
Doubtful	**-**	**-**	**-**	**-**	-
Loss	**-**	**-**	**822,969**	**-**	1,026,291
	-	**-**	**822,969**	**-**	1,026,291
Total	**52,641,866**	**2,308,154**	**822,969**	**50,657,236**	1,026,291
Corresponding ECL / Provision					
Stage 1					
Loan	**22,285**	**-**	**-**	**-**	-
Lease	**425**	**-**	**-**	**-**	-
Stage 2					
Loan	**-**	**16,369**	**-**	**-**	-
Stage 3	**-**	**-**	**809,157**	**-**	-
Provision					
General	**-**	**-**	**-**	**1,100,000**	-
Specific	**-**	**-**	**-**	**-**	985,518
Total	**22,710**	**16,369**	**809,157**	**1,100,000**	985,518

10.4 Advances include Rs. 822.969 million (December 31, 2022: Rs 1,026.291 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	2023		2022	
	Non performing Loans	Credit loss allowance / provision held	Non performing Loans	Provision held
	(Rupees in '000)			
Domestic				
POther Assets Especially Mentioned (OAEM)	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	1,026,291	985,518
Stage 3	**822,969**	**809,157**	-	-
Total	**822,969**	**809,157**	1,026,291	985,518

10.5 Particulars of credit loss allowance / provisions against advances

	2023					2022		
	Stage 3	Stage 1 & 2	Specific	General	Total	Specific	General	Total
	(Rupees in '000)							
Opening balance	**-**	**-**	**985,518**	**1,100,000**	**2,085,518**	1,024,568	600,000	1,624,568
IFRS 9 implementation	**985,518**	**22,091**	**(985,518)**	**-**	**22,091**	-	-	-
Charge for the year	**-**	**25,964**	**-**	**-**	**25,964**	-	500,000	500,000
Reversals	**(176,361)**	**(8,976)**	**-**	**-**	**(185,337)**	(39,050)	-	(39,050)
	(176,361)	**16,988**	**-**	**-**	**(159,373)**	(39,050)	500,000	460,950
Closing balance	**809,157**	**39,079**	**-**	**1,100,000**	**1,948,236**	985,518	1,100,000	2,085,518

10.5.1 Particulars of credit loss allowance / provisions against advances

	2023					2022		
	Stage 3	Stage 1 &2	Specific	General	Total	Specific	General	Total
In local currency	**809,157**	**39,079**	**-**	**1,100,000**	**1,948,236**	985,518	1,100,000	2,085,518

10.6 Particulars of loans and advances to staff included in advances

	Note	2023	2022
		--------(Rupees in '000)-------	
Opening balance		**347,497**	210,346
Transfer to prepaid staff cost due to implementation of IFRS - 9		**(115,607)**	-
Transfer to prepaid staff cost for current year disbursement		**(16,335)**	-
Income on loan to employees		**13,135**	-
Disbursements during the year		**54,654**	182,003
Repayments during the year		**(90,455)**	(44,852)
		(154,608)	137,151
Balance at end of the year		**192,889**	347,497

11 PROPERTY AND EQUIPMENT

	Note	2023	2022
Capital work-in-progress	11.1	**-**	303,012
Property and equipment	11.2	**983,916**	394,532
		983,916	697,544

11.1 Capital work-in-progress

Advance to suppliers	**-**	303,012

11.2 Property and Equipment

	2023				
	Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor Vehicles	Total
At January 1, 2023	-------------------------------		(Rupees in '000)		-------------------------------
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	**277,347**	**62,047**	**45,914**	**9,224**	**394,532**
Year ended December 2023					
Opening net book value	**277,347**	**62,047**	**45,914**	**9,224**	**394,532**
Additions	**3,543**	**6,164**	**44,767**	**791,330**	**845,804**
Cost of assets disposed of	**-**	**(232)**	**(4,988)**	**(118,049)**	**(123,269)**
Depreciation charge	**(9,311)**	**(14,802)**	**(30,236)**	**(102,994)**	**(157,343)**
Accumulated depreciation on disposal	**-**	**157**	**4,259**	**19,777**	**24,193**
Closing net book value	**271,579**	**53,334**	**59,716**	**599,287**	**983,916**
At December 31, 2023					
Cost	**370,176**	**77,593**	**177,567**	**704,575**	**1,329,911**
Accumulated depreciation	**(98,597)**	**(24,259)**	**(117,850)**	**(105,288)**	**(345,995)**
Net book value	**271,579**	**53,334**	**59,716**	**599,287**	**983,916**
Rate of depreciation (percentage)	**2.50 - 20**	**20**	**20 - 33.3**	**20 - 63**	**-**

	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	192,982	16,144	51,283	19,364	279,773
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	277,347	62,047	45,914	9,224	394,532
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	277,347	62,047	45,914	9,224	394,532
Rate of depreciation (percentage)	2.50 - 20	20	20 - 33.3	20 - 63	-

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

	2023	2022
	(Rupees in '000)	
Furniture and fixtures	**1,293**	1,344
Electrical, office and computer equipment	**71,193**	48,181
Motor vehicles	**5,280**	12,695
	77,766	62,220

11.3 Details of disposals of property and equipment (other than through a regular auction) to any related party, irrespective of the value are as follows:

Description	**Cost**	**Accumulated depreciation**	**Net book value**	**Sale proceeds**	**Mode of disposal**	**Particulars of purchaser**
	Rupees in '000					
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Zain Khan - Ex Employee
HP PROBOOK 450 GB	185	67	118	118	As per policy	Mr. Saquib Ali - Ex Employee
HP PROBOOK 450 GB	185	67	118	118	As per policy	Ms. Sabah Kamal - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naveed Sherwani - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naeem Sattar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Mazhar Sharif - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Atif Anwar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Umair Aijaz - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naveed Lodhi - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Hammad Anwar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Zafar Gardezi - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Syed Ali Abid Zaidi - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Zahid Saleem - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Azam Yahya - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Farooq Nasim - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Syed Muhammad Ehtesham Mukhtar - Employee
HP PROBOOK 450 GB	185	77	108	108	As per policy	Mr. Muqadam Butt - Ex Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Adnan Ahmed - Employee

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Imran Saeed - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Naeem Iqbal - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Ms. Madiha Saleem - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Asim Raza Khawaja - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Aqdus Jahanzeb - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Faraz Kazmi - Employee
HP PROBOOK 450 G8 Notebook	139	112	27	27	As per policy	Ms. Laila Iqbal Khan - Ex Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Sami Ullah Tariq - Employee
HP PROBOOK 450 GB	185	93	92	92	As per policy	Mr. Bilal Imran - Ex Employee
HP PRO BOOK 450 G7 LAPTOP	131	131	-	-	As per policy	Syed Kashif Javed - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Asad Javaid - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Badar Farooq - Employee
HP Envy X360 Laptop	328	64	264	264	As per policy	Mr. Umair Aijaz - Ex Employee
HONDA HRV VTI-S	5,136	548	4,588	4,794	As per policy	Mr. Asim Raza Khawaja - Ex Employee
HP SPECTRE X360 NOTEBOOK	258	258	-	-	As per policy	Mr. Mubashar Maqbool - Ex MD

11.4 During the year the Company has decided to dispose of a motor vehicle given to previous chief executive officer and therefore it has been classified as held for sale under the requirement of IFRS 5 "Non-current asset Held for Sale". The carrying value of the above vehicle is Rs. 83.119 million. The fair value and cost to sell is determined at Rs. 59.182 million and Rs. 0.047 million respectively as at December 31, 2023. Subsequently, through an auction held on January 05, 2024, the vehicle was sold to Mr. Mubashar Maqbool (previous chief executive officer) (the highest bidder).

12 INTANGIBLE ASSETS	**Note**	**2023**	2022
		--------(Rupees in '000)-------	
Intangible assets - computer software	12.1	**13,211**	19,238

12.2 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2023
At January 1, 2023	**(Rupees in '000)**
Cost	**108,829**
Accumulated amortisation	**(89,591)**
Net book value	**19,238**
Year ended December 31, 2023	
Opening net book value	**19,238**
Amortisation charge	**(6,027)**
Closing net book value	**13,211**
At December 31, 2023	
Cost	**108,829**
Accumulated amortisation	**(95,618)**
Net book value	**13,211**
Rate of amortisation (percentage)	**20**
Useful life	**5 years**

At January 1, 2022	2022 (Rupees in '000)
Cost	93,377
Accumulated amortisation	(83,791)
Net book value	9,586
Year ended December 31, 2022	
Opening net book value	9,586
Additions	15,452
Amortisation charge	(5,800)
Closing net book value	19,238
At December 31, 2022	
Cost	108,829
Accumulated amortisation	(89,591)
Net book value	19,238
Rate of amortisation (percentage)	20
Useful life	5 years

12.2 The cost of fully amortised intangible assets that are still in use amounted to Rs. 82.09 million (2022: Rs. 68.51 million).

13 DEFERRED TAX LIABILITIES

	2023				
	At January 1, 2023	**Recognised in P&L**	**Recognised in OCI**	**Recognised in SOCE**	**At December 31, 2023**
	(Rupees in '000)				
Deductible temporary differences on					
- Post retirement employee benefits	**50,256**	**5,805**	**21,913**	**-**	**77,974**
- Accelerated tax depreciation	**(33,139)**	**36,534**	**-**	**-**	**3,395**
- Credit loss allowance / provision against advances, off balance sheet ,etc	**688,221**	**93,088**	**-**	**8,129**	**789,438**
- Provision for taxation (minimum)	**133,450**	**2,222,437**	**-**	**-**	**2,355,887**
	838,788	**2,357,864**	**21,913**	**8,129**	**3,226,694**
Taxable temporary differences on					
- Surplus on revaluation of investments	**1,433,482**	**(4,679)**	**(1,352,229)**	**(1,352,872)**	**(1,276,298)**
- Finance lease arrangements	**(237,920)**	**102,098**	**-**	**-**	**(135,822)**
	1,195,562	**97,419**	**(1,352,229)**	**(1,352,872)**	**(1,412,120)**
	2,034,350	**2,455,283**	**(1,330,316)**	**(1,344,743)**	**1,814,574**

	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	38,935	7,477	3,844	-	50,256
- Deficit on revaluation of investments	292,546	1,273	1,139,663	-	1,433,482
- Provision against non-performing advances	471,125	217,096	-	-	688,221
- Provision for taxation (minimum)	-	133,450	-	-	133,450
	802,606	359,296	1,143,507	-	2,305,409
Taxable temporary differences on					
- Accelerated tax depreciation	(36,238)	3,099	-	-	(33,139)
- Finance lease arrangements	(197,786)	(40,134)	-	-	(237,920)
	(234,023)	(37,035)	-	-	(271,059)
	568,583	322,261	1,143,507	-	2,034,350

14 OTHER ASSETS

	Note	2023	2022
		--------(Rupees in '000)-------	
Income / mark-up accrued in local currency		**25,652,809**	7,995,249
Advances, deposits, advance rent and other prepayments		**40,190**	30,200
Advance taxation		**12,007,281**	4,924,740
Other receivable	14.1	**56,728**	56,759
Non-current asset 'Held For Sale'	11.4	**83,119**	-
Prepaid staff cost		**118,807**	-
		37,958,934	13,006,948
Less: provision held against other assets	14.2	**(70,243)**	(46,259)
Less: credit loss allowance held against other assets	14.3	**(1,559)**	-
Other assets (net of credit loss allowance)		**37,887,132**	12,960,689

14.1 Other assets include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2022: Rs. 20.771 million) that has been fully provided.

14.2 Provisions held against other assets

	Note	2023	2022
		--------(Rupees in '000)-------	
Non-current asset held-for-sale	11.4	**23,984**	-
Other receivables		**46,259**	46,259
		70,243	46,259

14.2.1 Movement in provision held against other assets

	2023	2022
Opening balance	**46,259**	46,259
Charge for the year	**23,984**	-
Closing balance	**70,243**	46,259

14.3 Credit loss allowance held against other assets

	2023	2022
Income / mark-up accrued in local currency	**1,559**	-

14.3.1 Movement in credit loss allowance held against other assets

	2023	2022
Opening balance	**21**	-
Charge for the year	**1,538**	-
Closing balance	**1,559**	-

15 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	15.2	**6,462,975**	7,203,550
Under Financing Scheme for Renewable Energy	15.3	**2,729,785**	2,729,785
Under Temporary Economic Refinance Facility (TERF)	5.4	**2,264,917**	3,438,974
		11,457,677	13,372,309
Bai Muajjal	15.5	**30,996,916**	30,657,267
Repurchase agreement borrowings	15.6	**940,325,623**	547,407,564
Term Finance Facility	15.7	**39,250,000**	114,000,000
Total secured		**1,022,030,216**	705,437,140
Unsecured			
Bai Muajjal	15.5	**-**	18,306,337
Letter of Placements	15.8	**4,500,000**	3,500,000
Total unsecured		**4,500,000**	21,806,337
		1,026,530,216	727,243,477

15.1 Particulars of borrowings with respect to currencies

	2023	2022
In local currency	**1,026,530,216**	727,243,477

15.2 Borrowings from SBP under LTFF

These represent borrowings from SBP under scheme for long term financing facility (LTFF). The mark-up rate on these facilities is payable at maximum of 7% per annum (December 31, 2022: maximum of 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

15.3 Borrowing from SBP under Financing Scheme for Renewable Energy

These represent 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 on these facilities is payable at maximum of 3% per annum (December 31, 2022: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

15.4 Borrowing from SBP under Temporary Economic Refinance Facility

These represent long term finance facilities 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 on these facilities is payable at maximum of 1% per annum (December 31, 2022: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

15.5 Bai Muajjal

These represent borrowings from financial institutions at mark-up rates between 21.01% and 22.07% per annum (December 31, 2022: 15.20% and 15.90% per annum) and having maturities on May 02, 2024 (December 31, 2022: January 23, 2023 and May 02, 2024).

15.6 Repurchase agreement borrowings

The Company has arranged borrowing from financial institutions against sale and repurchase of government securities. The mark-up rates on these borrowings are between 22.04% and 23.00% per annum (December 31, 2022: 15.22% and 16.21% per annum) with maturities between two days to nineteen days (December 31, 2022: sixty three to seventy days).

15.7 Term Finance Facility

The Company has availed long term borrowings from commercial banks and a company. The interest rates on these facilities are between 8.63% and 23.04% per annum (December 31, 2022: 8.63% and 17.12% per annum) and have maturities between March 14, 2024 and December 28, 2028 (December 31, 2022: March 22, 2023 and December 28, 2028).

15.8 Letter Of Placements (LOPs)

The interest rates on these LOPs are between 22.20% and 23.00% per annum (December 31, 2022: 16.05% and 16.10% per annum). These LOPs have maturity between January 02, 2024 and January 05, 2024 (December 31, 2022: January 03, 2023 and January 17, 2023).

16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	**In Foreign currencies**	**Total**	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Certificate of Investment (COI)	**18,091,307**	**-**	**18,091,307**	6,656,590	-	6,656,590
Financial Institutions						
Certificate of Investment (COI)	**1,179,470**	**-**	**1,179,470**	7,028,306	-	7,028,306
	19,270,777	**-**	**19,270,777**	13,684,896	-	13,684,896

16.1 Composition of deposits

	2023	2022
	--------(Rupees in '000)-------	
- Government	**7,076,668**	2,852,000
- Public sector entities	**1,800,000**	1,550,000
- Non-banking financial institutions	**1,179,470**	7,028,306
- Private sector	**9,214,639**	2,254,590
	19,270,777	13,684,896

16.2 The profit rates on these Certificate of Investments (COI) are between 17.50% and 23.65% per annum (December 31, 2022: 12.50% and 16.88% per annum). These COIs have maturities between January 02, 2024 and November 29, 2024 (December 31, 2022: January 03, 2023 and November 24, 2023).

17 OTHER LIABILITIES

	Note	2023	2022
		--------(Rupees in '000)-------	
			(Restated)
Mark-up / return / interest payable in local currency		**1,756,546**	1,893,233
Accrued expenses	17.1	**789,726**	707,516
Payable to defined benefit plan	33.7	**153,191**	101,468
Security deposits against lease		**55,747**	82,708
Payable against employees' compensated absences		**46,742**	50,824
Payable to share brokers on account of purchase of marketable securities		**169**	1,142
Unearned income		**5,612**	5,248
WWF liability		**756,240**	483,973
Others		**12,242**	10,705
Credit loss allowance against off-balance sheet obligations	17.2	**1,446**	-
		3,577,661	3,336,817

17.1 This includes provision for worker welfare fund amounting to Rs.748.634 million (December 31, 2022 483.973 million).

17.2 Credit loss allowance against off-balance sheet obligations

	2023	2022
	--------(Rupees in '000)-------	
Opening balance	**-**	-
Impact due to IFRS-9 Implementation	**1,994**	-
Charge for the year	**(548)**	-
Reversals for the year	**-**	-
Amount written off	**-**	-
Closing balance	**1,446**	-

18 SHARE CAPITAL

18.1 Authorized Capital

2023	2022		2023	2022
------(Number of shares)-----			--------(Rupees in '000)-------	
1,000,000	1,000,000	Ordinary shares of Rs. 25,000 each	**25,000,000**	25,000,000

18.2 Issued, subscribed and paid up

2023	2022		2023	2022
------(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
640,000	640,000		**16,000,000**	16,000,000

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 (2022: 320,000) ordinary shares of the Company as at December 31, 2023.

19 RESERVES

	Note	2023	2022
		--------(Rupees in '000)-------	
			(Restated)
Statutory reserve	19.1	**14,000,074**	11,999,846
Capital market equalization reserve	19.2	**-**	1,659,468
Total reserves		**14,000,074**	13,659,314

19.1 Statutory reserve

	2023	2022
	--------(Rupees in '000)-------	
At beginning of the year	**11,999,846**	9,793,911
Add: transferred during the year	**2,000,228**	2,205,935
	14,000,074	11,999,846

According to BPRD 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. 2,000.228 million (2022: Rs. 2,205.935 million).

19.2 Capital market equalization reserve

	2023	2022
	--------(Rupees in '000)-------	
At beginning of the year	**1,659,468**	1,659,468
Add: Addition during the year	**-**	-
Less: Transfer to unappropriated profit and loss	**(1,659,468)**	
	-	1,659,468

The Company had created a Capital Market Equalization Reserve (CMER) in 2014 in order to provide adequate reserve against volatility in the value of capital market portfolio. that the purpose of creating CMER was to create a buffer reserve in the event of any unusual fluctuation in the capital market resulting into impairment losses. The Company has adopted IFRS 9 during the current year which no longer requires recognition of impairment losses on equity securities. Consequently, the management has transferred the CMER amounting to Rs. 1,659 million to unappropriated profit during the current year.

20 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2023	2022
		--------(Rupees in '000)-------	
Surplus / (deficit) on revaluation of:			(Restated)
- Securities measured at FVOCI-debt / available for sale	9.1	**17,618**	17,751
- Securities measured at FVOCI-equity / available for sale	9.1	**839,511**	(341,983)
- Securities measured at FVOCI-government securities / available for sale	9.1	**2,767,316**	(4,057,638)
		3,624,445	(4,381,870)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-debt / available for sale		**(6,871)**	(5,858)
- Securities measured at FVOCI-equity / available for sale		**(186,809)**	103,748
- Securities measured at FVOCI-government securities / available for sale		**(1,079,254)**	1,295,089
		(1,272,934)	1,392,979
		2,351,511	(2,988,891)

21 CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
-Guarantees	21.1	**2,481,045**	2,229,520
-Commitments	21.2	**15,109,204**	11,387,211
		17,590,249	13,616,731

21.1 Guarantees:

	2023	2022
Financial guarantees	**2,481,045**	2,229,520

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

21.2 Commitments

Undisbursed sanctions against:		
- Loans and advances	**15,109,204**	11,051,875
- Letter of comfort	**-**	335,336
	15,109,204	11,387,211

21.3 Tax Contingencies

- 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 amounts 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.

- Appeal effect to the CIR(A) orders were issued for the years 2004 to 2007 and 2010 allowing the entire additions. 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 appeal 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. Directions were given to preferably decide the matter in sixty days. 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.

- 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 had not followed the directions of the CIR(A) i.e. not adjudicating on the matters remanded back / deleted. Appeals were again preferred by the Company before the CIR(A) also contesting that the action for framing an appeal effect was barred by limitation under section 124 of the Ordinance for the years 2014, 2016 to 2018.These appeals were disposed of vide Appellate Orders dated June 6, 2023 for tax years 2014, 2017 to 2019 and dated July 26, 2023 for tax year 2016 remanding back the matter again to the Officer whereas the issue of limitation has not been deliberated. The appeal effect to these latest orders have not yet been issued. The Company has filed appeal before ATIR for tax years 2014, 2016 to 2018 on legal grounds.

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 favour of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

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 the 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 was remanded back by the CIR(A) vide appellate order dated March 18, 2022, however as mentioned above appeal effect was not given in the Order dated December 14, 2022. An appeal was again preferred before CIR(A) where CIR(A) has remanded back the matter to the Officer.

An Order dated March 22, 2023 to recover Super tax under section 4C of the Ordinance for the year 2022 was issued where demand of Rs 176.513 million has been raised. An appeal was preferred before CIR(A) where the levy has been maintained in Order dated June 1, 2023. Currently, the Company appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy.

A Notice dated October 28, 2023 to recover Super tax under section 4C of the Ordinance for the year 2023 amounting to Rs. 375.078 million was issued to the company. The Company, through it legal advisor, has challenged the levy before Islamabad High Court (IHC). The IHC has granted stay to the extent of 6 percent vide order dated November 11, 2023 in WP No. 3567 of 2023 whereas the Company has sufficient refunds available to adjust the remaining 4 percent of the levy. The Company has made provision of Rs.1,517 million against the levy of Super Tax under section 4C.

The management is confident that the ultimate outcome of the appeal would be in favour of the Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

22 MARK-UP / RETURN / INTEREST EARNED

	2023	2022
	--------(Rupees in '000)-------	
Loans and advances	**9,310,040**	4,260,482
Investments	**227,272,416**	38,810,922
Lendings to financial institutions	**198,707**	115,203
Balances with banks	**11,158**	7,295
	236,792,321	43,193,902

22.1 Interest income (calculated using effective interest rate method) recognised on:

	2023	2022
	--------(Rupees in '000)-------	
Financial assets measured at amortised cost;	**13,098,161**	-
Financial assets measured at FVPL	**504,561**	-
Financial assets measured at FVOCI	**223,189,599**	-
	236,792,321	-

23 MARK-UP / RETURN / INTEREST EXPENSED

	Note	2023	2022
		(Rupees in '000)	
Deposits		**2,259,836**	1,313,093
Borrowings		**20,293,507**	6,023,892
Securities sold under repurchase agreements - government securities		**208,191,865**	33,324,592
		230,745,208	40,661,577

23.1 Interest expense calculated using effective interest rate method	**230,745,208**	-

24 FEE AND COMMISSION INCOME

	2023	2022
Participation fee	**18,176**	25,569
Commitment fee	**3,350**	13,576
Commission on guarantees	**16,324**	11,558
Commission on letter of comfort	**3,566**	7,319
Arrangement fee	**36,794**	36,469
Advisory income	**5,249**	7,040
	83,459	101,531

25 GAIN ON SECURITIES

	Note	2023	2022
Realised gain	25.1	**385,800**	381,082
Unrealised loss - measured at FVPL / held-for-trading	9.1	**(12,715)**	(8,754)
		373,085	372,328

25.1 Realised gain on:

	2023	2022
Shares	**12,106**	381,476
Federal government securities	**373,694**	(394)
	385,800	381,082

25.2 Net gain / (loss) on financial assets measured at FVOCI / available-for-sale:

	2023	2022
Net gain / (loss) on financial assets (equity) measured at FVOCI / available-for-sale	**(609)**	372,722
Net gain / (loss) on financial assets (debt instruments) measured at FVOCI / available for sale	**373,694**	(394)
	373,694	(394)
	373,085	372,328

26 OTHER INCOME

	2023	2022
Nominee directors fee	**12,945**	15,915
Rent on property	**45,050**	44,503
Gain on sale of property and equipment - net	**9,587**	7,320
Late payment charges	**247,054**	11,386
Early encashment charges	**6,030**	1,642
	320,666	80,766

27 OPERATING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Total compensation expense	27.1	**1,359,143**	1,142,480
Property expense			
Rent and taxes		**15,296**	11,597
Insurance		**4,087**	1,421
Utilities cost		**18,419**	11,548
Security expense		**92**	36
Repairs and maintenance		**39,597**	41,970
Depreciation		**9,311**	7,155
		86,802	73,727
Information technology expenses			
Software maintenance		**1,797**	3,777
Hardware maintenance		**176**	227
Depreciation		**16,573**	11,943
Amortisation		**6,028**	5,800
Network charges		**8,233**	5,344
		32,807	27,091
Other operating expenses			
Directors' fees and allowances		**19,475**	17,500
Legal and professional charges		**62,966**	141,891
Outsourced services costs	27.2	**43,540**	36,139
Travelling and conveyance		**23,134**	21,740
Depreciation		**131,460**	28,114
Training and development		**5,567**	5,963
Postage and courier charges		**1,009**	974
Communication		**16,252**	9,276
Stationery and printing		**12,137**	8,755
Marketing, advertisement and publicity		**6,539**	6,882
Donations	27.3	**128,000**	145,000
Auditors' remuneration	27.4	**15,271**	12,772
Newspaper, periodicals and subscription dues		**12,514**	11,027
Repairs and maintenance		**7,288**	2,086
Bank charges		**443**	268
Entertainment expense		**24,748**	19,299
Others		**90,578**	24,479
		600,921	492,165
		2,079,673	1,735,463

27.1 Total compensation expense

	Note	2023	2022
Fees and allowances		**34,220**	97,868
Managerial remuneration			
i) Fixed		**542,855**	422,181
ii) Variable			
a) Cash bonus / awards etc.		**600,000**	520,000
Charge for defined benefit plan	33.8.1	**49,524**	39,225
Contribution to defined contribution plan	34	**49,473**	38,809
Medical		**22,776**	12,436
Pilgrimage sponsorship		**5,768**	3,504
Compensated absences		**39,771**	7,633
Employee old age benefit		**1,621**	824
Others		**13,135**	-
Total		**1,359,143**	1,142,480

27.2 Total costs 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:

	2023	2022
	(Rupees in '000)	
Donee		
The Citizens Foundation	**15,000**	14,000
The Indus Hospital	**14,000**	13,000
Shaukat Khanum Memorial Trust	**12,000**	11,000
Akhuwat	**9,000**	8,000
Allah Walay Trust	**9,000**	8,000
Family Educational Services Foundation	**7,000**	6,000
Patients' Aid Foundation	**7,000**	6,000
The Tehzibul Akhlaq Trust	**7,000**	6,000
Aziz Jehan Begum Trust for the Blind	**5,000**	4,000
Institute of Business Administration	**5,000**	4,000
Make-A-Wish Foundation	**5,000**	4,000
Rural Education And Development Foundation	**5,000**	4,000
Afzaal Memorial Thalassemia Foundation	**4,000**	3,000
Kaarvan Crafts Foundation	**4,000**	3,000
Karachi Down Syndrome Program	**4,000**	3,000
Karachi Vocational Training Centre	**4,000**	3,000
Special Olympics Pakistan	**3,000**	-
The Layton Rahmatulla Benevolent Trust	**3,000**	2,000
Bioniks Welfare Foundation	**2,000**	-
Dastak Women Rights And Awareness Foundation	**2,000**	-
VITAL Pakistan Trust	**2,000**	-
Developments In Literacy	**-**	4,000
Health And Nutrition Development Society (HANDS)	**-**	5,000
Karigar Training Institute	**-**	4,000
Karwan-e-Hayat	**-**	3,000
People's Primary Healthcare Initiative Balochistan	**-**	4,000
Roshni Homes Trust	**-**	4,000
Sahara for Life Trust	**-**	6,000
Salik Development Foundation	**-**	4,000
Society For Human & Environmental Development	**-**	4,000
The Kidney Centre	**-**	5,000
	128,000	145,000

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

27.4 **Auditors' remuneration**

	2023	2022
	(Rupees in '000)	
Audit fee	**2,270**	1,891
Fee for half yearly review	**908**	757
Special certifications and sundry advisory services	**3,068**	1,657
Tax services	**8,470**	7,700
Out-of-pocket expenses	**555**	767
	15,271	12,772

28	(REVERSAL OF PROVISON) / CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE-OFFS - NET	Note	2023	2022
			(Rupees in '000)	
	Credit loss allowance against cash and balances with banks	7	**7**	-
	Provision for diminution in value of investments	9.3.3	**-**	713,923
	Reversal of credit loss allowance for diminution in value of investments including accrued interest	9.3.2 & 14.3	**(19)**	-
	Reversal of provision on unquoted associate	9.3.3	**(11,299)**	-
	Reversal / credit loss allowance against loans and advances - net	10.3.2	**(176,361)**	460,950
	Credit loss allowance against loans and advances including accrued interest	10.3.2 & 14.3	**18,532**	-
	Reversal of credit loss allowance against contingencies and commitments	17.1	**(548)**	-
	Provision for diminution / impairment in the value of non-current asset 'held for sale'	14.2.1	**23,984**	-
	Recovery of written off / charged off bad debts		**-**	-
			(145,704)	1,174,873

29	TAXATION	Note	2023	2022
			(Rupees in '000)	
				(Restated)
	Current		**5,687,192**	1,669,576
	Deferred		**(2,455,283)**	(322,261)
			3,231,909	1,347,315

29.1 The numerical reconciliation between average tax rate and the applicable tax rate for the current year has not been presented as the provision for income tax represents minimum tax on turnover and tax under final tax regime as stipulated in the Income Tax Ordinance, 2001.

30	BASIC / DILUTED EARNINGS PER SHARE	Note	2023	2022
			(Rupees in '000)	
				(Restated)
	Profit for the year		**10,001,142**	2,963,453
			(Numbers in '000)	
	Weighted average number of ordinary shares		**640**	640
			(Rupees)	
	Basic / diluted earnings per share		**15,627**	4,630

31	CASH AND CASH EQUIVALENTS		2023	2022
			(Rupees in '000)	
	Cash and balance with treasury banks	6	**631,063**	615,277
	Balance with other banks	7	**117,418**	93,405
			748,481	708,682

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

	2023								
	Liabilities			Equity					
	Borrowings	Deposits and other accounts	Other liabilities	Share Capital	Reserves	Surplus / (deficit) on revaluation of - Investments	Surplus / (deficit) on revaluation of - Non banking assets of associates	Unappropriated profit	Total
	-----(Rupees in '000)-----								
Balance as at January 1, 2023 (Restated)	**727,243,477**	**13,684,896**	**3,336,817**	**16,000,000**	**13,659,314**	**(2,988,891)**	**-**	**(6,026,489)**	**20,643,934**
Impact of adoption of IFRS - 9 (note 3.2.5)						**2,474,598**		**(197,099)**	**2,277,499**
Changes from financing cash flows									
Dividend Paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,210,000)**	**(1,210,000)**
Other Changes									
Liability related									
Changes in borrowings	**299,286,739**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in deposits and other accounts	**-**	**5,585,881**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in other liabilities									
- Cash based	**-**	**-**	**321,893**	**-**	**-**	**-**	**-**	**-**	**-**
- Non-cash based	**-**	**-**	**(81,049)**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of profit to reserves	**-**	**-**	**-**	**-**	**340,760**	**-**	**-**	**(340,760)**	**-**
Movement in surplus on revaluation of debt investments at FVOCI - net of tax	**-**	**-**	**-**	**-**	**-**	**(1,146)**	**-**	**-**	**(1,146)**
Movement in (deficit) on revaluation of government securities at FVOCI - net of tax	**-**	**-**	**-**	**-**	**-**	**1,703,871**	**-**	**-**	**1,703,871**
Movement in surplus on revaluation of equity investments - net of tax	**-**	**-**	**-**	**-**	**-**	**1,163,079**	**-**	**-**	**1,163,079**
Loss on sale of equity shares - FVOCI	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(250,737)**	**(250,737)**
Remeasurement loss on defined benefit obligation - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(34,274)**	**(34,274)**
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,001,142**	**10,001,142**
	299,286,739	**5,585,881**	**240,844**	**-**	**340,760**	**2,865,804**	**-**	**9,375,371**	**12,581,935**
Balance as at December 31, 2023	**1,026,530,216**	**19,270,777**	**3,577,661**	**16,000,000**	**14,000,074**	**2,351,511**	**-**	**1,941,783**	**34,293,368**

	2022 (Restated)								
	Liabilities			Equity					
	Borrowings	Deposit and other accounts	Other liabilities	Share Capital	Reserves	Surplus /(deficit) on revaluation of - Investments	Surplus /(deficit) on revaluation of - Non banking assets of associates	Unappropriated profit	Total
	-----(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
Effect of change in accounting policy with respect to accounting for investment in associates applied retrospectively - net of tax - referred to in note 3.1.1	-	-	(379,595)	-	(935,264)	(1,041,646)	(6,706)	(20,414,237)	(22,397,853)
Balance as at January 1, 2022 (restated)	81,209,024	6,264,766	1,625,926	16,000,000	11,453,379	(1,990,743)	-	(5,676,203)	19,786,433
Changes from financing cash flows									
Dividend Paid	-	-	-	-	-	-	-	(1,100,000)	(1,100,000)
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	-	-	-	-	-	-
- Dividend Payable									
- Non-cash based	-	-	(182,307)	-	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	2,205,935	-	-	(2,205,935)	-
Deficit on revaluation of investment	-		-		-		-		-
Movement in deficit on revaluation of available for sale securities - net of tax	-	-	-	-	-	(998,148)	-	-	(998,148)
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	-	(7,804)	(7,804)
Profit after tax (restated)	-	-	-	-	-	-	-	2,963,453	2,963,453
	646,034,453	7,420,130	1,710,891	-	2,205,935	(998,148)	-	749,714	1,957,501
Balance as at December 31, 2022 (Restated)	727,243,477	13,684,896	3,336,817	16,000,000	13,659,314	(2,988,891)	-	(6,026,489)	20,643,934

32 STAFF STRENGTH

	2023	2022
	(Number)	
Permanent	86	76
On the Company's contract	2	3
The Company's own staff strength at the end of the year	88	79

32.1 In addition to the above, 31 (2022: 31) outsourcing employees were assigned to the Company as at the end of the year to perform janitorial services. All of these employees work locally.

33 DEFINED BENEFIT PLAN

33.1 General description

The activities of the Gratuity Funded Scheme are Pakistan Kuwait Investment Company (Private) Limited Employee Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Company and the trustees and their composition. The responsibility for governance of the plan including the investment decision lies with the Trustees. The Board of Trustees comprise of representatives of the Company and the scheme participants in accordance with the Fund's Trust Deed.

33.2 Number of Employees under the scheme

	2023	2022
	(Number)	
The number of employees covered under the defined benefit schemes are:	87*	77*

33.3 Principal actuarial assumptions

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

	Note	2023	2022
		(Per annum)	
Discount rate		**15.50%**	14.50%
Expected rate of return on plan assets		**15.50%**	14.50%
Expected rate of salary increase			
For first two years following valuation		**15.50%**	14.50%
For third year and onward		**15.50%**	14.50%

33.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2023	2022
		(Rupees in '000)	
Present value of obligations	33.5	**379,345**	314,228
Fair value of plan assets	33.6 & 33.9	**(226,154)**	(212,760)
		153,191	101,468

33.5 Movement in defined benefit obligations

	2023	2022
Obligations at the beginning of the year	**314,228**	271,411
Current service cost	**34,848**	29,124
Interest cost	**45,507**	30,765
Benefits paid by the Company	**(65,187)**	(25,140)
Re-measurement loss	**49,949**	8,068
Obligations at the end of the year	**379,345**	314,228

		Note	2023	2022
33.6	**Movement in fair value of plan assets**		--------------(Per annum)	-------------
	Fair value at the beginning of the year		**212,760**	185,408
	Interest income on plan assets		**30,831**	20,665
	Contribution by the Company - net		**53,988**	35,406
	Benefits paid during the year		**(65,187)**	(25,140)
	Re-measurements: net return on plan assets	33.8.2	**(6,238)**	(3,579)
	Fair value at the end of the year		**226,154**	212,760
33.7	**Movement in payable to defined benefit plan**			
	Opening balance		**101,468**	86,003
	Charge for the year	33.8.1	**49,524**	39,225
	Contribution by the Company - net		**(53,988)**	(35,407)
	Re-measurement loss recognised in OCI during the year	33.8.2	**56,187**	11,647
	Closing balance		**153,191**	101,468
33.8	**Charge for defined benefit plans**			
33.8.1	**Cost recognised in profit and loss**			
	Current service cost		**34,848**	29,124
	Net interest on defined benefit assets		**14,676**	10,101
			49,524	39,225
33.8.2	**Re-measurements recognised in OCI during the year**			
	Gain on obligation			
	- Demographic assumptions		**-**	(275)
	- Financial assumptions		**1,646**	3,797
	- Experience adjustment		**48,303**	4,546
	Return on plan assets over interest income		**6,238**	3,579
	Total re-measurements recognised in OCI		**56,187**	11,647
33.9	**Components of plan assets**			
	Cash and cash equivalents - net		**34,941**	38,728
	Government Securities		**125,940**	172,784
	Investment in Mutual Fund		**65,273**	1,248
			226,154	212,760

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:

	2023	2022
	(Rupees in '000)	
1% increase in discount rate	**355,282**	294,799
1% decrease in discount rate	**406,037**	335,881
1 % increase in expected rate of salary increase	**407,549**	337,147
1 % decrease in expected rate of salary increase	**353,542**	293,348

33.11 Expected contributions to be paid to the funds in the next financial year	**67,609**
33.12 Expected charge for the next financial year	**67,609**

33.13 Maturity profile

	2023	2022
	(Rupees in '000)	
The weighted average duration of the present value of defined benefit obligation	**6.67**	6.52

Benefit Payments

Distribution of timing of benefit payments

Years	2023	2022
1	**25,710**	35,655
2	**29,711**	22,996
3	**59,926**	77,126
4	**41,774**	50,654
5	**39,132**	32,666
6 - 10	**947,029**	409,295

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. 53.98 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.

	2023	2022
	(Rupees in '000)	
Contribution from the Company	**49,473**	38,809
Contribution from the employees	**49,473**	38,809
	98,946	77,618

35 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

35.1 Total Compensation Expense

	2023				
	Directors				
	Chairman	Non-Executives	Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	(Rupees in '000)				
Fees and allowances etc.	**3,700**	**15,775**	**-**	**-**	**-**
Managerial Remuneration					
I) Fixed	**-**	**-**	**84,893**	**214,400**	**64,447**
ii) Variable					
Cash bonus paid	**-**	**-**	**157,493**	**196,454**	**53,330**
Charge for defined benefit plan	**-**	**-**	**7,086**	**14,641**	**3,245**
Contribution to defined contribution plan	**-**	**-**	**8,489**	**17,569**	**5,711**
Rent & house maintenance	**-**	**-**	**7,569**	**-**	**-**
Utilities	**-**	**-**	**4,406**	**-**	**-**
Medical	**-**	**-**	**919**	**2,160**	**607**
Others	**-**	**-**	**37,591**	**11,978**	**4,350**
Total	**3,700**	**15,775**	**308,446**	**457,202**	**131,690**
Number of persons	**1**	**4**	**2***	**13**	**7**

*Mr. Mubashar Maqbool resigned as the Chief Executive Officer effective from July 18, 2023 and Mr. Saad ur Rahman Khan joined as Chief Executive Officer from July 19, 2023.

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

Key management personnels and other material risk takers / controllers are also provided with the Company's maintained cars as per their entitlement.

Four of the key management personnels and one material risk taker is provided with a club membership as per the Company policy.

	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					
I) Fixed	-	-	66,125	183,086	59,019
ii) Variable					
Cash bonus paid	-	-	93,339	146,552	52,762
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
Others	-	-	5,963	10,947	3,199
Number of persons	1	3	1	12	6

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.

Four of the key management personnels and one other material risk taker is provided with a club membership as per the Company's policy.

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

		2023				
		Meeting Fees and Allowances Paid				
			For Board Committees			
S. No	**Name of Director**	**For Board Meeting**	**Risk Management Committee**	**Audit Committee**	**Executive Committee**	**Total Amount Paid**
		(Rupees in '000)				
1.	**Mohammad A. M. Al-Fares**	**2,400**	**-**	**-**	**1,300**	**3,700**
2.	**Jasem A. Al-Hajry**	**2,000**	**975**	**1,300**	**-**	**4,275**
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**
5.	**Mansoor Masood Khan**	**1,000**	**650**	**650**	**-**	**2,300**
		9,400	**4,225**	**4,550**	**1,300**	**19,475**

		2022				
		Meeting Fees and Allowances Paid				
			For Board Committees			
S. No	Name of Director	For Board Meeting	Risk Management Committee	Audit Committee	Executive Committee	Total Amount Paid
		(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
		8,400	3,900	3,900	1,300	17,500

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 under amortised cost, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortised cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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 certain un-quoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowing can not 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 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).

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

	2023				
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value Investments					
- Market treasury bills	**498,552,619**	**-**	**498,552,619**	**-**	**498,552,619**
- Pakistan Investment bonds	**446,057,760**	**-**	**446,057,760**	**-**	**446,057,760**
- Shares of listed companies	**3,615,293**	**3,615,293**	**-**	**-**	**3,615,293**
- Listed preference shares	**-**	**-**	**-**	**-**	**-**
- Listed sukuk / term finance certificates	**4,371,338**	**-**	**4,371,338**	**-**	**4,371,338**
- Unlisted sukuk / term finance certificates	**2,465,423**	**-**	**2,465,423**	**-**	**2,465,423**
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	**631,063**	**-**	**-**	**-**	**-**
Balances with other banks	**117,418**	**-**	**-**	**-**	**-**
Lendings to Financial Institutions	**-**	**-**	**-**	**-**	**-**
Investments					**-**
- Pakistan Investment bonds	**27,864,892**	**-**	**27,864,892**	**-**	**27,864,892**
- Unlisted Shares	**801**	**-**	**-**	**801**	**801**
- Unlisted sukuk / term finance certificates	**999,865**	**-**	**-**	**999,865**	**999,865**
Fair Value of non-financial assets					
- Non-current asset 'Held For Sale'	**59,182**	**-**	**-**	**59,182**	**59,182**

	2022 (Restated)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value Investments					
- Market treasury bills	439,655,193	-	439,655,193	-	439,655,193
- Pakistan Investment bonds	235,060,510	-	235,060,510	-	235,060,510
- Shares of listed companies	2,237,077	2,237,077	-	-	2,237,077
- Listed preference shares	-				-
- Listed sukuk / term finance certificates	4,896,594	-	4,896,594	-	4,896,594
- Unlisetd Shares	801	-	-	801	801
- Unlisted sukuk / term finance certificates	3,857,390	-	3,857,390	-	3,857,390
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	615,277	-	-	-	-
Balances with other banks	93,405	-	-	-	-
Lendings to Financial Institutions	9,823,727	-	-	-	-
Investments					-
- Pakistan Investment bonds	-	-	-	-	-
- Unlisted sukuk / term finance certificates	-	-	-	-	-
Fair Value of non-financial assets					
- Non-current asset 'Held For Sale'	-	-	-	-	-

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Valuation techniques used in determination of fair values

Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Pakistan investment bonds	The fair value of Pakistan investment bonds are derived using PKFRV rates. The PKFRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different predefined/ approved dealers / brokers.
Market Treasury Bills	The fair value of Market treasury bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Listed sukuk / term finance certificates	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.
Non-current asset 'held for sale'	Non Current Assets held for sale are valued by professionally qualified valuers as per the accounting policy disclosed in these unconsolidated financial statements.

The valuation of non-current assets held for sale, mentioned above, is conducted by the valuation expert appointed by the Company. The valuation expert use a market based approach to arrive at the fair value of the non-current asset. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the asset. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

The reconciliation from the opening balance to the closing balance of the non-current asset held for sale has been disclosed in note 14.2.1. The change in the market value has been accounted for in the unconsolidated profit and loss account.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

37 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023				2022 (Restated)			
	At amortised cost	At FVPL	At FVOCI	Total	Held to maturity	Held for trading	Available for Sale	Total
	(Rupees in '000)							
Financial assets								
Cash and balances with treasury banks	631,063	-	-	631,063	615,277	-	-	615,277
Balances with other banks	117,418	-	-	117,418	93,405	-	-	93,405
Lendings to Financial Institutions	-	-	-	-	9,823,727	-	-	9,823,727
Investments	28,864,757	4,469,884	950,593,349	983,927,990	-	110,389	685,597,175	685,707,564
Advances	53,824,753	-	-	53,824,753	49,598,009	-	-	49,598,009
Other assets	25,792,656	-	-	25,792,656	7,993,776	-	-	7,993,776
	109,230,647	4,469,884	950,593,349	1,064,293,880	68,124,194	110,389	685,597,175	753,831,758
Financial liabilities								
Borrowings	1,026,530,216	-	- -	1,026,530,216	727,243,477	-	-	727,243,477
Deposits and other accounts	19,270,777	-	-	19,270,777	13,684,896	-	-	13,684,896
Other liabilities	3,587,626	-	-	3,587,626	3,808,628	-	-	3,808,628
	1,049,388,619	-	-	1,049,388,619	744,737,001	-	-	744,737,001

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

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

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated profit & loss account						
Net mark-up / return / profit	1,269,823	4,750,441	-	-	26,849	6,047,113
Non mark-up / return / interest income	70,747	373,694	1,011,297	7,613,425	315,405	9,384,568
Total Income	1,340,570	5,124,135	1,011,297	7,613,425	342,254	15,431,681
Segment direct expenses	(134,845)	(63,880)	(25,403)	(21,649)	(592,911)	(838,688)
Indirect expense allocation	(276,900)	(69,225)	(51,919)	(34,613)	(1,072,989)	(1,505,646)
Total expenses	(411,745)	(133,105)	(77,322)	(56,262)	(1,665,900)	(2,344,334)
Credit loss allowance (charge) / reversal	158,389	(7)	2,015	9,283	(23,976)	145,704
Profit before tax	1,087,214	4,991,023	935,990	7,566,446	(1,347,622)	13,233,051

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated statement of financial position						
Cash & bank balances	-	748,332	-	-	149	748,481
Investments	3,507,781	976,804,116	4,472,764	3,615,294	-	988,399,955
Advances - performing	53,618,093	-	-	-	192,849	53,810,942
Advances - non-performing	13,812	-	-	-	-	13,812
Others	1,526,115	24,125,139	-	-	15,047,579	40,698,833
Total assets	58,665,801	1,001,677,587	4,472,764	3,615,294	15,240,576	1,083,672,022
Borrowings	55,207,678	971,322,538	-	-	-	1,026,530,216
Deposits & other accounts	-	19,270,777	-	-	-	19,270,777
Others	1,280,980	536,945	-	1,498	1,758,238	3,577,661
Total liabilities	56,488,658	991,130,260	-	1,498	1,758,238	1,049,378,654
Equity	1,096,956	6,679,085	2,015	8,224,177	18,291,135	34,293,368
Total equity & liabilities	57,585,614	997,809,345	2,015	8,225,675	20,049,373	1,083,672,022
Contingencies & commitments	17,590,249	-	-	-	-	17,590,249

	2022 (Restated)					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated profit & loss account (Restated)						
Net mark-up / return / profit	1,599,786	921,750	-	-	10,789	2,532,325
Non mark-up / return / interest income	112,918	(394)	2,678,139	1,914,952	69,379	4,774,994
Total Income	1,712,704	921,356	2,678,139	1,914,952	80,168	7,307,319
Segment direct expenses	(106,515)	(46,264)	(50,108)	(18,111)	(465,300)	(686,298)
Indirect expense allocation	(294,904)	(58,981)	(58,981)	(29,490)	(693,024)	(1,135,380)
Total expenses	(401,419)	(105,245)	(109,089)	(47,601)	(1,158,324)	(1,821,678)
Provisions	(460,950)	-	-	(713,923)	-	(1,174,873)
Profit before tax	850,335	816,111	2,569,050	1,153,428	(1,078,156)	4,310,768

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated statement of financial position (Restated)						
Cash & bank balances	-	708,602	-	-	80	708,682
Investments	8,753,984	674,715,703	3,360,122	2,237,076	-	689,066,885
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	7,710,447	15,711,821
Total assets	58,951,001	692,296,775	3,360,122	2,243,202	8,058,024	764,909,124
Borrowings	176,335,913	550,907,564	-	-	-	727,243,477
Deposits & other accounts	-	13,684,896	-	-	-	13,684,896
Others	1,537,578	443,679	-	1,558	1,354,002	3,336,817
Total liabilities	177,873,491	565,036,139	-	1,558	1,354,002	744,265,190
Equity	808,249	(1,383,221)	-	910,160	20,308,746	20,643,934
Total equity & liabilities	178,681,740	563,652,918	-	911,718	21,662,748	764,909,124
Contingencies & commitments	13,616,731	-	-	-	-	13,616,731

38.2 Segment details with respect to geographical locations

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

39 TRUST ACTIVITIES

The Company act as trustees and holds assets on behalf of the staff retirement benefit and the contribution plans. The following are the detail of asset held under trust.

Category	Security Type	Number of IPS account		Face Value	
		2023	2022	**2023**	2022
				----(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

40 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its subsidiary, associates, associated undertaking, 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:

	2023					2022			
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	---------------------------------(Rupees in '000)---------------------------------								
Balances with other banks									
In deposit account	-	-	-	44,207	-	-	-	83,526	-
Lendings to financial institutions									
Opening balance	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-
Investments									
Opening balance	-	-	-	3,359,321	500	-	-	2,934,328	500
Investment made during the year	-	-	1,101,345	-	-	-	-	424,993	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-
Reversal of provision	-	-	-	11,299	-	-	-	-	-
Closing balance	-	-	1,101,345	3,370,620	500	-	-	3,359,321	500
Advances									
Opening balance	-	174,572	-	-	23,511	-	132,537	-	-
Addition during the year	-	12,746	-	-	-	-	54,629	-	25,000
Repaid during the year	-	(57,361)	-	-	(4,858)	-	(12,594)	-	(1,489)
Closing balance	-	129,957	-	-	18,653	-	174,572	-	23,511
Credit loss allowance held against advances									
Other Assets									
Interest / mark-up accrued	-	-	-	2,046	-	-	-	679	-
Addition during the year	-	-	347,813	-	-	-	-	-	-
Repaid during the year	-	- .	(347,813)	-	-	-	-	-	-
Credit loss allowance against other assets	-	-	-	(276)	-	-	-	-	-
	-	-	-	1,770	-	-	-	679	-
Borrowings									
Opening balance	-	-	-	30,657,267	12,648,747	-	-	22,583,809	-
Borrowings during the year	-	-	-	11,855,548	-	-	-	35,207,817	24,356,497
Settled during the year				(25,323,882)	(12,648,747)			(22,651,992)	(11,247,075)
Transfer in / (out) - net	-	-	-	13,807,983	-	-	-	(4,482,367)	(460,675)
Closing balance	-	-	-	30,996,916	-	-	-	30,657,267	12,648,747
Deposits and other accounts									
Opening balance	-	-	-	-	886,721	-	-	-	509,766
Received during the year	-	-	-	-	3,798,797	-	-	-	5,026,488
Withdrawn during the year	-	-	-	-	(4,006,049)	-	-	-	(4,649,533)
Closing balance	-	-	-	-	679,469	-	-	-	886,721
Other Liabilities									
Interest / mark-up payable	-	-	-	-	32,628	-	-	-	9,317
Payable to staff gratuity fund	-	-	-	-	153,191	-	-	-	101,468
Payable to Kuwait Investment Authority	-	-	-	-	-	-	-	-	3,225
Payable to National Clearing Company of Pakistan Limited	-	-	-	108	-	-	-	49	-
Payable to FTC Management Company (Private) Limited	-	-	-	-	1,206	-	-	-	575
	-	-	-	108	187,025	-	-	49	114,585
Contingencies and Commitments									
Other contingencies	-	-	-	-	-	-	-	-	-

	2023					2022			
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	--(Rupees in '000)--								
Income									
Mark-up / return / interest earned	-	6,763	-	7,896	3,286	-	6,337	2,830	807
Fee and commission income	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	8,285,189	-	-	-	3,825,113	-
Other income									
- Nominee director fee	-	-	-	17,950	645	-	-	20,625	490
Expense									
Mark-up / return / interest paid / accrued	-	-	-	5,535,634	595,791	-	-	753,103	381,778
Operating expenses									
- Directors fee	19,475	-	-	-	-	17,500	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	765,648	-	-	-	-	553,241	-	-
- Nominee director fee payment	-	-	-	-	5,650	-	-	-	5,200
- NCCPL charges	-	-	-	1,089	-	-	-	932	-
- FMCL office maintenance charges	-	-	-	-	47,667	-	-	-	37,979
- Contribution made to staff provident fund	-	-	-	-	44,832	-	-	-	32,197
- Contribution made to staff gratuity fund	-	-	-	-	49,524	-	-	-	39,225

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	------------(Rupees in '000)------------	
		(Restated)
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	**27,311,863**	17,187,735
Eligible tier 2 capital	**2,150,022**	-
Total eligible capital (tier 1 + tier 2)	**29,461,885**	17,187,735
Risk weighted assets (RWAs):		
Credit risk	**51,556,166**	47,310,958
Market risk	**6,489,724**	3,953,530
Operational risk	**17,382,390**	11,029,589
Total	**75,428,280**	62,294,078
Common equity tier 1 capital adequacy ratio	**36.21%**	27.59%
Tier 1 capital adequacy ratio	**36.21%**	27.59%
Total capital adequacy ratio	**39.06%**	27.59%

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 standardised 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 the 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 adjustments applicable on CET1.
- Tier 2 Capital, which includes general provisions, surplus on revaluation of OCI securities after all regulatory adjustments applicable on Tier 2.

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

Capital adequacy ratio	**2023**		2022	
	Required	**Actual**	Required	Actual
			(Restated)	
CET1 to total RWA	**6.00%**	**36.21%**	6.00%	27.59%
Tier 1 capital to total RWA	**7.50%**	**36.21%**	7.50%	27.59%
Total capital to total RWA	**11.50%**	**39.06%**	11.50%	27.59%

	2023	2022
	(Rupees in '000)	
Leverage Ratio (LR):		(Restated)
Eligible tier-1 capital	**27,311,863**	17,187,735
Total exposures	**1,063,823,422**	645,542,928
Leverage ratio *	**2.57%**	2.66%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	**22,483,775**	21,581,708
Total net cash outflow	**25,751,324**	16,122,460
Liquidity coverage ratio	**87%**	134%
Net stable funding ratio (NSFR):		
Total available stable funding	**85,437,393**	116,096,819
Total required stable funding	**73,469,982**	109,922,343
Net stable funding ratio	**116%**	106%

* The SBP has given relaxation to the Company to maintain leverage ratio of 1% as at December 31, 2023 as against the requirement of 3%.

41.1 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/

42 RISK MANAGEMENT

The Risk Management Framework at Pakistan Kuwait Investment Company (Private) Limited (PKIC) is applicable across all organizational levels, supported by robust Board oversight which provides strategic direction and has eventual responsibility for ensuring that an effective framework is in place. The risk framework primarily encompasses two pillars: Pillar 1; credit risk, market risk, and operational risk, and Pillar 2; strategic risk, reputational risk, concentration risk and interest rate risk in the banking book.

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 the risk Company is willing to assume and mitigate, at a price commensurate with those risks. These measures ensure that risks are managed within predetermined and approved tolerance limits/levels.

42.1 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 2023, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves and massive devaluation of the Pakistani rupee, political instability, increasing interest rates and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. Additionally, international commodity prices also remained elevated throughout the year. The headline inflation increased significantly touching a multi year high inflation of 27.40% in August. During the year, SBP increased the benchmark interest rate by a cumulative 600 bps to 22%.

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 standardised approach to calculate risk weighted assets against credit risk.

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	2023	2022	**2023**	2022	**2023**			2022
	-----	-----	-----	(Rupees in '000)	-----	-----	-----	-----
Public / Government	-	-	-	-	-	-	-	-
Private	-	9,823,727	-	-	-	-	-	-
	-	9,823,727	-	-	-	-	-	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments 2023	Gross Investments 2022	Non-performing Investments 2023	Non-performing Investments 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	-----------------------(Rupees in '000)-----------------------							
Textile	**155,357**	298,214	**12,500**	12,500	**32**	**-**	**12,500**	12,500
Chemical and Pharmaceuticals	**147,812**	201,562	**-**	-	**20**	**-**	**-**	-
Electronics and electrical appliances	**21,138**	21,138	**21,138**	21,138	**-**	**-**	**21,138**	21,138
Power (electricity), Gas, Water, Sanitary	**1,700,000**	2,242,750	**-**	-	**230**	**-**	**-**	-
Financial	**5,839,069**	6,006,207	**-**	-	**224**	**-**	**-**	-
	7,863,376	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638

Credit risk by public / private sector

	Gross Investments 2023	Gross Investments 2022	Non-performing Investments 2023	Non-performing Investments 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	-----------------------(Rupees in '000)-----------------------							
Public / Government	**-**	-	**-**	-	**-**	**-**	**-**	-
Private	**7,863,376**	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638
	7,863,376	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638

42.1.3 Advances

Credit risk by industry sector

	Gross advances 2023	Gross advances 2022	Non-performing advances 2023	Non-performing advances 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	-----------------------(Rupees in '000)-----------------------							
Mining and Quarrying	**2,000,000**	-	**-**	-	**322**	**-**	**-**	-
Textile	**15,327,799**	13,681,166	**609,856**	617,108	**7,888**	**-**	**596,043**	603,295
Chemical and Pharmaceuticals	**3,280,925**	3,365,541	**-**	-	**1,162**	**-**	**-**	-
Cement	**1,077,354**	1,077,354	**93,333**	93,333	**270**	**-**	**93,333**	93,333
Sugar	**4,275,834**	3,554,984	**35,822**	35,822	**1,121**	**-**	**35,822**	35,822
Footwear and Leather garments	**2,300,000**	1,084,853	**-**	-	**879**	**-**	**-**	-
Electronics and electrical appliances	**103,535**	11,111	**11,112**	11,111	**23**	**-**	**11,111**	11,111
Construction	**657,849**	791,715	**-**	196,071	**192**	**-**	**-**	169,111
Power (electricity), Gas, Water, Sanitary	**11,746,341**	12,594,137	**-**	-	**2,570**	**6,078**	**-**	-
Transport, Storage and Communication	**2,250,000**	3,000,000	**-**	-	**-**	**-**	**-**	-
Financial	**600,000**	1,575,000	**-**	-	**676**	**-**	**-**	-
Glass and Ceramics	**300,000**	200,000	**-**	-	**47**	**-**	**-**	-
Manufacturing	**2,578,030**	2,474,071	**72,846**	72,846	**763**	**4,395**	**72,848**	72,846
Others	**9,275,322**	8,273,595	**-**	-	**6,797**	**5,896**	**-**	-
	55,772,989	51,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518

Credit risk by public / private sector

	Gross advances 2023	Gross advances 2022	Non-performing advances 2023	Non-performing advances 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	-----------------------(Rupees in '000)-----------------------							
Public / Government	**2,250,000**	3,000,000	**-**	-	**-**	**-**	**-**	-
Private	**53,522,989**	48,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518
	55,772,989	51,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518

42.1.4 Contingencies and commitments

	2023	2022
	------------ (Rupees in '000) ------------	
Credit risk by industry sector		
Construction	**7,502,139**	-
Power (electricity), Gas, Water and Sanitary	**4,883,570**	4,415,585
Others	**2,349,540**	2,118,824
Cement	**1,300,000**	1,315,979
Textile	**775,000**	500,000
Manufacturing	**580,000**	367,543
Glass and Ceramics	**200,000**	300,000
Electronics and electrical appliances	**-**	4,548,812
Sugar	**-**	49,988
	17,590,249	13,616,731
Credit risk by public / private sector		
Public / Government	**-**	-
Private	**17,590,249**	13,616,731
	17,590,249	13,616,731

42.1.5 Concentration of Advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 21,121 million (2022: Rs 20,580 million).

	2023	2022
	------------ (Rupees in '000) ------------	
Funded	**21,006,970**	18,731,137
Non Funded	**113,235**	1,848,743
Total Exposure	**21,120,205**	20,579,880

The sanctioned limits against these top 10 exposures aggregated to Rs. 21,926 million (2022: Rs. 20,781 million).

	2023		2022	
	Amount	**Credit loss allowance / Provision held**	Amount	Provision Fund
Total funded classified therein	**------------(Rupees in '000)------------**			
Stage 1	**-**	**-**	-	-
Stage 2	-	-	-	-
Stage 3	**822,969**	**809,157**	-	-
OAEM	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	1,026,291	985,518
Total	**822,969**	**809,157**	1,026,291	985,518

41.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	----------(Rupees in '000)----------						
Punjab	-	-	-	-	-	-	-
Sindh	35,384,465	14,435,470	18,998,995	950,000	-	1,000,000	-
KPK including FATA	-	-	-		-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	35,384,465	14,435,470	18,998,995	950,000	-	1,000,000	-

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FAT	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	----------(Rupees in '000)----------						
Punjab	-	-	-	-	-	-	-
Sindh	39,548,196	18,483,875	20,162,833	901,488	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	39,548,196	18,483,875	20,162,833	901,488	-	-	-

42.2 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 FVOCI and FVPL and mutual funds. Banking book includes mainly unquoted equity portfolio, associates, strategic investments, term finance certificates / sukuk and government bonds under FVOCI. Due to diversified nature of investments in banking book, it is subject to interest rate risk and equity price risk.

All investments excluding trading book are considered as part of banking book. Banking book includes:

- FVOCI investments

- Amortised cost investments

- Other strategic Investments

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 standardised 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.

42.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	---(Rupees in '000)---					
Cash and balances with treasury banks	**631,063**	**-**	**631,063**	615,277	-	615,277
Balances with other banks	**117,418**	**-**	**117,418**	93,405	-	93,405
Lendings to financial institutions	**-**	**-**	**-**	9,823,727	-	9,823,727
Investments	**984,817,340**	**3,582,615**	**988,399,955**	686,829,837	2,237,048	689,066,885
Advances	**53,824,753**	**-**	**53,824,753**	49,598,009	-	49,598,009
Property and equipments	**983,916**	**-**	**983,916**	697,544	-	697,544
Intangible assets	**13,211**	**-**	**13,211**	19,238	-	19,238
Deferred tax assets	**1,814,574**	**-**	**1,814,574**	2,034,350	-	2,034,350
Other assets	**37,887,132**	**-**	**37,887,132**	12,960,689	-	12,960,689
	1,080,089,407	**3,582,615**	**1,083,672,022**	762,672,076	2,237,048	764,909,124

42.2.2 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.

42.2.3 Equity position Risk

It is the risk to earnings or capital that results from adverse changes in the value / price of equity related portfolios.

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 FVOCI and FVPL portfolios. The realisation of short term capital gain is the principal objective of the FVPL portfolio while the FVOCI 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 FVPL and FVOCI 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.

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	---(Rupees in '000)---			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**7,052**	-	111,852
- Other comprehensive income	**225,422**	**172,079**	168,108	-

42.2.4 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.

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	---------(Rupees in '000)---------			
Impact of 1% change in interest rates on				
- Profit and loss account	**3,412,283**	**-**	812,859	-

42.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2023											
	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	-	631,063	-	-	-	-	-	-	-	-	-	631,063
Balances with other banks	6.00	117,418	49,625	-	-	-	-	-	-	-	-	67,793
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	16.49	988,399,955	99,078,548	43,571,172	339,034,449	498,627,727	-	-	-	-	-	8,088,059
Advances	18.82	53,824,753	6,698,808	4,696,413	28,240,970	11,976,681	393,360	389,525	627,941	789,396	10,484	1,176
Other assets	-	25,651,250	-	-	-	-	-	-	-	-	-	25,651,250
		1,068,624,439	105,826,981	48,267,585	367,275,419	510,604,408	393,360	389,525	627,941	789,396	10,484	34,439,341
Liabilities												
Borrowings	21.9	1,026,530,216	945,539,992	1,241,911	33,467,704	4,187,322	12,677,280	10,974,312	14,900,531	3,541,164	-	-
Deposits and other accounts	21.98	19,270,777	8,335,626	769,582	3,430,624	6,734,945	-	-	-	-	-	-
Other liabilities -		3,570,603	-	-	-	-	-	-	-	-	-	3,570,603
		1,049,371,596	953,875,618	2,011,493	36,898,328	10,922,267	12,677,280	10,974,312	14,900,531	3,541,164	-	7,149,008
On-balance sheet gap		19,252,843	(848,048,637)	46,256,092	330,377,091	499,682,141	(12,283,920)	(10,584,787)	(14,272,590)	(2,751,768)	10,484	27,290,333
Off-balance sheet financial instruments												
Guarantee		2,481,045	-	2,481,045				-	-	-	-	-
Other commitments		15,109,204	-	-	-	-	-	-	-	-	-	15,109,204
Off-balance sheet gap		17,590,249	-	2,481,045	-	-	-	-	-	-	-	15,109,204
Total Yield/Interest Risk Sensitivity Gap			(848,048,637)	48,737,137	330,377,091	499,682,141	(12,283,920)	(10,584,787)	(14,272,590)	(2,751,768)	10,484	42,399,537
Cumulative Yield/Interest Risk Sensitivity Gap			(848,048,637)	(799,311,500)	(468,934,409)	30,747,732	18,463,812	7,879,025	(6,393,565)	(9,145,334)	(9,134,850)	-

	Effective Yield / Interest rate	2022 (Restated)										
		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	-	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	689,078,184	188,319,083	310,933,039	146,973,771	11,876,882	14,702,592	8,183,380	-	2,480,940	-	5,608,497
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
		757,202,378	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	14,235,064
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-		3,235,353	-	-	-	-	-	-	-	-	-	3,235,353
		744,163,726	190,940,108	418,834,880	11,780,799	57,105,990	27,370,805	6,187,508	8,799,194	19,909,089	-	3,235,353
On-balance sheet gap		13,038,652	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	10,999,710
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	22,386,921
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	-

Reconciliation of financial assets and financial liabilities with total assets and liabilities	2023	2022
	(Rupees in '000)	
		(Restated)
Total financial assets as per note 42.2.5	**1,068,624,439**	757,202,378
Add: Non-financial assets		
Property and equipment	**983,916**	697,544
Intangibles	**13,211**	19,238
Deferred tax assets	**1,814,574**	2,034,350
Other assets	**12,235,882**	4,955,614
Total assets as per the unconsolidated statement of financial position	**1,083,672,022**	764,909,124
Total financial liabilities as per note 42.2.5	**1,049,371,596**	744,163,726
Add: Non-financial liabilities		
Deferred tax liability	**-**	-
Other liability	**7,058**	101,464
Total financial liabilities as per the unconsolidated statement of financial position	**1,049,378,654**	744,265,190

42.3 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.

42.3.1 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.

42.4 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.

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

	2023													
	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	631,063	-	180,688	150,125	300,250	-	-	-	-	-	-	-	-	-
Balances with other banks	117,418	-	117,418	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	988,399,955	-	-	-	248,509	-	1,216,337	83,710	15,027,572	502,163,232	148,204,097	147,329,160	155,925,810	18,201,528
Advances	53,824,753	14,505	38,881	-	691,168	334,044	849,861	10,861,645	2,839,512	6,127,696	6,746,175	6,753,050	8,875,954	9,692,262
Property and equipment	983,916	-	3,221	3,221	6,221	-	25,985	37,986	-	77,962	154,602	154,603	282,485	237,630
Intangible assets	13,211	-	55	55	110	220	220	661	661	661	2,643	2,642	5,283	-
Deferred tax assets	1,814,574	-	80,868	(113,780)	(31,386)	-	-	-	-	126,175	-	-	(1,079,253)	2,831,950
Other assets	37,887,132	-	248,009	80,907	242,021	-	24,674,762	490,470	-	12,011,691	5,531	-	3,132	130,609
	1,083,672,022	14,505	669,140	120,528	1,456,893	334,264	26,767,165	11,474,472	17,867,745	520,507,417	155,113,048	154,239,455	164,013,411	31,093,979
Liabilities														
Borrowings	1,026,530,216	-	217,314,291	577,256,995	150,968,706	89,734	1,152,177	33,467,704	1,572,673	2,614,649	12,677,280	10,974,312	14,900,531	3,541,164
Deposits and other accounts	19,270,777	-	202,412	3,596,109	4,537,102	578,000	191,582	3,430,623	3,279,949	3,455,000	-	-	-	-
Other liabilities	3,577,661	-	402,218	14,805	1,297,347	-	1,636,380	1,445	-	4,534	33,636	41,136	146,160	-
	1,049,378,654	-	217,918,921	580,867,909	156,803,155	667,734	2,980,139	36,899,772	4,852,622	6,074,183	12,710,916	11,015,448	15,046,691	3,541,164
Net assets	34,293,368	14,505	(217,249,781)	(580,747,381)	(155,346,262)	(333,470)	23,787,026	(25,425,300)	13,015,123	514,433,234	142,402,132	143,224,007	148,966,720	27,552,815
Share capital	16,000,000													
Reserves	14,000,074													
Surplus on revaluation of assets	2,351,511													
Unappropriated profit	1,941,783													
	34,293,368													

	2022 (Restated)													
	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	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9,823,727	-	-	-	9,823,727	-	-	-	-	-	-	-	-	-
Investments	689,066,885	683,144,029	-	-	-	-	103,382	83,373	2,161,281	-	429,151	-	2,534,862	610,807
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	11,350,743
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	242,679
Intangible assets	19,238	-	80	80	160	320	321	962	962	962	3,848	3,848	7,695	-
Deferred tax assets	2,034,350	2,016,864	-	-	-	-	305	246	6,381	-	1,267	-	7,484	1,803
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	9,262
	764,909,124	685,160,893	297,073	204,431	10,651,861	4,266,199	4,369,887	4,517,100	10,405,869	8,238,208	6,369,826	5,666,499	12,545,984	12,215,294
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	17,417,854
Deposits and other accounts	13,684,896	-	-	-	763,415	3,967,701	3,967,700	640,544	2,172,768	2,172,768	-	-	-	-
Other liabilities	3,336,817	-	431,508	20,068	259,692	1,211,776	1,211,775	-	2,267	2,267	19,024	26,022	152,418	-
	744,265,190	-	431,508	20,068	191,199,800	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	20,643,934	685,160,893	(134,435)	184,363	(180,547,939)	(206,363,018)	(206,259,328)	(7,263,699)	(18,149,393)	(20,317,054)	(21,020,003)	(547,031)	1,103,138	(5,202,560)
Share capital	16,000,000													
Reserves	13,659,314													
Deficit on revaluation of assets	(2,988,891)													
Accumulated loss	(6,026,489)													
	20,643,934													

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

	2023									
	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	631,063	631,063	-	-	-	-	-	-	-	-
Balances with other banks	117,418	117,418	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	988,399,955	248,509	1,216,337	83,710	517,190,804	148,204,097	147,329,160	155,925,810	12,028,827	6,172,701
Advances	53,824,753	744,554	1,183,905	10,861,645	8,967,208	6,746,175	6,753,050	8,875,954	9,692,262	-
Property & Equipment	983,916	12,882	25,764	38,646	77,301	154,603	154,603	282,486	33,947	203,684
Intangible assets	13,211	220	440	661	1,321	2,642	2,643	5,284	-	-
Deferred tax assets	1,814,574	(64,298)	-	-	126,175	-	-	(1,079,253)	2,831,950	-
Other assets	37,887,132	570,938	24,674,762	490,471	12,011,691	5,532	-	3,133	9,722	120,883
	1,083,672,022	2,261,286	27,101,208	11,475,133	538,374,500	155,113,049	154,239,456	164,013,414	24,596,708	6,497,268
Liabilities										
Borrowings	1,026,530,216	945,539,992	1,241,911	33,467,704	4,187,322	12,677,280	10,974,312	14,900,531	3,541,164	-
Deposits and other accounts	19,270,777	8,335,623	769,582	3,430,623	6,734,949	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,577,661	1,714,370	1,636,380	1,445	4,534	33,636	41,136	146,160	-	-
	1,049,378,654	955,589,985	3,647,873	36,899,772	10,926,805	12,710,916	11,015,448	15,046,691	3,541,164	-
Net assets	34,293,368	(953,328,699)	23,453,335	(25,424,639)	527,447,695	142,402,133	143,224,008	148,966,723	21,055,544	6,497,268
Share capital	16,000,000									
Reserves	14,000,074									
Surplus on revaluation of assets	2,351,511									
Unappropriated profit	1,941,783									
	34,293,368									

	2022 (Restated)									
	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
Assets	(Rupees in '000)									
Cash and balances with treasury banks	615,277	615,277	-	-	-	-	-	-	-	-
Balances with other banks	93,405	93,405	-	-	-	-	-	-	-	-
Lending to financial institutions	9,823,727	9,823,727	-	-	-	-	-	-	-	-
Investments	689,066,885	148,388,497	291,377,282	83,373	14,131,999	15,642,557	47,488,577	149,192,797	20,065,532	2,696,271
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
Property & Equipment	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	-	-
Deferred tax assets	2,034,350	1,178,705	353,623	-	356,952	119,394	-	(1,178,318)	(554,271)	1,758,265
Other assets	12,960,689	182,462	7,427,501	410,312	4,926,820	1,170	113	3,092	6,978	2,241
	764,909,124	160,720,567	300,263,304	4,516,897	30,965,366	21,701,359	53,155,180	158,018,116	30,565,000	5,003,335
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	-	-	-	-	-
Other liabilities	3,336,817	711,268	2,423,553	-	4,534	19,024	26,022	152,416	-	-
	744,265,190	191,651,376	421,258,433	11,780,799	57,110,524	27,389,829	6,213,530	8,951,610	19,909,089	-
Net assets	20,643,934	(30,930,809)	(120,995,129)	(7,263,902)	(26,145,158)	(5,688,470)	46,941,650	149,066,506	10,655,911	5,003,335
Share capital	16,000,000									
Reserves	13,659,314									
Deficit on revaluation of assets	(2,988,891)									
Accumulated loss	(6,026,489)									
	20,643,934									

43 The corresponding figures have been reclassified / rearranged wherever necessary. There have been no significant reclassification during the current year other than the matters disclosed in notes 5.1 and 5.3 to these unconsolidated financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on March 04, 2024.

45 GENERAL AND NON-ADJUSTING EVENT

The Board of Directors of the Company has proposed cash dividend of Rs. 1,331 million (2022: Rs.1,210 million) for the year ended December 31, 2023 in their meeting held on March 04, 2024. 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

Annexure - I

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

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

Consolidated Financial Statements

For the year ended December 31, 2023

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Kuwait Investment Company (Private) Limited

Opinion

We have audited the annexed consolidated financial statements of Pakistan Kuwait Investment Company (Private) Limited (the Company) and its subsidiary Raqami Islamic Digital Bank Limited (the Group), which comprise the consolidated statement of financial position as at December 31 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

AFFeb

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

AFFerguson & Co

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 6, 2024
UDIN: AR202310061nf54NYI2U

Consolidated Statement of Financial Position

As at December 31, 2023

2023	2022		Note	2023	2022
-------(USD in '000)-------				-------(Rupees in '000)-------	
		ASSETS			
2,239	2,183	Cash and balances with treasury banks	6	**631,063**	615,277
517	331	Balances with other banks	7	**145,825**	93,405
-	34,853	Lendings to financial institutions	8	-	9,823,727
3,710,376	2,569,666	Investments	9	**1,045,809,083**	724,287,919
191,035	175,966	Advances	10	**53,845,272**	49,598,009
3,814	2,475	Property and equipment	11	**1,074,903**	697,544
-	-	Right-of-use assets		**-**	-
47	68	Intangible assets	12	**13,211**	19,238
-	-	Deferred tax assets		**-**	-
134,572	45,983	Other assets	13	**37,930,628**	12,960,689
4,042,600	2,831,525	Total assets		**1,139,449,985**	798,095,808
		LIABILITIES			
-	-	Bills payable		**-**	-
3,641,977	2,580,152	Borrowings	14	**1,026,530,216**	727,243,477
68,370	48,552	Deposits and other accounts	15	**19,270,777**	13,684,896
-	-	Lease liabilities		**-**	-
-	-	Subordinated debt		**-**	-
44,475	11,765	Deferred tax liabilities	16	**12,535,675**	3,316,108
12,902	13,873	Other liabilities	17	**3,636,453**	3,910,096
3,767,724	2,654,342	Total liabilities		**1,061,973,121**	748,154,577
274,876	177,183	**NET ASSETS**		**77,476,864**	49,941,231
		REPRESENTED BY			
56,766	56,765	Share capital	18	**16,000,000**	16,000,000
52,988	51,779	Reserves	19	**14,935,338**	14,594,578
18,996	(11,162)	Surplus / (deficit) on revaluation of assets - net of tax	20	**5,354,271**	(3,145,995)
145,097	79,801	Unappropriated profit		**40,897,186**	22,492,648
273,847	177,183	Total equity attributable to the equity holders of the Holding Company		**77,186,795**	49,941,231
1,029	-	Non-controlling interest	21	**290,069**	-
274,876	177,183			**77,476,864**	49,941,231
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Consolidated Profit and Loss Account

For the year ended December 31, 2023

2023	2022		Note	2023	2022
-------(USD in '000)-------				-------(Rupees in '000)-------	
840,210	153,246	Mark-up / return / interest earned	23	**236,822,051**	43,193,902
818,650	144,261	Mark-up / return / interest expensed	24	**230,745,208**	40,661,577
21,560	8,985	Net mark-up / interest income		**6,076,843**	2,532,325
		NON MARK-UP / INTEREST INCOME			
296	360	Fee and commission income	25	**83,459**	101,531
1,143	1,402	Dividend income		**322,169**	395,256
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
1,324	1,321	Gain on securities	26	**373,085**	372,328
-	-	Net gain / (loss) on derecognition of financial assets measured at amortised cost		**-**	-
93,419	48,616	Share in results of associates - net	27	**26,331,208**	13,702,925
3,172	287	Other income	28	**893,942**	80,766
99,354	51,986	Total non-markup / interest income		**28,003,863**	14,652,806
120,914	60,971	**Total income**		**34,080,706**	17,185,131
		NON MARK-UP / INTEREST EXPENSES			
8,850	6,157	Operating expenses	29	**2,494,415**	1,735,463
939	993	Workers welfare fund		**264,661**	279,898
-	-	Other charges		**-**	-
9,789	7,150	Total non-markup / interest expenses		**2,759,076**	2,015,361
111,125	53,821	**Profit before credit loss allowance / provisions**		**31,321,630**	15,169,770
(516)	4,168	(Reversal of provision) / credit loss allowance / provisions and write-offs - net	30	**(145,704)**	1,174,873
-	-	Other income / expense items		**-**	-
111,641	49,653	**PROFIT BEFORE TAXATION**		**31,467,334**	13,994,897
39,636	10,520	Taxation	31	**11,171,763**	2,965,224
72,005	39,133	**PROFIT AFTER TAXATION**		**20,295,571**	11,029,673
		Attributable to:			
72,426	39,133	Equity holders of the Holding Company		**20,414,157**	11,029,673
(421)	-	Non-controlling interest		**(118,586)**	-
72,005	39,133			**20,295,571**	11,029,673
------------USD------------				------------Rupees------------	
115	61	Basic / diluted earnings per share (on share of Rs. 25,000 each)	32	**31,897**	17,234

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2023

2023	2022		2023	2022
-------(USD in '000)-------			-------(Rupees in '000)-------	
		Profit after taxation for the year attributable to:		
72,426	39,133	Equity holders of the Holding Company	**20,414,157**	11,029,673
(421)	-	Non-controlling interest	**(118,586)**	-
72,005	39,133		**20,295,571**	11,029,673
		Other comprehensive income / (loss)		
		Items that may be reclassified to the profit and loss account in subsequent periods:		
(4)	-	Movement in deficit on revaluation of debt investments through FVOCI - net of tax	**(1,146)**	-
6,045	-	Movement in surplus on revaluation of government securities through FVOCI - net of tax	**1,703,871**	-
-	(3,541)	Movement in deficit on revaluation of available for sale securities - net of tax	**-**	(998,148)
1,975	-	Movement in surplus on revaluation of property and equipment of associates - net of tax	**56,591**	-
9,238	(4,258)	Movement in surplus / (deficit) on revaluation of available for sale securities of associates - net of tax	**2,603,874**	(1,200,139)
17,254	(7,799)		**4,863,190**	(2,198,287)
		Items that will not be reclassified to the profit and loss account in subsequent periods:		
(122)	(28)	Remeasurement loss on defined benefit obligation - net of tax	**(34,274)**	(7,804)
4,126	-	Movement in surplus on revaluation of investment in equity investments - net of tax	**1,163,079**	-
(889)	-	Loss on sale of equity shares - FVOCI	**(250,737)**	-
(2)	(19)	Share of deficit on revaluation of non - banking assets of associates - net of tax	**(601)**	(5,295)
(135)	(129)	Share of remeasurement loss of defined benefit obligation of associates - net of tax	**(38,168)**	(36,303)
2,978	(176)		**839,299**	(49,402)
92,658	31,158	**Total comprehensive income**	**26,116,646**	8,781,984
		Attributable to:		
93,079	31,158	Shareholders of the Holding Company	**26,235,232**	8,781,984
(421)	-	Non-controlling interest	**(118,586)**	-
92,658	31,158		**26,116,646**	8,781,984

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

	Note	Share Capital	Capital reserve			Surplus / (deficit) on revaluation of			Revenue reserve	Subtotal	Non controlling interest	Total
			Non-Distribut-able reserve	Statutory Reserve	Capital Market Equalization Reserve	Investments	Non banking assets of associates	Property and equipment	Unappropriated profit			
		(Rupees in '000)										
Opening balance as at January 1, 2022		16,000,000	935,264	9,793,911	1,659,468	(949,097)	6,706	-	14,738,034	42,184,286	-	42,184,286
Profit after taxation for year ended December 31, 2022		-	-	-	-	-	-	-	11,029,673	11,029,673	-	11,029,673
Other comprehensive loss - net of tax												
Movement in deficit on revaluation of available for sale securities - net of tax		-	-	-	-	(998,148)	-	-	-	(998,148)	-	(998,148)
Movement in deficit on revaluation of available for sale securities of associates - net of tax		-	-	-	-	(1,200,139)	-	-	-	(1,200,139)	-	(1,200,139)
Share of deficit on revaluation of non - banking assets of associates - net of tax		-	-	-	-	-	(5,295)	-	-	(5,295)	-	(5,295)
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	-	-	-	-	(7,804)	(7,804)	(7,804)
Share of remeasurement loss of defined benefit obligation of associates - net of tax		-	-	-	-	-	-	-	(36,303)	(36,303)	-	(36,303)
Total other comprehensive loss		-	-	-	-	(2,198,287)	(5,295)	-	(44,107)	(2,247,689)	-	(2,247,689)
Transfer to statutory reserve	19.1	-	-	2,205,935	-	-	-	-	(2,205,935)	-	-	-
Share of movement in other reserve of associate - net of tax		-	-	-	-	-	-	-	74,961	74,961	-	74,961
Share of transfer from surplus of non-banking assets to unappropriated profits 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)	-	(1,100,000)
Closing 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	-	49,941,231
Opening balance as at January 1, 2023		16,000,000	935,264	11,999,846	1,659,468	(3,147,384)	1,389	-	22,492,648	49,941,231	-	49,941,231
Impact of adoption of IFRS - 9 (note 5.2)		-	-	-	-	2,474,598	-	-	(197,099)	2,277,499	-	2,277,499
Share of NCI in subsidiary		-	-	-	-	-	-	-	-	-	408,655	408,655
Profit after taxation for the year ended December 31, 2023		-	-	-	-	-	-	-	20,414,157	20,414,157	(118,586)	20,295,571
Other comprehensive income - net of tax												
Movement in deficit on revaluation of debt investments at FVOCI - net of tax		-	-	-	-	(1,146)	-	-	-	(1,146)	-	(1,146)
Movement in surplus on revaluation of government securities at FVOCI - net of tax		-	-	-	-	1,703,871	-	-	-	1,703,871	-	1,703,871
Movement in surplus on revaluation of property and equipment of associates - net of tax		-	-	-	-	-	-	556,591	-	556,591	-	556,591
Movement in surplus on revaluation of available for sale securities of associates - net of tax		-	-	-	-	2,603,874	-	-	-	2,603,874	-	2,603,874
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	-	-	-	(34,274)	(34,274)	-	(34,274)
Movement in surplus on revaluation of equity investments - net of tax		-	-	-	-	1,163,079	-	-	-	1,163,079	-	1,163,079
Loss on sale of shares - FVOCI		-	-	-	-	-	-	-	(250,737)	(250,737)	-	(250,737)
Share of deficit on revaluation of non - banking assets of associates - net of tax		-	-	-	-	-	(601)	-	-	(601)	-	(601)
Share of remeasurement loss of defined benefit obligation of associates - net of tax		-	-	-	-	-	-	-	(38,168)	(38,168)	-	(38,168)
Total other comprehensive income / (loss)		-	-	-	-	5,469,678	(601)	556,591	(323,179)	5,702,489	-	5,702,489
Transfer to statutory reserve	19.1	-	-	2,000,228	-	-	-	-	(2,000,228)	-	-	-
Share of movement in other reserves of associate - net of tax		-	-	-	-	-	-	-	61,419	61,419	-	61,419
Transfer from capital market equalization reserve	19.2	-	-	-	(1,659,468)	-	-	-	1,659,468	-	-	-
Transactions with owners recorded directly in equity												
Final dividend for the year ended December 31, 2022 @ Rs.1,890.625 per share		-	-	-	-	-	-	-	(1,210,000)	(1,210,000)	-	(1,210,000)
Closing balance as at December 31, 2023		16,000,000	935,264	14,000,074	-	4,796,892	788	556,591	40,897,186	77,186,795	290,069	77,476,864

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.

Chief Executive　　Chief Financial Officer　　Director　　Director　　Director

Consolidated Cash Flow Statement

For the year ended December 31, 2023

2023	2022		Note	2023	2022
-------(USD in '000)-------				-------(Rupees in '000)-------	
		CASH FLOW FROM OPERATING ACTIVITIES			
111,641	49,653	Profit before taxation		**31,467,334**	13,994,897
(1,143)	(1,402)	Less: Dividend income		**(322,169)**	(395,256)
110,498	48,251			**31,145,165**	13,599,641
		Adjustments :			
(21,454)	-	Net mark-up / interest income		**(6,047,113)**	-
603	167	Depreciation		**170,079**	47,212
21	21	Amortisation		**6,027**	5,800
(516)	4,168	(Reversal of provision) / credit loss allowance / provisions and write-offs - net	30	**(145,704)**	1,174,873
(34)	(26)	Gain on sale of property and equipment		**(9,587)**	(7,320)
45	31	Unrealised loss on revaluation of FVPL / held for trading securities	26	**12,715**	8,754
(93,419)	(48,616)	Share in results of associates - net		**(26,331,208)**	(13,702,925)
(114,754)	(44,255)			**(32,344,791)**	(12,473,606)
(4,256)	3,996			**(1,199,626)**	1,126,035
		Decrease / (increase) in operating assets			
34,853	(34,853)	Lendings to financial institutions		**9,823,727**	(9,823,727)
(87)	(233)	Securities classified as FVPL / held for trading		**(24,388)**	(65,688)
(14,534)	(80,534)	Advances		**(4,096,694)**	(22,699,475)
(508)	(19,627)	Others assets (excluding advance taxation)		**(143,218)**	(5,532,146)
19,724	(135,247)			**5,559,427**	(38,121,036)
		Increase / (decrease) in operating liabilities			
1,062,001	2,292,035	Borrowings		**299,336,343**	646,034,453
19,818	26,326	Deposits and other accounts		**5,585,881**	7,420,130
(859)	6,717	Other liabilities (excluding current taxation)		**(242,199)**	1,893,198
1,080,960	2,325,078			**304,680,025**	655,347,781
1,096,428	2,193,827			**309,039,826**	618,352,780
775,950	-	Mark-up / interest received		**218,709,840**	-
(819,135)	-	Mark-up / interest paid		**(230,881,895)**	-
(45,306)	(20,304)	Income tax paid		**(12,770,103)**	(5,722,841)
(88,491)	(20,304)			**(24,942,158)**	(5,722,841)
1,007,937	2,173,523	**Net cash generated from operating activities**		**284,097,668**	612,629,939
		CASH FLOW FROM INVESTING ACTIVITIES			
(1,029,488)	(2,179,475)	Net Investments in securities classified as FVOCI / available-for-sale		**(290,172,158)**	(614,308,542)
-	(1,508)	Net investments in associates		**-**	(424,993)
30,538	14,973	Dividends received		**8,607,359**	4,220,369
(2,294)	(1,697)	Investments in property and equipment		**(646,515)**	(478,186)
(60)	29	Disposal of property and equipment		**(16,787)**	8,281
(1,001,304)	(2,167,678)	**Net cash used in investing activities**		**(282,228,101)**	(610,983,071)
		CASH FLOW FROM FINANCING ACTIVITIES			
1,450	-	Issue of share capital of subsidiary		**408,655**	-
(4,293)	(3,903)	Dividend paid		**(1,210,000)**	(1,100,000)
(2,843)	(3,903)	**Net cash used in financing activities**		**(801,345)**	(1,100,000)
3,790	1,942	**Increase in cash and cash equivalents**		**1,068,222**	546,868
-	-	Credit loss on cash and cash equivalent		**(16)**	-
2,514	574	Cash and cash equivalents at beginning of the year		**708,682**	161,814
6,304	2,516	**Cash and cash equivalents at end of the year**	33	**1,776,888**	708,682

The annexed notes 1 to 47 and annexure I form an integral part of these consolidated financial statements.

Chief Executive | Chief Financial Officer | Director | Director | Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

(i) Pakistan Kuwait Investment Company (Private) Limited - Holding Company
(ii) Raqami Islamic Digital Bank Limited - Subsidiary Company

1.1.1 Holding Company - Pakistan Kuwait Investment Company (Private) Limited

Pakistan Kuwait Investment Company (Private) Limited (the Company / Holding 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, Pakistan. The Company has a representative office in Lahore. The Company is a 50:50 joint venture between the Government of Pakistan (GoP) and the Government of Kuwait (GoK). The objective of the Company is to profitably promote industrial investments in Pakistan. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

Based on the financial statements of the Company for the year ended December 31, 2022, Pakistan Credit Rating Agency (PACRA) has reaffirmed both the Company's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'. During the year the Company has been granted Islamic licence for setting up an Islamic Finance Division.

During the year, the Company has incorporated Raqami Islamic Digital Bank Limited (RIDBL), a subsidiary company, with an authorised share capital of Rs. 10,000 million. The Company is in the process of completing the post incorporation activities of RIDBL. The Company has injected a share capital of Rs. 1,101 million and is currently holding 72.94% shareholding in the Subsidiary Company.

1.1.2 Subsidiary Company - Raqami Islamic Digital Bank Limited (RIDBL)	**Percentage of holding**
	2023
Raqami Islamic Digital Bank Limited - Subsidiary	72.94%

Raqami Islamic Digital Bank Limited (RIDBL) (the Subsidiary Company) was incorporated in Pakistan on July 10, 2023 as an unlisted public limited company under the Companies Act, 2017. The principal line of business of the Subsidiary Company is to carry on the business of banking as a Shariah Compliant Digital bank and undertake financial transactions as permitted under the applicable laws of Pakistan including, but not limited to the Banking Companies Ordinance, 1962, the Companies Act 2017, and all other applicable laws, rules and regulations and the rules, directions and circulars of the State Bank of Pakistan (SBP) as in force from time to time.

On January 13, 2023, the (SBP) granted the Subsidiary Company a 'No Objection Certificate' (NOC), followed by an issuance of an in-principle approval (IPA) on September 20, 2023 under the Licensing and Regulatory Framework for Digital Banks. Currently, the Subsidiary Company is working towards achieving operational readiness. Upon ensuring compliance with all stipulated terms and conditions outlined in the IPA, including meeting the requisite minimum capital requirement, the Subsidiary Company will submit an application to the SBP within the IPA's validity period to obtain a restricted license, enabling the Subsidiary Company to commence pilot operations.

2 BASIS OF PRESENTATION

2.1 The US Dollar amounts presented in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are converted at the rate of Rs. 281.8607, prevalent as at December 31, 2023, for 2023 and 2022. This additional information is presented only for the convenience of users of the consolidated financial statements.

These consolidated financial statements have been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated February 09, 2023.

2.2 These consolidated financial statements have been prepared from the information available in the audited financial statements of the Pakistan Kuwait Investment Company (Private) Limited (Holding Company) for the year ended December 31, 2023 and the audited financial statements of Raqami Islamic Digital Bank Limited (Subsidiary Company) for the period from July 10, 2023 to December 31, 2023.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting. For applying equity method, the financial statements of the respective associates for the half year ended December 31, 2023 and 2022 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2023 and December 31, 2023, as the case may be, have been used.

2.3 Subsidiaries are those enterprises in which the Holding Company directly or indirectly exercises control over investee, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of RIDBL have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence, but not control, over investee. The Group's share in an associate is the aggregate of the holding in that associate by the Holding Company and by the Subsidiary Company. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. The consolidated profit and loss account reflects the Group’s share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of associates is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases. The Group applies similar accounting policies for similar transactions and events in similar circumstances except where an exemption from any standard has been given by the regulator to associate, in which case no adjustment is being made for consistency in accounting policies of associates.

Non-controlling interest is that part of the net results of operations and of net assets of the Subsidiary Company attributable to interests which are not owned by the Holding Company.

All material intra-group balances and transactions have been eliminated.

2.4 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) as 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); and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017.

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment property' for Banks and DFIs through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Accordingly, the requirements of this standard has not been considered in the preparation of these consolidated financial statements.

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

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements. The Group has early adopted IFRS - 9 'Financial Instruments' and new format of the financial statements with effect from January 1, 2023, impacts of which are disclosed in notes 5.1 and 5.2. There are certain other standards, amendments and interpretations of the accounting and reporting standards which are considered not to be relevant or do have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

2.6 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations of the accounting and reporting standards will be effective for accounting periods as stated below:

Standard, interpretation or amendments	**Effective date (annual periods beginning on or after)**
- IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgments in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on going basis. The revisions to accounting estimates are recognised in the period in which the estimates are revised if their revision affects only that period, or in the period of revision and future periods if their revision affects both current and future periods. Material accounting estimates applied in the preparation of these consolidated financial statements are presented below:

(a) classification and valuation of investments (notes 5.2 and 9.1);
(b) provision against non-performing advances (notes 5.3.3.3 and 10.3.2);
(c) accounting for defined benefit plan and compensated absences (notes 5.13, 5.14, 17 and 35);
(d) valuation of non current assets held for sale (notes 5.11, 11.4 and 13);
(e) depreciation / amortisation of fixed assets and intangible assets (notes 5.10.4, 11 and 12);
(f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 5.17,13,16, and 31);
(g) contingent assets and liabilities, provisions against off balance sheet obligations (note 5.26); and
(h) provision against expected credit losses (note 5.3.3)

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.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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

- obligation in respect of staff retirement benefit has been carried at present value of defined benefit obligation and compensated absences;
- certain advances disbursed at lower than market rate have been carried at fair value in accordance with the requirements of IFRS - 9.
- certain borrowings obtained at lower than market rate have been carried at fair value in accordance with the requirements of IFRS - 9.
- certain investments classified as FVOCI and FVPL are carried at fair value in accordance with the requirements of IFRS - 9.

4.2 Functional and presentation currency

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

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

5 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are stated below. These policies have been consistently applied to all the years presented except for changes in accounting policies mentioned in notes 5.1 and 5.2 to these consolidated financial statements.

5.1 Adoption of new forms for the preparation of the annual financial statements

During the year, the SBP, vide BPRD Circular No. 02 dated February 09, 2023, issued the revised format for the preparation of the annual financial statements of the Banks / DFIs applicable for year ended December 31, 2023 which was subsequently deferred to January 1, 2024. However, since the Group has early adopted IFRS 9 as described in note 5.2, it has early adopted the new format of the financial statements. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the annual financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no other impact of this change in the annual consolidated financial statements of the Group.

The Group has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation (note 45).

5.2 IFRS 9 - 'Financial Instruments'

Effective January 1, 2023, the Group has early adopted International Financial Reporting Standard (IFRS) 9, “Financial Instruments” (IFRS 9 / the Standard). As permitted by the transitional provisions of IFRS 9, the Group has elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and liabilities as at the date of transition (i.e. January 1, 2023), were recognised in the unappropriated profit and loss as of the transition date.

The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the consolidated financial instruments.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current year are described in more detail below:

a) Classification and measurement of financial instruments

The measurement category and carrying amounts of financial assets and liabilities in accordance with the accounting and reporting standards as applicable in Pakistan and IFRS 9 as at January 1, 2023 are compared as follows:

	Before adoption of IFRS 9			
Financial assets	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
		(Rupees in ‘000)		(Rupees in ‘000)
Cash and balances with treasury banks	Loans and receivables	615,277	Amortised cost	615,277
Balances with other banks	Loans and receivables	93,405	Amortised cost	93,405
Lending to financial institutions	Loans and receivables	9,823,727	Amortised cost	9,823,727
Investments	Held-for-trading	110,389	Fair value through profit or loss	110,389
			Fair value through profit or loss	4,353,055
	Available-for-sale	685,597,175	Fair value through other comprehensive income	644,231,613
			Amortised cost	41,074,650
Advances - net	Loans and receivables	49,598,009	Amortised cost	48,331,031
Other assets (financial assets only)	Loans and receivables	8,052,008	Amortised cost	8,052,008
		753,889,990		**756,685,155**
Borrowings	Held-to-maturity	727,243,477	Amortised cost	725,947,006
Deposits and other accounts	Held-to-maturity	13,684,896	Amortised cost	13,676,570
Other liabilities - (financial liabilities only)	Held-to-maturity	3,752,557	Amortised cost	3,753,893

b) Reconciliation of reported consolidated statement of financial position balances to IFRS 9

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the carrying amount of financial assets, from their previous measurement category in accordance with the framework prescribed by the State Bank of Pakistan to their new measurement categories upon transition to IFRS 9.

	Balances as of December 31, 2022 (Restated)	Impact due to:			Remea-surements	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2023	IFRS 9 Category
		Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifications due to business model and SPPI assessments							
	------- (Rupees in '000) -------										
ASSETS											
Cash and balances with treasury banks	615,277	-	-	-	-	-	-	-	-	615,277	Amortised cost
Balances with other banks	93,405	(9)	-	-	-	-	(9)	3	(6)	93,399	Amortised cost
Lending to financial institutions	9,823,727	-	-	-	-	-	-	-	-	9,823,727	Amortised cost
Investments											
- Classified as available for sale	685,597,175	-	(685,597,175)	-	-	-	(685,597,175)	-	(685,597,175)	-	
- Classified as fair value through other comprehensive income	-	(519)	644,231,613	-	(465,974)	-	643,765,120	171	643,765,291	643,765,291	FVOCI
- Classified as held to maturity	-	-	-	-	-	-	-	-	-	-	
- Classified as amortised cost	-	-	-	37,012,507	4,062,143	-	41,074,650	(1,352,872)	39,721,778	39,721,778	Amortised cost
- Classified as held for trading	110,389	-	(110,389)	-	-	-	(110,389)	-	(110,389)	-	
- Classified as fair value through profit or loss	-	-	110,389	4,353,055	-	-	4,463,444	-	4,463,444	4,463,444	FVPL
- Associates	38,580,355	-	-	-	-	-	-	-	-	38,580,355	Outside the scope of IFRS 9
	724,287,919	(519)	(41,365,562)	41,365,562	3,596,169	-	3,595,650	(1,352,701)	2,242,949	726,530,868	
Advances											
- Gross amount	51,683,527	(22,091)	-	-	(1,252,177)	-	(1,274,268)	7,290	(1,266,978)	50,416,549	
- Provisions	(2,085,518)	-	-	-	-	-	-	-	-	(2,085,518)	
	49,598,009	(22,091)	-	-	(1,252,177)	-	(1,274,268)	7,290	(1,266,978)	48,331,031	Amortised cost
Property and equipment	697,544	-	-	-	-	-	-	-	-	697,544	Outside the scope of IFRS 9
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Intangible assets	19,238	-	-	-	-	-	-	-	-	19,238	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other assets - financial assets	8,052,008	(21)	-	-	(1,913)	-	(1,934)	7	(1,927)	8,050,081	Amortised cost
Other assets - non financial assets	4,908,681	-	-	-	-	-	-	-	-	4,908,681	Outside the scope of IFRS 9
	790,095,808	(22,640)	(41,365,562)	41,365,562	2,342,079	-	2,319,439	(1,345,401)	974,038	799,069,846	
LIABILITIES											
Bills payable	-	-	-	-	-	-	-	-	-	-	Amortised cost
Borrowings	727,243,477	-	-	-	(1,296,471)	-	(1,296,471)	-	(1,296,471)	725,947,006	Amortised cost
Deposits and other accounts	13,684,896	-	-	-	(8,326)	-	(8,326)	-	(8,326)	13,676,570	Amortised cost
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-	-	-	Amortised cost
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	3,316,108	-	-	-	-	-	-	-	-	3,316,108	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	157,539	-	-	-	-	-	-	-	-	157,539	Outside the scope of IFRS 9
Other liabilities - financial liabilities	3,752,557	1,994	-	-	-	-	1,994	(658)	1,336	3,753,893	Amortised cost
	748,154,577	1,994	-	-	(1,304,797)	-	(1,302,803)	(658)	(1,303,461)	746,851,117	
NET ASSETS	49,941,231	(24,634)	(41,365,562)	41,365,562	3,646,876	-	3,622,242	(1,344,743)	2,277,499	52,218,730	
REPRESENTED BY											
Share capital	16,000,000	-	-	-	-	-	-	-	-	16,000,000	Outside the scope of IFRS 9
Reserves	14,594,578	-	-	-	-	-	-	-	-	14,594,578	Outside the scope of IFRS 9
Deficit on revaluation of assets - net of tax	(3,145,995)	-	-	-	4,099,612	(272,142)	3,827,470	(1,352,872)	2,474,598	(671,397)	Outside the scope of IFRS 9
Unappropriated profit	22,492,648	(24,634)	-	-	(452,736)	272,142	(205,228)	8,129	(197,099)	22,295,549	Outside the scope of IFRS 9
	49,941,231	(24,634)	-	-	3,646,876	-	3,622,242	(1,344,743)	2,277,499	52,218,730	

* Interest / return accrued is based on classification of underlying financial assets. Remaining other financial assets are classified as amortised cost.

	Balances as of December 31, 2022 (Audited)	IFRS 9 Classification	Balances as December 31, 2022	Remeasure-ments	Balances as of January 01, 2023 - before ECL
	-------------------------		(Rupees in '000)	------------------------	
- Federal Government Securities - AFS	674,715,703	FVOCI	638,703,196	-	**638,703,196**
		Amortised Cost	36,012,507	4,062,143	**40,074,650**
- Non Government Sukuk - AFS	8,753,984	FVOCI	3,400,929	-	**3,400,929**
		FVPL	4,353,055	-	**4,353,055**
		Amortised Cost	1,000,000	-	**1,000,000**
- Shares - AFS	2,127,488	FVOCI	2,127,488	-	***2,127,488***

5.2.1 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value including transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. However, in case of financial asset or liability measured through profit or loss, any transaction costs are expensed in the consolidated profit and loss account. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI as described in note 5.3.3.

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the consolidated profit and loss account.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that are not purchased or originated credit-impaired ('POCI') but have subsequently become credit-impaired (or 'stage 3'), for which profit revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Interest income for Purchased or originated credit impaired assets

For those financial assets that are purchased or originated credit impaired, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

5.2.2 Financial assets

5.2.2.1 Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and

(ii) the cash flows characteristics of the assets / SPPI test.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest earned from these financial assets is included in 'interest earned' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the consolidated profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in gain on sale of securities'. Interest earned from these financial assets is included in interest earned using the effective interest rate method.

- Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss and presented in the consolidated profit and loss account within unrealised gain / loss on securities - held for trading in the period in which it arises. Interest earned from these financial assets is included in interest earned on investments using the effective interest rate method.

Business model:

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sales are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

Cash flows characteristics assessment – Solely Payment of Principal and interest test:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic due from counterparty risks and an interest margin that is consistent with a basic due from counterparty arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic due from counterparty arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the unconsolidated profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the consolidated profit and loss account as income when the Group's right to receive payments is established.

Unquoted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 as per the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2023.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly the Group has reversed impairment of Rs 272.142 million on listed equity investments held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements disclosed in note 5.2. However, in case of unquoted securities where the break up value of such securities is less than the cost, the difference of the cost and the break up value has been classified as loss and provided for by charging it to the consolidated profit and loss account.

Gains and losses on equity instruments at FVPL are included in the 'Gain on sales of securities' line in the consolidated profit and loss account.

5.2.2.2 Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

5.2.2.3 Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS - 9, the Group recalculates the gross carrying amount of the financial asset recognise a modification gain or loss in consolidated profit and loss account. The gross carrying amount of a financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

5.2.2.4 Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuks) furnished by the Group under due from and due to institutions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

5.2.3 Financial liabilities

5.2.3.1 Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

5.2.3.2 Derecognition

Financial liabilities are derecognised when these are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

5.2.4 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance ; and

- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. For financing commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a financing and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the financing. To the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognised as a provision.

5.2.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 5.3.3.3 which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of portfolio and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5.3 RISK MANAGEMENT POLICIES

The following section discusses the Group's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the Group uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

5.3.1 Credit risk

Credit risk, being the potential default of one or more debtors, is the largest source of risk for the Group. The Group is exposed to credit risk through its financing and investment activities. The credit risk arising from exposure to corporate entities is governed by the Risk Management Policy and Credit Administration Frameworks. The counter party credit risk arising from interbank lines are addressed in the Treasury policy framework. The Group has adopted standardised Approach of the Basel II Accord.

5.3.2 Credit risk measurement

Financing and related assets (incl. financing commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The credit risk arising from exposure to corporate entities is governed by the Credit Risk Management Policy and Credit Administration Frameworks. The counter party credit risk arising from interbank lines are addressed in the Treasury policy framework. The Group has adopted Standardised Approach of the Basel II Accord.

The Group manages 3 principal sources of credit risk:

i) Sovereign credit risk on its public sector advances.

When the Group lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GoP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GoP guarantee.

ii) Non-sovereign credit risk on its private sector advances.

When the Group lends to private sector borrowers it does not benefit from sovereign guarantees or the equivalent. Consequently, each borrower's credit worthiness is analysed on a standalone basis. Board approved Internal risk rating models are in use place to rate Corporates.

iii) Counter party credit risk on interbank limits

In the normal course of its business, the Group's Treasury department utilises products such as reverse repos to meet the needs of the borrowers and manages its exposure to fluctuations in market interest rates and to temporarily invest its liquidity prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation towards the Group.

Reflecting a preference for minimising exposure to counterparty credit risk, the Group maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies.

Credit Administration Department is involved in minimising losses that could arise due to security and documentation deficiencies.

5.3.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. A description of how the Group determines when a significant increase in credit risk has occurred is given in note 5.3.3.1 to these consolidated financial statements.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. A description of how the Group defines credit-impaired and default is given in note 5.3.3.2 of these consolidated financial statements.

- Financial instruments in Stage 1 have their ECL measured for 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL are given in note 5.3.3.3 to these consolidated financial statements.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 5.3.3.3 includes an explanation of how the Group has incorporated this in its ECL models.

- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

Further explanation is also provided of how the Group determines appropriate groupings when ECL is measured on a collective basis.

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

5.3.3.1 Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitatives or qualitatives criteria have been met to classify or assess the instrument for classification as Stage 2 and attract a lifetime ECL. The Group have defined portfolio wise criteria's which is as follows:

Quantitative criteria:

- Loan facilities that are past due for 60 days and above but less than 90 days. Further, the loan facilities pertaining to agriculture, project infrastructure and housing financing classified as OAEM as mentioned in the annexure C of implementation instructions issued by the SBP being past due for 90 days and above but less than 365 days;

Qualitative criteria:

- The credit risk has increased significantly since initial recognition based on Internal Credit Risk Rating (ICRR) model.

- The customer has been placed on watchlist by the Group.

5.3.3.2 Definition of default and credit-impaired assets

(a) Definition of default:

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The borrower is more than 90 days past due on its contractual payments.

Further the following qualitative criteria has been determined for assessment of default

- The Group considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising security (if held).

- The Group makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Group taking on the exposure.

- The Group sells the credit obligation at a material credit-related economic loss.

- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.

- The Group has filed for the obligor’s bankruptcy or a similar order in respect of the obligor’s credit obligation to the industry group.

- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

5.3.3.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The expected amount to be drawn up is computed after adjustment of the appropriate credit conversion factor (CCF).

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The Group is using Basel defined LGD for ECL purpose.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective profit rate or an approximation thereof.

When estimating the ECLs, the Group considers three scenarios (a base, best and a worst case). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted financings are expected to be recovered, including the probability that the financings will be recovered and the value of collateral that might be received.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

Forward-looking information incorporated in the ECL models

The assessment of ECL incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (economic scenario) provide the best estimate view of the economy over the next five years. After five years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP) over a period of two to five years. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD. The Group has used the following economic inputs in the ECL model;

• GDP growth
• Consumer price index
• Oil prices
• Unemployment rate
• Domestic credit growth
• PKR / USD rate parity
• Exchange rate

The Group has identified basis of ECL computation for following stages:

Stage 1: No significant deterioration in credit quality of financial asset - 12 month expected credit loss.
Stage 2: Significant deterioration in credit quality of financial asset since recognition - lifetime expected credit loss.
Stage 3: Credit impaired - impairment determined on individual or collective basis over the lifetime.

The staging guidelines applicable on the Group has been adopted from the application instructions of IFRS - 9 issued by the SBP vide its BPRD circular 3 of 2023.

<table>
<tr><th>Particular</th><th>Classification</th><th>Days due</th><th>Stage allocation under IFRS 9</th><th>Provisions to be made</th></tr>
<tr><td rowspan="6">Prudential regulations for corporates</td><td>Performing</td><td>1-59</td><td>Stage 1</td><td rowspan="2">As per IFRS 9 ECL modelling</td></tr>
<tr><td>Underperforming</td><td>60-89</td><td>Stage 2</td></tr>
<tr><td colspan="4">Non-perferforming</td></tr>
<tr><td>Subtandard</td><td>90-179</td><td rowspan="3">Stage 3</td><td rowspan="3">Whichever is higher ;
(a) IFRS 9 ECL or
(b) PR's requirements</td></tr>
<tr><td>Doubtful</td><td>180 or more days</td></tr>
<tr><td>Loss</td><td>one year or more</td></tr>
</table>

5.4 Associates

Associates are those entities in which the Group has significant influence, but does not have control, over the financial and operating policies. These consolidated financial statements include the Group's share of the total recognised 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 Group'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 Group has incurred legal or constructive obligation.

5.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks and balances with other banks in current and deposit accounts having original maturity of three months or less.

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

The Group enters into transactions of agreements to resell (reverse repo) and repurchase agreements (repo) at contracted rates for a specified period of time. These are recorded as below :

5.6.1 Sale under repurchase agreement

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. Expense under sale under repurchase agreement is charged to consolidated profit and loss account using effective interest rate method.

5.6.2 Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised as investment in the consolidated statement of financial position. Amounts paid under these agreements are included in reverse repurchase agreement lendings. Income for agreement under resale agreement is recorded to consolidated profit and loss account using effective interest rate method.

5.7 Other borrowings

Other borrowings including borrowings from the SBP are recorded at the present value discounted at the prevailing market rate. Mark-up on such borrowings is charged to the consolidated profit and loss account using effective interest rate method.

5.8 Bai Muajjal

The Group enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

5.8.1 Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction using effective interest rate method in the consolidated profit and loss account.

5.8.2 Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction using effective interest rate method in the consolidated profit and loss account.

5.9 Advances including net investment in finance leases

Advances are stated net of provision for ECL. 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 recognised 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 recognised as unearned finance income.

5.10 Tangible assets

5.10.1 Operating fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Items of fixed assets costing Rs 15,000 or less are not capitalised and are charged off in the month of purchase. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of fixed assets is included in the consolidated profit and loss account.

5.10.2 Intangible assets

Intangible assets comprise of computer software. Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment losses (if any).

5.10.3 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated profit and loss account as and when incurred.

5.10.4 Depreciation / amortisation

Depreciation / amortisation is charged to the consolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 11.2 and 12 whereby the depreciable value of an asset is written off over its estimated service life. The Group charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal.

5.10.5 Capital work-in-progress

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

5.10.6 Useful lives and residual values

Useful lives, residual values and depreciation method are reviewed at each reporting date and adjusted if impact on depreciation / amortisation is significant.

5.11 Assets classified as held for sale

An asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, which is when the sale is highly probable, and it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Assets classified as held for sale are measured at the lower of the carrying amount upon classification and the fair value less costs to sell. Once assets are classified as held for sale, property and equipment is no longer subject to depreciation. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset, but not in excess of any cumulative impairment previously recognised.

5.12 Certificates of investment (COI) / deposits

COI / deposits are initially recorded at the amount of proceeds received. Interest is charged to the consolidated profit and loss account under the effective interest rate method.

5.13 Staff retirement benefits

Defined benefit plan

The Holding Company operates a funded gratuity scheme for all its eligible permanent employees. The liability recognised 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 recognised in the consolidated 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 35.

The last actuarial valuation of the employees' defined benefit plan was conducted as of December 31, 2023.

Subsidiary Company operates an unfunded gratuity scheme for its Chief Executive Officer.

Defined contribution plan

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

5.14 Employees' compensated absences

The Holding Company recognises liability in respect of employees' compensated absences in the period in which these are earned upto the date of consolidated statement of financial position. The provision is recognised 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, 2023.

5.15 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 reporting date. Exchange gains and losses are recognised in the consolidated profit and loss account.

5.16 Revenue recognition

i) Dividend income is recognised when the Group'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 recognised under effective interest rate method, except where recovery is considered doubtful, the income is recognised on receipt basis.

iii) The Group 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 or loss on sale of securities is recognised at the time of sale of relevant securities.

v) Advisory income is recognised as the services are rendered.

vi) The Group earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognises fees earned on transaction-based arrangements at a point in time when the Group has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service. Unearned fees and commissions are included under other liabilities.

5.17 Taxation

Current

The charge for current taxation is based on expected taxable income for the year in accordance with the prevailing laws and taxation. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

5.18 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 recognised 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.

5.19 Provisions

Provisions are recognised when the Group 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.

5.20 Off setting of financial assets and financial liabilities

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

5.21 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 recognised in the consolidated profit and loss account.

5.22 Dividend distribution

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the reporting date are considered as non adjusting events and are recorded as a liability in the consolidated financial statements in the year in which these are approved by the directors / shareholders as appropriate.

5.23 Earnings per share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year.

5.24 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.

5.25 Segment reporting

A segment is distinguishable component of the Group 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 Group's primary format of reporting is based on business segments.

Business segments

- 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	It 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 Group's business segments operate in Pakistan only.

5.26 Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation arising 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 of the obligation can be made.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

5.27 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Group to settle the obligation. The charge to the consolidated profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.28 Acceptances, guarantees and letters of credit

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with there imbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

The Group issues guarantees and letters of credit. These are disclosed in the consolidated statement of financial position as part of contingencies and commitments.

6 CASH AND BALANCES WITH TREASURY BANKS	Note	2023	2022
		--------(Rupees in '000)-------	
In hand			
local currency		**150**	80
With State Bank of Pakistan in			
- local currency current account	6.1	**629,800**	614,665
With National Bank of Pakistan in			
- local currency current account		**1,113**	532
		631,063	615,277
Less: credit loss allowance held against cash and balances with treasury banks		**-**	-
Cash and balances with treasury banks - net of credit loss allowance		**631,063**	615,277

6.1 This includes Rs. 600.500 million (December 31, 2022: Rs. 610.500 million) held as minimum cash reserve required to be maintained with the SBP in accordance with requirement of BSD Circular No. 04 dated May 22, 2004.

7 BALANCES WITH OTHER BANKS	Note	2023	2022
		--------(Rupees in '000)-------	
In Pakistan			
- current accounts		**96,216**	7,701
- deposit accounts	7.1	**49,625**	85,704
		145,841	93,405
Less: Credit loss allowance held against balances with other banks		**(16)**	-
Balances with other banks - net of credit loss allowance		**145,825**	93,405

7.1 This represents balance maintained in saving accounts with banks which includes a balance with Meezan bank (a related party) amounting Rs. 66,329 million (December 31, 2022: Rs. 83.526 million). The profit rates on these accounts ranges between 11.01% and 20.50% (December 31, 2022: 7.00% and 14.50%).

8 LENDINGS TO FINANCIAL INSTITUTIONS	2023	2022
	--------(Rupees in '000)-------	
Reverse repo agreements	**-**	9,823,727
Less: credit loss allowance held against lendings to financial institutions	**-**	-
Lendings to financial institutions - net of credit loss allowance	**-**	9,823,727

8.1 Particulars of lending

	2023	2022
In local currency	**-**	9,823,727

8.2 Securities held as collateral against lendings to financial institutions

	Note	2023 Held by Company	2023 Further given as collateral	2023 Total	2022 Held by Group	2022 Further given as collateral	2022 Total
		--	----------	(Rupees in '000)	----------	----------	--
Market Treasury Bills	8.3	-	-	-	9,823,727	-	9,823,727

8.3 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at December 31, 2023 amounted to Rs. Nil (December 31, 2022: Rs. 9,815 million). The mark-up rates on these lendings is Nil (December 31, 2022: 15.80 and 16.00) percent per annum with maturity in Nil (December 31, 2022: four days).

9 INVESTMENTS

9.1 Investments by type:

	Note	2023 Fair value / amortised cost	2023 Credit loss allowances / provisions	2023 Surplus / (deficit)	2023 Carrying value	2022 Fair value / amortised cost	2022 Provision for diminution	2022 Surplus / (deficit)	2022 Carrying value
		--	----------	----------	(Rupees in '000)	----------	----------	----------	--
- Debt Instruments									
Amortised cost									
Federal government securities	9.5.1 & 9.5.3	27,864,892	-	-	27,864,892	-	-	-	-
Non government debt securities	9.5.2 & 9.5.3	2,000,000	(135)	-	1,999,865	-	-	-	-
		28,864,892	(135)	-	28,864,757	-	-	-	-
FVOCI									
Federal government securities	9.4.1	941,843,063	-	2,767,316	944,610,379	-	-	-	-
Non government debt securities	9.4.3	2,524,307	(34,010)	17,618	2,507,915	-	-	-	-
		944,367,370	(34,010)	2,784,934	947,118,294	-	-	-	-
FVPL									
Non government debt securities		4,339,068	-	(10,223)	4,328,845	-	-	-	-
- Equity Instruments									
FVOCI (Non - Reclassifiable)									
Shares									
Listed companies	9.4.2	2,634,745	-	839,509	3,474,254	-	-	-	-
Unlisted companies	9.4.2 & 9.4.4	104,026	(103,225)	-	801	-	-	-	-
		2,738,771	(103,225)	839,509	3,475,055	-	-	-	-
FVPL									
Shares									
Listed companies		143,531	-	(2,492)	141,039	-	-	-	-
Associates	9.1.4								
Meezan Bank Limited	9.2.2	56,440,847	-	-	56,440,847	35,368,330	-	-	35,368,330
Ghandhara Tyre and Rubber Company Limited		1,845,325	-	-	1,845,325	1,127,044	-	-	1,127,044
Al Meezan Mutual Funds		408,971	-	-	408,971	262,012	-	-	262,012
Al Meezan Investment Management Ltd.		1,328,518	-	-	1,328,518	1,032,608	-	-	1,032,608
National Clearing Company of Pakistan Limited		354,792	-	-	354,792	319,199	-	-	319,199
Eclear Services Limited		67,182	-	-	67,182	60,475	-	-	60,475
Planet N (Private) Limited		435,458	-	-	435,458	410,687	-	-	410,687
		60,881,093	-	-	60,881,093	38,580,355	-	-	38,580,355

	Note	2023 Fair value / amortised cost	2023 Credit loss allowances / provisions	2023 Surplus / (deficit)	2023 Carrying value	2022 Fair value / amortised cost	2022 Provision for diminution	2022 Surplus / (deficit)	2022 Carrying value
		----------(Rupees in '000)----------							
Held-for-trading securities									
Shares		-	-	-	-	119,143	-	(8,754)	110,389
Available-for-sale securities									
Federal government securities	9.4.1	-	-	-	-	678,773,341	-	(4,057,638)	674,715,703
Shares	9.4.2	-	-	-	-	2,844,839	(375,368)	(341,983)	2,127,488
Non government debt securities	9.4.3	-	-	-	-	8,769,871	(33,638)	17,751	8,753,984
		-	-	-	-	690,388,051	(409,006)	(4,381,870)	685,597,175
Total Investments		**1,042,334,725**	**(137,370)**	**3,611,728**	**1,045,809,083**	729,087,549	(409,006)	(4,390,624)	724,287,919

9.1.1 Movement in investments in associates

	2023	2022
	--------(Rupees in '000)-------	
Investments at beginning of the year	**38,580,355**	29,651,106
Reversal of provision on associates	**11,299**	-
Investment in associate	**-**	424,993
Share in surplus / (defict) on revaluation of available for sale securities of associates	**3,471,833**	(1,411,929)
Share in surplus on revaluation of property and equipment of associates	**742,121**	-
Share of deficit on revaluation of non - banking assets of associates	**(801)**	(6,230)
Share of remeasurement loss on defined benefit plans of associates	**(51,624)**	(43,586)
Share of profit from associates recognised in the consolidated profit and loss account	**26,331,208**	13,702,925
Share of employee share option compensation reserve of associates	**67,993**	88,189
Share of movement in other reserve of associates	**13,899**	-
Dividend received from associates	**(8,285,190)**	(3,825,113)
Investments at end of the year	**60,881,093**	38,580,355

The cost of investments in associates as at December 31, 2023 amounted to Rs. 3,371 million (December 31, 2022: Rs. 3,371 million). Share in results of associates recorded under equity method of accounting, net of dividend, capital gain and income taxes amounted to Rs. 10,107 million (December 31, 2022: Rs. 8,259 million).

9.1.2 Investment in Associates

The Company's associates are:

Associates	Nature of Activities	Country of Incorporation	Percentage holding
Meezan Bank Limited (MBL)	Islamic Banking	Pakistan	29.97
Ghandhara Tyre and Rubber Company Limited (GTR)	Manufacturing and trading of Tyre and Tubes	Pakistan	30.00
Al Meezan Investment Management Limited (AMIM)	Asset Management Company	Pakistan	30.00
EClear Services Limited (ESL)	Clearing & Settlement	Pakistan	20.00
Al Meezan Mutual Fund (AMMF)	Open ended Mutual Fund	Pakistan	9.20
National Clearing Company of Pakistan Limited (NCCPL)	Clearing & Settlement	Pakistan	15.00
Planet N (Private) Ltd (PNL)	Tech Startups	Pakistan	9.93

9.1.3 Summarized financial statements of associates

2023	**MBL**	**GTR**	**AMIM**	**AMMF**	**NCCPL**	**ESL**	**PNL**
	(Rupees in '000)						
Current assets	**1,065,061,564**	**12,046,084**	**742,420**	**4,501,792**	**33,129,451**	**1,360,379**	**230,018**
Non-current assets	**1,947,047,193**	**7,581,644**	**5,257,339**		**643,633**	**26,409**	**334,804**
Total assets	**3,012,108,757**	**19,627,728**	**5,999,759**	**4,501,792**	**33,773,084**	**1,386,788**	**564,822**
Current liabilities	**2,657,591,129**	**12,542,610**	**1,216,456**	**171,965**	**31,349,585**	**1,060,152**	**69,819**
Non-current liabilities	**169,610,111**	**1,172,034**	**355,846**		**27,341**		**10,475**
Total liabilities	**2,827,201,240**	**13,714,644**	**1,572,302**	**171,965**	**31,376,926**	**1,060,152**	**80,294**
Net assets	**184,907,517**	**5,913,084**	**4,427,457**	**4,329,827**	**2,396,158**	**326,636**	**484,528**
Fair value / break-up value of investment	**86,632,133**	**1,227,253**	**27,750**	**398,525**	**104,814**	**60,000**	**424,993**
Dividend received	**8,053,309**	**-**	**210,000**	**-**	**17,972**	**-**	**3,908**
Revenue	**226,428,822**	**2,834,440**	**2,535,916**	**1,654,281**	**1,606,238**	**33,529**	**157,425**
Profit from continuing operations	**169,407,916**	**1,690**	**2,417,336**	**1,506,866**	**586,933**	**25,767**	**344,135**
Tax	**(84,932,274)**	**(57,740)**	**(724,232)**		**(222,532)**	**(2,308)**	**(54,565)**
Profit after tax from continuing operations	**84,475,642**	**(56,050)**	**1,693,104**	**1,506,866**	**364,401**	**23,459**	**289,570**
Other comprehensive income / loss	**11,460,762**	**2,443**	**(6,738)**	**-**	**(12,717)**	**-**	**-**
Total comprehensive income / loss	**95,936,404**	**(53,607)**	**1,686,366**	**1,506,866**	**351,684**	**23,459**	**289,570**

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)

9.1.4 Reconciliation of summarised information of Associates

2023	MBL	GTR	AMIM	AMMF	NCCPL	ESL	PNL
	(Rupees in '000)						
Net assets of the associate	184,907,517	5,913,084	4,427,457	4,329,827	2,396,158	326,636	484,528
The Company's proportionate interest in associate	55,416,783	1,773,925	1,328,237	398,344	359,424	65,327	48,114
Other adjustments	1,024,064	71,400	281	10,627	(4,632)	1,855	387,344
Carrying amount of the Company's interest in associate	56,440,847	1,845,325	1,328,518	408,971	354,792	67,182	435,458

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

9.2 Investments by segments:

	Note	2023				2022			
		Cost / amortised cost	Credit loss Allowance for / Provision	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Federal Government Securities:									
Market Treasury Bills	9.4.1	497,985,000	-	567,619	498,552,619	439,438,195	-	216,998	439,655,193
Pakistan Investment Bonds	9.2.1	471,722,955	-	2,199,697	473,922,652	239,335,146	-	(4,274,636)	235,060,510
		969,707,955	-	2,767,316	972,475,271	678,773,341	-	(4,057,638)	674,715,703
Shares:									
Listed Companies	9.4.2	2,778,276	-	837,017	3,615,293	2,859,956	(272,142)	(350,737)	2,237,077
Unlisted Companies	9.4.2	93,736	(92,936)	-	800	93,736	(92,936)	-	800
		2,872,012	(92,936)	837,017	3,616,093	2,953,692	(365,078)	(350,737)	2,237,877
Non Government Debt Securities									
Listed		4,357,517	(285)	14,106	4,371,338	4,893,260	-	3,334	4,896,594
Unlisted		4,505,858	(33,859)	(6,711)	4,465,288	3,876,611	(33,638)	14,417	3,857,390
		8,863,375	(34,144)	7,395	8,836,626	8,769,871	(33,638)	17,751	8,753,984
Foreign Securities									
Unlisted equity securities	9.4.4	10,290	(10,290)	-	-	10,290	(10,290)	-	-
Associates									
Meezan Bank Limited	9.2.2	56,440,847	-	-	56,440,847	35,368,330	-	-	35,368,330
Ghandhara Tyre and Rubber Company Limited		1,845,325	-	-	1,845,325	1,127,044	-	-	1,127,044
Al Meezan Mutual Funds		408,971	-	-	408,971	262,012	-	-	262,012
Al Meezan Investment Management Ltd.	9.2.3	1,328,518	-	-	1,328,518	1,032,608	-	-	1,032,608
National Clearing Company of Pakistan Ltd.		354,792	-	-	354,792	319,199	-	-	319,199
Eclear Services Limited		67,182	-	-	67,182	60,475	-	-	60,475
Planet N (Private) Limited		435,458	-	-	435,458	410,687	-	-	410,687
		60,881,093	-	-	60,881,093	38,580,355	-	-	38,580,355
Total Investments		1,042,334,725	(137,370)	3,611,728	1,045,809,083	729,087,549	(409,006)	(4,390,624)	724,287,919

9.2.1 The investments in Pakistan Investment Bonds are maturing between September 19, 2024 and September 19, 2029 (2022: July 12, 2023 and September 19, 2029) and the effective interest rates range between 8.66% and 26.22% (2022: 8.66 and 17.13) percent per annum.

9.2.2 Investments in shares of Meezan Bank Limited costing Rs. 2,422 million and market value of Rs. 86,632 million (2022: Cost Rs. 2,422 million and market value Rs.53,442 million) are held as strategic investment in terms of Prudential Regulations applicable to Corporate / Commercial Banking which can be sold only with the prior permission of the SBP.

9.2.3 The investment in Al-Meezan Investment Management Limited can be sold only with prior permission of the SECP.

9.2.4 The market value of shares in listed associates as at December 31, 2023 amounted to Rs. 88,258 million (2022: Rs. 54,690 million).

9.2.5 Investments given as collateral

	2023	2022
	--------(Rupees in '000)-------	
Pakistan Investment Bonds	**462,402,786**	234,365,271
Market Treasury Bills	**498,552,619**	423,020,833
	960,955,405	657,386,104

9.3 Particulars of credit loss allowance / provision

9.3.1 Investments - exposure

	2023					2022	
	Stage 1	Stage 2	Stage 3	Performing	Non Performing Investment	Performing	Non Performing Investment
	(Rupees in '000)						
Opening balance	-	-	-	687,510,374	136,864	72,892,803	136,864
Implementation of IFRS 9	679,226,443	-	136,864	(687,510,374)	(136,864)	-	-
New investments	4,243,756,107	-	-	-	-	1,102,908,502	-
Investments derecognised or repaid	(3,948,783,126)	-	-	-	-	(488,290,931)	-
Transfer to stage 1	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-
	294,972,981	-	-	-	-	614,617,571	-
Amounts written off / charged off	-	-	-	-	-	-	-
Other changes (to be specific)	-	-	-	-	-	-	-
Closing balance	974,199,424	-	136,864	-	-	687,510,374	136,864

9.3.2 Investments - credit loss allowance / provision

	2023				2022
	Stage 1	Stage 2	Stage 3	Provision	Provision
	(Rupees in '000)				
Gross carrying amount	-	-	-	136,864	136,864
Implementation of IFRS - 9	519	-	136,864	(136,864)	
New investments	-	-	-	-	-
Investments derecognised or repaid	(115)	-	-	-	-
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
	(115)	-	-	-	-
Amounts written off / charged off	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	102	-	-	-	-
Changes (to be specific)	-	-	-	-	-
Closing balance - Current year	506	-	136,864	-	136,864

9.3.3 Credit loss allowance / provision for diminution in value of investments

	2023	2022
	--------(Rupees in '000)-------	
Opening balance	**409,006**	181,470
Reversal for the previous years provision due to IFRS 9 implementation	**(272,142)**	-
ECL charge on opening investment portfolio	**519**	-
Charge / (reversals)		
Charge for the year	**718**	713,923
Reversal for the year	**(731)**	(486,387)
	(13)	227,536
Closing balance	**137,370**	409,006

9.3.4 Particulars of credit loss allowance / provision against debt securities (excluding government securities)

Category of classification		2023 Outstanding amount	2023 Credit loss allowance / provision held	2022 Outstanding amount	2022 Provision held
		---------- (Rupees in '000) ----------			
Domestic					
Performing	Stage 1	**4,490,668**	**506**	8,736,233	-
Underperforming	Stage 2	**-**	**-**	-	-
Non-performing	Stage 3	**-**	**-**	-	-
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**33,638**	**33,638**	33,638	33,638
		33,638	**33,638**	33,638	33,638
Total		**4,524,307**	**34,144**	8,769,871	33,638

9.4 Quality of Securities

Details regarding quality of securities measured at FVOCI / available for sale model are as follows:

9.4.1 Federal Government Securities - Government guaranteed

	2023	2022
	--------(Rupees in '000)-------	
Market Treasury Bills	**497,985,000**	439,438,195
Pakistan Investment Bonds	**443,858,063**	239,335,146
	941,843,063	678,773,341

9.4.2 Shares

	2023	2022
	Cost	
Listed Companies	--------(Rupees in '000)-------	
- Cement	**533,649**	667,941
- Commercial Banks	**519,179**	452,678
- Fertilizer	**193,541**	106,876
- Leasing	**5,042**	7,407
- Oil and Gas Exploration Companies	**356,382**	-
- Oil and Gas Marketing Companies	**-**	130,179
- Power Generation and Distribution	**886,257**	945,182
- Technology & Communication	**140,695**	358,219
- Engineering	**-**	72,331
	2,634,745	2,740,813

Unlisted Companies	2023		2022	
	Cost	**Breakup value**	Cost	Breakup value
	(Rupees in '000)			
Arabian Sea Country Club*	**2,150**	**-**	2,150	-
Axel Products Limited*	**4,043**	**-**	4,043	-
Dadabhoy Padube Limited*	**200**	**-**	200	-
Engine Systems Limited*	**10,000**	**-**	10,000	-
FTC Management Company (Private) Limited	**500**	**44,279**	500	43,259
Innovative Investment Bank Limited*	**4,770**	**-**	4,770	-
Pakistan Mercantile Exchange Limited*	**11,773**	**-**	11,773	-
Pakistan Textile City Limited*	**50,000**	**-**	50,000	-
Trans Mobile Limited*	**10,000**	**-**	10,000	-
TCC Management Company Limited	**300**	**2,573**	300	2,122
	93,736	**46,852**	93,736	45,381

*These investments are fully provided.

9.4.3 Non Government Debt Securities

	2023	2022
	Cost	
	(Rupees in '000)	
Listed		
AAA	**250,000**	250,000
AA+, AA, AA-	**1,625,000**	4,157,546
A+, A, A-	**142,857**	485,714
	2,017,857	4,893,260
Unlisted		
AAA	**-**	1,639,744
AA+, AA, AA-	**325,000**	1,541,666
A+, A, A-	**147,812**	661,563
Unrated	**33,638**	33,638
	506,450	3,876,611

9.4.4 Foreign Securities

Equity Securities

Unlisted Shares

Islamic International Rating Agency Limited	**10,290**	10,290

9.5 Particulars relating to securities classified under Held to collect model

9.5.1 Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	**27,864,892**	-

9.5.2 Non Government Debt Securities

Unlisted		
AAA	**2,000,000**	-

9.5.3 The market value of securities classified as amortised cost / held to maturity as at December 31, 2023 amounted to Rs. 26,588 million (December 31, 2022: Rs. Nil)

10 ADVANCES

	Note	Performing 2023	Performing 2022	Non Performing 2023	Non Performing 2022	Total 2023	Total 2022
		----------(Rupees in '000)----------					
Loans, cash credits, running finances, etc.	10.1	**54,970,539**	50,657,236	**822,969**	1,026,291	**55,793,508**	51,683,527
Bills discounted and purchased		**-**	-	**-**	-	**-**	-
Advances - gross		**54,970,539**	50,657,236	**822,969**	1,026,291	**55,793,508**	51,683,527
Provision against advances							
- Specific		**-**	-	**-**	(985,518)	**-**	(985,518)
- General		**(1,100,000)**	(1,100,000)	**-**	-	**(1,100,000)**	(1,100,000)
		(1,100,000)	(1,100,000)	**-**	(985,518)	**(1,100,000)**	(2,085,518)
Credit loss allowance against advances							
-Stage 1		**(22,710)**	-	**-**	-	**(22,710)**	-
-Stage 2		**(16,369)**	-	**-**	-	**(16,369)**	-
-Stage 3		**-**	-	**(809,157)**	-	**(809,157)**	-
		(39,079)	-	**(809,157)**	-	**(848,236)**	-
Advances - net of credit loss allowance / provision		**53,831,460**	49,557,236	**13,812**	40,773	**53,845,272**	49,598,009

10.1 Includes Net Investment in Finance Lease as disclosed below:

	2023 Not later than one year	2023 Later than one and less than five years	2023 Over five years	2023 Total	2022 Not later than one year	2022 Later than one and less than five years	2022 Over five years	2022 Total
	----------(Rupees in '000)----------							
Lease rentals receivable	**650,390**	**305,076**	**-**	**955,466**	813,236	658,774	-	1,472,010
Residual value	**13,812**	**41,935**	**-**	**55,747**	40,773	41,935	-	82,708
Minimum lease payments	**664,202**	**347,011**	**-**	**1,011,213**	854,009	700,709	-	1,554,718
Financial charges for future periods	**64,258**	**26,567**	**-**	**90,825**	84,962	76,939	-	161,901
Present value of minimum lease payments	**599,944**	**320,444**	**-**	**920,388**	769,047	623,770	-	1,392,817

10.1.1 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 24.47% (2022: 5% and 18.24%) per annum.

10.1.2 In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 55.747 million (2022: Rs. 82.708 million) as security deposits on behalf of the lessees which are included under other liabilities (note 17).

10.2 Particulars of advances (Gross)

	2023	2022
	--------(Rupees in '000)-------	
In local currency	**55,793,508**	51,683,527

10.3 Particulars of credit loss allowance

10.3.1 Advances - Exposure

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Performing	2023 Non Performing Advances	2022 Performing	2022 Non Performing Advances
	----------(Rupees in '000)----------						
Gross carrying amount - current year	**-**	**-**	**-**	**50,657,236**	**1,026,291**	27,918,711	1,065,341
Implementation of IFRS 9	**50,416,549**	**-**	**1,026,291**	**(50,657,236)**	**(1,026,291)**	-	-
New advances	**34,510,949**	**872,353**	**-**	**-**	**-**	39,730,200	-
Advances derecognised or repaid	**(30,829,312)**	**-**	**(176,361)**	**-**	**-**	(16,991,675)	(39,050)
Transfer to stage 1	**-**	**-**	**-**	**-**	**-**	-	-
Transfer to stage 2	**(1,435,801)**	**1,435,801**	**-**	**-**	**-**	-	-
Transfer to stage 3	**-**	**-**	**-**	**-**	**-**	-	-
	2,245,836	**2,308,154**	**(176,361)**	**-**	**-**	22,738,525	(39,050)
Settlement from security deposit	**-**	**-**	**(26,961)**	**-**	**-**	-	-
Closing balance - current year	**52,662,385**	**2,308,154**	**822,969**	**-**	**-**	50,657,236	1,026,291

10.3.2 Advances - Credit loss allowance / Provision

	2023					2022	
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Specific Provision	General Provision
	(Rupees in '000)						
Opening balance	-	-	-	985,518	1,100,000	1,024,568	600,000
IFRS 9 implementation	22,091	-	985,518	(985,518)	-	-	-
New advances	6,608	3,979	-	-	-	-	500,000
Advances derecognised or repaid	(3,060)	-	(176,361)	-	-	(39,050)	-
Transfer to stage 1	-	-	-	-	-	-	-
Transfer to stage 2	(990)	990	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-
	2,558	4,969	(176,361)	-	-	(39,050)	500,000
Changes in risk parameters (PDs/LGDs/EADs)	(1,939)	11,400	-	-	-	-	-
Amount written off / charged off	-	-	-	-	-	-	-
Closing balance	22,710	16,369	809,157	-	1,100,000	985,518	1,100,000

10.3.3 Advances - Credit loss allowance / Provisions details Internal / External rating / stage classification

	2023				2022	
	Stage 1	Stage 2	Stage 3	General provision	Performing	Non Performing
	(Rupees in '000)					
Outstanding gross exposure						
Performing - Stage 1						
Loan	52,034,433	-	-	-	50,657,236	-
Lease	627,952	-	-	-	-	-
Under Performing - Stage 2						
Loan	-	2,308,154	-	-	-	-
Non-performing - Stage 3						
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Loss	-	-	822,969	-	-	1,026,291
	-	-	822,969	-	-	1,026,291
Total	52,662,385	2,308,154	822,969	-	50,657,236	1,026,291
Corresponding ECL / Provision						
Stage 1						
Loan	22,285	-	-	-	-	-
Lease	425	-	-	-	-	-
Stage 2						
Loan	-	16,369	-	-	-	-
Stage 3	-	-	809,157	-	-	-
Provision						
General	-	-	-	1,100,000	1,100,000	-
Specific	-	-	-	-	-	985,518
Total	22,710	16,369	809,157	1,100,000	1,100,000	985,518

10.4 Advances include Rs. 822.969 million (December 31, 2022: Rs 1,026.291 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	2023		2022	
	Non performing Loans	Credit loss allowance	Non performing Loans	Provision held
	(Rupees in '000)			
Domestic				
POther Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	1,026,291	985,518
	-	-	1,026,291	985,518
Stage 3	822,969	809,157	-	-
Total	822,969	809,157	1,026,291	985,518

Provision is recorded net of security deposit of Rs. 13.812 million (December 31, 2022: Rs. 40.773 million).

10.5 Particulars of credit loss allowance / provisions against advances

	2023					2022		
	Stage 3	Stage 1 & 2	Specific	General	Total	Specific	General	Total
	(Rupees in '000)							
Opening balance	-	-	985,518	1,100,000	2,085,518	1,024,568	600,000	1,624,568
IFRS 9 implementation	985,518	22,091	(985,518)	-	22,091	-	-	-
Charge for the year	-	25,964	-	-	25,964	-	500,000	500,000
Reversals	(176,361)	(8,976)	-	-	(185,337)	(39,050)	-	(39,050)
	(176,361)	16,988	-	-	(159,373)	(39,050)	500,000	460,950
Closing balance	809,157	39,079	-	1,100,000	1,948,236	985,518	1,100,000	2,085,518

10.5.1 Particulars of credit loss allowance / provisions against advances

	2023					2022		
	Stage 3	Stage 1 & 2	Specific	General	Total	Specific	General	Total
	(Rupees in '000)							
In local currency	809,157	39,079	-	1,100,000	1,948,236	985,518	1,100,000	2,085,518

10.6	Particulars of loans and advances to staff included in advances	Note	2023	2022
			(Rupees in '000)	
	Opening balance		347,497	210,346
	Transfer to prepaid staff cost due to implementation of IFRS - 9		(115,607)	-
	Transfer to prepaid staff cost for current year disbursement		(38,146)	-
	Income on loan to employees		13,258	-
	Disbursements during the year		97,129	182,003
	Repayments during the year		(90,601)	(44,852)
			(133,967)	137,151
	Balance at end of the year		213,530	347,497

11 PROPERTY AND EQUIPMENT

		Note	2023	2022
	Capital work-in-progress	11.1	29,325	303,012
	Property and equipment	11.2	1,045,578	394,532
			1,074,903	697,544

11.1 Capital work-in-progress

	2023	2022
Advance to suppliers	29,325	303,012

11.2 Property and Equipment

	2023				
	Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor Vehicles	Total
	--------------------	--------------------	(Rupees in '000)	--------------------	--------------------
At January 1, 2023					
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	**277,347**	**62,047**	**45,914**	**9,224**	**394,532**
Year ended December 2023					
Opening net book value	**277,347**	**62,047**	**45,914**	**9,224**	**394,532**
Additions	**3,543**	**6,164**	**59,089**	**851,403**	**920,199**
Cost of assets disposed of	**-**	**(232)**	**(4,988)**	**(118,049)**	**(123,269)**
Depreciation charge	**(9,311)**	**(14,802)**	**(32,957)**	**(113,007)**	**(170,077)**
Accumulated depreciation on disposal	**-**	**157**	**4,259**	**19,777**	**24,193**
Closing net book value	**271,579**	**53,334**	**71,317**	**649,348**	**1,045,578**
At December 31, 2023					
Cost	**370,177**	**77,593**	**191,888**	**764,648**	**1,404,307**
Accumulated depreciation	**(98,598)**	**(24,259)**	**(120,571)**	**(115,301)**	**(358,729)**
Net book value	**271,579**	**53,334**	**71,317**	**649,348**	**1,045,578**
Rate of depreciation (percentage)	**2.50 - 20**	**20**	**20 - 33.3**	**20 - 63**	**-**

	2022				
	Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor Vehicles	Total
	--------------------	--------------------	(Rupees in '000)	--------------------	--------------------
At January 1, 2022					
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	192,982	16,144	51,283	19,364	279,773
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	277,347	62,047	45,914	9,224	394,532
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	277,347	62,047	45,914	9,224	394,532
Rate of depreciation (percentage)	2.50 - 20	20	20 - 33.3	20 - 63	-

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

	2023	2022
	--------(Rupees in '000)-------	
Furniture and fixtures	**1,293**	1,344
Electrical, office and computer equipment	**71,193**	48,181
Motor vehicles	**5,280**	12,695
	77,766	62,220

11.3 Details of disposals of property and equipment (other than through a regular auction) to any related party, irrespective of the value are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Zain Khan - Ex Employee
HP PROBOOK 450 GB	185	67	118	118	As per policy	Mr. Saquib Ali - Ex Employee
HP PROBOOK 450 GB	185	67	118	118	As per policy	Ms. Sabah Kamal - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naveed Sherwani - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naeem Sattar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Mazhar Sharif - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Atif Anwar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Umair Aijaz - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Naveed Lodhi - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Hammad Anwar - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Zafar Gardezi - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Syed Ali Abid Zaidi - Ex Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Zahid Saleem - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Azam Yahya - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Mr. Farooq Nasim - Employee
DELL LATITUDE 7400 C15 NOTEBOOK	162	162	-	-	As per policy	Syed Muhammad Ehtesham Mukhtar - Employee
HP PROBOOK 450 GB	185	77	108	108	As per policy	Mr. Muqadam Butt - Ex Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Adnan Ahmed - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Imran Saeed - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Naeem Iqbal - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Ms. Madiha Saleem - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Asim Raza Khawaja - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Aqdus Jahanzeb - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Faraz Kazmi - Employee
HP PROBOOK 450 G8 Notebook	139	112	27	27	As per policy	Ms. Laila Iqbal Khan - Ex Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Sami Ullah Tariq - Employee
HP PROBOOK 450 GB	185	93	92	92	As per policy	Mr. Bilal Imran - Ex Employee
HP PRO BOOK 450 G7 LAPTOP	131	131	-	-	As per policy	Syed Kashif Javed - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Asad Javaid - Employee
HP PROBOOK 450 Core i5 Laptop	117	117	-	-	As per policy	Mr. Badar Farooq - Employee
HP Envy X360 Laptop	328	64	264	264	As per policy	Mr. Umair Aijaz - Ex Employee
HONDA HRV VTI-S	5,136	548	4,588	4,794	As per policy	Mr. Asim Raza Khawaja - Ex Employee
HP SPECTRE X360 NOTEBOOK	258	258	-	-	As per policy	Mr. Mubashar Maqbool - Ex MD

11.4 During the year the Company has decided to dispose of a motor vehicle given to previous chief executive officer and therefore it has been classified as held for sale under the requirement of IFRS 5 "Non-current asset Held for Sale". The carrying value of the above vehicle is Rs. 83.119 million. The fair value and cost to sell is determined at Rs. 59.182 million and Rs. 0.047 million respectively as at December 31, 2023. Subsequently, through an auction held on January 05, 2024, the vehicle was sold to Mr. Mubashar Maqbool (previous chief executive officer) (the highest bidder).

12 INTANGIBLE ASSETS	Note	2023	2022
		--------(Rupees in '000)-------	
Intangible assets - computer software	12.1	**13,211**	19,238

12.1 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2023 (Rupees in '000)
At January 1, 2023	
Cost	**108,829**
Accumulated amortisation	**(89,591)**
Net book value	**19,238**
Year ended December 31, 2023	
Opening net book value	**19,238**
Amortisation charge	**(6,027)**
Closing net book value	**13,221**
At December 31, 2023	
Cost	**108,829**
Accumulated amortisation	**(95,618)**
Net book value	**13,211**
Rate of amortisation (percentage)	**20**
Useful life	**5 years**

	2022 (Rupees in '000)
At January 1, 2022	
Cost	93,377
Accumulated amortisation	(83,791)
Net book value	9,586
Year ended December 31, 2022	
Opening net book value	9,586
Additions	15,452
Amortisation charge	(5,800)
Closing net book value	19,238
At December 31, 2022	
Cost	108,829
Accumulated amortisation	(89,591)
Net book value	19,238
Rate of amortisation (percentage)	20
Useful life	5 years

12.2 The cost of fully amortised intangible assets that are still in use amounted to Rs. 82.09 million (2022: Rs. 68.51 million).

13 OTHER ASSETS

	Note	2023	2022
		--------(Rupees in '000)-------	
Income / mark-up accrued in local currency		**25,666,119**	7,995,249
Advances, deposits, advance rent and other prepayments		**43,759**	30,200
Advance taxation		**12,010,944**	4,924,740
Other receivable	14.1	**57,871**	56,759
Non-current asset 'Held For Sale'	11.4	**83,119**	-
Prepaid staff cost		**140,618**	-
		38,002,430	13,006,948
Less: provision held against other assets	14.2	**(70,243)**	(46,259)
Less: credit loss allowance held against other assets	14.3	**(1,559)**	-
Other assets (net of credit loss allowance)		**37,930,628**	12,960,689

13.1 Other assets include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2022: Rs. 20.771 million) that has been fully provided.

13.2 Provisions held against other assets

	Note	2023	2022
		--------(Rupees in '000)-------	
Non-current asset held-for-sale	11.4	**23,984**	-
Other receivables		**46,259**	46,259
		70,243	46,259

13.2.1 Movement in provision held against other assets

Opening balance	**46,259**	46,259
Charge for the year	**23,984**	-
Closing balance	**70,243**	46,259

13.3 Credit loss allowance held against other assets

Income / mark-up accrued in local currency	**1,559**	-

13.3.1 Movement in credit loss allowance held against other assets

Opening balance	**-**	-
Implementation of IFRS - 9	**21**	-
Charge for the year	**1,538**	-
Reversals for the year	**1,559**	-

14 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	14.2	**6,462,975**	7,203,550
Under Financing Scheme for Renewable Energy	14.3	**2,729,785**	2,729,785
Under Temporary Economic Refinance Facility (TERF)	14.4	**2,264,917**	3,438,974
		11,457,677	13,372,309
Bai Muajjal	14.5	**30,996,916**	30,657,267
Repurchase agreement borrowings	14.6	**940,325,623**	547,407,564
Term Finance Facility	14.7	**39,250,000**	114,000,000
Total secured		**1,022,030,216**	705,437,140
Unsecured			
Bai Muajjal	14.5	**-**	18,306,337
Letter of Placements	14.8	**4,500,000**	3,500,000
Total unsecured		**4,500,000**	21,806,337
		1,026,530,216	727,243,477

14.1 Particulars of borrowings with respect to currencies

In local currency	**1,026,530,216**	727,243,477

14.2 Borrowings from SBP under LTFF

These represent borrowings from SBP under scheme for long term financing facility (LTFF). The mark-up rate on these facilities is payable at maximum of 7% per annum (December 31, 2022: maximum of 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

14.3 Borrowing from SBP under Financing Scheme for Renewable Energy

These represent 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 on these facilities is payable at maximum of 3% per annum (December 31, 2022: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

14.4 Borrowing from SBP under Temporary Economic Refinance Facility

These represent long term finance facilities 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 on these facilities is payable at maximum of 1% per annum (December 31, 2022: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

14.5 Bai Muajjal

These represent borrowings from financial institutions at mark-up rates between 21.01% and 22.07% per annum (December 31, 2022: 15.20% and 15.90% per annum) and having maturities on May 02, 2024 (December 31, 2022: January 23, 2023 and May 02, 2024).

14.6 Repurchase agreement borrowings

The Company has arranged borrowing from financial institutions against sale and repurchase of government securities. The mark-up rates on these borrowings are between 22.04% and 23.00% per annum (December 31, 2022: 15.22% and 16.21% per annum) with maturities between two days to nineteen days (December 31, 2022: sixty three to seventy days).

14.7 Term Finance Facility

The Company has availed long term borrowings from commercial banks and a company. The interest rates on these facilities are between 8.63% and 23.04% per annum (December 31, 2022: 8.63% and 17.12% per annum) and have maturities between March 14, 2024 and December 28, 2028 (December 31, 2022: March 22, 2023 and December 28, 2028).

14.8 Letter Of Placements (LOPs)

The interest rates on these LOPs are between 22.20% and 23.00% per annum (December 31, 2022: 16.05% and 16.10% per annum). These LOPs have maturity between January 02, 2024 and January 05, 2024 (December 31, 2022: January 03, 2023 and January 17, 2023).

15 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	**In Foreign currencies**	**Total**	In Local Currency	In Foreign currencies	Total
	------------------------------		**(Rupees in '000)**	------------------------------		
Customers						
Certificate of Investment (COI)	**18,091,307**	**-**	**18,091,307**	6,656,590	-	6,656,590
Financial Institutions						
Certificate of Investment (COI)	**1,179,470**	**-**	**1,179,470**	7,028,306	-	7,028,306
	19,270,777	**-**	**19,270,777**	13,684,896	-	13,684,896

15.1 Composition of deposits

	2023	2022
	-------- **(Rupees in '000)**	-------
- Government (Federal and Provincial)	**7,076,668**	2,852,000
- Public sector entities	**1,800,000**	1,550,000
- Non-banking financial institutions	**1,179,470**	7,028,306
- Private sector	**9,214,639**	2,254,590
	19,270,777	13,684,896

15.2 The profit rates on these Certificate of Investments (COI) are between 17.50% and 23.65% per annum (December 31, 2022: 12.50% and 16.88% per annum). These COIs have maturities between January 02, 2024 and November 29, 2024 (December 31, 2022: January 03, 2023 and November 24, 2023).

16 DEFERRED TAX LIABILITIES

	2023				
	At January 1, 2023	Recognised in P&L	Recognised in OCI	Recognised in SOCE	At December 31, 2023
	---------- (Rupees in '000) ----------				
Deductible temporary differences on					
- Post retirement employee benefits	50,256	5,805	21,913	-	77,974
- Accelerated tax depreciation	(33,139)	36,534	-	-	3,395
- Credit loss allowance / provision against advances, off balance sheet ,etc	688,221	93,088	-	8,129	789,438
- Provision for taxation (minimum)	133,450	2,222,437	-	-	2,355,887
	838,788	2,357,864	21,913	8,129	3,226,694
Taxable temporary differences on					
- Surplus on revaluation of investments	1,433,481	(4,678)	(1,352,228)	(1,352,872)	(1,276,297)
- Finance lease arrangements	(237,920)	102,098	-	-	(135,822)
- Share of profit from associates	(5,350,457)	(7,939,485)	(1,039,833)	(20,475)	(14,350,250)
	(4,154,896)	(7,842,065)	(2,392,061)	(1,373,347)	(15,762,369)
	(3,316,108)	(5,484,201)	(2,370,148)	(1,365,218)	(12,535,675)

	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	38,935	7,477	3,844	-	50,256
- Deficit on revaluation of investments	292,546	1,273	1,139,662	-	1,433,481
- Provision against non-performing advances	471,125	217,096	-	-	688,221
- Provision for taxation (minimum)	-	133,450	-	-	133,450
	802,606	359,296	1,143,506	-	2,305,408
Taxable temporary differences on					
- Accelerated tax depreciation	(36,238)	3,099	-	-	(33,139)
- Finance lease arrangements	(197,786)	(40,134)	-	-	(237,920)
- Share of profit from associates	(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)

17 OTHER LIABILITIES

	Note	2023	2022
		-------- (Rupees in '000) -------	
Mark-up / return / interest payable in local currency		1,756,546	1,893,233
Accrued expenses		816,399	707,516
Payable to defined benefit plan	35.8 & 35.17	153,410	101,468
Payable to defined contribution plan		8,968	-
Security deposits against lease		55,747	82,708
Payable against employees' compensated absences		46,742	50,824
Payable to share brokers on account of purchase of marketable securities		169	1,142
Unearned income		5,612	5,248
WWF liability		756,240	1,057,252
Others		35,174	10,705
Credit loss allowance against off-balance sheet obligations	17.1	1,446	-
		3,636,453	3,910,096

17.1 Credit loss allowance against off-balance sheet obligations

	2023	2022
	-------- (Rupees in '000) -------	
Opening balance	-	-
Impact due to IFRS-9 Implementation	1,994	-
Charge for the year	-	-
Reversals for the year	(548)	-
	-	-
Amount written off	-	-
Closing balance	1,446	-

18 SHARE CAPITAL

18.1 Authorized Capital

2023	2022		2023	2022
------(Number of shares)-----			--------(Rupees in '000)-------	
1,000,000	1,000,000	Ordinary shares of Rs. 25,000 each	**25,000,000**	25,000,000

18.2 Issued, subscribed and paid up

2023	2022		2023	2022
------(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
640,000	640,000		**16,000,000**	16,000,000

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 (2022: 320,000) ordinary shares of the Company as at December 31, 2023.

19 RESERVES

	Note	2023	2022
		--------(Rupees in '000)-------	
Statutory reserve	19.1	**14,000,074**	11,999,846
Non-distributable reserve	19.2	**935,264**	935,264
Capital market equalization reserve	19.3	**-**	1,659,468
Total reserves		**14,935,338**	14,594,578

19.1 Statutory reserve

	2023	2022
	--------(Rupees in '000)-------	
At beginning of the year	**11,999,846**	9,793,911
Add: transferred during the year	**2,000,228**	2,205,935
	14,000,074	11,999,846

According to BPRD 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. 2,000.228 million (2022: Rs. 2,205.935 million).

19.2 Non-distributable reserve

	2023	2022
At beginning of the year	**935,264**	935,264
Charge / (reversal) during the year	**-**	-
	935,264	935,264

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.

19.3 Capital market equalization reserve

	2023	2022
	--------(Rupees in '000)-------	
At beginning of the year	**1,659,468**	1,659,468
Add: Addition during the year	**-**	-
Less: Transfer to unappropriated profit and loss	**(1,659,468)**	-
	-	1,659,468

The Holding Company had created a Capital Market Equalization Reserve (CMER) in 2014 in order to provide adequate reserve against volatility in the value of capital market portfolio. The purpose of creating CMER was to create a buffer reserve in the event of any unusual fluctuation in the capital market resulting into impairment losses. During the current year the Holding Company has adopted IFRS 9 which no longer requires recognition of impairment losses on equity securities. Consequently, the management has transferred the CMER amounting to Rs. 1,659 million to unappropriated profit.

20 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET

	Note	2023	2022
		--------(Rupees in '000)-------	
Surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-debt / available for sale	9.1	**17,618**	17,751
- Securities measured at FVOCI-equity / available for sale	9.1	**839,509**	(341,983)
- Securities measured at FVOCI-government securities / available for sale	9.1	**2,767,316**	(4,057,638)
- Available for sale securities of associates		**3,978,536**	(234,620)
		7,602,979	(4,616,490)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-debt / available for sale		**(6,871)**	(5,858)
- Securities measured at FVOCI-equity / available for sale		**(186,809)**	103,748
- Securities measured at FVOCI-government securities / available for sale		**(1,079,254)**	1,295,089
- Available for sale securities of associates		**(975,774)**	77,516
		(2,248,708)	1,470,495
		5,354,271	(3,145,995)

21 NON-CONTROLLING INTEREST

On initial acqusition	**408,655**	-
Post acqusition loss	**(118,586)**	-
Closing balance	**290,069**	-

22 CONTINGENCIES AND COMMITMENTS

-Guarantees	22.1	**2,481,045**	2,229,520
-Commitments	22.2	**15,755,781**	11,387,211
		18,236,826	13,616,731

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

22.2 Guarantees:

Financial guarantees	**2,481,045**	2,229,520

22.3 Commitments

Commitments in respect of undisbursed sanctions against:			
- Loans and advances		**15,109,204**	11,051,875
- Letter of comfort		**-**	335,336
Commitments for acquisition of:			
- fixed assets		**10,498**	-
- intangible assets	22.2.1	**636,079**	-
		15,755,781	11,387,211

22.2.1 The Subsidiary Company has entered into an agreement with Codebase Technologies FZE (CBT), whereby CBT will provide the Subsidiary Company with installation, implementation and customisation of the digital banking platform.

22.3 Tax Contingencies - Holding Company

- 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 amounts 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.

- Appeal effect to the CIR(A) orders were issued for the years 2004 to 2007 and 2010 allowing the entire additions. 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 appeal 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. Directions were given to preferably decide the matter in sixty days. 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.

- 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 had not followed the directions of the CIR(A) i.e. not adjudicating on the matters remanded back / deleted. Appeals were again preferred by the Company before the CIR(A) also contesting that the action for framing an appeal effect was barred by limitation under section 124 of the Ordinance for the years 2014, 2016 to 2018.These appeals were disposed of vide Appellate Orders dated June 6, 2023 for tax years 2014, 2017 to 2019 and dated July 26, 2023 for tax year 2016 remanding back the matter again to the Officer whereas the issue of limitation has not been deliberated. The appeal effect to these latest orders have not yet been issued. The Company has filed appeal before ATIR for tax years 2014, 2016 to 2018 on legal grounds.

  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 favour of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

  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 the 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 was remanded back by the CIR(A) vide appellate order dated March 18, 2022, however as mentioned above appeal effect was not given in the Order dated December 14, 2022. An appeal was again preferred before CIR(A) where CIR(A) has remanded back the matter to the Officer.

  An Order dated March 22, 2023 to recover Super tax under section 4C of the Ordinance for the year 2022 was issued where demand of Rs 176.513 million has been raised. An appeal was preferred before CIR(A) where the levy has been maintained in Order dated June 1, 2023. Currently, the Company appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy.

  A Notice dated October 28, 2023 to recover Super tax under section 4C of the Ordinance for the year 2023 amounting to Rs. 375.078 million was issued to the company. The Company, through it legal advisor, has challenged the levy before Islamabad High Court (IHC). The IHC has granted stay to the extent of 6 percent vide order dated November 11, 2023 in WP No. 3567 of 2023 whereas the Company has sufficient refunds available to adjust the remaining 4 percent of the levy. The Company has made provision of Rs.1,517 million against the levy of Super Tax under section 4C.

  The management is confident that the ultimate outcome of the appeal would be in favour of the Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

23 MARK-UP / RETURN / INTEREST EARNED

	Note	2023	2022
		(Rupees in '000)	
Loans and advances		**9,310,163**	4,260,482
Investments		**227,301,456**	38,810,922
Lendings to financial institutions		**198,707**	115,203
Balances with banks		**11,725**	7,295
		236,822,051	43,193,902

23.1 Interest income (calculated using effective interest rate method) recognised on:

Financial assets measured at amortised cost;	**13,127,891**	-
Financial assets measured at FVPL	**504,561**	-
Financial assets measured at FVOCI	**223,189,599**	-
	236,822,051	-

24 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	**2,259,836**	1,313,093
Borrowings	***20,293,507***	6,023,892
Securities sold under repurchase agreements - government securities	**208,191,865**	33,324,592
	230,745,208	40,661,577

24.1 Interest expense calculated using effective interest rate method	**230,745,208**	-

25 FEE AND COMMISSION INCOME

Participation fee	**18,176**	25,569
Commitment fee	**3,350**	13,576
Commission on guarantees	**16,324**	11,558
Commission on letter of comfort	**3,566**	7,319
Arrangement fee	**36,794**	36,469
Advisory income	**5,249**	7,040
	83,459	101,531

26 GAIN ON SECURITIES

Realised gain	26.1	**385,800**	381,082
Unrealised loss - measured at FVPL / held-for-trading	9.1	**(12,715)**	(8,754)
		373,085	372,328

26.1 Realised gain on:

Shares	**12,106**	381,476
Federal government securities	**373,694**	(394)
	385,800	381,082

26.2 Net gain / loss on financial assets measured at FVOCI / available-for-sale:

Net gain / loss on financial assets (equity) measured at FVOCI / available-for-sale	**(609)**	372,722
Net gain / (loss) on financial assets (debt instruments) measured at FVOCI / available for sale	**373,694**	(394)
	373,694	(394)
	373,085	372,328

27	SHARE IN RESULTS OF ASSOCIATES - NET	Note	2023	2022
			(Rupees in '000)	
	Quoted associates		**25,734,433**	13,502,657
	Un-quoted associates		**596,775**	200,268
			26,331,208	13,702,925

28	OTHER INCOME			
	Nominee directors fee		**12,945**	15,915
	Rent on property		**45,050**	44,503
	Gain on sale of property and equipment - net		**9,587**	7,320
	Late payment charges		**247,054**	11,386
	Reversal of WWF provision		**573,276**	-
	Early encashment charges		**6,030**	1,642
			893,942	80,766

29	OPERATING EXPENSES			
	Total compensation expense	29.1	**1,609,398**	1,142,480
	Property expense			
	Rent and taxes		**22,812**	11,597
	Insurance		**4,087**	1,421
	Utilities cost		**18,419**	11,548
	Security expense		**92**	36
	Repairs and maintenance		**39,597**	41,970
	Depreciation		**9,311**	7,155
			94,318	73,727
	Information technology expenses			
	Software maintenance		**4,566**	3,777
	Hardware maintenance		**176**	227
	Depreciation		**16,573**	11,943
	Amortisation		**6,027**	5,800
	Network charges		**8,234**	5,344
			35,576	27,091
	Other operating expenses			
	Directors' fees and allowances		**19,475**	17,500
	Legal and professional charges		**80,473**	141,891
	Outsourced services costs	29.2	**43,540**	36,139
	Travelling and conveyance		**30,924**	21,740
	Depreciation		**139,284**	28,114
	Training and development		**5,567**	5,963
	Postage and courier charges		**1,023**	974
	Communication		**16,252**	9,276
	Stationery and printing		**12,172**	8,755
	Marketing, advertisement and publicity		**13,123**	6,882
	Donations	29.3	**128,000**	145,000
	Auditors' remuneration	29.4	**18,376**	12,772
	Newspaper, periodicals and subscription dues		**12,766**	11,027
	Repairs and maintenance		***7,293***	2,086
	Bank charges		**451**	268
	Entertainment expense		**25,163**	19,299
	Pre-incorporation expenses		**109,964**	
	Others		**91,277**	24,479
			755,123	492,165
			2,494,415	1,735,463

29.1 Total compensation expense

	Note	2023	2022
		(Rupees in '000)	
Fees and allowances		**34,220**	97,868
Managerial remuneration			
i) Fixed		**788,284**	422,181
ii) Variable			
a) Cash bonus / awards etc.		**600,000**	520,000
Charge for defined benefit plan	35.9.1 & 35.17	**49,743**	39,225
Contribution to defined contribution plan	36	**53,957**	38,809
Medical		**22,776**	12,436
Pilgrimage sponsorship		**5,768**	3,504
Compensated absences		**39,771**	7,633
Employee old age benefit		**1,621**	824
Others		**13,258**	-
Total		**1,609,398**	1,142,480

29.2 Total costs for the year included in other operating expenses relate to service on property maintenance paid to a Company incorporated in Pakistan.

29.3 During the year, the Holding Company donated to the following recognized institutions:

	2023	2022
	(Rupees in '000)	
Donee		
The Citizens Foundation	**15,000**	14,000
The Indus Hospital	**14,000**	13,000
Shaukat Khanum Memorial Trust	**12,000**	11,000
Akhuwat	**9,000**	8,000
Allah Walay Trust	**9,000**	8,000
Family Educational Services Foundation	**7,000**	6,000
Patients' Aid Foundation	**7,000**	6,000
The Tehzibul Akhlaq Trust	**7,000**	6,000
Aziz Jehan Begum Trust for the Blind	**5,000**	4,000
Institute of Business Administration	**5,000**	4,000
Make-A-Wish Foundation	**5,000**	4,000
Rural Education And Development Foundation	**5,000**	4,000
Afzaal Memorial Thalassemia Foundation	**4,000**	3,000
Kaarvan Crafts Foundation	**4,000**	3,000
Karachi Down Syndrome Program	**4,000**	3,000
Karachi Vocational Training Centre	**4,000**	3,000
Special Olympics Pakistan	**3,000**	-
The Layton Rahmatulla Benevolent Trust	**3,000**	2,000
Bioniks Welfare Foundation	**2,000**	-
Dastak Women Rights And Awareness Foundation	**2,000**	-
VITAL Pakistan Trust	**2,000**	-
Developments In Literacy	**-**	4,000
Health And Nutrition Development Society (HANDS)	**-**	5,000
Karigar Training Institute	**-**	4,000
Karwan-e-Hayat	**-**	3,000
People's Primary Healthcare Initiative Balochistan	**-**	4,000
Roshni Homes Trust	**-**	4,000
Sahara for Life Trust	**-**	6,000
Salik Development Foundation	**-**	4,000
Society For Human & Environmental Development	**-**	4,000
The Kidney Centre	**-**	5,000
	128,000	145,000

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

29.4 Auditors' remuneration	2023	2022
	(Rupees in '000)	
Audit fee	**5,375**	1,891
Fee for half yearly review	**908**	757
Special certifications and sundry advisory services	**3,068**	1,657
Tax services	**8,470**	7,700
Out-of-pocket expenses	**555**	767
	18,376	12,772

30 (REVERSAL OF PROVISON) / CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE-OFFS - NET	Note	2023	2022
		(Rupees in '000)	
Credit loss allowance against cash and balances with banks	7	**7**	-
Provision for diminution in value of investments	9.3.3	**-**	713,923
Reversal of credit loss allowance for diminution in value of investments including accrued interest	9.3.2 & 13.3	**(19)**	-
Reversal of provision on unquoted associate	9.1.1	**(11,299)**	
Reversal / credit loss allowance against loans and advances - net	10.3.2	**(176,361)**	460,950
Credit loss allowance against loans and advances including accrued interest	10.3.2 & 13.3	**18,532**	-
Reversal credit loss allowance against contingencies and commitments	17.1	**(548)**	-
Provision for diminution / impairment in the value of non-current asset 'held for sale'	13.2.1	**23,984**	-
		(145,704)	1,174,873

31 TAXATION	2023	2022
Current	**5,687,562**	1,669,576
Deferred	**5,484,201**	1,295,648
	11,171,763	2,965,224

31.1 The numerical reconciliation between average tax rate and the applicable tax rate for the current year has not been presented as the provision for income tax represents minimum tax on turnover and tax under final tax regime as stipulated in the Income Tax Ordinance, 2001.

32 BASIC / DILUTED EARNINGS PER SHARE	2023	2022
	(Rupees in '000)	
Profit for the year	**20,414,157**	11,029,673
	(Numbers in '000)	
Weighted average number of ordinary shares	**640**	640
	(Rupees)	
Basic / diluted earnings per share	**31,897**	17,234

32.1 Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue at December 31, 2023 and December 31, 2022 which would have any effect on the earnings per share if the option to convert is exercised.

33 CASH AND CASH EQUIVALENTS	Note	2023	2022
		(Rupees in '000)	
Cash and balance with treasury banks	6	***631,063***	615,277
Balance with other banks	7	**145,825**	93,405
Islamic investment certificates		**1,000,000**	-
		1,776,888	708,682

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

	2023												
	Liabilities			Equity									
						Surplus /(deficit) on revaluation of							
	Borrowings	Deposit and other accounts	Other liabilities	Share Capital	Reserves	Investments	Non banking assets of associates	Property and equipment	Unappropriated profit	Subtotal	Non controlling interest	Total
	-----	-----	-----	-----	-----	(Rupees in '000)	-----	-----	-----	-----	-----	-----	-----
Balance as at January 1, 2023	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	-	49,941,231
Impact of adoption of IFRS - 9 (note 5.2)	-	-	-	-	-	2,474,598	-	-	(197,099)	2,277,499	-	2,277,499
Changes from financing cash flows												
Dividend Paid	-	-	-	-	-	-	-	-	(1,210,000)	(1,210,000)	-	(1,210,000)
Share in movement in other reserves of associates - net of tax	-	-	-	-	-	-	-	-	61,419	61,419	-	61,419
Other Changes												
Liability related												
Changes in borrowings	299,286,739	-	-	-	-	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	5,585,881	-	-	-	-	-	-	-	-	-	-
Changes in other liabilities												
- Cash based	-	-	(183,407)	-	-	-	-	-	-	-	-	-
- Non-cash based	-	-	(90,236)	-	-	-	-	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	340,760	-	-	-	(340,760)	-	-	-
Movement in deficit on revaluation of debt investments at FVOCI - net of tax	-	-	-	-	-	(1,146)	-	-	-	(1,146)	-	(1,146)
Movement in surplus on revaluation of government securities at FVOCI - net of tax	-	-	-	-	-	1,703,871	-	-	-	1,703,871	-	1,703,871
Movement in surplus on revaluation of property and equipment of associate - net of tax	-	-	-	-	-	-	-	556,591	-	556,591	-	556,591
Movement in surplus on revaluation of available for sale securities of associate - net of tax	-	-	-	-	-	2,603,874	-	-	-	2,603,874	-	2,603,874
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	1,163,079	-	-	-	1,163,079	-	1,163,079
Movement in deficit on revaluation of non banking asset of associate - net of tax	-	-	-	-	-	-	(601)	-	-	(601)	-	(601)
Movement in deficit on revaluation of defined benefit obligation of associate - net of tax	-	-	-	-	-	-	-	-	(38,168)	(38,168)	-	(38,168)
Loss on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	(250,737)	(250,737)	-	(250,737)
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	-	-	(34,274)	(34,274)	-	(34,274)
Share of NCI in subsidiary	-	-	-	-	-	-	-	-	-	-	408,655	408,655
Profit after tax	-	-	-	-	-	-	-	-	20,414,157	20,414,157	(118,586)	20,295,571
	299,286,739	5,585,881	(273,643)	-	340,760	5,469,678	(601)	556,591	19,750,218	26,116,646	290,069	26,406,715
Balance as at December 31, 2023	1,026,530,216	19,270,777	3,636,453	16,000,000	14,935,338	4,796,892	788	556,591	40,897,186	77,186,795	290,069	77,476,864

	2022								
	Liabilities			Equity					
						Surplus /(deficit) on revaluation of			
	Borrowings	Deposit and other accounts	Other liabilities	Share Capital	Reserves	Investments	Non banking assets of associates	Unappropriated profit	Total
	-----	-----	-----	-----	(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 asset - net of tax	-	-	-	-	-	-	(5,295)	-	(5,295)
Profit after tax	-	-	-	-	-	-	-	11,029,673	11,029,673
Other comprehensive loss	-	-	-	-	-	-	-	(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

34 STAFF STRENGTH

	2023	2022
	(Number)	
Permanent	**122**	76
On the Company's contract	**2**	3
The Company's own staff strength at the end of the year	**124**	79

34.1 In addition to the above, 31 (2022: 31) outsourcing employees were assigned to the Company as at the end of the year to perform janitorial services. All of these employees work locally.

35 DEFINED BENEFIT PLAN

35.1 Holding Company

35.2 General description

The activities of the Gratuity Funded Scheme are Pakistan Kuwait Investment Company (Private) Limited Employee Gratuity Fund established in 2000 under the provisions of a Trust Deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Holding Company and the trustees and their composition. The responsibility for governance of the plan including the investment decision lies with the Trustees. The Board of Trustees comprise of representatives of the Holding Company and the scheme participants in accordance with the Fund's Trust Deed.

35.3 Number of Employees under the scheme

	2023	2022
	(Number)	
The number of employees covered under the defined benefit schemes are:	**87***	77*

* The Chief Executive Officer has also been covered under the Gratuity Scheme.

35.4 Principal actuarial assumptions

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

	Note	2023	2022
		(Per annum)	
Discount rate		**15.50%**	14.50%
Expected rate of return on plan assets		**15.50%**	14.50%
Expected rate of salary increase			
For first two years following valuation		**15.50%**	14.50%
For third year and onward		**15.50%**	14.50%

35.5 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2023	2022
		(Rupees in '000)	
Present value of obligations	35.6	**379,345**	314,228
Fair value of plan assets	35.7 & 35.10	**(226,154)**	(212,760)
		153,191	101,468

35.6 Movement in defined benefit obligations

	2023	2022
Obligations at the beginning of the year	**314,228**	271,411
Current service cost	**34,848**	29,124
Interest cost	**45,507**	30,765
Benefits paid by the Company	**(65,187)**	(25,140)
Re-measurement loss	**49,949**	8,068
Obligations at the end of the year	**379,345**	314,228

	Note	2023	2022
35.7 Movement in fair value of plan assets		**(Per annum)**	
Fair value at the beginning of the year		**212,760**	185,408
Interest income on plan assets		**30,831**	20,665
Contribution by the Company - net		**53,988**	35,406
Benefits paid during the year		**(65,187)**	(25,140)
Re-measurements: net return on plan assets	35.9.2	**(6,238)**	(3,579)
Fair value at the end of the year		**226,154**	212,760

35.8 Movement in payable to defined benefit plan

	Note	2023	2022
Opening balance		**101,468**	86,003
Charge for the year	35.9.1	**49,524**	39,225
Contribution by the Holding Company - net		**(53,988)**	(35,407)
Re-measurement loss recognised in OCI during the year	35.9.2	**56,187**	11,647
Closing balance		**153,191**	101,468

35.9 Charge for defined benefit plans

35.9.1 Cost recognised in profit and loss

	2023	2022
Current service cost	**34,848**	29,124
Net interest on defined benefit assets	**14,676**	10,101
	49,524	39,225

35.9.2 Re-measurements recognised in OCI during the year

	2023	2022
Gain on obligation		
- Demographic assumptions	**-**	(275)
- Financial assumptions	**1,646**	3,797
- Experience adjustment	**48,303**	4,546
Return on plan assets over interest income	**6,238**	3,579
Total re-measurements recognised in OCI	**56,187**	11,647

35.10 Components of plan assets

	2023	2022
Cash and cash equivalents - net	**34,941**	38,728
Government Securities	**125,940**	172,784
Investment in Mutual Fund	**65,273**	1,248
	226,154	212,760

35.11 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.

35.12 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:

	2023	2022
	(Rupees in '000)	
1% increase in discount rate	**355,282**	294,799
1% decrease in discount rate	**406,037**	335,881
1 % increase in expected rate of salary increase	**407,549**	337,147
1 % decrease in expected rate of salary increase	**353,542**	293,348

	(Rupees in '000)
35.13 Expected contributions to be paid to the funds in the next financial year	**67,609**
35.14 Expected charge for the next financial year	**67,609**

	2023	2022
	(Rupees in '000)	
35.15 Maturity profile		
The weighted average duration of the present value of defined benefit obligation	**6.67**	6.52

Benefit Payments

Distribution of timing of benefit payments

Years		
1	**25,710**	35,655
2	**29,711**	22,996
3	**59,926**	77,126
4	**41,774**	50,654
5	**39,132**	32,666
6 - 10	**947,029**	409,295

35.16 Funding policy

The Holding Company funds the yearly contribution to the defined benefit plan each year, as per the amount calculated by the actuary. During current year the Holding Company contributed an amount of Rs. 53.98 million to staff gratuity fund.

35.17 Subsidiary Company

The Subsidiary Company operates an unfunded gratuity scheme for its Chief Executive Officer. The benefits under the gratuity scheme are payable on death, resignation or at retirement. During the period, the Subsidiary Company has recognised gratuity expense and liability amounting to Rs. 0.219 million.

36 DEFINED CONTRIBUTION PLAN

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

	2023	2022
	------------ (Rupees in '000) ------------	
Contribution from the Group	**53,957**	38,809
Contribution from the employees	**53,957**	38,809
	107,914	77,618

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

	2023				
	Directors				
Holding Company	**Chairman**	**Non-Executives**	**Chief Executive**	**Key Management Personnel**	**Other Material Risk Takers / Controllers**
	---(Rupees in '000)---				
Fees and allowances etc.	**3,700**	**15,775**	**-**	**-**	**-**
Managerial Remuneration					
I) Fixed	**-**	**-**	**84,893**	**214,400**	**64,447**
ii) Variable					
Cash bonus paid	**-**	**-**	**157,493**	**196,454**	**53,330**
Charge for defined benefit plan	**-**	**-**	**7,086**	**14,641**	**3,245**
Contribution to defined contribution plan	**-**	**-**	**8,489**	**17,569**	**5,711**
Rent & house maintenance	**-**	**-**	**7,569**	**-**	**-**
Utilities	**-**	**-**	**4,406**	**-**	**-**
Medical	**-**	**-**	**919**	**2,160**	**607**
Others	**-**	**-**	**37,591**	**11,978**	**4,350**
Total	**3,700**	**15,775**	**308,446**	**457,202**	**131,690**
Number of persons	**1**	**4**	**2***	**13**	**7**

*Mr. Mubashar Maqbool resigned as the Chief Executive Officer effective from July 18, 2023 and Mr. Saad ur Rahman Khan joined as Chief Executive Officer from July 19, 2023.

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

Key management personnels and other material risk takers / controllers are also provided with the Holding Company's maintained cars as per their entitlement.

Four of the key management personnels and one material risk taker is provided with a club membership as per the Holding Company policy.

Subsidiary Company	2023				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	(Rupees in '000)				
Fees and allowances etc.	-	-	-	-	-
Managerial Remuneration					
I) Fixed	-	60,387	8,825	77,105	-
ii) Variable					
Cash bonus paid	-	-	-		-
Bonus & awards in shares					
Charge for defined benefit plan	-	-	219	-	-
Contribution to defined contribution plan	-	-	160	3,424	-
Rent & house maintenance	-	-	4,026	36,415	-
Utilities	-	-	895	8,092	-
Medical	-	-	895	8,092	-
Bonus Paid	-	-	40,000	-	-
Conveyance	-	-	554	17,289	-
House financing facility				12,366	
Others			-	-	
Total	-	60,387	55,574	162,783	-
Number of persons	-	1	1	20	-

Holding Company	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					
I) Fixed	-	-	66,125	183,086	59,019
ii) Variable					
Cash bonus paid	-	-	93,339	146,552	52,762
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
Others	-	-	5,963	10,947	3,199
Total	3,700	13,800	187,683	365,558	125,458
Number of persons	1	3	1	12	6

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

S. No	Name of Director	2023				
		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	975	1,300	-	4,275
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
5.	Mansoor Masood Khan	1,000	650	650	-	2,300
		9,400	4,225	4,550	1,300	19,475

S. No	Name of Director	2022				
		Meeting Fees and Allowances Paid				
		For Board Meeting	For Board Committees			
			Risk Management Committee	Audit Committee	Executive Committee	Total Amount Paid
		----------(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
		8,400	3,900	3,900	1,300	17,500

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

38 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified under amortised cost, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortised cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, 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 certain un-quoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowing can not 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 Group 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).

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

38.1

	2023				
		Fair Value			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
	----------(Rupees in '000)----------				
On balance sheet financial instruments					
Financial assets - measured at fair value Investments					
- Market treasury bills	**498,552,619**	**-**	**498,552,619**	**-**	**498,552,619**
- Pakistan investment bonds	**446,057,760**	**-**	**446,057,760**	**-**	**446,057,760**
- Shares of listed companies	**3,615,293**	**3,615,293**	**-**	**-**	**3,615,293**
- Listed preference shares	**-**	**-**	**-**	**-**	**-**
- Listed sukuk / term finance certificates	**4,371,338**	**-**	**4,371,338**	**-**	**4,371,338**
- Unlisted sukuk / term finance certificates	**2,465,423**	**-**	**2,465,423**	**-**	**2,465,423**
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	**631,063**	**-**	**-**	**-**	**-**
Balances with other banks	**145,825**	**-**	**-**	**-**	**-**
Lendings to Financial Institutions	**-**	**-**	**-**	**-**	**-**
Investments					**-**
- Pakistan investment bonds	**27,864,892**	**-**	**27,864,892**	**-**	**27,864,892**
- Unlisted shares	**801**	**-**	**-**	**801**	**801**
- Unlisted sukuk / term finance certificates	**1,999,865**	**-**	**-**	**1,999,865**	**1,999,865**
Fair Value of non-financial assets					
- Non-current asset 'Held For Sale'	**59,182**	**-**	**-**	**59,182**	**59,182**

	2022				
		Fair Value			
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
- Market treasury bills	439,655,193	-	439,655,193	-	439,655,193
- Pakistan investment bonds	235,060,510	-	235,060,510	-	235,060,510
- Shares of listed companies	2,237,077	2,237,077	-	-	2,237,077
- Listed preference shares	-				-
- Listed sukuk / term finance certificates	4,896,594	-	4,896,594	-	4,896,594
- Unlisted shares	801	-	-	801	801
- Unlisted sukuk / term finance certificates	3,857,390	-	3,857,390	-	3,857,390
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	615,277	-	-	-	-
Balances with other banks	93,405	-	-	-	-
Lendings to Financial Institutions	9,823,727	-	-	-	-
Investments					-
- Pakistan investment bonds	-	-	-	-	-
- Unlisted sukuk / term finance certificates	-	-	-	-	-
Fair Value of non-financial assets					
- Non-current asset 'Held For Sale'	-	-	-	-	-

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Valuation techniques used in determination of fair values

Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Pakistan investment bonds	The fair value of Pakistan investment bonds are derived using PKFRV rates. The PKFRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different predefined/ approved dealers / brokers.
Market Treasury Bills	The fair value of Market treasury bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Listed sukuk / term finance certificates	The valuation has been determined through the valuation of debt securities published by the MUFAP.
Non-current asset 'held for sale'	Non Current Assets held for sale are valued by professionally qualified valuers as per the accounting policy disclosed in these consolidated financial statements.

The valuation of non-current assets held for sale, mentioned above, is conducted by the valuation expert appointed by the Company. The valuation expert use a market based approach to arrive at the fair value of the non-current asset. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. This value is adjusted to reflect the current condition of the asset. The effect of changes in the unobservable inputs used in the valuation cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

The reconciliation from the opening balance to the closing balance of the non-current asset held for sale has been disclosed in note 13.2.1. The change in the market value has been accounted for in the consolidated profit and loss account.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

39 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2023				2022			
	At amortised cost	At FVPL	At FVOCI	Total	Held-to-maturity	Held-for-trading	Available-for-sale	Total
	(Rupees in '000)							
Financial assets								
Cash and balances with treasury banks	631,063	-	-	631,063	615,277	-	-	615,277
Balances with other banks	145,825	-	-	145,825	93,405	-	-	93,405
Lendings to Financial Institutions	-	-	-	-	9,823,727	-	-	9,823,727
Investments	29,864,757	4,469,884	950,593,349	983,927,990	-	110,389	685,597,175	685,707,564
Advances	53,845,272	-	-	53,824,753	49,598,009	-	-	49,598,009
Other assets	25,836,152	-	-	25,792,656	7,993,776	-	-	7,993,776
	110,323,069	4,469,884	950,593,349	1,065,386,302	68,124,194	110,389	685,597,175	753,831,758
Financial liabilities								
Borrowings	1,026,530,216	-	- -	1,026,530,216	727,243,477	-	-	727,243,477
Deposits and other accounts	19,270,777	-	-	19,270,777	13,684,896	-	-	13,684,896
Other liabilities	3,587,626	-	-	3,587,626	3,808,628	-	-	3,808,628
	1,049,388,619	-	-	1,049,388,619	744,737,001	-	-	744,737,001

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

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

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Consolidated profit & loss account						
Net mark-up / return / profit	1,279,936	4,750,442	-	-	46,465	6,076,843
Non mark-up / return / interest income	70,747	373,694	26,338,958	331,783	888,681	28,003,863
Total Income	1,350,683	5,124,136	26,338,958	331,783	935,146	34,080,706
Segment direct expenses	(134,845)	(63,880)	(25,403)	(21,649)	(592,911)	(838,688)
Indirect expense allocation	(276,900)	(69,225)	(51,919)	(34,613)	(1,487,731)	(1,920,388)
Total expenses	(411,745)	(133,105)	(77,322)	(56,262)	(2,080,642)	(2,759,076)
Credit loss allowance (charge) / reversal	158,405	(7)	2,015	9,283	(23,992)	145,704
Profit before tax	1,097,343	4,991,024	26,263,651	284,804	(1,169,488)	31,467,334

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Consolidated statement of financial position						
Cash & bank balances	-	748,331	-	-	28,557	776,888
Investments	3,507,781	976,804,116	60,881,893	3,615,293	1,000,000	1,045,809,083
Advances - performing	53,618,093	-	-	-	213,367	53,831,460
Advances - non-performing	13,812	-	-	-	-	13,812
Others	906,766	23,045,886	-	-	15,066,090	39,018,742
Total assets	58,046,452	1,000,598,333	60,881,893	3,615,293	16,308,014	1,139,449,985
Borrowings	55,207,678	971,322,538	-	-	-	1,026,530,216
Deposits & other accounts	-	19,270,777	-	-	-	19,270,777
Deferred tax liability	(619,349)	(1,079,253)	14,350,246	(186,186)	70,217	12,535,675
Others	1,280,980	536,945	-	1,498	1,817,030	3,636,453
Total liabilities	55,869,309	990,051,007	14,350,246	(184,688)	1,887,247	1,061,973,121
Equity	1,107,085	6,679,086	2,015	942,535	68,746,143	77,476,864
Total equity & liabilities	56,976,394	996,730,093	14,352,261	757,847	70,633,390	1,139,449,985
Contingencies & commitments	18,236,826	-	-	-	-	18,236,826

	2022					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Consolidated profit & loss account						
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	1,914,953	69,379	14,652,806
Total Income	1,712,704	921,356	12,555,951	1,914,953	80,168	17,185,131
Segment direct expenses	(106,515)	(46,264)	(50,108)	(18,111)	(465,300)	(686,298)
Indirect expense allocation	(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 before tax	800,028	806,050	12,436,801	1,148,397	(1,196,379)	13,994,897

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Consolidated statement of financial position						
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
Deferred tax liability	(444,444)	(1,334,282)	5,350,459	(105,057)	(150,568)	3,316,108
Others	1,093,134	(890,603)	2,034,351	(103,499)	1,776,713	3,910,096
Total liabilities	176,984,603	562,367,575	7,384,810	(208,556)	1,626,145	748,154,577
Equity	808,249	(1,956,499)	(157,105)	910,160	50,336,426	49,941,231
Total equity & liabilities	177,792,852	560,411,076	7,227,705	701,604	51,962,571	798,095,808
Contingencies & commitments	13,616,731	-	-	-	-	13,616,731

40.2 Segment details with respect to geographical locations

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

41 TRUST ACTIVITIES

The Company act as trustees and holds assets on behalf of the staff retirement benefit and the contribution plans. The following are the detail of asset held under trust.

Category	**Security Type**	**Number of IPS account**		**Face Value**	
		2023	2022	**2023**	2022
				----(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

42 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its subsidiary, associates, associated undertaking, employee benefit plans, key management personnel and its directors.

The Group 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:

	2023				2022			
	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	-	-	66,329	-	-	-	83,526	-
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	38,580,355	500	-	-	29,651,106	500
Investment made during the year	-	-	-	-	-	-	424,993	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Equity accounting method	-	-	22,300,738	-	-	-	8,504,256	-
Closing balance	-	-	60,881,093	500	-	-	38,580,355	500
Advances								
Opening balance	-	174,572	-	23,511	-	132,537	-	-
Addition during the year	-	12,746	-	-	-	54,629	-	25,000
Repaid during the year	-	(57,361)	-	(4,858)	-	(12,594)	-	(1,489)
Closing balance	-	129,957	-	18,653	-	174,572	-	23,511
Credit loss allowance held against advances	-	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	-	-	2,046	-	-	-	679	-
Addition during the year	123	-	-	-	-	-	-	-
Repaid during the year	(123)	-	-	-	-	-	-	-
Credit loss allowance against other assets	-	-	(276)	-	-	-	-	-
	-	-	1,770	-	-	-	679	-
Borrowings								
Opening balance	-	-	30,657,267	12,648,747	-	-	22,583,809	-
Borrowings during the year	-	-	11,855,548	-	-	-	35,207,817	24,356,497
Settled during the year	-	-	(25,323,882)	(12,648,747)			(22,651,992)	(11,247,075)
Transfer in / (out) - net	-	-	13,807,983	-	-	-	(4,482,367)	(460,675)
Closing balance	-	-	30,996,916	-	-	-	30,657,267	12,648,747
Deposits and other accounts								
Opening balance	-	-	-	886,721	-	-	-	509,766
Received during the year	-	-	-	3,798,797	-	-	-	5,026,488
Withdrawn during the year	-	-	-	(4,006,049)	-	-	-	(4,649,533)
Closing balance	-	-	-	679,469	-	-	-	886,721
Other Liabilities								
Interest / mark-up payable	-	-	-	32,628	-	-	-	9,317
Payable to staff gratuity fund	-	-	-	153,191	-	-	-	101,468
Payable to Kuwait Investment Authority	-	-	-	-	-	-	-	3,225
Payable to National Clearing Company of Pakistan Limited	-	-	108	-	-	-	49	-
Payable to FTC Management Company (Private) Limited	-	-	-	1,206	-	-	-	575
Payable to Planet - N (Pvt.) Limited	-	-	11,828	-	-	-	-	-
	-	-	11,936	187,025	-	-	49	114,585
Contingencies and Commitments								
Other contingencies	-	-	-	-	-	-	-	-

	2023				2022			
	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	122	6,763	7,896	3,286	-	6,337	2,830	807
Fee and commission income	-	-	-	-	-	-	-	-
Dividend income	-	-	8,285,190	-	-	-	3,825,113	-
Other income								
- Nominee director fee	-	-	17,950	645	-	-	20,625	490
Expense								
Mark-up / return / interest paid / accrued	-	-	5,535,634	595,791	-	-	753,103	381,778
Operating expenses								
- Directors fee	19,475	-	-	-	17,500	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	1,099,965	-	-	-	553,241	-	-
- Nominee director fee payment	-	-	-	5,650	-	-	-	5,200
- NCCPL charges	-	-	1,089	-	-	-	932	-
- FMCL office maintenance charges	-	-	-	47,667	-	-	-	37,979
- Contribution made to staff provident fund	-	-	-	44,832	-	-	-	32,197
- Contribution made to staff gratuity fund	-	-	-	49,524	-	-	-	39,225

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	(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	**14,496,225**	16,962,961
Eligible Additional Tier 1 (ADT 1) Capital	**1,348**	-
Total Eligible Tier 1 Capital	**14,497,573**	16,962,961
Eligible tier 2 capital	**5,317,621**	687,748
Total eligible capital (tier 1 + tier 2)	**19,815,194**	17,650,709
Risk weighted assets (RWAs):		
Credit risk	**68,933,727**	57,906,653
Market risk	**7,866,710**	4,875,409
Operational risk	**38,795,180**	23,534,719
Total	**115,595,617**	86,316,781
Common equity tier 1 capital adequacy ratio	**12.54%**	19.65%
Tier 1 capital adequacy ratio	**12.54%**	19.65%
Total capital adequacy ratio	**17.14%**	20.45%

The Basel III Framework for capital adequacy is applicable to the Group. The Group monitors its capital adequacy ratio and endeavors to maintain it at a level sufficiently higher than the minimum regulatory requirement. The Group calculates capital requirement as per Basel III regulatory framework, using the standardised approach for credit risk and market risk whereas Basic Indicator Approach for operational risk.

Objectives of Capital Management

The capital management objectives of the Group 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 the SBP;

– To safeguard the Group 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 Group 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 adjustments applicable on CET1.
- Tier 2 Capital, which includes general provisions, surplus on revaluation of OCI securities after all regulatory adjustments applicable on Tier 2.

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

Capital adequacy ratio	**2023**		2022	
	Required	**Actual**	Required	Actual
CET1 to total RWA	**6.00%**	**12.54%**	6.00%	19.65%
Tier 1 capital to total RWA	**7.50%**	**12.54%**	7.50%	19.65%
Total capital to total RWA	**11.50%**	**17.14%**	11.50%	20.45%

	2023	2022
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible tier-1 capital	**14,497,573**	16,962,961
Total exposures	**1,064,441,355**	646,573,372
Leverage ratio *	**1.36%**	2.62%
Liquidity coverage ratio (LCR):		
Total high quality liquid assets	**22,486,560**	21,581,708
Total net cash outflow	**25,688,304**	16,170,233
Liquidity coverage ratio	**88%**	133%
Net stable funding ratio (NSFR):		
Total available stable funding	**136,366,155**	147,729,805
Total required stable funding	**129,193,619**	143,109,029
Net stable funding ratio	**106%**	103%

* The SBP has given relaxation to the Group to maintain leverage ratio of 1% as at December 31, 2023 as against the requirement of 3%.

43.1 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/

44 RISK MANAGEMENT

The Risk Management Framework at Pakistan Kuwait Investment Company (Private) Limited (PKIC) is applicable across all organizational levels, supported by robust Board oversight which provides strategic direction and has eventual responsibility for ensuring that an effective framework is in place. The risk framework primarily encompasses two pillars: Pillar 1; credit risk, market risk, and operational risk, and Pillar 2; strategic risk, reputational risk, concentration risk and interest rate risk in the banking book.

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 the risk Group is willing to assume and mitigate, at a price commensurate with those risks. These measures ensure that risks are managed within predetermined and approved tolerance limits/levels.

44.1 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 Group 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 Group 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 Group 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 Group 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 Group performs stress testing on its credit portfolio as per the SBP stress testing guidelines.

During 2023, Pakistan witnessed significant economic headwinds. Rising inflation, increasing fuel prices, depleting foreign exchange reserves and massive devaluation of the Pakistani rupee, political instability, increasing interest rates and high budget deficit made the year more challenging. In this backdrop, Fitch, Moody's and S&P Global lowered the country's sovereign credit rating. Additionally, international commodity prices also remained elevated throughout the year. The headline inflation increased significantly touching a multi year high inflation of 27.40% in August. During the year, SBP increased the benchmark interest rate by a cumulative 600 bps to 22%.

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 Group is using Basel-III standardised approach to calculate risk weighted assets against credit risk.

44.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance held			Provision held
					Stage 1	Stage 2	Stage 3	
	2023	2022	2023	2022	2023			2022
	----------(Rupees in '000)----------							
Public / Government	-	-	-	-	-	-	-	-
Private	-	9,823,727	-	-	-	-	-	-
	-	9,823,727	-	-	-	-	-	-

44.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investment 2023	Gross investment 2022	Non-performing investment 2023	Non-performing investment 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	--------(Rupees in '000)--------							
Textile	**155,357**	298,214	**12,500**	12,500	**32**	**-**	**12,500**	12,500
Chemical and Pharmaceuticals	**147,813**	201,562	**-**	-	**20**	**-**	**-**	-
Electronics and electrical appliances	**21,138**	21,138	**21,138**	21,138	**-**	**-**	**21,138**	21,138
Power (electricity), Gas, Water, Sanitary	**1,700,000**	2,242,750	**-**	-	**230**	**-**	**-**	-
Financial	**6,839,068**	6,006,207	**-**	-	**224**	**-**	**-**	-
	8,863,376	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638

Credit risk by public / private sector

	Gross investment 2023	Gross investment 2022	Non-performing investment 2023	Non-performing investment 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	--------(Rupees in '000)--------							
Public / Government	**-**	-	**-**	-	**-**	**-**	**-**	-
Private	**8,863,375**	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638
	8,863,375	8,769,871	**33,638**	33,638	**506**	**-**	**33,638**	33,638

44.1.3 Advances

Credit risk by industry sector

	Gross investment 2023	Gross investment 2022	Non-performing investment 2023	Non-performing investment 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	--------(Rupees in '000)--------							
Mining and Quarrying	**2,000,000**	-	**-**	-	**322**	**-**	**-**	-
Textile	**15,327,799**	13,681,166	**609,856**	617,108	**7,888**	**-**	**596,043**	603,295
Chemical and Pharmaceuticals	**3,280,925**	3,365,541	**-**	-	**1,162**	**-**	**-**	-
Cement	**1,077,354**	1,077,354	**93,333**	93,333	**270**	**-**	**93,333**	93,333
Sugar	**4,275,834**	3,554,984	**35,822**	35,822	**1,121**	**-**	**35,822**	35,822
Footwear and Leather garments	**2,300,000**	1,084,853	**-**	-	**879**	**-**	**-**	-
Electronics and electrical appliances	**103,535**	11,111	**11,112**	11,111	**23**	**-**	**11,111**	11,111
Construction	**657,849**	791,715	**-**	196,071	**192**	**-**	**-**	169,111
Power (electricity), Gas, Water, Sanitary	**11,746,341**	12,594,137	**-**	-	**2,570**	**6,078**	**-**	-
Transport, Storage and Communication	**2,250,000**	3,000,000	**-**	-	**-**	**-**	**-**	-
Financial	**600,000**	1,575,000	**-**	-	**676**	**-**	**-**	-
Glass and Ceramics	**300,000**	200,000	**-**	-	**47**	**-**	**-**	-
Manufacturing	**2,578,030**	2,474,071	**72,846**	72,846	**763**	**4,395**	**72,848**	72,846
Others	**9,275,322**	8,273,595	**-**	-	**6,797**	**5,896**	**-**	-
	55,793,508	51,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518

Credit risk by public / private sector

	Gross investment 2023	Gross investment 2022	Non-performing investment 2023	Non-performing investment 2022	Credit loss allowance held Stage 1 2023	Credit loss allowance held Stage 2 2023	Credit loss allowance held Stage 3 2023	Provision held 2022
	--------(Rupees in '000)--------							
Public / Government	**2,250,000**	3,000,000	**-**	-	**-**	**-**	**-**	-
Private	**53,543,508**	48,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518
	55,793,508	51,683,527	**822,969**	1,026,291	**22,710**	**16,369**	**809,157**	985,518

44.1.4 Contingencies and commitments

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Construction	**7,502,139**	-
Power (electricity), Gas, Water and Sanitary	**4,883,570**	4,415,585
Others	**2,996,119**	2,118,824
Cement	**1,300,000**	1,315,979
Textile	**775,000**	500,000
Manufacturing	**580,000**	367,543
Glass and Ceramics	**200,000**	300,000
Electronics and electrical appliances	**-**	4,548,812
Sugar	**-**	49,988
	18,236,826	13,616,731
Credit risk by public / private sector		
Public / Government	**-**	-
Private	**18,236,826**	13,616,731
	18,236,826	13,616,731

44.1.5 Concentration of Advances

The Group top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 21,121 million (2022: Rs 20,580 million).

	2023	2022
	(Rupees in '000)	
Funded	**21,006,970**	18,731,137
Non Funded	**113,235**	1,848,743
Total Exposure	**21,120,205**	20,579,880

The sanctioned limits against these top 10 exposures aggregated to Rs. 21,926 million (2022: Rs. 20,781 million).

	2023		2022	
	Amount	**Credit loss allowance / Provision held**	Amount	Provision Fund
Total funded classified therein	**(Rupees in '000)**			
Stage 1	**-**	**-**	-	-
Stage 2	-	-	-	-
Stage 3	**822,969**	**809,157**	-	-
OAEM	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	1,026,291	985,518
Total	**822,969**	**809,157**	1,026,291	985,518

44.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	Disbursements	Utilization: Punjab	Utilization: Sindh	Utilization: KPK including FATA	Utilization: Balochistan	Utilization: Islamabad	Utilization: AJK including Gilgit-Baltistan
	2023						
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	**35,384,465**	**14,435,470**	**18,998,995**	**950,000**	-	**1,000,000**	-
KPK including FATA	-	-	-		-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	**35,384,465**	**14,435,470**	**18,998,995**	**950,000**	-	**1,000,000**	-

Province / Region	Disbursements	Utilization: Punjab	Utilization: Sindh	Utilization: KPK including FAT	Utilization: Balochistan	Utilization: Islamabad	Utilization: AJK including Gilgit-Baltistan
	2022						
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	39,548,196	18,085,930	20,162,833	901,488	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	39,548,196	18,085,930	20,162,833	901,488	-	-	-

44.2 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.

Group 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 Group classifies its assets in banking and trading books as per guidelines from the SBP. The trading book includes mainly quoted equity portfolio under FVOCI and FVPL and mutual funds. Banking book includes mainly unquoted equity portfolio, associates, strategic investments, term finance certificates / sukuk and government bonds under FVOCI. Due to diversified nature of investments in banking book, it is subject to interest rate risk and equity price risk.

All investments excluding trading book are considered as part of banking book. Banking book includes:

- FVOCI investments

- Amortised cost investments

- Other strategic Investments

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 Group is using Basel-III standardised approach to calculate risk weighted assets against market risk exposures.

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

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

44.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	---(Rupees in '000)---------------------------------------					
Cash and balances with treasury banks	631,063	-	631,063	615,277	-	615,277
Balances with other banks	145,825	-	145,825	93,405	-	93,405
Lendings to financial institutions	-	-	-	9,823,727	-	9,823,727
Investments	1,041,875,728	3,933,355	1,045,809,083	721,837,806	2,450,113	724,287,919
Advances	53,845,272	-	53,845,272	49,598,009	-	49,598,009
Property and equipments	1,074,903	-	1,074,903	697,544	-	697,544
Intangible assets	13,211	-	13,211	19,238	-	19,238
Other assets	37,930,628	-	37,930,628	12,960,689	-	12,960,689
	1,135,516,630	3,933,355	1,139,449,985	795,645,694	2,450,113	798,095,808

44.2.2 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 Group exposure to this category of market risk is negligible.

44.2.3 Equity position Risk

It is the risk to earnings or capital that results from adverse changes in the value / price of equity related portfolios.

Equity price risk is the risk arising from unfavorable fluctuations in prices of shares in which the Group 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 Group 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.

Holding Company holds equity investments in both the FVOCI and FVPL portfolios. The realisation of short term capital gain is the principal objective of the FVPL portfolio while the FVOCI 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 FVPL and FVOCI 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 Group calculates Value at Risk (VaR) on a daily basis using Monte Carlo approach, Historical Method and Variance Covariance Approach.

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	--------------------------------------(Rupees in '000)---			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**7,052**	-	5,519
- Other comprehensive income	**3,028,192**	**189,616**	1,918,406	116,986

44.2.4 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 Group 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 Group 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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	**3,412,283**	**-**	812,859	-

44.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2023											
	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"	-	631,063	-	-	-	-	-	-	-	-	-	631,063
Balances with other banks	20.50	145,825	78,032	-	-	-	-	-	-	-	-	67,793
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	16.49	1,045,809,083	99,078,548	43,571,172	339,034,449	498,627,727	-	-	-	-	-	65,497,187
Advances	18.82	53,845,272	6,698,808	4,696,413	28,240,970	11,976,681	393,360	389,525	627,941	789,396	10,483	21,695
Other assets	-	25,651,250	-	-	-	-	-	-	-	-	-	25,651,250
		1,126,082,493	105,855,388	48,267,585	367,275,419	510,604,408	393,360	389,525	627,941	789,396	10,483	91,868,988
Liabilities												
Borrowings	21.9	1,026,530,216	945,539,992	1,241,911	33,467,704	4,187,322	12,677,280	10,974,312	14,900,531	3,541,164	-	-
Deposits and other accounts	21.98	19,270,777	8,335,626	769,582	3,430,624	6,734,945	-	-	-	-	-	-
Other liabilities -		3,570,603	-	-	-	-	-	-	-	-	-	3,570,603
		1,049,371,596	953,875,618	2,011,493	36,898,328	10,922,267	12,677,280	10,974,312	14,900,531	3,541,164	-	3,570,603
On-balance sheet gap		76,710,897	(848,020,230)	46,256,092	330,377,091	499,682,141	(12,283,920)	(10,584,787)	(14,272,590)	(2,751,768)	10,483	88,298,385
Off-balance sheet financial instruments												
Guarantee		2,481,045	-	2,481,045				-	-	-	-	-
Other commitments		15,755,781	-	-	-	-	-	-	-	-	-	15,755,781
Off-balance sheet gap		18,236,826	-	2,481,045	-	-	-	-	-	-	-	15,755,781
Total Yield/Interest Risk Sensitivity Gap			(848,020,230)	48,737,137	330,377,091	499,682,141	(12,283,920)	(10,584,787)	(14,272,590)	(2,751,768)	10,483	104,054,166
Cumulative Yield/Interest Risk Sensitivity Gap			(848,020,230)	(799,283,093)	(468,906,002)	30,776,139	18,492,219	7,907,432	(6,365,158)	(9,116,926)	(9,106,443)	-

	2022											
	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 -		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	-	40,818,233
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	49,444,800
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	45,636,172
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	57,023,383
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	-

Reconciliation of financial assets and financial liabilities with total assets and liabilities	**2023**	2022
	(Rupees in '000)	
Total financial assets as per note 44.2.5	**1,126,082,493**	792,412,113
Add: Non-financial assets		
Property and equipment	**1,074,903**	697,544
Intangibles	**13,211**	19,238
Other assets	**12,279,378**	4,966,913
Total assets as per the consolidated statement of financial position	**1,139,449,985**	798,095,808
Total financial liabilities as per note 44.2.5	**1,049,371,596**	744,737,001
Add: Non-financial liabilities		
Deferred tax liability	**12,535,675**	3,316,108
Other liability	**65,850**	101,468
Total financial liabilities as per the consolidated statement of financial position	**1,061,973,121**	748,154,577

44.3 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 Group. 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 Group has acquired state of the art operational risk solution "Risk Nucleus" from BenchMatrix Pvt. Ltd. The Group is currently using Basic Indicator Approach to calculate Operational risk weighted assets as per Basel III requirements for capital adequacy calculation.

44.3.1 Business Continuity Plan

The Group 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 Group to address emergency situations.

44.4 Liquidity Risk

It is the risk that the Group 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 Group 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 Group liquidity management is to ensure that all foreseeable funding commitments can be met when due. To limit this risk, the Group maintains statutory deposits with the central bank. The Group 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 Group 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.

44.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group.

	2023													
	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	631,063	-	180,688	150,125	300,250	-	-	-	-	-	-	-	-	-
Balances with other banks	145,825	-	145,825	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	1,045,809,083	-	-	-	248,509	-	1,216,337	83,710	15,027,572	502,163,232	148,204,097	147,329,160	155,925,810	75,610,656
Advances	53,845,272	14,505	38,881	-	691,168	334,044	849,861	10,861,645	2,839,512	6,127,696	6,746,175	6,753,050	8,875,954	9,712,781
Property and equipment	1,074,903	-	3,221	3,221	6,221	-	25,985	37,986	-	77,962	154,602	154,603	373,472	237,630
Intangible assets	13,211	-	55	55	110	220	220	661	661	661	2,643	2,642	5,283	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	37,930,628	-	248,009	80,907	242,021	-	24,674,762	490,470	-	12,011,691	49,027	-	3,132	130,609
	1,139,449,985	14,505	616,679	234,308	1,488,279	334,264	26,767,165	11,474,472	17,867,745	520,381,242	155,156,544	154,239,455	165,183,651	85,691,676
Liabilities														
Borrowings	1,026,530,216	-	217,314,291	577,256,995	150,968,706	89,734	1,152,177	33,467,704	1,572,673	2,614,649	12,677,280	10,974,312	14,900,531	3,541,164
Deposits and other accounts	19,270,777	-	202,412	3,596,109	4,537,102	578,000	191,582	3,430,623	3,279,949	3,455,000	-	-	-	-
Deferred tax liabilities	12,535,675	-	-	-	-	-	-	-	-	-	-	-	-	12,535,675
Other liabilities	3,636,453	-	402,218	14,805	1,297,347	-	1,636,380	1,445	-	4,534	92,428	41,136	146,160	-
	1,061,973,121	-	217,918,921	580,867,909	156,803,155	667,734	2,980,139	36,899,772	4,852,622	6,074,183	12,769,708	11,015,448	15,046,691	16,076,839
Net assets	77,476,864	14,505	(217,302,242)	(580,633,601)	(155,314,876)	(333,470)	23,787,026	(25,425,300)	13,015,123	514,307,059	142,386,836	143,224,007	150,136,960	69,614,837
Share capital	16,000,000													
Reserves	14,935,338													
Surplus on revaluation of assets	5,354,271													
Unappropriated profit	40,897,186													
Total equity attributable to the equity holders of the Holding Company	77,186,795													
Non-controlling interest	290,069													
	77,476,864													

	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	-	-	-	-	-	-	-	-	-	-	-
Lending 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	35,831,841
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	11,350,743
Property and equipment	697,544	-	1,964	1,964	3,927	7,854	7,854	23,562	23,564	23,565	94,258	94,258	172,095	242,679
Intangible assets	19,238	-	80	80	160	320	321	962	962	962	3,848	3,848	7,695	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	9,262
	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	17,417,854
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)													
Accumulated loss	22,492,648													
	49,941,231													

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group.

	2023									
	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	**631,063**	**631,063**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balances with other banks	**145,825**	**145,825**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Lending to financial institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments	**1,045,809,083**	**248,509**	**1,216,337**	**83,710**	**517,190,804**	**150,136,983**	**147,329,160**	**157,476,556**	**12,048,489**	**60,078,535**
Advances	**53,845,272**	**744,554**	**1,183,905**	**10,861,645**	**8,967,208**	**6,746,175**	**6,753,050**	**8,875,954**	**9,692,262**	**20,519**
Property and equipment	**1,074,903**	**12,882**	**25,764**	**38,646**	**77,301**	**154,603**	**154,603**	**373,473**	**33,947**	**203,684**
Intangible assets	**13,211**	**220**	**440**	**661**	**1,321**	**2,642**	**2,643**	**5,284**	**-**	**-**
Deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**37,930,628**	**570,938**	**24,674,762**	**490,471**	**12,011,691**	**49,028**	**-**	**3,133**	**9,722**	**120,883**
	1,139,449,985	**2,353,991**	**27,101,208**	**11,475,133**	**538,248,325**	**157,089,431**	**154,239,456**	**166,734,400**	**21,784,420**	**60,423,621**
Liabilities										
Borrowings	**1,026,530,216**	**945,539,992**	**1,241,911**	**33,467,704**	**4,187,322**	**12,677,280**	**10,974,312**	**14,900,531**	**3,541,164**	**-**
Deposits and other accounts	**19,270,777**	**8,335,623**	**769,582**	**3,430,623**	**6,734,949**	**-**	**-**	**-**	**-**	**-**
Deferred tax liabilities	**12,535,675**	**1,878,871**	**-**	**-**	**(126,175)**	**464,169**	**-**	**1,425,854**	**(2,728,454)**	**11,621,410**
Other liabilities	**3,636,453**	**1,714,370**	**1,636,380**	**1,445**	**4,534**	**92,428**	**41,136**	**146,160**	**-**	**-**
	1,061,973,121	**957,468,856**	**3,647,873**	**36,899,772**	**10,800,630**	**13,233,877**	**11,015,448**	**16,472,545**	**812,710**	**11,621,410**
Net assets	**77,476,864**	**(955,114,865)**	**23,453,335**	**(25,424,639)**	**527,447,695**	**143,855,554**	**143,224,008**	**150,261,855**	**20,971,710**	**48,802,211**
Share capital	**16,000,000**									
Reserves	**14,935,338**									
Surplus on revaluation of assets	**5,354,271**									
Unappropriated profit	**40,897,186**									
Total equity attributable to the equity holders of the Holding Company	**77,186,795**									
Non-controlling interest	**290,069**									
	77,476,864									

	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
Assets	(Rupees in '000)									
Cash and balances with treasury banks	615,277	615,277	-	-	-	-	-	-	-	-
Balances with other banks	93,405	93,405	-	-	-	-	-	-	-	-
Lending 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
Property and equipment	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	-	-
Deferred tax assets		-	-	-	-	-	-	-	-	-
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 liability	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)
Accumulated loss	22,492,648
	49,941,231

45 The corresponding figures have been reclassified / rearranged wherever necessary. There have been no significant reclassification during the current year other than the matters disclosed in notes 5.1 and 5.2 to these consolidated financial statements.

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on March 04, 2024.

47 NON-ADJUSTING EVENT

The Board of Directors of the Holding Company has proposed cash dividend of Rs. 1,331 million (2022: Rs.1,210 million) for the year ended December 31, 2023 in their meeting held on March 04, 2024. 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, 2023

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

Pak Kuwait

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