Annual Report 2024

Pak Kuwait

Pakistan Kuwait Investment Company (Private) Limited

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 46.7 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.

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

Board of Directors

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

Executive Committee

Mr. Mohammad A. M. Al-Fares
Member

Mr. Saad Ur Rahman Khan
Member

Audit Committee

Mr. Jasem A. Al-Hajry
Chairman

Mr. Abdullah Salah A. Al-Sayer
Member

Mr. Naveed Alauddin
Member

Mr. Mansoor Masood Khan
Member

Risk Management Committee

Mr. Mansoor Masood Khan
Chairman

Mr. Abdullah Salah A. Al-Sayer
Member

Mr. Naveed Alauddin
Member

Human Resource & Remuneration Committee

Mr. Abdullah Salah A. Al-Sayer
Chairman

Mr. Mansoor Masood Khan
Member

Mr. Jasem A. Al-Hajry
Member

MANAGEMENT (in alphabetical order)

Saad Ur Rahman Khan	Managing Director
Atif Anwer	Group Head Treasury, Capital Market & Financial Institutions
Ayesha Umer	Group Head Corporate & Investment Banking
Imran Saeed	Head Islamic Finance Division
Mazhar Sharif	Head Internal Audit
Mohammed Naeem	Company Secretary
Mufti Mansoor Rais	Resident Shariah Advisor
Muhammad Farooq Naseem	Chief Risk Officer
Muhammad Hammad Anwar	Group Head Human Resource & GSSD
Naveed Ahmed Khan Lodhi	Group Head Compliance
Samiullah Tariq	Group Head Research & Product Development
S.M Ehtesham Mukhtar	Group Head Information Technology
Tamim Shabbir	Chief Financial Officer
Zafar Hussain Gardezi	Group Head Operations
Zahid Saleem	Group Head Special Asset Management & Legal

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 l UAN: (92-21) 111-611-611 l Fax: (92-21) 35630940
E-mail: info@pkic.com l Website: www.pkic.com

REPRESENTATIVE OFFICE LAHORE

Tricon Corporate Center, 6th Floor, Office # 601,
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Ph: (92-42) 35781726-27
UAN: (92-42) 111-611-611
Fax: (92-42) 35781725

Chairman's Message

I am pleased to present the performance of Pakistan Kuwait Investment Company (Private) Limited (PKIC) for the year ended 31 December 2024. PKIC has demonstrated strong results, achieving a Profit After Tax of PKR 12.44 billion, a 24% increase from the previous year. Total assets were recorded at PKR 553 billion, as compared to PKR 1,083 billion in the prior year.

Despite economic challenges, PKIC remained focused on supporting the country's economic growth through strategic financing and investment in key sectors driving industrial and infrastructure development.

A major highlight was the launch of our dedicated Islamic Finance Division (IFD), marking a key milestone in our commitment to offering Shariah-compliant financial solutions. Leveraging our reputation in the Islamic finance market, the IFD attracted a diverse range of clients and provided tailored financial products and services in full adherence to Islamic principles.

PKIC's capital market performance was outstanding, benefiting from improved macroeconomic indicators that created a favorable investment climate. Capitalizing on these conditions, PKIC surpassed its budgeted targets, generating significant capital gains and dividend returns. PKIC strategically leveraged the upward market trend, positioning itself to maximize gains and deliver exceptional results. The combination of a robust market outlook and PKIC's astute investment strategies has solidified its strong standing in the capital markets.

Additionally, PKIC is progressing rapidly with the development of Raqami Islamic Digital Bank, a joint venture with Kuwait Investment Authority and Enertech Holding Company KSC. Currently in its Pre-Pilot Stage, the bank is set to become a leading Shariah-compliant digital banking entity, designed to enhance financial inclusion, especially for SMEs, agriculture, and underserved populations, with a focus on empowering women.

Throughout the year, PKIC also prioritized its employees' growth and well-being, fostering a culture of professional development and inclusivity. We continued to make meaningful contributions to social responsibility initiatives, particularly in the sectors of Health and Education, reflecting our dedication to creating a positive impact in the communities we serve.

I extend my sincere appreciation to the management, shareholders, and employees for their unwavering dedication, commitment, and resilience. As we look to the future, I am confident that PKIC will continue to build on this solid foundation, driving further growth, innovation, and success.

Mr. Mohammad A. M. Al-Fares
Chairman

Date: March 04, 2025

چیئرمین کا پیغام

میں پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC) کی 31 دسمبر 2024 کو اختتام پذیر ہونے والے سال کی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ PKIC نے مضبوط نتائج کا مظاہرہ کیا ہے، جس میں 12.44 ارب پاکستانی روپے کا بعد از ٹیکس منافع حاصل کیا گیا، جو گزشتہ سال کے مقابلے میں 24 فیصد اضافہ ہے۔ کل اثاثے 553 ارب روپے ریکارڈ کیے گئے، جبکہ گزشتہ سال یہ رقم 1,083 ارب روپے تھی۔

معاشی چیلنجوں کے باوجود، PKIC نے صنعتی اور بنیادی ڈھانچے کی ترقی کو فروغ دینے والے اہم شعبوں میں اسٹریٹجک فنانسنگ اور سرمایہ کاری کے ذریعے ملک کی معاشی ترقی میں معاونت پر توجہ مرکوز رکھی۔

ایک بڑی خصوصیت ہمارے مختص اسلامی مالیات ڈویژن (IFD) کا آغاز تھا، جس سے شریعت کے مطابق مالی حل فراہم کرنے کے ہمارے وعدے میں اہم سنگ میل حاصل ہوا۔ اسلامی مالیاتی مارکیٹ میں ہماری شہرت کا استعمال کرتے ہوئے، IFD نے متنوع کلائنٹس کو اپنی طرف راغب کیا اور اسلامی اصولوں کی مکمل پاسداری کے ساتھ مخصوص مالی مصنوعات اور خدمات فراہم کیں۔

PKIC کی کیپٹل مارکیٹ کارکردگی شاندار رہی، جس نے بہتر معاشی عوامل کے پیدا کردہ سرمایہ کاری کے سازگار ماحول سے فائدہ اٹھایا۔ ان حالات کا بھرپور طریقے سے استعمال کرتے ہوئے، PKIC نے اپنے بجٹ کے اہداف عبور کر لیے اور نمایاں سرمایہ جاتی فوائد اور ڈیویڈنڈ پر منافع جات حاصل کیے۔ مارکیٹ کی مثبت پیشنگوئی اور PKIC کی سرمایہ کاری کی زیرک حکمت عملیوں کے امتزاج نے کیپیٹل مارکیٹ میں کمپنی کی مضبوط حیثیت مزید مستحکم کر دی ہے۔

مزید برآں، PKIC راقمی اسلامی ڈیجیٹل بینک کو تیزی سے فروغ دے رہا ہے، جو کہ کویت انویسٹمنٹ اتھارٹی اور اینرٹک ہولڈنگ کمپنی KSC کے ساتھ مشترکہ منصوبہ ہے۔ فی الحال پری-پائلٹ اسٹیج میں، یہ بینک شریعت سے ہم آہنگ ڈیجیٹل بینکنگ کا ایک معروف ادارہ بننے کے لیے تیار ہے، جو مالی شمولیت بڑھانے کے لیے ڈیزائن کیا گیا ہے، خاص طور پر چھوٹے اور درمیانے درجے کے کاروبار (SMEs)، زراعت، اور محروم طبقات کے لیے، جس میں خواتین کو بااختیار بنانے پر خصوصی توجہ دی گئی ہے۔

سال کے دوران، PKIC نے اپنے ملازمین کی ترقی اور بہبود کو ترجیح دی، پیشہ ورانہ ترقی اور شمولیت کے کلچر کو فروغ دیا۔ ہم نے سماجی ذمہ داری کے اقدامات میں بامعنی شراکت جاری رکھی، خاص طور پر صحت اور تعلیم کے شعبوں میں، جو ہماری خدمات سے استفادہ کرنے والے افراد پر مثبت اثرات مرتب کرنے کے ہمارے عزم کی عکاسی کرتا ہے۔

میں انتظامیہ، شیئر ہولڈرز، اور ملازمین کی بے لوث لگن، عزم، اور استقامت کا خلوص دل سے شکریہ ادا کرتا ہوں۔ مستقبل کی طرف دیکھتے ہوئے، مجھے پختہ یقین ہے کہ PKIC اس مضبوط بنیاد پر مزید ترقی، جدت اور کامیابی حاصل کرتا رہے گا۔

محمد اے-ایم-الفارس

چیرمین

بتاریخ 04 مارچ، 2025

رسالة رئيس مجلس الإدارة

يسعدني أن أقدم أداء شركة باكستان الكويت للاستثمار (الخاصة) المحدودة (PKIC) للسنة المنتهية في 31 ديسمبر 2024. لقد حققت PKIC نتائج قوية، حيث سجلت ربحًا بعد الضرائب بقيمة 12.44 مليار روبية باكستانية، مما يمثل زيادة بنسبة 24% مقارنة بالعام السابق. كما بلغت إجمالي الأصول 553 مليارروبية باكستانية، مقارنةً بـ 1,083 مليارروبية باكستانية في العام الماضي.

وعلى الرغم من التحديات الاقتصادية، ظلت PKIC ملتزمة بدعم النمو الاقتصادي للبلاد من خلال التمويل الاستراتيجي والاستثمار في القطاعات الحيوية التي تعزز التنمية الصناعية والبنية التحتية.

ومن أبرز الإنجازات لهذا العام إطلاق قسم التمويل الإسلامي، مما يمثل خطوة بارزة في التزامنا بتقديم حلول مالية متوافقة مع الشريعة الإسلامية. واستنادًا إلى سمعتنا القوية في سوق التمويل الإسلامي، استطاع القسم جذب مجموعة متنوعة من العملاء وتقديم منتجات وخدمات مالية مخصصة تتماشى بالكامل مع المبادئ الإسلامية.

كما كان أداء PKIC في أسواق رأس المال متميزًا، حيث استفادت الشركة من تحسن المؤشرات الاقتصادية الكلية التي ساهمت في خلق بيئة استثمارية مواتية. وبفضل هذه الظروف الإيجابية، تجاوزت PKIC أهدافها المخططة، محققةً مكاسب رأسمالية كبيرة وعوائد أرباح مجزية. وقد مكّن النهج الاستراتيجي للشركة من الاستفادة من الاتجاه التصاعدي للأسواق، مما ساهم في تعزيز مكانتها القوية في قطاع أسواق رأس المال.

بالإضافة إلى ذلك، تواصل PKIC تقدمها السريع في تطوير بنك رقمي إسلامي "رقمي"، وهو مشروع مشترك مع الهيئة العامة للاستثمار الكويتية وشركة إنرتك القابضة KSC. ويُعد البنك حاليًا في المرحلة التجريبية الأولية، ومن المتوقع أن يصبح كيانًا رائدًا في مجال الصيرفة الرقمية المتوافقة مع الشريعة الإسلامية وذلك بهدف تعزيز الشمول المالي، خاصة للشركات الصغيرة والمتوسطة، والزراعة، والفئات غير المشمولة بالخدمات المصرفية، مع تركيز خاص على تمكين المرأة.

طوال العام، أولت PKIC اهتمامًا كبيرًا بنمو موظفيها ورفاهيتهم، وعززت ثقافة التطوير المهني والشمولية. كما استمررت الشركة مساهماتها الفاعلة في مبادرات المسؤولية الاجتماعية، لا سيما في قطاعي الصحة والتعليم، تأكيدًا على التزامها بإحداث تأثير إيجابي في المجتمعات التي تخدمها.

وفي الختام، أتوجه بخالص التقدير للإدارة والمساهمين والموظفين على تفانيهم الراسخ والتزامهم وجهودهم المخلصة. ومع تطلعنا إلى المستقبل، فإنني واثق من أن PKIC ستواصل البناء على هذا الأساس المتين، لتحقيق المزيد من النمو والابتكار والنجاح.

محمد الفارس

رئيس مجلس الإدارة

التاريخ: 04 مارس، 2025

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 2024, together with the Auditors' Report thereon.

Company Performance

For the Year (PKR million)	2024	2023
Net Markup Income	2,218	6,047
Non Markup Income	17,115	9,385
Total Income	19,333	15,432
Operating Expenses	2,381	2,344
Profit before provisions	16,952	13,087
(Reversal)/Credit Loss Allowance/Provisions	(30)	(146)
Profit Before Taxation	16,982	13,233
Taxation	4,536	3,232
Profit After Taxation	12,446	10,001

At Year end (PKR million)	2024	2023
Total Assets	553,341	1,083,672
Liabilities	506,606	1,049,379
Share Capital	16,000	16,000
Reserves and Un-appropriated Profit	30,735	18,293

The Company earned a Profit after Tax of PKR 12.4 billion for the year ended 31 December 2024, as against PKR 10.0 billion during the previous year. The increase of 24% 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 decreased by 63% YoY to PKR 2.2 billion. This result was due to lower investments in government securities and adverse interest rate scenario.

Non-markup-based income increased from PKR 9.4 billion last year to PKR 17.1 billion in 2024, showing an increase of 82% YoY, due to a 92% YoY increase in dividend income mainly from our associates along with record fee income of PKR 200mn an increase of 139% over 2023.

Total Assets of the Company decreased to PKR 553 billion as of 31 December 2024, compared to PKR 1,084 billion at the end of last year. Balance sheet footing has decreased as investments in government securities, that were maturing during the year, were not rolled over due to a sharp reduction in policy rate.

ECONOMIC REVIEW 2024

Pakistan's GDP growth rebounded to 2.4% YoY in FY24, supported by activity in agriculture, while inflation has receded significantly, amid appropriately tight fiscal and monetary policies. Contained current account and calm forex market helped rebuilding of reserve buffers. Reflecting disinflation and steadier domestic and external conditions, SBP has reduced the policy rate by a total of 900 bps since June, with the policy rate currently standing at 13%.

IMF's Executive Board approved the 37-month Extended Fund Facility (EFF) in Sep-2024. The program may likely be the largest EFF Program (if fully availed) by Pakistan at USD 7.1 billion, with USD 1 billion already disbursed. GDP growth is projected to continue to increase gradually, with economic growth for FY25 expected around 3%. Provisional GDP growth for 1QFY25 is 0.9%, where agriculture is 1.1% & services 1.4%, whereas industry contracted by 1%.

Imports during 1HFY25 increased by 6.5% YoY to USD 27.8 billion, while exports have increased by 11% to USD 16.6 billion. Consequently, the trade deficit increased by 0.5% to USD 11.2 billion. Industrial output as gauged by the large-scale manufacturing (LSM) index declined by 1.25% during 5MFY25.

Remittances during 1HFY25 have surged 33% YoY to USD 17.8 billion, as the government's efforts to curb the grey market and incentivize formal channels have started to bear fruit. The current account recorded a surplus of USD 944 million during 5MFY25 as compared to a deficit of USD 1.7 billion during SPLY, mainly reflecting the increase in remittances.

Foreign exchange reserves have grown over the year and the exchange rate has remained stable, with the PKR marginally appreciating by 1.2% against the greenback on a year over year basis. As of December 2024, foreign exchange reserves with SBP increased 42% YoY to USD 11.7 billion, while the PKR closed the year at PKR 278.55/USD as compared to PKR 281.86/USD in Dec'23.

Exchange rate stability, coupled with relatively subdued commodity prices, has kept inflation in single digits since Aug'24. CPI eased to 4.1% YoY in Dec'24 as compared to 30% in Dec'23. Cumulative CPI for 1HFY25 is 7.3% as compared to 29% during SPLY. Amid a decline in interest rates, Pakistan equities prevailed as one of the best performing markets in the world, with the KSE-100 surging 85% during 2024, closing the year at a record 115,000 points level.

Future Outlook

PKIC aims to continue its growth trajectory while remaining cautious. During 2025, the Company will keep up the momentum with a primary focus on project financing, syndication, advisory & treasury operations. PKIC plans to continue supporting Pakistan's economy through investments in strategic sectors of the economy while upholding the emphasis on improving profitability. In terms of new initiatives, PKIC's Islamic Finance Division has commenced business operations during the period. Further, Raqami Islamic Digital Bank, a subsidiary of PKIC, after receiving in-principle approval from SBP, is in Pre-Pilot Stage and is moving towards operational readiness.

Dividend

The Board of Directors is pleased to recommend a cash dividend of PKR 1,500 million for the year ended 31 December 2024.

Earnings per Share

The basic and diluted earnings per share have increased to PKR 19,447 from PKR 15,627 on share of PKR 25,000/- each.

Risk Management Framework

The company has developed a robust and comprehensive risk management framework aimed at identifying and mitigating risks at the organizational level. This framework is supported by strong oversight from the Board of Directors, effective management supervision, and well-established systems. The Board has the responsibility in setting the overall strategic direction and ensuring the framework's effectiveness in mitigating risks. To assist in fulfilling this responsibility, the Board is supported by sub-committees, including the Risk Management Committee (RMC) and the Board Audit Committee (BAC). Additionally, at the senior management level, several committees are entrusted with overseeing the strategic initiatives, processes, and execution of risk management efforts across the organization.

The company has adopted the Three Lines of Defense model as a foundation of its risk management approach, ensuring a structured and effective framework for identifying, managing, and mitigating risks. This model delineates clear roles and responsibilities across three distinct layers: the first line, which consists of Business line management responsible for day-to-day risk management; the second line, which includes risk management and compliance functions that provide oversight and guidance; and the third line, represented by internal audit, which offers independent assurance on the effectiveness of risk management processes. The importance of this model lies in its ability to create a layered, collaborative approach to risk management, ensuring that risks are appropriately identified, managed, and mitigated at every level of the organization, while maintaining a system of checks and balances to enhance accountability and transparency.

Credit risk is managed through Board approved policies. Strong credit approval process and Internal risk rating models are in place to ensure booking of quality assets and the monitoring of the portfolio. PKIC also lays 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 Risk and Liquidity Risk is managed through Board approved polices which contain action plans to strengthen the respective risk management systems. 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.

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 fully implemented IFRS 9 "Financial Instruments". 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 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).

Sustainability Assessment

The Company is committed to a robust Environmental and Social Risk Management (ESRM) strategy and framework, designed to identify, assess, and mitigate risks related to environmental and social impacts throughout our operations. The framework includes conducting environmental and social due diligence in line with international standards and regulatory guidelines, and categorizing transactions as high, medium and low as per the Environmental and Social Risk Rating (ESRR) Model. This proactive and structured approach ensures responsible environmental and social risk management and supports the organization's commitment to sustainability and long-term value creation. Pertinent to mention that the latest guidelines on Environment and Social Risk Management (ESRM) framework is duly covered in our Board approved policy on Green Banking.

Measures to Promote Diversity, Equity and Inclusion (DE&I)

PKIC has policies that promote diverse hiring practices, equitable pay, and career advancement opportunities for all groups at the organization. The strategy is regularly reviewed and updated to reflect changing societal norms and the company's evolving goals.

PKIC fosters an inclusive culture where all employees feel valued, respected, and empowered to contribute. This is evident through initiatives like employee resource groups, diversity training programs, and inclusive communication practices that ensure everyone's voice is heard and appreciated.

PKIC holds itself accountable for its DEI commitments by setting measurable goals and tracking progress. This includes regular reporting on diversity metrics, conducting employee surveys to gauge inclusivity, and holding leaders responsible for advancing DEI objectives.

PKIC actively engages with the broader community to promote DEI beyond its own walls, including partnerships organizations to support social justice initiatives, and advocating for equity and inclusion. PKIC aims to position itself as a leader in DEI by leveraging its influence to drive positive change.

Further, PKIC has recently been honored by an internationally recognized “Global Diversity, Equity & Inclusion Benchmarks Awards – 2024” for falling under the category of exercising “Best Practice” in the organization with respect to Work-Life Integration, Flexibility and Benefits.

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 at 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

Five meetings of the Board of Directors of the Company were held in the year 2024 as per following schedule:

1st Meeting	March 04, 2024
2nd Meeting	April 25, 2024
3rd Meeting	August 29, 2024
4th Meeting	October 29, 2024
5th Meeting	December 4, 2024

Audit Committee Meetings

Four meetings of the Audit Committee of the Company were held in the year 2024 as per following schedule:

1st Meeting	March 03, 2024
2nd Meeting	April 24, 2024
3rd Meeting	August 28, 2024
4th Meeting	October 29, 2024

Risk Management Committee Meetings

Four meetings of the Risk Management Committee of the Company were held in the year 2024 as per following schedule:

1st Meeting	March 03, 2024
2nd Meeting	April 24, 2024
3rd Meeting	August 28, 2024
4th Meeting	October 28, 2024

Executive Committee Meeting

Four meetings of the Executive Committee of the Company were held in the year 2024 as per following schedule:

1st Meeting	March 03, 2024
2nd Meeting	April 25, 2024
3rd Meeting	August 29, 2024
4th Meeting	October 29, 2024

Human Resource & Remuneration Committee Meeting

Five meetings of the Human Resource & Remuneration Committee of the Company were held in the year 2024 as per following schedule:

1st Meeting	March 04, 2024
2nd Meeting	April 24, 2024
3rd Meeting	June 06, 2024
4th Meeting	August 28, 2024
5th Meeting	October 28, 2024

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)*	5	5
Mr. Jasem A. Al-Hajry - Member *(Non-Executive Director)*	5	5
Mr. Naveed Alauddin - Member *(Non-Executive Director)*	5	5
Mr. Abdullah Salah A. Al-Sayer – Member *(Non-Executive Director)*	5	5
Mr. Mansoor Masood Khan – Member (*Non-Executive Director*)	5	5
Mr. Saad Ur Rahman Khan – Member (Executive Director / Managing Director)	5	5

Risk Management Committee Meeting Details:

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

Audit Committee Meeting Details:

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

Executive Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Mohammad A. M. Al-Fares – Member	4	4
Mr. Saad Ur Rahman Khan – Member	4	4

Human Resource & Remuneration Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Abdullah Salah A. Al-Sayer - Chairman	5	5
Mr. Jasem A. Al-Hajry - Member	5	5
Mr. Mansoor Masood Khan - Member	5	5

Summarized Operating and Financial Data for the last six years:

(PKR Million)	2024	2023	2022	2021	2020*	2019*
Paid up Capital	16,000	16,000	16,000	16,000	10,000	10,000
Reserves	30,735	18,293	4,644	3,786	27,717	23,535
Total Assets	553,341	1,083,672	764,909	108,886	106,825	65,781
Profit before tax	16,982	13,233	4,311	3,775	7,818	5,768
Profit after tax	12,446	10,001	2,963	3,001	6,344	4,743
Cash Dividend	1,500	1,331	1,210	1,100	1,000	800
Stock Dividend	-	-	-	6,000	-	4,000

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

* For the purpose of comparisons, the figures for the years 2019-2020 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, 2024 according to their respective un-audited accounts were PKR 541.281 million and PKR 282.127 million, respectively. Investment of Provident Fund and Gratuity Fund amounted to PKR 404.792 million and PKR 194.676 million respectively, as at December 31, 2023 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, 2025.

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. 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

Mohammad A. M. Al-Fares
Chairman

Saad Ur Rahman Khan
Managing Director

Date: March 04, 2025
Karachi

ڈائریکٹرز رپورٹ

پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC)، کمپنی (کے ڈائریکٹرز 31 دسمبر 2024 کو اختتام پزیر ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کررہے ہیں، جن میں کمپنی کے تفصیلی مالیاتی نتائج کے ساتھ گروپ کے اجتماعی مالیاتی گوشواروں کے ہمراہ آڈیٹرز کی رپورٹ بھی شامل ہے۔

کمپنی کی کارکردگی

برائے سال (ملین روپے)	2024	2023
مارک اپ کی مد میں خالص آمدنی	2,218	6,047
مارک اپ کے علاوہ آمدنی	17,115	9,385
مجموعی آمدنی	19,333	15,432
آپریٹنگ اخراجات	2,381	2,344
احتیاطی رقوم سے قبل منافع	16,952	13,087
(واپسی) /قرض پر نقصان کی گنجائش/احتیاطی رقوم	(30)	(146)
قبل از ٹیکس منافع	16,982	13,233
ٹیکس کی مد میں ادائیگی	4,536	3,232
بعد از ٹیکس منافع	12,446	10,001

اختتام سال پر (ملین روپے)	2024	2023
مجموعی اثاثے	553,341	1,083,672
واجب الادا قرضے	506,606	1,049,379
حصصی سرمایہ	16,000	16,000
ذخائر اور غیر صرف شدہ منافع	30,735	18,293

کمپنی نے 31 دسمبر 2024 کو اختتام پذیر ہونے والے سال کے لیے 12.4 ارب پاکستانی روپے بعد ازٹیکس منافع حاصل کیا، جبکہ گزشتہ سال یہ رقم 10.0 ارب روپے تھی۔ بعد ازٹیکس منافع میں 24 فیصد سالانہ اضافہ بنیادی طور پر مرکزی کاروباری سرگرمیوں سے آمدنی میں اضافے اور ہمارے وابستہ اداروں سے ڈیویڈنڈ کی مد میں حاصل ہونے والی آمدنی میں اضافے کی وجہ سے ہوا۔

کمپنی کی مارک اپ پر مبنی خالص آمدنی میں 63 فیصد سالانہ کمی واقع ہوئی، جو 2.2 ارب روپے رہ گئی۔ اس کمی کی وجہ حکومتی سیکیورٹیز میں سرمایہ کاری میں کمی اور سود کی غیر موافق شرحیں تھیں۔

مارک اپ کے علاوہ آمدنی گزشتہ سال کے 9.4 ارب روپےسے بڑھ کر 2024 میں 17.1 ارب روپے ہو گئی، جو 82 فیصد سالانہ اضافے کی عکاسی کرتی ہے۔ یہ اضافہ بنیادی طور پر ہمارے وابستہ اداروں سے ڈیویڈنڈ کی مد میں حاصل ہونے والی آمدنی میں 92 فیصد سالانہ اضافے اور فیس کی مد میں 200 ملین روپے کی ریکارڈ آمدنی کی وجہ سے ہوا، جو 2023 کے مقابلے میں 139 فیصد زیادہ رہی ۔

31دسمبر 2024 تک کمپنی کے مجموعی اثاثے 553 ارب روپے رہ گئے، جبکہ گزشتہ سال کے اختتام پران کی مالیت 1,084 ارب روپے تھی۔ بیلنس شیٹ کے حجم میں کمی کی وجہ یہ تھی کہ پالیسی ریٹ میں تیزی سے کمی کی وجہ سے سال کے دوران میچور ہونے والی حکومتی سیکیورٹیز میں سرمایہ کاری کی تجدید نہیں کی گئی ۔

اقتصادی جائزہ 2024

پاکستان کی جی ڈی پی نمو مالی سال 2024 میں سال بہ سال بنیاد پر2.4 فیصد تک بحال ہوئی، جس میں زراعت کے شعبے کی سرگرمیوں نے اہم کردار ادا کیا۔ اسی دوران، مناسب سخت مالیاتی اور مالی پالیسیوں کی وجہ سےافراطِ زر میں نمایاں کمی واقع ہوئی۔ محدود رکھے گئے کرنٹ اکاؤنٹ اور فارن ایکسچینج مارکیٹ میں استحکام نے زرمبادلہ کے ذخائرکی تعمیر ِ نو میں مدد دی۔ افراطِ زر میں کمی اور اندرونی و بیرونی حالات میں استحکام کی عکاسی کرتے ہوئے، اسٹیٹ بینک آف پاکستان نے جون سے اب تک پالیسی ریٹ میں کل 900 بنیادی پوائنٹس کی کمی کی ہے، اور موجودہ پالیسی ریٹ 13 فیصد پر برقرار ہے۔

آئی ایم ایف کے ایگزیکٹیو بورڈ نے ستمبر 2024 میں 37 ماہ کےایکسٹینڈڈ فنڈ فیسیلیٹی (EFF) پروگرام کی منظوری دی۔ یہ پروگرام پاکستان کا سب سے بڑا EFF پروگرام ہو سکتا ہے (اگر مکمل طور پر استعمال کیا جائے)، جس کی کل مالیت 7.1 ارب ڈالر ہے، جس میں سے 1 ارب ڈالر پہلے ہی جاری کر دیے گئے ہیں۔

جی ڈی پی کی نمو میں بتدریج اضافہ ہونے کی پیش گوئی کی گئی ہے، جبکہ مالی سال 25 20 کے لیے اقتصادی نمو تقریباً 3 فیصد رہنے کی توقع ہے۔ مالی سال 2025 کی پہلی سہ ماہی کے لیے جی ڈی پی کی عبوری نمو 0.9 فیصد ہے، جس میں زرعی شعبے کی نمو 1.1 فیصد اور خدمات کے شعبے کی نمو 1.4 فیصد رہی، جبکہ صنعتی نمو 1 فیصد تک کم ہوگئی ۔

مالی سال 2025 کی پہلی ششماہی کے دوران درآمدات میں سال بہ سال بنیاد پر 6.5 فیصد اضافہ ہوا ہے اور یہ 27.8 ارب امریکی ڈالر تک پہنچ گئیں، جبکہ برآمدات میں 11 فیصد اضافہ ہوا ہے اور یہ 16.6 ارب امریکی ڈالر تک پہنچ گئیں۔ نتیجتاً تجارتی خسارہ 0.5 فیصد بڑھ کر 11.2 ارب امریکی ڈالر ہو گیا۔ لارج اسکیل مینوفیکچرنگ (ایل ایس ایم) انڈیکس کے ذریعے پیمائش کے مطابق صنعتی پیداوار میں مالی سال 2025 کے پہلے پانچ ماہ کے دوران 1.25 فیصد کی کمی واقع ہوئی۔

مالی سال 2025 کی پہلی ششماہی کے دوران ترسیلات ِزر میں 33 فیصد اضافہ ہوا ہے اور یہ 17.8 ارب امریکی ڈالر تک پہنچ گئیں، کیونکہ غیر قانونی مارکیٹ کنٹرول کرنے اور رسمی چینلز کو مراعات دینے سے حکومت کی کوششیں کامیاب ہو رہی ہیں۔ مالی سال 2025 کے پہلے پانچ ماہ کے دوران کرنٹ اکاؤنٹ میں 944 ملین امریکی ڈالر کا سرپلس ریکارڈ کیا گیا ہے جبکہ پچھلے سال کی اسی مدت میں 1.7 ارب امریکی ڈالر کا خسارہ تھا، جو بنیادی طور پر ترسیلاتِ زر میں اضافہ ظاہر کرتا ہے۔

زرمبادلہ کے ذخائر سال بھر میں بڑھے ہیں اور تبادلہ کی شرح مستحکم رہی ہے، جبکہ سالانہ بنیادوں پر امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر 1.2 فیصد بہتر ہوئی ہے۔ دسمبر 2024 تک، اسٹیٹ بینک آف پاکستان کے پاس زرمبادلہ کے ذخائر 42 فیصد اضافے کے ساتھ 11.7 ارب امریکی ڈالر تک پہنچ گئے، جبکہ دسمبر 2023 میں پاکستانی روپے کی قدر 281.86 فی امریکی ڈالر کے مقابلے میں 278.55 فی امریکی ڈالر پر بند ہوئی۔

مستحکم شرح مبادلہ اور شرح اجناس کی نسبتاً کم قیمتوں نے مل کر اگست 2024 سے افراط زر کو واحد ہندسے میں رکھا ہوا ہے۔ دسمبر 2024 میں صارفین کی قیمتوں کا اشاریہ سال بہ سال بنیاد پر 4.1 (CPI) فیصد تھا جو دسمبر 2023 میں 30 فیصد تھا۔ مالی سال 2025 کی پہلی ششماہی میں مجموعی CPI 7.3 فیصد تھا جبکہ پچھلے سال کی اسی مدت میں یہ 29 فیصد تھا۔ شرح سود میں کمی کے ہوتے ہوئے ، پاکستان کے اسٹاکس ایکسچینج دنیا کی بہترین کارکردگی دکھانے والی مارکیٹوں میں شامل رہے، جس میں KSE 100-انڈیکس 2024 کے دوران 85 فیصد بڑھ کر سال کے اختتام پر 115,000 پوائنٹس کی ریکارڈ سطح پر بند ہوا۔

مستقبل کا منظر نامہ

PKIC محتاط رہتے ہوئے ترقی کی راہ پر گامزن رہنے کا ہدف رکھتی ہے۔ 2025 کے دوران، کمپنی منصوبوں کی مالی معاونت، سنڈیکیشن، مشاورت اور ٹریژری آپریشنز پر بنیادی توجہ کے ساتھ اپنی تیزرفتار برقرار رکھے گی۔ PKIC پاکستان کی معیشت کی معاونت جاری رکھنے کا منصوبہ رکھتی ہے تاکہ معیشت کے کلیدی شعبوں میں سرمایہ کاری کے ذریعے منافع میں بہتری لائی جا سکے۔ نئے اقدامات کے لحاظ سے، PKIC کا اسلامی فنانس ڈویژن اس مدت کے دوران کاروباری آپریشنز کا آغاز کر چکا ہے۔ مزید برآں، PKIC کا ذیلی ادارہ، رقمی اسلامی ڈیجیٹل بینک، جسے اسٹیٹ بینک آف پاکستان سے عارضی منظوری مل چکی ہے، پری پائلٹ مرحلے میں ہے اور آپریشنل تیاری کی جانب بڑھ رہا ہے۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز بصد مسرت 31 دسمبر 2024 کواختتام پذیر ہونے والے سال کے لیے 1,500 ملین روپے کے کیش ڈیویڈنڈ کی سفارش کرتا ہے۔

فی شیئر آمدنی

25,000روپے فی شیئر پر بنیادی اور تحلیل شدہ فی شیئر آمدنی 15,627 روپے سے بڑھ کر 19,447 روپے تک پہنچ گئی ہے۔

رسک منیجمنٹ فریم ورک

کمپنی نے ایک مضبوط اور جامع رسک مینجمنٹ فریم ورک تیار کیا ہے جس کا مقصد تنظیمی سطح پر خطرات کی شناخت اور انھیں کم کرنا ہے۔ یہ فریم ورک بورڈ آف ڈائریکٹرز کی مضبوط نگرانی، مؤثر انتظامی دیکھ بھال، اور اچھی طرح سے قائم شدہ نظاموں کی معاونت کا حامل ہے۔ بورڈ کی ذمہ داری ہے کہ وہ مجموعی حکمت عملی کی سمت کا تعین کرے اور خطرات کی کمی میں فریم ورک کا مؤثر ہونا یقینی بنائے۔ یہ ذمہ داری پوری کرنے میں مدد دینے کے لیے، ذیلی کمیٹیوں، بشمول رسک مینجمنٹ کمیٹی (RMC) اور بورڈ آڈٹ کمیٹی (BAC) کی طرف سے بورڈ کی معاونت کی جاتی ہے۔ اس کے علاوہ، سینئر مینجمنٹ کی سطح پر، کئی کمیٹیاں حکمت عملی کے اقدامات، عمل، اور تنظیم کے رسک مینجمنٹ کے اقدامات کی نگرانی کی ذمہ دار ہیں۔

کمپنی نے اپنے رسک مینجمنٹ اپروچ کی بنیاد کے طور پر تین پرتوں پر مشتمل دفاعی ماڈل اپنایا ہے، جو خطرات کی شناخت، ان کے بندوبست، اور انھیں کم کرنے کے لیے ایک مرتب اور مؤثر فریم ورک یقینی بناتا ہے۔ اس ماڈل میں تین مختلف پرتوں میں واضح کردار اور ذمہ داریاں شامل ہیں: پہلی پرت کارپوریٹ لائن منیجمنٹ پر مشتمل ہے جو روز مرہ رسک مینجمنٹ کی ذمہ دار ہے؛ دوسری پرت میں رسک مینجمنٹ اور کمپلائنس فنکشنز شامل ہیں جو نگرانی اور رہنمائی فراہم کرتے ہیں؛ اور تیسری پرت اندرونی آڈٹ کی نمائندگی کرتی ہے اور رسک منیجمنٹ کا عمل مؤثرہونے پر آزاد یقین دہانی فراہم کرتی ہے۔ اس ماڈل کی اہمیت اس کی صلاحیت میں ہے کہ یہ رسک منیجمنٹ کے لیے ایک پرت دار، مشترکہ سمت فراہم کرتا ہے جو خطرات کی شناخت، ان کا انتظام اور ان میں کمی کا عمل یقینی بناتا ہے، جبکہ احتساب اور شفافیت بڑھانے کے لیے چیک اینڈ بیلنس کا نظام برقرار رکھتا ہے۔

کریڈٹ رسک کو بورڈ کی منظور شدہ پالیسیوں کے ذریعے سنبھالا جاتا ہے۔ معیاری اثاثوں کی بکنگ اور پورٹ فولیو کی نگرانی یقینی بنانے کے لیے مضبوط کریڈٹ منظوری کے عمل اور داخلی رسک ریٹنگ ماڈلز موجود ہیں۔ PKIC اپنے قرض دہندگان کے ساتھ منسلک ماحولیاتی اور سماجی (E&S) خطرات کو بھی بنیادی کریڈٹ رسک کا حصہ سمجھتا ہے۔ ماحولیات اور سماجی رسک مینجمنٹ (ESRM) فریم ورک پر تازہ ترین رہنما اصول بورڈ کی منظور شدہ گرین بینکنگ پالیسی میں شامل ہیں۔ رسک مینجمنٹ کمیٹی بورڈ PKIC کے مختلف خطرات بشمول کریڈٹ رسک کے انتظام میں مجموعی رہنمائی فراہم کرتی ہے۔

مارکیٹ رسک اور لیکویڈیٹی رسک کا بندوبست بورڈ کی منظور شدہ پالیسیوں کے ذریعے کیا جاتا ہے جن میں رسک مینجمنٹ کا متعلقہ نظام مضبوط کرنے کے لیےطریقہ کار کی منصوبہ بندی شامل ہوتی ہے۔ PKIC نے خطرات کی پیمائش اور ان میں تخفیف کے لیے مختلف آلات تیار کیے ہیں، جن میں ویلیو ایٹ رسک(VaR)، دورانیہ، میچورٹی گیپس اور ری-پرائسنگ گیپس شامل ہیں۔ اس کے علاوہ،PKIC ریگولیٹر کے متعین کردہ قواعد کے مطابق داخلی طور پر تیار کردہ منظرناموں کا استعمال کرتے ہوئے تناؤ کے ٹیسٹ بھی کرتا ہے۔

آپریشنل رسک فریم ورک مکمل طور پر ریگولیٹری معیارات کے مطابق نافذ کیا گیا ہے۔ تمام تجویز کردہ آلات، جیسے کہ آپریشنل لاس ڈیٹا، کلیدی رسک انڈیکیٹرز اور رسک کنٹرول خود تشخیصی آلات مکمل طور پر نافذ کیے گئے ہیں۔ PKIC نے منظور شدہ BCP پلان کے ساتھ اپنا کاروباری تسلسل ہموار طریقے سے منظم کیا ہے، اور سال بھر تمام کاروباری اور آپریشنل سرگرمیاں مؤثر طریقے سے انجام دی گئیں۔ تمام ٹیم اراکین کو باقاعدہ تربیت فراہم کر کے انفارمیشن سیکیورٹی رسک کی بھی پیمائش اور نگرانی کی جا رہی ہے جو انھیں رسک کو بروقت نمایاں کرنے میں مدد دیتی ہے۔

کمپنی نے IFRS 9 "فنانشل انسٹرومنٹس" کا مکمل نفاذ کیا ہے۔ اس کے مطابق، سالانہ اور عبوری مالیاتی گوشوارے SBP کے BPRD سرکلر نمبر 2 برائے 2023، بتاریخ 9 فروری 2023 کے مطابق تیار کیے جاتے ہیں۔

پاکستان کویت انویسٹمنٹ کمپنی پرائیویٹ لمیٹڈ کی ادارہ جاتی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے PKIC کی طویل مدتی اور مختصر مدتی ادارہ جاتی ریٹنگز کو بالترتیب ‘AAA’ اور ‘A1+’ (اے ون پلس) پر برقرار رکھا ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے PKIC کی کارپوریٹ گورننس ریٹنگ 'CGR 9+' پر توثیق کی ہے۔ یہ ریٹنگ 'بہت اعلیٰ سطح کی کارپوریٹ گورننس' کی عکاسی کرتی ہے۔

کاروباری نظم و نسق کے ضابطے کی تعمیل

ڈائریکٹرز کاروباری نظم و نسق کے ضابطے (CCG) کی تعمیل کی تصدیق کرتے ہیں۔ اس سلسلے میں، CCG کی متعلقہ دفعات کی تعمیل درج ذیل ہے:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، اس کی مالی حالت، آپریشنز کے نتائج، زرنقد کی گردش اور ایکویٹی میں تبدیلیوں کی صحیح عکاسی کرتے ہیں۔
- کمپنی نے مناسب انداز میں حسابات رکھے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے اور کوئی بھی انحراف مناسب طور پر ظاہر کیا گیا ہے۔
- انٹرنل کنٹرول کا نظام ڈیزائن کے اعتبار سے مضبوط ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔ جو کنٹرولز نافذ ہیں ان کا مسلسل جائزہ اور نگرانی انٹرنل آڈٹ ڈپارٹمنٹ کی جانب سے کی جا رہی ہے اور جائزہ و نگرانی کا عمل مزید بہتری کے مقصد سے جاری رہے گا۔
- تمام واجبات جو کہ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی ادائیگی سے متعلق ہیں، مکمل طور پر فراہم کر دی گئی ہیں اور مقررہ وقت پر ادا کی جائیں گی۔ جن دعووں کو واجب الادا تسلیم نہیں کیا گیا تھا، انہیں مالیاتی گوشواروں کے نوٹس میں مشروط واجبات کے طور پر ظاہر کیا گیا ہے۔
- کمپنی کے کاروبار جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔
- تمام بورڈ ممبران نے کمپنی کی طرف سے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے ترتیب دیے گئے ایک تربیتی کورس میں شرکت کی ہے۔
- بورڈ نے اپنے ارکان کی کارکردگی کا جائزہ خود جانچنے کے طریقہ کار کے تحت لیا ہے۔
- کمپنی کا قانونی آڈٹ QCR کی ریٹڈ فرم کی طرف سے کیا گیا ہے۔
- بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین نے 'اخلاقیات اور کاروباری عمل کے بیان' (ضابطہ اخلاق) پر دستخط کیے ہیں۔

ماحولیاتی پائیداری کا جائزہ

کمپنی ایک مضبوط ماحولیاتی اور سماجی رسک مینجمنٹ (ESRM) حکمت عملی اور فریم ورک کے لیے پرعزم ہے، جو ہمارے آپریشنز کے دوران ماحولیاتی اور سماجی اثرات سے متعلق خطرات کی شناخت، تشخیص اور تخفیف کے لیے تیار کی گئی ہے۔ فریم ورک میں بین الاقوامی معیاروں اور ضابطے کی ہدایات کے مطابق ماحولیاتی اور سماجی واجب الادا تحقیقات کا انعقاد انوائرنمنٹ سوشل رسک ریٹنگ (ESRR) ماڈل کے مطابق ٹرانزیکشنز کی اعلیٰ، درمیانے اور کم ترکے طور پر درجہ بندی شامل ہے۔ یہ پیشہ ورانہ اور منظم لائحہ عمل ذمہ دار انوائرنمنٹ سوشل رسک مینجمنٹ کی یقین دہانی کرتا ہے اور تنظیم کی ماحولیاتی پائیداری اور طویل مدتی قدر کی تخلیق کے عزم کی معاونت کرتا ہے۔ یہ بتانا مناسب ہے کہ ماحولیات اور سماجی رسک مینجمنٹ فریم ورک کے بارے میں تازہ ترین رہنما اصول ہماری بورڈ سے منظور شدہ گرین بینکنگ کی پالیسی میں شامل ہیں۔

تنوع، مساوات اور شمولیت کو فروغ دینے کے اقدامات

PKICایسی پالیسیوں پر عمل پیرا ہے جو متنوع بھرتیوں کے طریقہ کار، مساوی اجرت اور ادارے میں تمام گروپوں کے لیے کیریئر میں ترقی کے مواقع کو فروغ دیتی ہیں۔ حکمت عملی کا باقاعدگی سے جائزہ لیا جاتا ہے اور تبدیل ہوتے ہوئے سماجی اصولوں اور کمپنی کے ترقی پذیر مقاصد کے مطابق ان کی تجدید کی جاتی ہے۔

PKIC ایک شمولیتی ثقافت کو فروغ دیتا ہے جہاں تمام ملازمین خود کو قابل قدر، قابلِ ا حترام اور اپنا حصہ ڈالنے کے لیے بااختیار محسوس کرتے ہیں۔ یہ اقدامات، جیسے کہ ملازمین کے وسائل کے گروپ، تنوع کی تربیتی پروگرام اور شمولیتی مواصلاتی عمل کے ذریعے ظاہر ہوتا ہے جو اس بات کو یقینی بناتا ہے کہ ہر ایک کی آواز سنی اور سراہا جائے۔

PKIC اپنی چاردیواری سے باہر نکل کر DEI کوفروغ دینے کے لیے وسیع ترکمیونٹی کے ساتھ بھرپور طریقے سے اپنی کوششیں آگے بڑھا رہی ہے، بشمول سماجی انصاف کے اقدامات کی معاونت کے لیے شراکت دار تنظیموں اور مساوات و شمولیت کی وکالت کرتی ہے۔ PKIC مثبت تبدیلی لانے کے لیے اپنا اثر و رسوخ استعمال کرتے ہوئے DEI میں قائدانہ مقام حاصل کرنے کا ہدف رکھتی ہے۔

مزید برآں، PKIC کو حال ہی میں بین الاقوامی طور پر تسلیم شدہ "گلوبل ڈائیورسٹی، ایکویٹی اینڈ انکلوژن بنچ مارکس ایوارڈز – 2024" سے نوازا گیا ہے جو ادارے میں کام اور زندگی میں توازن، لچک اور مراعات کے حوالے سے بہترین اقدامات پر دیا جاتا ہے۔

بورڈ کی کارکردگی کا تجزیہ

PKICکے بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کے داخلی سالانہ تجزیے کا فیصلہ کیا، جو کارپوریٹ امور کے شعبے نے انجام دیا۔ تجزیے میں بطوربورڈ اور انافردی ڈائریکٹر کی سطح پر کارکردگی کا جائزہ لیا گیا، اور بورڈ کی تشکیل، اسٹریٹیجک منصوبہ بندی، بورڈ اور سی ای او کے موثر ہونے ، بورڈ کی معلومات، بورڈ کی کمیٹیاں، بورڈکے طریقہ کار اور کنٹرول کے ماحول کا احاطہ کیا۔

انٹرنل کنٹرول

بورڈ آف ڈائریکٹرز یہاں پر انٹرنل کنٹرول کے بیان میں شامل، ICFR اور مجموعی طور پر انٹرنل کنٹرول سے متعلق مینجمنٹ کی تشخیص کی توثیق کرتا ہے، جو سالانہ رپورٹ میں شامل ہے۔

بورڈ کے اجلاس

کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس سال 2024 میں درج ذیل نظام الاوقات کے مطابق ہوئے:

پہلا اجلاس :	04 مارچ 2024
دوسرا اجلاس :	25 اپریل 2024
تیسرا اجلاس :	29 اگست 2024
چوتھا اجلاس :	29 اکتوبر 2024
پانچواں اجلاس :	4 دسمبر 2024

آڈٹ کمیٹی کے اجلاس

کمپنی کی آڈٹ کمیٹی کے چار اجلاس سال 2024 میں درج ذیل نظام الاوقات کے مطابق منعقد ہوئے :

پہلا اجلاس :	03 مارچ 2024
دوسرا اجلاس :	24 اپریل 2024
تیسرا اجلاس :	28 اگست 2024
چوتھا اجلاس :	29 اکتوبر 2024

رسک مینجمنٹ کمیٹی کے اجلاس

کمپنی کی رسک مینجمنٹ کمیٹی کے چار اجلاس سال 2024 میں درج ذیل نظام الاوقات کے مطابق منعقد ہوئے :

پہلا اجلاس :	03 مارچ 2024
دوسرا اجلاس :	24 اپریل 2024
تیسرا اجلاس :	28 اگست 2024
چوتھا اجلاس :	28 اکتوبر 2024

ایگزیکٹیو کمیٹی کے اجلاس

کمپنی کی ایگزیکٹیو کمیٹی کے چار اجلاس سال 2024 میں درج ذیل نظام الاوقات کے مطابق منعقد ہوئے :

پہلا اجلاس : 03 مارچ 2024
دوسرا اجلاس : 25 اپریل 2024
تیسرا اجلاس : 29 اگست 2024
چوتھا اجلاس : 29 اکتوبر 2024

ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی کے اجلاس

سال 2024 میں کمپنی کی ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی کے پانچ اجلاس درج ذیل نظام الاوقات کے مطابق منعقد ہوئے:

پہلا اجلاس : 04 مارچ 2024
دوسرا اجلاس : 24 اپریل 2024
تیسرا اجلاس : 06 جون 2024
چوتھا اجلاس : 28 اگست 2024
پانچواں اجلاس: 28 اکتوبر 2024

بورڈ اور اس کی ذیلی کمیٹی کے اجلاس کی شرکت کی تفصیلات درج ذیل ہیں

بورڈ اجلاسوں کی تفصیلات

ڈائریکٹرز کے نام	میعاد کے دوران اجلاس	اجلاس میں شرکت
جناب محمد اے ایم الفارس – چیئرمین (نان-ایگزیکٹیو ڈائریکٹر)	5	5
جناب جاسم اے الہاجری – رکن (نان-ایگزیکٹیو ڈائریکٹر)	5	5
جناب نوید علاؤالدین – رکن (نان-ایگزیکٹیو ڈائریکٹر)	5	5
جناب عبداللہ صلاح اے السایر - رکن (نان-ایگزیکٹیو ڈائریکٹر)	5	5
جناب منصور مسعود خان – رکن (نان-ایگزیکٹیو ڈائریکٹر)	5	5
جناب سعد الرحمٰن خان – رکن (ایگزیکٹو ڈائریکٹر / منیجنگ ڈائریکٹر)	5	5

رسک مینجمنٹ کمیٹی کےاجلاسوں کی تفصیلات:

ڈائریکٹرز کے نام	میعاد کے دوران اجلاس	اجلاس میں شرکت
جناب منصور مسعود خان – چیئرمین	4	4
جناب عبداللہ صلاح اے السایر - رکن	4	4
جناب نوید علاؤالدین – رکن	4	4

آڈٹ کمیٹی کے اجلاسوں کی تفصیلات

ڈائریکٹرز کے نام	میعاد کے دوران اجلاس	اجلاس میں شرکت
جناب جاسم اے الہاجری – چیئرمین	4	4
جناب نوید علاؤالدین – رکن	4	4
جناب عبداللہ صلاح اے السایر - رکن	4	4
جناب منصور مسعود خان – رکن	4	4

ایگزیکٹیو کمیٹی کے اجلاسوں کی تفصیلات

ڈائریکٹرز کے نام	میعاد کے دوران اجلاس	اجلاس میں شرکت
جناب محمد اے ایم الفارس – رکن	4	4
جناب سعد الرحمٰن خان – رکن	4	4

ہیومن ریسورس اینڈ ریمیونیریشن کمیٹی کے اجلاسوں کی تفصیلات

ڈائریکٹرز کے نام	میعاد کے دوران اجلاس	اجلاس میں شرکت
جناب عبداللہ صلاح اے السایر -چیئرمین	5	5
جناب سعد الرحمٰن خان – رکن	5	5
جناب جاسم اے الہاجری – رکن	5	5

گزشتہ چھ سالوں کے لئے خلاصہ شدہ آپریٹنگ اور مالیاتی ڈیٹا:

(ملین روپے)	2024	2023 (از سر نو) بیان کردہ	2022 (از سر نو) بیان کردہ	2021 (از سر نو بیان) کردہ	2020*	2019*
ادا شدہ سرمایہ	16,000	16,000	16,000	16,000	10,000	10,000
محفوظ ذخائر	30,735	18,293	4,644	3,786	27,717	23,535
مجموعی اثاثہ جات	553,341	1,083,672	764,909	108,886	106,825	65,781
قبل ازٹیکس منافع	16,982	13,233	4,311	3,775	7,818	5,768
بعدا زٹیکس منافع	12,446	10,001	2,963	3,001	6,344	4,743
کیش ڈیویڈنڈ	1,500	1,331	1,210	1,100	1,000	800
اسٹاک ڈیویڈنڈ	-	-	-	6,000	-	4,000

نوٹ: ذخائر میں غیر صرف شدہ منافع اور سرمایہ کاری کی دوبارہ تشخیص پر سرپلس بھی شامل ہے۔

* موازنے کے مقصد کے لیے، 2020-2019 کے سالانہ اعداد و شمار انفرادی مالی گوشواروں سے لیے گئے ہیں، جب کہ منسلک اداروں میں سرمایہ کاری اکاؤنٹنگ کے ایکویٹی طریقہ کار کے تحت ریکارڈ کی گئی تھی۔

پروویڈنٹ اور گریچویٹی فنڈز کی سرمایہ کاری کا بیان

پروویڈنٹ اور گریجویٹی فنڈز کے غیر آڈٹ شدہ حسابات کے مطابق 31 دسمبر 2024 تک بالترتیب 541.281 ملین روپےاور282.127 ملین روپے کی سرمایہ کاری کی گئی تھی۔ 31 دسمبر 2023 کو آڈٹ شدہ هسابات کے مطابق پروویڈنٹ فنڈ اور گریجویٹی فنڈ کی سرمایہ کاری بالترتیب 404.792 ملین روپے اور 194.676 ملین روپے تھی۔

آڈیٹرز

موجودہ آڈیٹرز M/s A. F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے ہیں اور دوبارہ تعیناتی کے اہل ہیں۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت بورڈ اور آڈٹ کمیٹی نے کمپنی کے آڈیٹرز کے طور پرM/s A. F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2025 تک کے لیے دوبارہ تقرری کی سفارش کی ہے۔

اظہارِ تشکر

ہم اپنے شیئر ہولڈرز کے تہ دل سے ممنون ہیں جنھوں نے ہمیشہ ہم پر اعتماد کیا اور اپنے مسلسل تعاون اور رہنمائی سے ہمیں نوازا۔ ہم حکومتِ پاکستان، وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بھی شکرگزار ہیں، جنھوں نے ہمیشہ کمپنی کی رہنمائی کی۔

ہم اس موقع پر موجودہ سال میں مشکل حالات کے باوجود بہترین کارکردگی دکھانے پرPKIC کی انتظامیہ کو مبارک باد پیش کرتے ہیں۔ ہم بورڈ کی جانب سے ٹیم کے اراکین کی کام سے وابستگی اور عزم کے لیے اظہارِ ستائش بھی ریکارڈ پر لانا چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محمد اے ایم الفارس
چیئرمین

سعد الرحمن خان
منیجنگ ڈائریکٹر

تاریخ: 04 مارچ 2025
کراچی

تقرير مجلس إدارة

يسر أعضاء مجلس إدارة الشركة الباكستانية الكويتية للاستثمار (الخاصة) المحدودة (PKIC، الشركة) تقديم التقرير السنوي والبيانات المالية المدققة، التي تحدد النتائج المالية التفصيلية للشركة جنبًا إلى جنب مع البيانات المالية الموحدة للمجموعة للسنة المنتهية في 31 ديسمبر 2024، جنبًا إلى جنب مع تقرير مدققي الحسابات عنها.

أداء الشركة

للسنة (مليون روبية باكستانية)	2024	2023
صافي الدخل من هامش الربح	2,218	6,047
الدخل غير الهامشي	17,115	9,385
إجمالي الدخل	19,333	15,432
مصروفات التشغيل	2,381	2,344
الربح قبل المخصصات	16,952	13,087
(عكس)/مخصص/مخصصات خسارة الائتمان	(30)	(146)
الربح قبل الضريبة	16,982	13,233
الضرائب	4,536	3,232
الربح بعد الضرائب	12,446	10,001

في نهاية العام (مليون روبية باكستانية)	2024	2023
إجمالي الموجودات	553,341	1,083,672
الإلتزامات	506,606	1,049,379
رأس المال المساهم	16,000	16,000
الاحتياطيات والأرباح غير المخصصة	30,735	18,293

حققت الشركة ربحًا بعد الضريبة قدره 12.4 مليار روبية باكستانية للسنة المنتهية في 31 ديسمبر 2024، مقابل 10.0 مليار روبية باكستانية خلال العام السابق. تعزى الزيادة البالغة 24٪ على أساس سنوي في الأرباح بعد الضريبة بشكل أساسي إلى الزيادة في الدخل من أنشطة الأعمال الأساسية وارتفاع دخل توزيعات الأرباح الشركات الزميلة.

انخفض صافي الدخل القائم على هامش الربح للشركة بنسبة 63٪ على أساس سنوي إلى 2.2 مليار روبية باكستانية. كانت هذه النتيجة بسبب انخفاض الاستثمارات في الأوراق المالية الحكومية وسيناريو سعر الفائدة المعاكس.

ارتفع الدخل غير القائم على الفوائد من 9.4 مليار روبية باكستانية في العام الماضي إلى 17.1 مليار روبية باكستانية في عام 2024، مسجلًا زيادة بنسبة 82%على أساس سنوي، وذلك بسبب ارتفاع دخل الأرباح الموزعة من الشركات الزميلة بنسبة 92% على أساس سنوي، إلى جانب تحقيق دخل قياسي من الرسوم بلغ 200 مليون روبية باكستانية، بزيادة 139% مقارنة بعام 2023.

إجمالي الموجوداتأ الشركة انخفض إلى 553 مليار روبية باكستانية حتى 31ديسمبر 2024، مقارنةً بـ 1,084 مليار روبية باكستانية في نهاية العام الماضي. وانخفضت قيمة الميزانية العمومية بسبب عدم تجديد الاستثمارات في الأوراق المالية الحكومية التي كانت ستستحق هذا العام، وذلك بسبب الانخفاض الكبير في سعر الفائدة.

مراجعة اقتصادية لعام 2024

انتعش نمو الناتج المحلي الإجمالي الباكستاني إلى 2.4٪ على أساس سنوي في السنة المالية 24، مدعومًا بالنشاط في الزراعة، في حين تراجع التضخم بشكل كبير، وسط سياسات مالية ونقدية صارمة بشكل مناسب. ساعد احتواء الحساب الجاري وسوق الفوركس الهادئ في إعادة بناء الاحتياطيات الاحتياطية. مما يعكس تراجع التضخم وثبات الظروف المحلية والخارجية، خفضت SBP سعر الفائدة بما مجموعه 900 نقطة أساس منذ يونيو، حيث يبلغ سعر الفائدة حاليًا 13٪.

وافق المجلس التنفيذي لصندوق النقد الدولي على تسهيل الصندوق الممدد لمدة 37 شهرًا (EFF) في سبتمبر 2024. من المحتمل أن يكون البرنامج أكبر برنامج تمويل إلكتروني (إذا تم الاستفادة منه بالكامل) من قبل باكستان بقيمة 7.1 مليار دولار أمريكي، مع صرف مليار دولار أمريكي بالفعل. من المتوقع أن يستمر نمو الناتج المحلي الإجمالي في الزيادة تدريجياً، مع توقع نمو اقتصادي للسنة المالية 2025 بنحو 3%. يبلغ نمو الناتج المحلي الإجمالي المؤقت للربع الأول 0.9 ٪ من السنة المالية 2025، حيث تبلغ الزراعة 1.1٪ والخدمات 1.4٪، في حين تقلصت الصناعة بنسبة 1٪.

ارتفعت الواردات خلال النصف الأول من السنة المالية 2025 بنسبة 6.5٪ على أساس سنوي لتصل إلى 27.8 مليار دولار أمريكي، في حين زادت الصادرات بنسبة 11٪ لتصل إلى 16.6 مليار دولار أمريكي. وبالتالي، ارتفع العجز التجاري بنسبة 0.5% ليصل إلى 11.2 مليار دولار أمريكي. انخفض الناتج الصناعي كما يقاس بمؤشر التصنيع واسع النطاق (LSM) بنسبة 1.25٪ خلال أول 5 أشهر من السنة المالية 2025.

ارتفعت التحويلات خلال النصف الأول من السنة المالية 2025 بنسبة 33٪ على أساس سنوي لتصل إلى 17.8 مليار دولار أمريكي، حيث بدأت جهود الحكومة للحد من السوق الرمادية وتحفيز القنوات الرسمية تؤتي ثمارها. سجل الحساب الجاري فائضًا قدره 944 مليون دولار أمريكي خلال أول 5 أشهر من السنة المالية 2025 مقارنة بعجز قدره 1.7 مليار دولار أمريكي خلال نفس الفترة من العام الماضي، مما يعكس بشكل رئيسي الزيادة في التحويلات المالية.

احتياطيات النقد الأجنبي نمت على مدار العام، وظل سعر الصرف مستقرًا، حيث ارتفعت قيمة الروبية الباكستانية (PKR) بشكل طفيف بنسبة 1.2% مقابل الدولار الأمريكي على أساس سنوي.

وبحلول ديسمبر 2024، زادت احتياطيات النقد الأجنبي لدى بنك الدولة الباكستاني (SBP) بنسبة 42% على أساس سنوي، لتصل إلى 11.7 مليار دولار أمريكي، بينما أنهت الروبية الباكستانية العام عند 278.55 روبية/دولار أمريكي مقارنةً بـ 281.86 روبية/دولار أمريكي في ديسمبر 2023.

أدى استقرار سعر الصرف، إلى جانب انخفاض أسعار السلع الأساسية نسبيًا، إلى إبقاء التضخم في خانة الآحاد منذ أغسطس 2024. تباطأ مؤشر أسعار المستهلك (CPI) إلى 4.1% على أساس سنوي في ديسمبر 2024 مقارنة بـ 30% في ديسمبر 2023. بلغ معدل التضخم التراكمي لمؤشر أسعار المستهلك (CPI) للنصف الأول من السنة المالية 2025 %7.3 (1HFY25) مقارنة بـ 29% خلال نفس الفترة من العام الماضي (SPLY). وسط انخفاض أسعار الفائدة، سادت الأسهم الباكستانية كواحدة من أفضل الأسواق أداءً في العالم، حيث ارتفع مؤشر 100- KSE بنسبة 85٪ خلال عام 2024، ليغلق العام عند مستوى قياسي بلغ 115,000 نقطة.

النظرة المستقبلية

تهدف PKIC إلى مواصلة مسار نموها مع توخي الحذر. خلال عام 2025، ستحافظ الشركة على الزخم مع التركيز بشكل أساسي على تمويل المشاريع والتمويل المشتركة والاستشارات وعمليات الخزينة. تخطط PKIC لمواصلة دعم الاقتصاد الباكستاني من خلال الاستثمارات في القطاعات الاستراتيجية للاقتصاد مع الحفاظ على التركيز على تحسين الربحية. فيما يتعلق بالمبادرات الجديدة، بدأ قسم التمويل الإسلامي في الشركة عمليات تجارية خلال هذه الفترة. علاوة على ذلك، فإن بنك الرقمي الإسلامي، وهو شركة تابعة لشركة PKIC، بعد الحصول على موافقة مبدئية من SBP، في مرحلة ما قبل التجريب ويتحرك نحو الاستعداد التشغيلي.

توزيع الأرباح

يسر مجلس الإدارة أن يوصي بتوزيع أرباح نقدية قدرها 1,500 مليون روبية باكستانية للسنة المنتهية في 31 ديسمبر 2024.

ربحية السهم

ارتفعت الأرباح الأساسية والمخففة للسهم إلى 19,447 روبية باكستانية من 15,627 روبية باكستانية على حصة قدرها 25,000 روبية باكستانية لكل سهم.

إطار إدارة المخاطر

طورت الشركة إطارًا قويًا وشاملًا لإدارة المخاطر يهدف إلى تحديد المخاطر والتخفيف من حدتها على المستوى التنظيمي. ويدعم هذا الإطار إشراف قوي من مجلس الإدارة، وإشراف إداري فعال، وأنظمة راسخة. يتحمل مجلس الإدارة مسؤولية تحديد الاتجاه الاستراتيجي العام وضمان فعالية الإطار في التخفيف من المخاطر. للمساعدة في الوفاء بهذه المسؤولية، يتم دعم مجلس الإدارة من قبل اللجان الفرعية، بما في ذلك لجنة إدارة المخاطر (RMC) ولجنة تدقيق مجلس الإدارة (BAC). بالإضافة إلى ذلك، على مستوى الإدارة العليا، تم تكليف العديد من اللجان بالإشراف على المبادرات والعمليات الاستراتيجية وتنفيذ جهود إدارة المخاطر في جميع أنحاء المنظمة.

اعتمدت الشركة نموذج الخطوط الثلاثة للدفاع كأساس لنهج إدارة المخاطر، مما يضمن إطارًا منظمًا وفعالًا لتحديد المخاطر وإدارتها والتخفيف من حدتها. يحدد هذا النموذج أدوارًا ومسؤوليات واضحة عبر ثلاث طبقات متميزة: الخط الأول، الذي يتكون من إدارة خط الأعمال المسؤولة عن إدارة المخاطر اليومية ؛ الخط الثاني، الذي يتضمن وظائف إدارة المخاطر والامتثال التي توفر الرقابة والتوجيه ؛ والخط الثالث، الذي يمثله التدقيق الداخلي، والذي يوفر تأكيدًا مستقلاً على فعالية عمليات إدارة المخاطر. تكمن أهمية هذا النموذج في قدرته على إنشاء نهج تعاوني متعدد المستويات لإدارة المخاطر، وضمان تحديد المخاطر وإدارتها والتخفيف من حدتها بشكل مناسب على كل مستوى من مستويات المنظمة، مع الحفاظ على نظام من الضوابط والتوازنات لتعزيز المساءلة والشفافية.

تتم إدارة مخاطر الائتمان من خلال السياسات المعتمدة من مجلس الإدارة. توجد عملية موافقة ائتمانية قوية ونماذج تصنيف مخاطر داخلية لضمان حجز أصول عالية الجودة ومراقبة المحفظة. تركز PKIC أيضًا على المخاطر البيئية والاجتماعية (E&S) المرتبطة بمقترضيها، وتعتبر هذه المخاطر جزءًا من مخاطر الائتمان الأساسية. يتم تغطية أحدث المبادئ التوجيهية بشأن إطار إدارة البيئة والمخاطر الاجتماعية (ESRM) على النحو الواجب في السياسة المعتمدة من مجلس الإدارة بشأن الخدمات المصرفية الخضراء. تقدم لجنة إدارة المخاطر التابعة لمجلس الإدارة إرشادات شاملة في إدارة المخاطر المختلفة للشركة بما في ذلك مخاطر الائتمان.

تتم إدارة مخاطر السوق ومخاطر السيولة من خلال سياسات معتمدة من مجلس الإدارة والتي تحتوي على خطط عمل لتعزيز أنظمة إدارة المخاطر المعنية. طورت PKIC أدوات مختلفة لقياس المخاطر والتخفيف من حدتها، بما في ذلك القيمة المعرضة للخطر (VaR)، والمدة، وفجوات النضج، وفجوات إعادة التسعير. بالإضافة إلى ذلك، تجري PKIC اختبارات الإجهاد، باستخدام السيناريوهات الموضوعة داخليًا على النحو الذي يحدده المنظم.

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

طبقت الشركة المعيار الدولي للتقارير المالية (IFRS 9) "الأدوات المالية" بشكل كامل. وبناءً على ذلك، يتم إعداد البيانات المالية السنوية والمؤقتة وفقًا للنموذج الذي حددته SBP عبر تعميم BPRD رقم 2 لعام 2023 بتاريخ 9 فبراير 2023.

تصنيف الكيان للشركة الباكستانية الكويتية للاستثمار الخاصة المحدودة

حافظت وكالة التصنيف الائتماني الباكستانية المحدودة (PACRA) على التصنيفات الائتمانية طويلة الأجل وقصيرة الأجل لكيان PKIC عند "AAA" و "A1+" (أيه ون بلس) على التوالي.

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

الامتثال لقواعد حوكمة الشركات

يؤكد أعضاء مجلس الإدارة الامتثال لمدونة حوكمة الشركات (CCG). في هذا الصدد، يتم ذكر الامتثال للبنود ذات الصلة من CCG أدناه:

- تعرض البيانات المالية، التي تعدها إدارة الشركة، بشكل عادل حالتها ونتائج عملياتها والتدفقات النقدية والتغيرات في حقوق الملكية.
- تحتفظ الشركة بدفاتر حسابات مناسبة.
- تم تطبيق السياسات المحاسبية المناسبة باستمرار في إعداد البيانات المالية وتستند التقديرات المحاسبية إلى حكم معقول وحكيم.
- تم اتباع المعايير الدولية لإعداد التقارير المالية، كما هو مطبق في باكستان، في إعداد البيانات المالية وتم الكشف عن أي خروج عنها بشكل كافٍ.

- نظام الرقابة الداخلية مصمم بشكل سليم وتم تنفيذه ومراقبته بفعالية. تخضع الضوابط المعمول بها للمراجعة المستمرة من قبل إدارة التدقيق الداخلي وستستمر عملية المراجعة والرصد بهدف زيادة التحسين.
- تم تقديم جميع الالتزامات فيما يتعلق بالدفع على حساب الضرائب والرسوم والجبايات والرسوم بالكامل وسيتم دفعها في الوقت المناسب أو في حالة عدم الاعتراف بالمطالبة كمسؤولية، يتم الكشف عن نفس الالتزامات الطارئة 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 المجلس بتقييم أداء أعضائه بموجب آلية التقييم الذاتي.
- تم إجراء التدقيق القانوني للشركة من قبل الشركة المصنفة QCR.
- وقع مجلس إدارة الشركة وموظفوها على "بيان الأخلاقيات والممارسات التجارية" (مدونة قواعد السلوك).

تقييم القدرة على تحمّل الديون

تلتزم الشركة باستراتيجية وإطار عمل قويين لإدارة المخاطر البيئية والاجتماعية (ESRM)، تم تصميمهما لتحديد وتقييم وتخفيف المخاطر المتعلقة بالآثار البيئية والاجتماعية في جميع عملياتنا. يتضمن الإطار إجراء العناية الواجبة البيئية والاجتماعية بما يتماشى مع المعايير الدولية والمبادئ التوجيهية التنظيمية، وتصنيف المعاملات على أنها عالية ومتوسطة ومنخفضة وفقًا لنموذج تصنيف المخاطر البيئية والاجتماعية (ESRR). يضمن هذا النهج الاستباقي والمنظم إدارة مسؤولة للمخاطر البيئية والاجتماعية ويدعم التزام المنظمة بالاستدامة وخلق القيمة على المدى الطويل. ومن الجدير بالذكر أن أحدث المبادئ التوجيهية بشأن إطار إدارة المخاطر البيئية والاجتماعية تمت تغطيتها على النحو الواجب في السياسة المعتمدة من مجلس الإدارة بشأن الخدمات المصرفية الخضراء.

تدابير لتعزيز التنوع والإنصاف والشمول

لدى PKIC سياسات تعزز ممارسات التوظيف المتنوعة والأجور العادلة وفرص التقدم الوظيفي لجميع الفئات في المنظمة. يتم مراجعة الاستراتيجية بانتظام وتحديثها لتعكس التغيرات في المعايير الاجتماعية والأهداف المتطورة للشركة.

تعزز PKIC ثقافة شاملة حيث يشعر جميع الموظفين بالتقدير والاحترام والتمكين للمساهمة. ويتضح ذلك من خلال مبادرات مثل مجموعات موارد الموظفين، وبرامج التدريب على التنوع، وممارسات التواصل الشاملة التي تضمن سماع صوت الجميع وتقديره.

تحمّل PKIC نفسها المسؤولية عن التزاماتها تجاه التنوع والمساواة والشمول من خلال تحديد أهداف قابلة للقياس وتتبع التقدم. ويشمل ذلك إعداد تقارير منتظمة عن مقاييس التنوع، وإجراء استطلاعات للموظفين لقياس الشمولية، وتحميل القادة مسؤولية النهوض بأهداف التنوع والمساواة والشمول.

تشارك PKIC بنشاط مع المجتمع الأوسع لتعزيز التنوع والمساواة والشمول خارج جدرانها، بما في ذلك منظمات الشراكات لدعم مبادرات العدالة الاجتماعية، والدعوة إلى الإنصاف والشمول. تهدف PKIC إلى وضع نفسها كشركة رائدة في التنوع والمساواة والشمول من خلال الاستفادة من تأثيرها لدفع التغيير الإيجابي.

علاوة على ذلك، تم تكريم PKIC مؤخرًا بجائزة "المعايير العالمية للتنوع والإنصاف والشمول – 2024"، وهي جائزة معترف بها دوليًا، وذلك لوقوعها ضمن فئة "أفضل الممارسات" داخل المنظمة فيما يتعلق بتكامل الحياة والعمل، والمرونة، والمزايا.

تقييم أداء مجلس الإدارة

اختار مجلس إدارة الشركة إجراء تقييم سنوي داخلي لمجلس الإدارة ولجانه، والذي أجراه قسم شؤون الشركات. قام التقييم بتقييم الأداء كمجلس إدارة وكذلك على مستوى المدير الفردي، 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 بـ ICFR والضوابط الداخلية العامة، على النحو المفصل في "بيان الضوابط الداخلية"، المدرج في التقرير السنوي.

اجتماعات مجلس الإدارة

تم عقد خمسة اجتماعات لمجلس إدارة الشركة في عام 2024 وفقًا للجدول التالي:

الإجتماع الأول	4 مارس 2024
الإجتماع الثاني	25 أبريل 2024
الإجتماع الثالث	29 أغسطس 2024
الإجتماع الرابع	29 أكتوبر2024
الإجتماع الخامس	4 ديسمبر 2024

اجتماعات لجنة المراجعة

تم عقد أربعة اجتماعات للجنة التدقيق بالشركة في عام 2024 وفقًا للجدول التالي:

الإجتماع الأول	3 مارس 2024
الإجتماع الثاني	24 أبريل 2024
الإجتماع الثالث	28 أغسطس 2024
الإجتماع الرابع	29 أكتوبر2024

اجتماعات لجنة إدارة المخاطر

تم عقد أربعة اجتماعات للجنة التدقيق بالشركة في عام 2024 وفقًا للجدول التالي:

الإجتماع الأول	3 مارس 2024
الإجتماع الثاني	24 أبريل 2024
الإجتماع الثالث	28 أغسطس 2024
الإجتماع الرابع	28 أكتوبر 2024

اجتماع اللجنة التنفيذية

تم عقد أربعة اجتماعات للجنة التدقيق بالشركة في عام 2024 وفقًا للجدول التالي:

الإجتماع الأول	3 مارس 2024
الإجتماع الثاني	25 أبريل 2024
الإجتماع الثالث	29 أغسطس 2024
الإجتماع الرابع	29 أكتوبر2024

اجتماع لجنة الموارد البشرية والمكافآت

تم عقد خمسة اجتماعات للجنة الموارد البشرية والمكافآت بالشركة في عام 2024 وفقًا للجدول التالي:

الإجتماع الأول	4 مارس 2024
الإجتماع الثاني	24 أبريل 2024
الإجتماع الثالث	6 يونيو 2024
الإجتماع الرابع	28 أغسطس 2024
الإجتماع الخامس	28 أكتوبر 2024

فيما يلي تفاصيل حضور مجلس الإدارة ولجنته الفرعية

تفاصيل اجتماع مجلس الإدارة:

اسماء أعضاء مجلس الإدارة	الاجتماعات خلال المدة	الاجتماع الذي تم حضوره
السيد محمد الفارس - رئيس مجلس الإدارة (عضو مجلس إدارة غير تنفيذي)	5	5
السيد جاسم الهاجري - عضواً (عضو مجلس إدارة غير تنفيذي)	5	5
السيد نويد علاء الدين - عضواً (عضو مجلس إدارة غير تنفيذي)	5	5
السيد عبد الله صلاح أ. الساير – عضواً (عضو مجلس إدارة غير تنفيذي)	5	5
السيد منصور مسعود خان – عضواً (عضو مجلس إدارة غير تنفيذي)	5	5
السيد سعد الرحمن خان – عضواً (عضو مجلس إدارة تنفيذي / المدير العام)	5	5

تفاصيل اجتماع لجنة إدارة المخاطر:

اسماء أعضاء مجلس الإدارة	الاجتماعات خلال المدة	الاجتماع الذي تم حضوره
السيد منصور مسعود خان - رئيس مجلس الإدارة	4	4
السيد عبد الله صلاح أ. الساير – عضواً	4	4
السيد نويد علاء الدين - عضواً	4	4

تفاصيل اجتماع لجنة التدقيق:

اسماء أعضاء مجلس الإدارة	الاجتماعات خلال المدة	الاجتماع الذي تم حضوره
السيد جاسم الهاجري - رئيس مجلس الإدارة	4	4
السيد نويد علاء الدين - عضواً	4	4
السيد عبد الله صلاح أ. السابر – عضواً	4	4
السيد منصور مسعود خان – عضواً	4	4

تفاصيل اجتماع اللجنة التنفيذية:

اسماء أعضاء مجلس الإدارة	الاجتماعات خلال المدة	الاجتماع الذي تم حضوره
السيد محمد أ. م. الفارس – عضواً	4	4
السيد سعد الرحمن خان – عضواً	4	4

تفاصيل اجتماع الموارد البشرية والمكافآت:

اسماء أعضاء مجلس الإدارة	الاجتماعات خلال المدة	الاجتماع الذي تم حضوره
السيد عبد الله صلاح السابر - رئيس مجلس الإدارة	5	5
السيد جاسم الهاجري - عضواً	5	5
السيد منصور مسعود خان – عضواً	5	5

تلخيص البيانات التشغيلية والمالية للسنوات الست الماضية:

(مليون روبية باكستانية)	2024	2023	2022 (معاد بيانه)	2021 (معاد بيانه)	2020	2019
رأس المال المدفوع	16,000	16,000	16,000	16,000	10,000	10,000
الاحتياطيات	30,735	18,293	4,644	3,786	27,717	23,535
إجمالي الموجودات	553,341	1,083,672	764,909	108,886	106,825	65,781
الربح قبل الضريبة	16,982	13,233	4,311	3,775	7,818	5,768
الربح بعد الضريبة	12,446	10,001	2,963	3,001	6,344	4,743
توزيع نقدي	1,500	1,331	1,210	1,100	1,000	800
أرباح موزعة فِي شكل أسهم	-	-	-	6,000	-	4,000

ملاحظة: الاحتياطيات تشمل الأرباح غير المخصصة و الفائض الناتج عن إعادة تقييم الاستثمارات.
لغرض المقارنة، تم أخذ الأرقام الخاصة بالسنوات 2019-2020 من البيانات المالية المستقلة، حيث تم احتساب الاستثمار في الشركة الزميلة باستخدام طريقة حقوق الملكية في المحاسبة.

بيان استثمارات صناديق الادخار والمكافآت

بلغت استثمارات صناديق الادخار والمكافآت كما في 31 ديسمبر 2024 وفقًا لحساباتهم غير المدققة 541.281 مليون روبية باكستانية و 282.127 مليون روبية باكستانية على التوالي. بلغ استثمار صندوق الادخار وصندوق الإكراميات404.792 مليون روبية باكستانية و 194.676 مليون روبية باكستانية على التوالي، كما في 31 ديسمبر 2023 وفقًا لحساباته المدققة.

مدققو الحسابات

المدققون الحاليون السادة/شركة إيه إف فيرغسون وشركاه - المحاسبون القانونيون، المتقاعدون والمؤهلون، عرضوا أنفسهم لإعادة التعيين. كما هو مطلوب بموجب لوائح الشركات المدرجة (مدونة حوكمة الشركات) لعام 2019، أوصى مجلس الإدارة ولجنة التدقيق بتعيين السادة/إيه إف فيرغسون وشركاه - المحاسبون القانونيون، كمدققين للشركة للسنة المنتهية في 31 ديسمبر 2025.

الإقرار (شكر وتقدير)

نود أن نعرب عن خالص تقديرنا لمساهمينا على ثقتهم بنا من خلال دعمهم وتوجيههم المستمرين. نحن ممتنون أيضًا لحكومة باكستان ووزارة المالية وبنك الدولة الباكستاني ولجنة الأوراق المالية والبورصات الباكستانية لتوجيهاتهم للشركة في جميع الأوقات.

نود أن نغتنم هذه الفرصة لتهنئة إدارة شركة PKIC على أدائها الجيد في ظل الظروف الصعبة خلال العام الحالي. كما نود أن نسجل تقدير مجلس الإدارة لدور أعضاء الفريق لالتزامهم وتفانيهم في العمل.

نيابةً عن مجلس الإدارة

محمد أ. م. الفارس
رئيس مجلس الإدارة

سعد الرحمن خان
المدير العام

التاريخ: 04 مارس 2025
كراتشي

pwc

A·F·FERGUSON&Co.

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, 2024 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, 2024.

AFFerguson & Co

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 5, 2025
UDIN: CR20241006113SHzwVED

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

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2024

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

2. 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	Mr. Mohammad A.M. Al-Fares - Member Mr. Saad Ur Rahman Khan - Member
d) Human Resource & Remuneration Committee	Mr. Abdullah Salah A. Al-Sayer - Chairman Mr. Mansoor Masood Khan - Member Mr. Jasem A. Al-Hajry – Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per follows:

a) Audit Committee - Quarterly
b) Risk Management Committee - Quarterly
c) Executive Committee – Quarterly
d) Human Resource & Remuneration Committee - Quarterly

14. Pursuant to the SECP's Notification (S.R.O. 920 (1)/2024) dated June 12, 2024, a new regulation 10A and amendment to the existing Regulation Nos. 10 and 35 have been introduced. Accordingly, the Company has by and large addressed the environmental, social and governance related matters including the roles and responsibilities of the management and the Board of Directors. The matters pertaining to sustainability related risks and opportunities are being addressed.

15. 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.

16. 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.

17. 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.

18. 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.

Mohammad A.M. Al-Fares
Chairman

Saad Ur Rahman Khan
Managing Director

Date: March 4, 2025
Karachi

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 2024 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 statutory auditors since 2009.

Mazharsharif

Head of Internal Audit | **Chief Financial Officer**

Managing Director | **Chairman Audit Committee**

Date: March 04, 2025, Karachi

Report of Shariah Advisor

(For the year 2024)

In the name of Allah, the Beneficent, the Merciful

الحمد لله ربّ العالمين، والصّلوة والسّلام على خاتم الانبياء والمرسلين، ؤعلى 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 Shariah principles at all times, I am required to submit a report on the overall Shariah compliance environment of PKIC-IFD.

2. To form my opinion as expressed in this report, the Shariah Compliance Function of the PKIC-IFD carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, I have also reviewed the reports of the internal Shariah audit. Based on above, I am of the view that:

i. PKIC-IFD has complied with the Shariah rules and principles in the light of opinions given by Shariah Advisor.

ii. PKIC-IFD has complied with the directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.

iii. PKIC-IFD has a comprehensive mechanism in place to ensure Shariah 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 Shariah will be credited to charity account and will be properly utilized.

v. PKIC-IFD has complied with the SBP instructions on profit and loss distribution and pool management in its related policy. Strengthening pool management and profit distribution processes through a robust IT system and integrating Shariah controls along with efficient deposit and asset tagging mechanisms can further enhance operational efficiency.

vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of PKIC-IFD are considered as an important aspect in Islamic Financing. Enhancing these efforts by increasing the number of training sessions planned for the current year compared to the previous year would further support this objective.

vii. Shariah Advisor has been provided adequate resources enabling him to discharge his duties effectively.

3. Further, no significant Shariah related issues were highlighted for the year 2024.

In 2025, it's important for PKIC-IFD team member to focus on further enhancing their Shariah knowledge through advance training. This will not only deepen their understanding of Islamic Banking Principles but also help them stay aligned with industry developments and tackle new challenges effectively.

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

Date: March 04, 2025

مشیر شریعہ کی رپورٹ

(برائے سال 2024)

بسم اللہ الرحمٰن الرحیم

الحمد للہ ربّ العالمین، والصّلوۃ والسّلام علی خاتم الانبیاء والمرسلین، ؤعلی آلہ وأصحابه أجمعین، وبعد

1. اگرچہ پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ – اسلامی فنانس ڈویژن (PKIC-IFD) کی کارروائیاںہمہ وقت شریعہ کےاصولوں کے مطابق یقینی بنانے کی مکمل ذمہ داری بورڈ آف ڈائریکٹرز اور ایگزیکٹیو مینجمنٹ پر ہے، تاہم PKIC-IFD کے مجموعی شرعی مطابقت کے ماحول پر ایک رپورٹ جمع کروانا میری ذمہ داری ہے۔

2. میری رائے کی تشکیل کے لیے، جیسا کہ اس رپورٹ میں ظاہر کیا گیا ہے، PKIC-IFD شریعہ مطابقت فنکشن نے، آزمائشی جانچ کی بنیاد پر، ہر قسم کے لین دین، متعلقہ دستاویزات اور عمل درآمد کی روانی کا جائزہ لیا ہے۔ مزید، میں نے داخلی شریعہ آڈٹ کی رپورٹس کا بھی جائزہ لیا ہے۔ مذکورہ بالا کی بنیاد پر، میری رائے ہے کہ:

i- PKIC IFD نے مشیرِ شریعہ کی آراء کی روشنی میں شریعت کے اصولوں اور قواعد کی پابندی کی ہے ۔

ii- PKIC-IFD نے SBP کی ہدایات، ضوابط اور رہنما اصولوں کی پابندی کی ہے جو کہ SBP کے شریعہ بورڈ کے فیصلوں کے مطابق ہیں۔

iii- PKIC-IFD کے پاس ایک جامع نظام موجود ہے جو ان کی مجموعی کارروائیوں میں شریعت سے مطابقت یقینی بناتا ہے۔

iv- PKIC-IFD کے پاس ایک واضح اور مضبوط پالیسی ہے جو یہ یقینی بناتی ہے کہ شریعت کے ممنوع کردہ ذرائع سے حاصل ہونے والی کوئی بھی آمدنی خیرات کے کھاتے میں جمع کی جائے گی اور صحیح طریقے سے استعمال کی جائے گی۔

v- PKIC-IFD نے اپنی متعلقہ پالیسی میں منافع اور نقصان کی تقسیم اور پول مینجمنٹ سے متعلق SBP کی ہدایات کی پابندی کی ہے۔ ایک مضبوط آئی ٹی سسٹم کے ذریعے پول مینجمنٹ اور منافع کی تقسیم کے عمل اور شریعت کے کنٹرولز کو بہتر بنانا بشمول ڈپازٹ اور اثاثوں کی ٹیگنگ کے مؤثر میکانزم کے ساتھ آپریٹنگ افادیت کو مزید بہتر بنایا جا سکتا ہے۔

vi- PKIC IFD کی مصنوعات اور طریقِ عمل میں شریعت کی مطابقت کی اہمیت سمجھنے میں عملہ، انتظامیہ اور بورڈ آف ڈائریکٹرز کی آگاہی، قابلیت اور حساسیت کی سطح اسلامی تمویل میں ایک اہم پہلو سمجھی جاتی ہے۔ پچھلے سال کے مقابلے میں رواں سال کے لیے منصوبہ بندی کردہ تربیتی نشستوں کی تعداد بڑھا کر ان کوششوں کو مزید تقویت دینا اس مقصد میں معاون ہو گا۔

vii- مشیرِ شریعہ کو اپنی ذمہ داریاں مؤثر طریقے سے نبھانے کے لیے مناسب وسائل فراہم کیے گئے ہیں۔

3. مزید یہ کہ سال 2024 کے لیے شریعت سے متعلق کوئی اہم مسائل اجاگر نہیں کیے گئے۔

2025میں، PKIC-IFD کے ٹیم ممبران کے لیے یہ ضروری ہے کہ وہ اعلیٰ تربیت کے ذریعےاپنی شرعی معلومات کو مزید بہتر بنانے پر توجہ دیں۔ اس سے نہ صرف ان کی اسلامی بینکاری کے اصولوں کی سمجھ میں بہتری آئے گی بلکہ یہ انہیں اس صنعت میں ہونے والی ترقی کے ساتھ ہم آہنگ رہنے اور نئے چیلنجز کا مؤثر طریقے سے مقابلہ کرنے میں بھی مدد دے گی۔

مفتی منصور رئیس

مشیرِ شریعہ

پاک کویت انویسٹمنٹ کمپنی

تاریخ: March 04, 2025

تقرير المستشار الشرعي

للعام 2024

بسم الله الرحمٰن الرحيم

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

1. في حين أن مجلس الإدارة والإدارة التنفيذية يتحملان المسؤولية الكاملة لضمان امتثال عمليات **شركة باكستان الكويت للاستثمار (الخاصة) المحدودة – قسم التمويل الإسلامي (PKIC-IFD)** لمبادئ الشريعة الإسلامية في جميع الأوقات، فإنني ملزم بتقديم تقرير حول بيئة الامتثال الشرعي العامة في **PKIC-IFD**

2. لاستنتاج رأيي كما هو معبر عنه في هذا التقرير، قامت **وظيفة الامتثال الشرعي** في **PKIC-IFD** بمراجعات دورية، على أساس الفحص الاختباري، لكل فئة من فئات المعاملات، بما في ذلك الوثائق ذات الصلة وتدفقات العمليات. بالإضافة إلى ذلك، راجعت تقارير التدقيق الشرعي الداخلي. وبناءً على ما سبق، أرى أن:

i. التزمت **PKIC-IFD** بالقواعد والمبادئ الشرعية وفقاً للآراء الصادرة عن المستشار الشرعي.

ii. التزمت **PKIC-IFD** بالتوجيهات واللوائح والتعليمات والإرشادات المتعلقة بالامتثال الشرعي الصادرة عن **البنك المركزي الباكستاني(SBP)** ، وفقاً لقرارات **مجلس الشريعة التابع لSBP** .

iii. تمتلك **PKIC-IFD** آلية شاملة لضمان الامتثال الشرعي في جميع عملياتها.

iv. لدى **PKIC-IFD** سياسة واضحة ومتينة لضمان أن أي إيرادات ناتجة عن مصادر أو وسائل غير متوافقة مع الشريعة يتم تحويلها إلى حساب خيري واستخدامها بشكل مناسب.

v. امتثلت PKIC-IFD لتعليمات SBP بشأن توزيع الأرباح والخسائر وإدارة الصناديق في سياساتها ذات الصلة. يمكن تعزيز الكفاءة التشغيلية بشكل أكبر من خلال تقوية إدارة الصناديق وعمليات توزيع الأرباح عبر نظام تكنولوجي متطور، مع دمج الضوابط الشرعية وآليات فعالة لتصنيف الودائع والموجودات.

vi. يُعتبر مستوى الوعي والكفاءة والحساسية لدى الموظفين والإدارة ومجلس الإدارة تجاه أهمية الامتثال الشرعي في المنتجات والعمليات المالية الإسلامية عاملاً أساسياً. وسيكون من المفيد تعزيز هذه الجهود من خلال زيادة عدد الدورات التدريبية المخطط لها خلال العام الحالي مقارنة بالعام السابق.

vii. تم توفير الموارد الكافية للمستشار الشرعي، مما يمكنه من أداء مهامه بفعالية.

3. علاوة على ذلك، لم يتم تحديد أي قضايا شرعية كبيرة خلال عام 2024

وفي عام 2025، من المهم أن يركز أعضاء فريق PKIC-IFD على تعزيز معرفتهم بالشريعة الإسلامية من خلال برامج تدريبية متقدمة. لن يسهم ذلك فقط في تعميق فهمهم لمبادئ الصيرفة الإسلامية، بل سيمكنهم أيضًا من مواكبة التطورات في الصناعة والتعامل بفعالية مع التحديات الجديدة.

مفتي منصور رئيس
المستشار الشرعي
شركة باكستان الكويت للاستثمار – قسم التمويل الإسلامي

تاريخ التقرير: 04 **March** 2025

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Unconsolidated 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, 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and 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, unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and 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, 2024 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 Unconsolidated 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.

AFF co

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KARACHI LAHORE ISLAMABAD

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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 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 is 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.

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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.

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 statement of 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 was 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 5, 2025
UDIN: AR2024100618yEZtYw74

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

2024	2023		Note	2024	2023
---------(USD in '000)---------				----------(Rupees in '000)----------	
		ASSETS			
3,155	2,266	Cash and balances with treasury banks	6	878,903	631,063
343	422	Balances with other banks	7	95,640	117,418
75,894	-	Lendings to financial institutions	8	21,140,182	-
1,621,701	3,548,375	Investments	9	451,724,816	988,399,955
184,063	193,232	Advances	10	51,270,623	53,824,753
3,289	3,532	Property and equipment	11	916,090	983,916
-	-	Right-of-use assets		-	-
169	47	Intangible assets	12	47,215	13,211
12,349	6,514	Deferred tax assets	13	3,439,941	1,814,574
85,543	136,016	Other assets	14	23,827,866	37,887,132
1,986,506	3,890,404	Total assets		553,341,276	1,083,672,022
		LIABILITIES			
-	-	Bills payable		-	-
1,637,059	3,685,264	Borrowings	15	456,002,911	1,026,530,216
140,032	69,182	Deposits and other accounts	16	39,006,034	19,270,777
-	-	Lease liabilities		-	-
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
41,634	12,844	Other liabilities	17	11,596,958	3,577,661
1,818,725	3,767,290	Total liabilities		506,605,903	1,049,378,654
167,781	123,114	NET ASSETS		46,735,373	34,293,368
		REPRESENTED BY			
57,440	57,440	Share capital	18	16,000,000	16,000,000
59,197	50,261	Reserves	19	16,489,285	14,000,074
10,988	8,442	Surplus on revaluation of assets - net	20	3,060,736	2,351,511
40,156	6,971	Unappropriated profit		11,185,352	1,941,783
167,781	123,114			46,735,373	34,293,368
		CONTINGENCIES AND COMMITMENTS	21		

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

Chief Executive Officer   Chief Financial Officer   Director   Director   Director

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		Note	2024	2023
------------(USD in '000)-----------				-------(Rupees in '000)-------	
728,297	850,089	Mark-up / return / interest / profit earned	22	202,867,210	236,792,321
720,333	828,380	Mark-up / return / interest / profit expensed	23	200,648,731	230,745,208
7,964	21,709	Net mark-up / return / interest / profit		2,218,479	6,047,113
		NON MARK-UP / INTEREST INCOME			
717	300	Fee and commission income	24	199,745	83,459
59,450	30,901	Dividend income		16,559,894	8,607,358
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
878	1,339	Gain on securities	25	244,611	373,085
(83)	-	Net loss on derecognition of financial assets measured at amortised cost	26	(23,257)	-
478	1,151	Other income	27	133,150	320,666
61,440	33,691	Total non-markup / interest income		17,114,143	9,384,568
69,404	55,400	Total income		19,332,622	15,431,681
		NON MARK-UP / INTEREST EXPENSES			
7,305	7,466	Operating expenses	28	2,034,797	2,079,673
1,219	950	Workers' welfare fund		339,641	264,661
23	-	Other charges	29	6,395	-
8,547	8,416	Total non-markup / interest expenses		2,380,833	2,344,334
60,857	46,984	Profit before credit loss allowance / provisions		16,951,789	13,087,347
(109)	(523)	Reversal of provision / credit loss allowance and write offs - net	30	(30,257)	(145,704)
-	-	Other income / expense items		-	-
60,966	47,507	PROFIT BEFORE TAXATION		16,982,046	13,233,051
16,284	11,603	Taxation	31	4,535,989	3,231,909
44,682	35,904	PROFIT AFTER TAXATION		12,446,057	10,001,142
------------USD-----------				---------Rupees----------	
70	56	Basic / diluted earnings per share (on share of Rs. 25,000 each)	32	19,447	15,627

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

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

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		2024	2023
(USD in '000)			(Rupees in '000)	
44,682	35,904	Profit after taxation for the year	12,446,057	10,001,142
		Other comprehensive income		
		Items that may be reclassified to the unconsolidated statement of profit and loss account in subsequent periods:		
2,268	6,931	Movement in surplus on revaluation of debt investments through FVOCI - net of tax	631,703	1,930,678
(451)	(818)	Gain on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax	(125,497)	(227,953)
1,817	6,113		506,206	1,702,725
		Items that will not be reclassified to the unconsolidated statement of profit and loss account in subsequent periods:		
(6)	(123)	Remeasurement loss on defined benefit obligation - net of tax	(1,508)	(34,274)
2,952	3,275	Movement in surplus on revaluation of investment in equity investments - net of tax	822,250	912,342
2,946	3,152		820,742	878,068
49,445	45,169	**Total comprehensive income**	13,773,005	12,581,935

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

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

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	Share capital	Capital reserve		(Deficit) / surplus on revaluation of Investments	Unappro-priated profit	Total
			Statutory reserve	Capital market equalization reserve			
		---------------------------------------	----------------------	(Rupees in '000)	----------------------	---------------------------------------	
Balance as at January 01, 2023		**16,000,000**	**11,999,846**	**1,659,468**	**(2,988,891)**	**(6,026,489)**	**20,643,934**
Impact of adoption of IFRS - 9		-	-	-	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 - net of tax							
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		-	-	-	1,930,678	-	1,930,678
Gain on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax		-	-	-	(227,953)	-	(227,953)
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	(34,274)	(34,274)
Movement in surplus on revaluation of investment in equity investments - net of tax		-	-	-	912,342	-	912,342
Transfer of loss on FVOCI equity securities to unappropriated profit - net of tax		-	-	-	250,737	(250,737)	-
Total other comprehensive income		-	-	-	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		-	-	(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)
Balance as at December 31, 2023		**16,000,000**	**14,000,074**	**-**	**2,351,511**	**1,941,783**	**34,293,368**
Balance as at January 1, 2024		**16,000,000**	**14,000,074**	**-**	**2,351,511**	**1,941,783**	**34,293,368**
Profit after taxation for the year ended December 31, 2024		-	-	-	-	12,446,057	12,446,057
Other comprehensive income - net of tax							
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		-	-	-	631,703	-	631,703
Gain on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax		-	-	-	(125,497)	-	(125,497)
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	(1,508)	(1,508)
Movement in surplus on revaluation of investment in equity investments - net of tax		-	-	-	822,250	-	822,250
Transfer of gain on FVOCI equity securities to unappropriated profit - net of tax		-	-	-	(619,231)	619,231	-
Total other comprehensive income		-	-	-	709,225	617,723	1,326,948
Transfer to statutory reserve	19.1	-	2,489,211	-	-	(2,489,211)	-
Transactions with owners recorded directly in equity							
Final dividend for the year ended December 31, 2023 @ Rs. 2,079.688 per share		-	-	-	-	(1,331,000)	(1,331,000)
Balance as at December 31, 2024		**16,000,000**	**16,489,285**	**-**	**3,060,736**	**11,185,352**	**46,735,373**

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

Chief Executive Officer   Chief Financial Officer   Director   Director   Director

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		Note	2024	2023
(USD in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
60,966	47,507	Profit before taxation		16,982,046	13,233,051
(59,450)	(30,901)	Less: Dividend income		(16,559,894)	(8,607,358)
1,516	16,606			422,152	4,625,693
		Adjustments :			
(7,964)	(21,709)	Net mark-up / return / interest / profit		(2,218,479)	(6,047,113)
680	565	Depreciation	28	189,520	157,344
16	22	Amortisation	28	4,415	6,028
(109)	(523)	Reversal of provision / credit loss allowance and write offs - net	30	(30,257)	(145,704)
243	178	Charge for defined benefit plan		67,608	49,524
(4)	(34)	Gain on sale of property and equipment	27	(1,024)	(9,587)
-	-	Gain on sale of non current assets 'Held for Sale'	27	(47)	-
19	45	Unrealised loss on investments - measured at FVPL	25	5,334	12,715
(7,119)	(21,456)			(1,982,930)	(5,976,793)
(5,603)	(4,850)			(1,560,778)	(1,351,100)
		(Increase) / decrease in operating assets			
(75,903)	35,267	Lendings to financial institutions		(21,142,834)	9,823,727
(320)	(88)	Securities classified as FVPL		(89,095)	(24,388)
8,305	(14,681)	Advances		2,313,441	(4,089,462)
56	(462)	Others assets (excluding advance taxation)		15,755	(128,765)
(67,862)	20,036			(18,902,733)	5,581,112
		(Decrease) / increase in operating liabilities			
(2,048,993)	1,074,445	Borrowings from financial institutions		(570,747,099)	299,286,739
70,850	20,053	Deposits		19,735,257	5,585,881
1,327	1,172	Other liabilities (excluding current taxation)		369,577	326,357
(1,976,816)	1,095,670			(550,642,265)	305,198,977
(2,050,281)	1,110,856			(571,105,776)	309,428,989
771,514	785,173	Mark-up / interest received		214,905,366	218,709,849
(693,119)	(828,871)	Mark-up / interest paid		(193,068,335)	(230,881,896)
(190)	(193)	Contribution to defined benefit plan		(52,996)	(53,988)
(14,200)	(45,844)	Income tax paid		(3,955,391)	(12,769,748)
64,005	(89,735)			17,828,644	(24,995,783)
(1,986,276)	1,021,121	**Net cash (used in) / generated from operating activities**		(553,277,132)	284,433,206
		CASH FLOW FROM INVESTING ACTIVITIES			
1,935,108	(1,041,724)	Net divestments / (investments) in securities classified as FVOCI		539,024,247	(290,172,156)
(2,104)	(3,954)	Net investment in subsidiary		(586,155)	(1,101,345)
59,434	30,901	Dividends received		16,555,204	8,607,358
(662)	(1,949)	Additions in property and equipment		(184,340)	(542,792)
(138)	-	Additions in intangibles		(38,419)	-
228	92	Proceeds from sale of property and equipment		63,670	25,544
1,991,866	(1,016,634)	**Net cash generated from / (used in) investing activities**		554,834,207	(283,183,391)
		CASH FLOW FROM FINANCING ACTIVITIES			
(4,778)	(4,344)	Dividend paid		(1,331,000)	(1,210,000)
(4,778)	(4,344)	**Net cash used in financing activities**		(1,331,000)	(1,210,000)
812	143	**Net increase in cash and cash equivalents**		226,075	39,815
-	-	Credit loss allowance on cash and cash equivalents		(13)	(16)
2,687	2,544	Cash and cash equivalents at beginning of the year		748,481	708,682
3,499	2,687	**Cash and cash equivalents at end of the year**	33	974,543	748,481

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

Chief Executive Officer	Chief Financial Officer	Director	Director	Director

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 (the SBP).

Based on the financial statements of the Company for the year ended December 31, 2023, 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 ended December 31, 2023, the State Bank of Pakistan has granted approval to the Company for commencement of Shariah

compliant business and operations. The Company commenced its Shariah compliant business and operations from February 2024.

2 BASIS OF PREPARATION

The US Dollar amounts presented in the unconsolidated statement of financial position, unconsolidated statement of profit and loss account, unconsolidated statement of comprehensive income and unconsolidated cash flow statement are converted at the rate of Rs. 278.55, prevalent as at December 31, 2024. 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 SBP vide BPRD Circular Letter No. 02 dated February 09, 2023.

Details of key financial metrics for the Islamic Finance Division of the Company are disclosed in Annexure-II of these unconsolidated financial statements.

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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

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

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP).

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 banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banking companies through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has also deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS).

The Company believes that there is no significant doubt on the Company's ability to continue as a going concern. Therefore, these 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 Company's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material 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 revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard, Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
IFRS 1- 'First-time Adoption of International Financial Reporting Standards' (amendments)	January 1, 2026
IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2026
IFRS 18 - ‘Presentation and Disclosure in Financial Statements’	January 1, 2026

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 these unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment 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 the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future period.

Significant accounting estimates and areas where judgments were made by the management in the application of material accounting policies are as follows:

(a) classification and valuation of investments (notes 5.1.2.1 and 9.1);

(b) classification and credit loss allowance / provisioning against loans and advances (notes 5.1.5, 5.8 and 10.5.2);

(c) accounting for defined benefit plan and compensated absences (notes 5.12, 5.13, 17 and 35);

(d) depreciation / amortisation of fixed assets and intangible assets (notes 5.9.4, 5.9.6, 11 and 12);

(e) assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 5.16, 13, and 31);

(f) Provisions, contingent assets and liabilities, provisions against off balance sheet obligations (notes 5.18, 5.25, 5.26 and 21);

(g) provision against expected credit losses (notes 5.1.5, 5.8, 6, 7, 8.3, 9.3.2, 10.5.2, 14.4 and 17.1); and

(h) impairment of non-financial assets (note 5.17).

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 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.

5.1 Financial instruments

5.1.2 **Financial assets**

5.1.2.1 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 statement of profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit and loss account 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 unconsolidated statement of profit or loss and presented in the unconsolidated statement of profit and loss account within unrealised gain / loss on securities 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 are 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 the 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 statement of 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 statement of profit and loss account as income when the Company's right to receive payments is established.

Unquoted equity securities are required to be measured at lower of cost or breakup value till December 31, 2024 as per the BPRD circular 16 of 2024 dated July 29, 2024 issued by the SBP.

Gains and losses on equity instruments at FVPL are included in the ‘Gain on securities’ in the unconsolidated statement of profit and loss account.

5.1.2.2 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.

5.1.2.3 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 and recognise a modification gain or loss in the unconsolidated statement of 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.

5.1.2.4 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 these 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.

5.1.3 Financial liabilities

5.1.3.1 Classification and subsequent measurement

Financial liabilities are initially recorded and subsequently measured at amortised cost.

5.1.3.2 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.

5.1.4 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.

5.1.5 **Measurement of the expected credit loss allowance**

The measurement of the Expected Credit Loss allowance (ECL) 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 are further detailed in note 44.1.5 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.

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.

<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-performing</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>

5.2 **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).

5.3 **Subsidiary**

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

5.4 **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.

5.5 **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 :

5.5.1 **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 statement of profit and loss account using effective interest rate method.

5.5.2 **Purchase under resale agreement**

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised as an 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 in the unconsolidated statement of profit and loss account using effective interest rate method.

5.6 **Other borrowings**

Other borrowings include borrowings from various financial institutions and the SBP. These borrowings are recorded at the proceeds received except for TERF. Mark-up on all these borrowings is charged to the unconsolidated statement of profit and loss account under effective interest rate.

Funds received form the SBP for advances disbursed under Temporary Economic Refinance Facility (TERF) are recorded at fair / present value on initial recognition using prevailing market rate. This results in a fair value adjustment on initial recognition which is charged to the unconsolidated statement of profit and loss account. Unwinding of expense on fair value adjustment is recognised in the unconsolidated statement of profit and loss account.

5.7 **Bai Muajjal**

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

5.7.1 **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 statement of profit and loss account.

5.7.2 **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 statement of profit and loss account.

5.8 **Advances**

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances have been maintained against potential high risk advances based on the management's estimates. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value using prevailing market rate resulting in recognition of fair value adjustment which is charged to the unconsolidated statement of profit and loss account. Unwinding of income on fair value adjustment is recognised in the unconsolidated statement of profit and loss account.

Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Company determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Islamic financing and related assets

The Company provides Islamic financing and related assets through Diminishing Musharakah, Running Musharakah and Tijarah. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Company determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

5.9 Tangible assets

5.9.1 **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 statement of profit and loss account.

5.9.2 **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).

5.9.3 **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 statement of profit and loss account as and when incurred.

5.9.4 **Depreciation / amortisation**

Depreciation / amortisation is charged to the unconsolidated statement of profit and loss account by applying the straight line method in accordance with the rates specified in notes 11.2 and 12.1 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.

5.9.5 **Capital work-in-progress**

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.9.6 **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.

5.10 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.

5.11 Certificates of investment (COI) / deposits

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

Certificates of Islamic investment (COII) / deposits

COII are generated on the basis of two modes i.e. Musharakah and Modaraba.

COII taken on Modaraba basis are initially recorded at the amount of proceeds received.
No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so customers (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Company's discretion and the Company can add, amend, transfer an asset to any other pool in the interests of customers.

In case of loss in a pool during the profit calculation period, the loss is distributed among the customers (remunerative) according to their ratio of investments.

5.12 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 these 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, 2024.

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 unconsolidated statement of profit and loss account during the year.

5.13 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, 2024.

5.14 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 statement of profit and loss account.

5.15 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) Gain or loss on sale / modification of investments is included in the unconsolidated statement of profit and loss account in the period in which these arise.

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

vii) 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. Fee and commission income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time. Unearned fees and commissions are included under other liabilities.

viii) Mark-up suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Mark-up on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

5.16 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 these 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.

5.17 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.

5.18 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.

5.19 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.

5.20 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 statement of profit and loss account.

5.21 Dividend distribution and transfer to reserves

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.

5.22 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.

5.23 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.

5.24 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 the 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.
- Islamic Finance Division — It includes Islamic financing and related assets, investment in shariah compiant government and other securities and deposits solicitated from corporate customers.

Geographical segments

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

5.25 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.

5.26 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 statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.27 Acceptances, guarantees and letters of comforts

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 letter of comforts. These are disclosed in the unconsolidated statement of financial position as part of contingencies and commitments.

6 CASH AND BALANCES WITH TREASURY BANKS	Note	2024	2023
		-----------(Rupees in '000)-----------	
In hand			
- local currency		150	150
With State Bank of Pakistan in			
- local currency current account	6.1	711,361	629,800
- local currency current account - Islamic Finance Division	6.2	166,802	-
With National Bank of Pakistan in			
- local currency current account		590	1,113
		878,903	631,063
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		878,903	631,063

6.1 This includes Rs.708.00 million (December 31, 2023: Rs. 600.50 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.

6.2 This includes Rs.165.00 million (December 31, 2023: Nil) the minimum cash reserve required to be maintained with the SBP by Islamic Finance Division of the Company.

7 BALANCES WITH OTHER BANKS	Note	2024	2023
		-----------(Rupees in '000)-----------	
In Pakistan			
- current accounts	7.1	2,442	67,809
- deposit accounts	7.2	93,211	49,625
		95,653	117,434
Less: Credit loss allowance held against balances with other banks		(13)	(16)
Balances with other banks - net of credit loss allowance		95,640	117,418

7.1 These include a balance maintained by Islamic Finance Division of the Company with Meezan Bank Limited (a related party) amounting to Rs.1.22 million. (December 31, 2023: Nil).

7.2 This represents balances maintained in deposit accounts with banks which includes a balance with Meezan Bank Limited (a related party) amounting to Rs. 91.04 million (December 31, 2023: Rs. 44.21 million). The profit rates on these accounts range between 5.87% and 13.50% (December 31, 2023: 11.01% and 20.05%).

8 LENDINGS TO FINANCIAL INSTITUTIONS	Note	2024	2023
		-----------(Rupees in '000)-----------	
Reverse repo agreements	8.2 & 8.4	19,642,834	-
Letter of placement	8.5	1,500,000	-
	8.1	21,142,834	-
Less: Credit loss allowance held against lendings to financial institutions	8.3	(2,652)	-
Lendings to financial institutions - net of credit loss allowance		21,140,182	-

	Note	2024	2023
		-----------(Rupees in '000)-----------	

8.1 Particulars of lending - gross

		2024	2023
In local currency		21,142,834	-

8.2 Securities held as collateral against lendings to financial institutions

	Note	2024			2023		
		Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills	8.4	19,642,834	-	19,642,834	-	-	-

8.3 Lending to Financial Institutions - Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
Domestic		(Rupees in '000)			
Performing	Stage 1	21,142,834	2,652	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		21,142,834	2,652	-	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	2,652	-	-	2,652
Balance at the end of the year	2,652	-	-	2,652

	2023			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Balance at the end of the year	-	-	-	-

8.4 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at December 31, 2024 amounted to Rs. 19,617 million (December 31, 2023: Nil). The mark-up rate on these lendings is between 12.70% and 13.50% (December 31, 2023: Nil) per annum with maturities between two to three days (December 31, 2023: Nil).

8.5 The rate on this letter of placement is 13.5% per annum (December 31, 2023: Nil). This letter of placement is due for maturity on January 02, 2025 (December 31, 2023: Nil).

9 INVESTMENTS

9.1 Investments by type:

	Note	2024 Fair value / amortised cost	2024 Credit loss allowances / provisions	2024 Surplus / (deficit)	2024 Carrying value	2023 Fair value / amortised cost	2023 Credit loss allowances / provisions	2023 Surplus / (deficit)	2023 Carrying value
		----(Rupees in '000)----							
- Debt Instruments									
Classified / measured at amortised cost									
Federal Government securities	9.5.1 & 9.5.3	12,969,232	-	-	12,969,232	27,864,892	-	-	27,864,892
Non Government debt securities	9.5.2 & 9.5.3	-	-	-	-	1,000,000	(134)	-	999,866
		12,969,232	-	-	12,969,232	28,864,892	(134)	-	28,864,758
Classified / measured at FVOCI									
Federal Government securities	9.4.1	420,291,724	-	3,582,556	423,874,280	941,843,063	-	2,767,316	944,610,379
Non Government debt securities	9.4.3	2,519,856	(33,900)	32,674	2,518,630	2,524,307	(34,010)	17,618	2,507,915
		422,811,580	(33,900)	3,615,230	426,392,910	944,367,370	(34,010)	2,784,934	947,118,294
Classified / measured at FVPL									
Non Government debt securities		4,438,596	-	(11,307)	4,427,289	4,339,068	-	(10,223)	4,328,845
- Equity Instruments									
Shares									
Listed companies		133,098	-	(4,342)	128,756	143,531	-	(2,492)	141,039
FVOCI (Non - Reclassifiable)									
Shares									
Listed companies	9.4.2	1,687,109	-	1,048,828	2,735,937	2,634,745	-	839,509	3,474,254
Unlisted companies	9.4.2 & 9.4.4	104,026	(91,454)	-	12,572	104,026	(103,226)	-	800
		1,791,135	(91,454)	1,048,828	2,748,509	2,738,771	(103,226)	839,509	3,475,054
Subsidiary									
Raqami Islamic Digital Bank Limited *	9.6	1,687,500	-	-	1,687,500	1,101,345	-	-	1,101,345
Associates									
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	-	-	58,231
Al Meezan Investment Management Limited	9.2.3	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	-	-	60,000
Planet N (Private) Limited		424,993	-	-	424,993	424,993	-	-	424,993
		3,370,620	-	-	3,370,620	3,370,620	-	-	3,370,620
Total Investments		447,201,761	(125,354)	4,648,409	451,724,816	984,925,597	(137,370)	3,611,728	988,399,955

* During the year ended December 31, 2024, the Company has subscribed to the right shares of Raqami Islamic Digital Bank Limited amounting to Rs. 586.15 million.
** These are listed associates.

9.1.1 Details of investment in subsidiary and associates

	Country of Incorpora-tion	Percentage of holding (%)	Assets	Liabilities	Revenue	Profit / (loss) for the year	Total comprehensive (loss) / income
	2024						
			----(Rupees in '000)----				
Subsidiary							
Raqami Islamic Digital Bank Limited	Pakistan	67.50	1,144,841	252,485	154,078	(1,067,989)	(1,067,989)
Associates							
Meezan Bank Limited	Pakistan	29.91	3,910,526,800	3,656,896,580	287,043,132	103,719,335	114,205,455
Ghandhara Tyre and Rubber Company Limited *	Pakistan	30.00	19,682,062	13,665,616	14,513,570	98,817	103,362
Al Meezan Mutual Funds	Pakistan	6.18	10,430,810	235,289	4,113,019	3,883,772	3,883,772
Al Meezan Investment Management Limited	Pakistan	30.00	8,130,073	2,662,520	5,139,513	2,943,580	2,929,095
National Clearing Company of Pakistan Limited	Pakistan	15.00	56,964,446	54,105,456	2,829,445	910,345	910,345
Eclear Services Limited	Pakistan	20.00	3,162,595	2,799,416	80,230	43,047	43,047
Planet N (Private) Limited	Pakistan	9.93	666,653	85,194	254,846	190,716	190,716

* The financial statements for the period ended December 31, 2024 of Ghandhara Tyre and Rubber Company Limited are not available, therefore the financial statements for the period ended September 30, 2024 has been disclosed.

	2023						
	Country of Incorporation	Percentage of holding (%)	Assets	Liabilities	Revenue	Profit / (loss) for the year	Total comprehensive (loss) / income
			---(Rupees in '000)---				
Subsidiary							
Raqami Islamic Digital Bank Limited	Pakistan	72.94	1,183,409	58,791	29,607	(385,382)	(385,382)
Associates							
Meezan Bank Limited	Pakistan	29.97	3,012,108,757	2,827,201,240	226,428,822	84,475,642	95,936,404
Ghandhara Tyre and Rubber Company Limited	Pakistan	30.00	19,627,728	13,714,644	17,739,142	(56,050)	(53,607)
Al Meezan Mutual Funds	Pakistan	9.20	4,501,792	171,965	1,654,281	1,506,866	1,506,866
Al Meezan Investment Management Limited	Pakistan	30.00	5,999,759	1,572,302	2,535,916	1,693,104	1,686,366
National Clearing Company of Pakistan Limited	Pakistan	15.00	33,773,084	31,376,926	1,606,238	364,401	351,684
Eclear Services Limited	Pakistan	20.00	1,386,788	1,060,152	33,529	23,459	23,459
Planet N (Private) Limited	Pakistan	9.93	564,822	80,294	157,425	289,570	289,570

9.2 Investments by segments:

	Note	2024				2023			
		Cost / amortised cost	Credit loss allowance / provisions for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance / provisions for diminution	Surplus / (deficit)	Carrying value
		---(Rupees in '000)---							
Federal Government Securities:									
Market Treasury Bills		-	-	-	-	497,985,000	-	567,619	498,552,619
Pakistan Investment Bonds	9.4.1 & 9.5.1	430,700,331	-	3,589,431	434,289,762	471,722,955	-	2,199,697	473,922,652
Ijarah Sukuks	9.4.1	2,560,625	-	(6,875)	2,553,750	-	-	-	-
		433,260,956	-	3,582,556	436,843,512	969,707,955	-	2,767,316	972,475,271
Shares:									
Listed companies	9.4.2	1,820,207	-	1,044,486	2,864,693	2,778,276	-	837,017	3,615,293
Unlisted companies	9.4.2	93,736	(81,164)	-	12,572	93,736	(92,936)	-	800
		1,913,943	(81,164)	1,044,486	2,877,265	2,872,012	(92,936)	837,017	3,616,093
Non Government Debt Securities									
Listed		3,664,524	(183)	31,063	3,695,404	4,357,517	(285)	14,106	4,371,338
Unlisted		3,293,928	(33,717)	(9,696)	3,250,515	3,505,858	(33,859)	(6,711)	3,465,288
		6,958,452	(33,900)	21,367	6,945,919	7,863,375	(34,144)	7,395	7,836,626
Foreign Securities									
Unlisted equity securities	9.4.4	10,290	(10,290)	-	-	10,290	(10,290)	-	-
Associates									
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	-	-	58,231
Al Meezan Investment Management Limited	9.2.3	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	-	-	60,000
Planet N (Private) Limited		424,993	-	-	424,993	424,993	-	-	424,993
		3,370,620	-	-	3,370,620	3,370,620	-	-	3,370,620
Subsidiary									
Raqami Islamic Digital Bank Limited		1,687,500	-	-	1,687,500	1,101,345	-	-	1,101,345
Total Investments		447,201,761	(125,354)	4,648,409	451,724,816	984,925,597	(137,370)	3,611,728	988,399,955

9.2.1 The investments in Pakistan Investment Bonds are maturing between September 08, 2025 and September 19, 2029 (2023: September 19, 2024 and September 19, 2029) and the effective mark-up rates range between 7.50 and 19.24 (2023: 8.66 and 26.22) percent per annum.

9.2.2 Investments in shares of Meezan Bank Limited costing Rs. 2,422 million and market value of Rs. 129,911 million (2023: Cost Rs. 2,422 million and market value Rs 83,632 million) are held as strategic investment in terms of the Prudential Regulations applicable to Corporate / Commercial Banking which can be sold only with prior permission of the SBP.

9.2.3 The investment in Al-Meezan Investment Management Limited can be sold only with prior permission of Securities and Exchange Commission of Pakistan (SECP).

9.2.4 The market value of shares in listed associates amounted to Rs. 132,416 million (2023: Rs. 88,258 million).

9.2.5 Investments given as collateral

	Note	2024	2023
		-----------(Rupees in '000)-----------	
Pakistan Investment Bonds	9.2.5.1	400,352,472	462,402,786
Market Treasury Bills		-	498,552,619
		400,352,472	960,955,405

9.2.5.1 These carry average yield at the rate of 16.47% (2023: 23.82%) and are due to mature latest by September 21, 2028 (2023: September 21, 2028).

9.3 Particulars of credit loss allowance

9.3.1 Investments - exposure

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----(Rupees in '000)-----							
Opening balance	973,199,424	-	136,864	973,336,288	679,226,443	-	136,864	679,363,307
New investments	396,448,282	-	-	396,448,282	4,242,756,107	-	-	4,242,756,107
Investments derecognised or repaid	(933,899,732)	-	-	(933,899,732)	(3,948,783,126)	-	-	(3,948,783,126)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(537,451,450)	-	-	(537,451,450)	293,972,981	-	-	293,972,981
Amounts written off / charged off	-	-	-	-	-	-	-	-
Other changes (to be specific)	-	-	-	-	-	-	-	-
Closing balance	435,747,974	-	136,864	435,884,838	973,199,424	-	136,864	973,336,288

9.3.2 Investments - credit loss allowance

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	-----(Rupees in '000)-----							
Gross carrying amount - Current year	506	-	136,864	137,370	519	-	136,864	137,383
Implementation of IFRS - 9	-	-	-		-		-	
New investments	67	-	-	67	-	-	-	-
Investments derecognised or repaid	(315)	-	-	(315)	(115)	-	-	(115)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(248)	-	-	(248)	(115)	-	-	(115)
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	4	-	-	4	102	-	-	102
Reversal of provision on unquoted equity shares	-	-	(11,772)	(11,772)	-	-	-	-
Closing balance - Current year	262	-	125,092	125,354	506	-	136,864	137,370

9.3.3	Credit loss allowance for diminution in value of investments	2024	2023
		-----------(Rupees in '000)-----------	
	Opening balance	137,370	420,305
	Impact of adoption of IFRS 9 - reversal of provision	-	(272,142)
	ECL charge on opening investment portfolio	-	519
	Charge / (reversals)		
	Charge for the year	436	718
	Reversal for the year	(12,452)	(12,030)
		(12,016)	(11,312)
	Closing balance	125,354	137,370

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

Category of classification		2024 Outstanding amount	2024 Credit loss allowance / provision held	2023 Outstanding amount	2023 Credit loss allowance / provision held
		-----(Rupees in '000)-----			
Domestic					
Performing	Stage 1	2,486,218	262	3,490,669	506
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		2,519,856	33,900	3,524,307	34,144

9.4 Quality of securities

Details regarding quality of securities held under "Held to Collect and Sell" model

		2024	2023
		Cost	
9.4.1	**Federal government securities - government guaranteed**	-------------(Rupees in '000)-------------	
	Market Treasury Bills	-	497,985,000
	Pakistan Investment Bonds	417,731,099	443,858,063
	Ijarah Sukuks	2,560,625	-
		420,291,724	941,843,063
9.4.2	**Shares**		
	Listed companies		
	- Cement	425,536	533,649
	- Commercial Banks	327,186	519,179
	- Fertilizer	101,117	193,541
	- Leasing	5,042	5,042
	- Oil and Gas Exploration Companies	466,531	356,382
	- Power Generation and Distribution	181,002	886,257
	- Technology and Communication	-	140,695
	- Automobile Assembler	119,438	-
	- Pharmaceuticals	61,257	-
		1,687,109	2,634,745

	2024		2023	
	Cost	Break-up value	Cost	Break-up value
Unlisted companies	(Rupees in '000)			
Arabian Sea Country Club*	2,150	-	2,150	-
Axel Products Limited*	4,044	-	4,044	-
Dadabhoy Padube Limited*	200	-	200	-
Engine Systems Limited*	10,000	-	10,000	-
FTC Management Company (Private) Limited	500	44,319	500	44,279
Innovative Investment Bank Limited*	4,770	-	4,770	-
Pakistan Mercantile Exchange Limited	11,772	17,331	11,772	-
Pakistan Textile City Limited*	50,000	-	50,000	-
Trans Mobile Limited*	10,000	-	10,000	-
TCC Management Company Limited	300	2,777	300	2,573
	93,736	64,427	93,736	46,852

*These investments are fully provided.

	2024	2023
	Cost	
9.4.3 Non government debt securities	(Rupees in '000)	
Listed		
AAA	-	250,000
AA+, AA, AA-	1,325,000	1,625,000
A+, A, A-	-	142,857
	1,325,000	2,017,857
Unlisted		
AA+, AA, AA-	-	325,000
A+, A, A-	344,062	147,812
Unrated	850,794	33,638
	1,194,856	506,450
	2,519,856	2,524,307

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 amortised cost

9.5.1 Federal government securities - government guaranteed

Pakistan Investment Bonds	12,969,232	27,864,892

9.5.2 Non government debt securities

Unlisted		
AAA	-	1,000,000

9.5.3 The market value of securities classified at amortised cost as at December 31, 2024 amounted to Rs.12,413 million (December 31, 2023: Rs. 24,589 million).

9.6 Investment in subsidiary

	2024		2023	
	Cost	Breakup value*	Cost	Breakup value*
	(Rupees in '000)			
Raqami Islamic Digital Bank Limited	1,687,500	602,162	1,101,345	819,887

* Based on the latest available audited financial statements and based on holding percentage.

10 ADVANCES

	Note	Performing		Non performing		Total	
		2024	2023	2024	2023	2024	2023
		----------(Rupees in '000)----------					
Loans, cash credits, running finances, etc.	10.1	38,290,040	54,950,020	902,437	822,969	39,192,477	55,772,989
Islamic financing and related assets		14,006,801	-	-	-	14,006,801	-
Advances - gross		52,296,841	54,950,020	902,437	822,969	53,199,278	55,772,989
Provision against advances							
- General	10.2 & 10.5.2	(1,100,000)	(1,100,000)	-	-	(1,100,000)	(1,100,000)
Credit loss allowance against advances	10.5.2						
- Stage 1		(16,165)	(22,710)	-	-	(16,165)	(22,710)
- Stage 2		(2,615)	(16,369)	-	-	(2,615)	(16,369)
- Stage 3		-	-	(809,875)	(809,157)	(809,875)	(809,157)
		(18,780)	(39,079)	(809,875)	(809,157)	(828,655)	(848,236)
Advances - net of credit loss allowance / provision		51,178,061	53,810,941	92,562	13,812	51,270,623	53,824,753

10.1 Includes net investment in finance lease as disclosed below:

	2024				2023			
	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	576,696	172,965	-	749,661	650,390	305,076	-	955,466
Residual value	69,847	3,651	-	73,499	13,812	41,935	-	55,747
Minimum lease payments	646,543	176,616	-	823,160	664,202	347,011	-	1,011,213
Financial charges for future periods	29,165	23,358	-	52,523	64,258	26,567	-	90,825
Present value of minimum lease payments	617,378	153,258	-	770,637	599,944	320,444	-	920,388

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 2029 and are subject to finance income at rates ranging between 5% and 16.52% (2023: 5% and 24.47%) per annum.

10.1.2 In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 73.499 million (2023: Rs. 55.747 million) as security deposits on behalf of the lessees which are included under other liabilities (note 17).

10.2 In addition, the Company has also maintained a general provision of Rs 1,100 million (December 31, 2023: Rs 1,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of IFRS 9. This general provision can be maintained till December 31, 2026 under BPRD circular No. 1 of 2025 dated January 22, 2025.

10.3 Particulars of advances (gross)

	2024	2023
	----------(Rupees in '000)---------	
In local currency	53,199,278	55,772,989

10.4 Advances to women, women-owned and managed enterprises

	2024	2023
Women (staff)	31,640	32,084

10.4.1 Gross loans disbursed to women (staff) during the year ended December 31, 2024 is Rs. 4.517 million (December 31, 2023: Rs. 23.412 million).

10.5 Particulars of credit loss allowance

10.5.1 Advances - exposure

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	----------(Rupees in '000)----------							
Gross carrying amount - current year	52,641,866	2,308,154	822,969	55,772,989	50,416,549	-	1,026,291	51,442,840
New advances	22,021,403	82,353	-	22,103,756	34,490,430	872,353	-	35,362,783
Advances derecognised or repaid	(23,105,048)	(1,049,552)	(78,032)	(24,232,632)	(30,829,312)	-	(176,361)	(31,005,673)
Transfer to stage 1	-	-	-	-	(1,435,801)	-	-	(1,435,801)
Transfer to stage 2	-	(157,500)	-	(157,500)	-	1,435,801	-	1,435,801
Transfer to stage 3	-	-	157,500	157,500	-	-	-	-
	(1,083,645)	(1,124,699)	79,468	(2,128,876)	2,225,317	2,308,154	(176,361)	4,357,110
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in fair value of loans	(255,926)		-	(255,926)	-	-	-	-
Movement of security deposits	17,751	-	-	17,751	-	-	(26,961)	(26,961)
Changes in risk parameters (PDs / LGDs / EADs)	(206,660)	-	-	(206,660)	-	-	-	-
Closing balance - current year	51,113,386	1,183,455	902,437	53,199,278	52,641,866	2,308,154	822,969	55,772,989

10.5.2 Advances - Credit loss allowance / Provision

	2024					2023				
	Stage 1	Stage 2	Stage 3	General Provision	Total	Stage 1	Stage 2	Stage 3	General Provision	Total
	(Rupees in '000)					(Rupees in '000)				
Opening balance	22,710	16,369	809,157	1,100,000	1,948,236	22,091	-	985,518	1,100,000	2,107,609
New advances	3,955	77	-	-	4,032	6,608	3,979	-	-	10,587
Advances derecognised or repaid	(10,019)	(9,436)	(78,032)	-	(97,487)	(3,060)	-	(176,361)	-	(179,421)
Transfer to stage 1	-	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	(4,395)	-	-	(4,395)	(990)	990	-	-	-
Transfer to stage 3	-	-	4,395	-	4,395	-	-	-	-	-
	(6,064)	(13,754)	(73,637)	-	(93,455)	2,558	4,969	(176,361)	-	(168,834)
Changes in risk parameters (PDs/LGDs/EADs)	(481)	-	74,355	-	73,874	(1,939)	11,400		-	9,461
Amount written off / charged off	-	-		-	-					-
Closing balance	16,165	2,615	809,875	1,100,000	1,928,655	22,710	16,369	809,157	1,100,000	1,948,236

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

	2024					2023				
	Stage 1	Stage 2	Stage 3	General Provision	Total	Stage 1	Stage 2	Stage 3	General Provision	Total
	(Rupees in '000)					(Rupees in '000)				
Outstanding gross exposure										
Performing - Stage 1										
Loan	50,634,932	-	-	-	50,634,932	52,013,914	-	-	-	52,013,914
Lease	478,454	-	-	-	478,454	627,952	-	-	-	627,952
Under Performing - Stage 2										
Loan	-	1,183,455	-	-	1,183,455	-	2,308,154	-	-	2,308,154
Non-performing - Stage 3										
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	157,500	-	157,500	-	-	-	-	-
Loss	-	-	744,937	-	744,937	-	-	822,969	-	822,969
	-	-	902,437	-	902,437	-	-	822,969	-	822,969
Total	51,113,386	1,183,455	902,437	-	53,199,278	52,641,866	2,308,154	822,969	-	55,772,989
Corresponding ECL / Provision										
Stage 1										
Loan	16,017	-	-	1,100,000	1,116,017	22,285	-	-	1,100,000	1,122,285
Lease	148	-	-	-	148	425	-	-	-	425
Stage 2										
Loan	-	2,615	-	-	2,615	-	16,369	-	-	16,369
Stage 3	-	-	809,875	-	809,875	-	-	809,157	-	809,157
Total	16,165	2,615	809,875	1,100,000	1,928,655	22,710	16,369	809,157	1,100,000	1,948,236

10.6 Advances include Rs. 902.44 million (December 31, 2023: Rs 822.97 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	2024		2023	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	157,500	78,750	-	-
Loss	744,937	731,125	822,969	809,157
Total	902,437	809,875	822,969	809,157

Provision is recorded net of security deposit of Rs.13.812 million (December 31, 2023: Rs. 13.812 million).

10.7 Particulars of credit loss allowance / provisions against advances

	2024					2023				
	Stage 3	Stage 2	Stage 1	General	Total	Stage 3	Stage 2	Stage 1	General	Total
	(Rupees in '000)									
Opening balance	809,157	16,369	22,710	1,100,000	1,948,236	985,518	-	22,091	1,100,000	2,107,609
Charge for the year	78,750	77	4,362	-	83,189	-	16,369	9,595	-	25,964
Reversals for the year	(78,032)	(13,831)	(10,907)	-	(102,770)	(176,361)	-	(8,976)	-	(185,337)
	718	(13,754)	(6,545)	-	(19,581)	(176,361)	16,369	619	-	(159,373)
Closing balance	809,875	2,615	16,165	1,100,000	1,928,655	809,157	16,369	22,710	1,100,000	1,948,236

10.7.1 Particulars of credit loss allowance / provisions against advances

	2024					2023				
	Stage 3	Stage 2	Stage 1	General	Total	Stage 3	Stage 2	Stage 1	General	Total
	(Rupees in '000)									
In local currency	809,875	2,615	16,165	1,100,000	1,928,655	809,157	16,369	22,710	1,100,000	1,948,236

10.8 As at December 31, 2023, the Company had an outstanding exposure of Rs. 2,254.34 million against Pakistan International Airlines Corporation Limited (PIACL). During the year, the Government of Pakistan initiated the reorganisation of Pakistan International Airlines Corporation Limited (PIACL) by executing a Scheme of Arrangement to split the company into two separate entities. Under this plan, all non-core assets, and a commercial debt of approximately Rs. 268 billion will be consolidated under a new holding company, while the core entity will be promoted for sale / privatization.

According to the restructuring terms, the post-transfer loan will have a tenor of ten years with an annual profit rate of 12%. Profit payments will be made annually, and principal repayment will occur at the end of the facility's tenor.

The SBP, in letter no. BPRD / BRD / PIAHCL / 722054-2024 dated July 15, 2024, has directed the lending parties to account for this restructuring as per the terms mentioned in the circular. Subsequently, the SBP vide letter no. BPRD / BRD / PIAHCL / 733688-2024 dated August 1, 2024 has allowed the lending parties a period of six years for staggering of losses arising due to fair valuation of loan as per IFRS 9. The loss can be recorded at 5%, 10%, 15%, 20%, 25% and 25% from year 1 to year 6 respectively.

Accordingly, the Company has applied modification accounting under IFRS 9 in respect of its PIACL exposure in accordance with the relaxation provided by the SBP and has recorded a loss amounting to Rs 23.26 million representing 5% of the total loss on modification.

10.9 Particulars of loans and advances to staff included in advances

	2024	2023
	(Rupees in '000)	
Opening balance	192,889	347,497
Transfer to prepaid staff cost due to implementation of IFRS - 9	-	(115,607)
Transfer to prepaid staff cost for current year disbursement	(37,577)	(16,335)
Income on loan to employees	14,899	13,135
Disbursements during the year	116,859	54,654
Repayments during the year	(59,179)	(90,455)
	35,002	(154,608)
Balance at end of the year	227,891	192,889

11 PROPERTY AND EQUIPMENT

	Note	2024	2023
		------------(Rupees in '000)-----------	
Capital work-in-progress	11.1	60,991	-
Property and equipment	11.2	855,099	983,916
		916,090	983,916

11.1 Capital work-in-progress

	2024	2023
Advance to suppliers	60,991	-
	60,991	-

11.2 Property and Equipment

	2024				
	Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor vehicles	Total
	--------------(Rupees in '000)--------------				
At January 1, 2024					
Cost	370,176	77,593	177,567	704,574	1,329,910
Accumulated depreciation	(98,597)	(24,259)	(117,851)	(105,287)	(345,994)
Net book value	271,579	53,334	59,716	599,287	983,916
Year ended December 2024					
Opening net book value	271,579	53,334	59,716	599,287	983,916
Additions	2,830	5,869	23,874	90,776	123,349
Cost of assets disposed of	-	(34)	(10,578)	(78,109)	(88,721)
Depreciation charge	(9,348)	(15,369)	(31,720)	(133,083)	(189,520)
Accumulated depreciation on disposal	-	34	10,210	15,831	26,075
Closing net book value	265,061	43,834	51,502	494,702	855,099
At December 31, 2024					
Cost	373,006	83,427	190,863	717,243	1,364,539
Accumulated depreciation	(107,945)	(39,593)	(139,361)	(222,541)	(509,440)
Net book value	265,061	43,834	51,502	494,702	855,099
Rate of depreciation (percentage)	2.50	20	20 - 33.3	20 - 34.3	

	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	44,767	791,330	845,804
Cost of assets disposed of	-	(232)	(4,988)	(118,050)	(123,270)
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	704,574	1,329,910
Accumulated depreciation	(98,597)	(24,259)	(117,851)	(105,287)	(345,994)
Net book value	271,579	53,334	59,716	599,287	983,916
Rate of depreciation (percentage)	2.50	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:

	2024	2023
	------(Rupees in '000)------	
Furniture and fixtures	1,810	1,293
Electrical, office and computer equipment	88,345	71,193
Motor vehicles	10,552	5,280
	100,707	77,766

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---					
Toyota Yaris GLI CVT 1.3	3,872	774	3,098	3,388	As per the Company policy	Ms. Mahwish Ibrahim - Ex Employee
Toyota Yaris GLI CVT 1.3	3,872	878	2,994	3,324	As per the Company policy	Ms. Madiha Saleem - Ex Employee
Honda BRV CVT-S	5,085	1,220	3,865	4,322	As per the Company policy	Mr. Fahad Adil - Ex Employee
Toyota Yaris GLI CVT 1.3	4,465	1,131	3,334	3,795	As per the Company policy	Mr. Asad Javed - Ex Employee
Toyota Yaris GLI CVT 1.3	4,386	1,228	3,158	3,618	As per the Company policy	Mr. Kashif Javed - Ex Employee
Honda HRV VTI-S	5,136	1,507	3,629	4,237	As per the Company policy	Syed Faraz Kazmi - Ex Employee
HP Envy X360 Laptop	328	73	255	255	As per the Company policy	Syed Ali Abid Zaidi - Ex Employee
HP Probook 450 G8 Notebook	139	139	-	-	As per the Company policy	Ms. Zarlashte Agha - Ex Employee

12 INTANGIBLE ASSETS

	Note	2024	2023
		------(Rupees in '000)------	
Advance to supplier		38,419	-
Intangible assets - computer software	12.1	8,796	13,211
		47,215	13,211

12.1 Intangible assets - computer software

	2024
	(Rupees in '000)
At January 1, 2024	
Cost	108,829
Accumulated amortisation	(95,618)
Net book value	13,211
Year ended December 31, 2024	
Opening net book value	13,211
Amortisation charge	(4,415)
Closing net book value	8,796
At December 31, 2024	
Cost	108,829
Accumulated amortisation	(100,033)
Net book value	8,796
Rate of amortisation (percentage)	20
Useful life	5 years

	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	13,211
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

12.2 The cost of fully amortised intangible assets that are still in use amounted to Rs. 92.58 million (2023: Rs. 82.09 million).

13 DEFERRED TAX ASSETS

	2024				
	At January 1, 2024	Recognised in P&L	Recognised in OCI	Recognised in SOCIE	At December 31, 2024
	----------(Rupees in 000)	----------			
Deductible temporary differences on					
- Post retirement employee benefits	77,974	28,463	964	-	107,401
- Credit loss allowance / provision against advances, off balance sheet, etc.	789,438	(35,460)	-	-	753,978
- Provision for taxation (minimum)	2,355,887	1,928,282	-	-	4,284,169
	3,223,299	1,921,285	964	-	5,145,548
Taxable temporary differences on					
- Surplus on revaluation of investments	(1,276,298)	8,859	(330,391)	-	(1,597,830)
- Accelerated tax depreciation	3,395	(7,716)	-	-	(4,321)
- Finance lease arrangements	(135,822)	32,366	-	-	(103,456)
	(1,408,725)	33,509	(330,391)	-	(1,705,607)
	1,814,574	1,954,794	(329,427)	-	3,439,941

	2023				
	At January 1, 2023	Recognised in P&L	Recognised in OCI	Recognised in SOCIE	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

14 OTHER ASSETS

	Note	2024	2023
		------------(Rupees in '000)	-----------
Income / mark-up / profit accrued in local currency		13,619,342	25,652,809
Advances, deposits, advance rent and other prepayments		142,561	40,190
Advance taxation		9,471,906	12,007,281
Other receivables	14.1	57,410	56,728
Non-current asset 'Held For Sale'		-	83,119
Deferred fair value loss on derecognition of financial asset	14.2	441,885	-
Prepaid staff cost		141,485	118,807
		23,874,589	37,958,934
Less: Provision held against other assets	14.3	(46,259)	(70,243)
Less: Credit loss allowance held against other assets	14.4	(464)	(1,559)
Other assets (net of credit loss allowance)		23,827,866	37,887,132

14.1 These include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2023: Rs. 20.771 million) that has been fully provided.

14.2 As per the privatization initiative approved by the Government of Pakistan (GoP), a new public limited company, Pakistan International Airlines Holding Company Limited (PIAHCL), has been formed by GoP to succeed specified assets and liabilities of Pakistan International Airlines Corporation Limited (PIACL). In this regard, the Company recorded deferred fair value loss, at a benchmark rate corresponding to the tenor of the loan, arising from the restructuring of syndicated exposure to PIACL in accordance with the guidance issued by the SBP vide letter NO. BPRD / BRD / PIAHCL / 733688 – 2024 dated August 01, 2024. The impact of deferred loss recognition during the period is disclosed in note 26.1 to these unconsolidated financial statements.

		2024	2023
		------------(Rupees in '000)-----------	
14.3	**Provision held against other assets**		
	Non-current asset 'Held For Sale'	-	23,984
	Other receivables	46,259	46,259
		46,259	70,243
14.3.1	**Movement in provision held against other assets**		
	Opening balance	70,243	46,259
	Charge for the year	-	23,984
	Reversals for the year	(23,984)	-
	Closing balance	46,259	70,243
14.4	**Credit loss allowance held against other assets**		
	Income / mark-up / profit accrued in local currency	464	1,559
14.4.1	**Movement in credit loss allowance held against other assets**		
	Opening balance	1,559	21
	Charge for the year	169	1,538
	Reversals for the year	(1,264)	-
	Closing balance	464	1,559

15 BORROWINGS

		2024	2023
Secured			
Borrowings from the State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	15.2	5,458,556	6,462,975
Under Financing Scheme for Renewable Energy (FSRE)	15.3	2,642,766	2,729,785
Under Temporary Economic Refinance Facility (TERF)	15.4	2,151,589	2,264,917
		10,252,911	11,457,677
Bai muajjal		-	30,996,916
Repurchase agreement borrowings		-	940,325,623
Term finance facility	15.5	431,750,000	39,250,000
Total secured		442,002,911	1,022,030,216
Unsecured			
Letter of placement	15.6	14,000,000	4,500,000
Total unsecured		14,000,000	4,500,000
		456,002,911	1,026,530,216

	2024	2023
	------------(Rupees in '000)-----------	
15.1 Particulars of borrowings with respect to currencies		
In local currency	456,002,911	1,026,530,216

15.2 Borrowings from SBP under LTFF

These represent borrowings from the 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, 2023: maximum of 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: 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, 2023: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2023: 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, 2023: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: 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 Term finance facility

The Company has availed long term borrowings from commercial banks. The interest rates on these facilities are between 11.26% and 20.16% per annum (December 31, 2023: 8.63% and 23.04% per annum) and have maturities between March 14, 2025 and December 29, 2028 (December 31, 2023: March 14, 2024 and December 29, 2028).

15.6 Letter Of Placement (LOP)

The interest rates on these LOPs are between 13.00% and 13.5% per annum (December 31, 2023: 22.20% and 23.00% per annum). These LOPs

have maturity between January 02, 2025 and January 20, 2025 (December 31, 2023: January 02, 2024 and January 05, 2024).

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2024			2023		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In foreign currencies	Total
		(Rupees in '000)					
Customers							
Certificates of Investment (COI)	16.2	13,888,068	-	13,888,068	18,091,307	-	18,091,307
Certificates of Islamic Investment (COII)	16.3	12,200,000	-	12,200,000	-	-	-
Financial Institutions							
Certificates of Investment (COI)	16.2	12,917,966	-	12,917,966	1,179,470	-	1,179,470
		39,006,034	-	39,006,034	19,270,777	-	19,270,777

	2024	2023
16.1 Composition of deposits	------------(Rupees in '000)-----------	
- Government	7,814,000	7,076,668
- Public sector entities	12,000,000	1,800,000
- Non-banking financial institutions / Mutual funds	12,917,966	1,179,470
- Private sector	6,274,068	9,214,639
	39,006,034	19,270,777

16.2 The profit rates on these Certificates of Investments (COI) range between 10.00% and 21.06% per annum (December 31, 2023: 17.50% and 23.65% per annum). These COIs have maturities between January 02, 2025 and December 01, 2025 (December 31, 2023: January 02, 2024 and November 29, 2024).

16.3 The profit rate on these Certificates of Islamic Investments (COII) is 11.5% per annum (December 31, 2023: Nil). These COII have maturities between April 30, 2025 and May 12, 2025 (December 31, 2023: Nil).

17 OTHER LIABILITIES

	Note	2024	2023
		-------------(Rupees in '000)-------------	
Mark-up / return / profit payable in local currency		9,336,942	1,756,546
Accrued expenses		630,564	789,726
Payable to defined benefit plan	35.7	170,276	153,191
Security deposits against lease		73,499	55,747
Payable against employees' compensated absences		52,113	46,742
Payable to share brokers on account of purchase of marketable securities		87,286	169
Unearned income		5,635	5,612
Workers' Welfare Fund		1,095,881	756,240
Others		143,531	12,242
Credit loss allowance against off-balance sheet obligations	17.1	1,231	1,446
		11,596,958	3,577,661

17.1 Credit loss allowance against off-balance sheet obligations

Opening balance	1,446	-
Impact due to IFRS-9 Implementation	-	1,994
Charge for the year	714	-
Reversals for the year	(929)	(548)
	(215)	(548)
Closing balance	1,231	1,446

18 SHARE CAPITAL

18.1 Authorised capital

2024	2023		2024	2023
--(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

2024	2023		2024	2023
--(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 (2023: 320,000) ordinary shares of the Company as at December 31, 2024.

	Note	2024	2023
19 RESERVES		-------------(Rupees in '000)-----------	
Statutory reserve	19.1	16,489,285	14,000,074

19.1 Statutory reserve

	2024	2023
At beginning of the year	14,000,074	11,999,846
Add: transferred during the year	2,489,211	2,000,228
	16,489,285	14,000,074

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. 2,489.211 million (2023: Rs. 2,000.228 million).

	Note	2024	2023
20 SURPLUS ON REVALUATION OF ASSETS - NET		-------------(Rupees in '000)-----------	
Surplus on revaluation of:			
- Securities measured at FVOCI - debt	9.1	3,615,230	2,784,934
- Securities measured at FVOCI - equity	9.1	1,048,828	839,509
		4,664,058	3,624,443
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI - debt		(1,410,215)	(1,086,125)
- Securities measured at FVOCI - equity		(193,107)	(186,807)
		(1,603,322)	(1,272,932)
		3,060,736	2,351,511

	Note	2024	2023
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	3,363,235	2,481,045
- Commitments	21.2	15,935,653	15,109,204
		19,298,888	17,590,249

21.1 Guarantees:

	2024	2023
Financial guarantees	3,363,235	2,481,045

		2024	2023
		-------------(Rupees in '000)-------------	
21.2	**Commitments:**		
	Undisbursed sanctions against:		
	- Loans and advances	15,335,469	15,109,204
	- Term finance certificates and sukuks	432,844	-
	Commitment for acquisition of:		
	- fixed assets	77,696	-
	- intangible assets	89,644	-
		15,935,653	15,109,204

21.3 Tax contingencies

(a) The Income Tax Department had amended the deemed assessment orders for the tax years from 2003 to 2019 and 2022, raising a tax demand of Rs. 5,116 million, mainly due to additions in respect of allocation of expenses against dividend income subject to a 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 exempt capital gains and allocation of expenses against dividend income. The total addition made in tax years 2003 to 2019 and 2022 under these heads amounts to Rs 10,998 million.

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

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

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

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

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

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

The 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. The 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 appeals effects to these latest orders have not yet been issued. The Company has filed an appeal before the 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 appeals.

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

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

In an amended order for the tax year 2019, deviating from the past positions, the tax officer had also subjected the amount representing Share of Associates in the Profit and Loss Account to tax including other issues, which were remanded back by the CIR(A) vide appellate order dated March 18, 2022. However, as mentioned above an appeal effect was not given in the order dated December 14, 2022. An appeal was again preferred before CIR(A) where the CIR(A) has remanded back the matter to the tax officer.

(c) In an amended Order for the tax year 2022, the officer has also treated income from Federal Government securities as subject to final tax under Clause (20) of Part III of Second Schedule to the Income Tax Ordinance, 2001. An amount of Rs 172.91 million is involved. An appeal has been preferred before CIR(A) who vide order dated August 23, 2024 maintained the action of the officer. The Company has a filed reference application before the High Court of Sindh.

(d) 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's appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy. The demand on account of super tax was enhanced to Rs 390.398 million vide amended order dated April 5, 2024.

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 its legal adviser, has challenged the levy before Islamabad High Court (IHC). The IHC has granted a 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.

Another notice dated October 18, 2024 to recover Super tax under section 4C of the Ordinance for the year 2024 amounting to Rs 1,297 million was issued to the Company. The Company intends to challenge the levy before Islamabad High Court whereas the company has sufficient refunds available to adjust the levy.

The Company carries a total provision of Rs. 3,437.317 million against the levy of Super Tax under section 4C as at December 31, 2024.

The management is confident that the ultimate outcome of the appeals for matters highlighted in (a) to (d) above will be in favour of the Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

	2024	2023
	---------(Rupees in '000)-----------	
22 MARK-UP / RETURN / INTEREST / PROFIT EARNED		
Loans and advances	9,380,458	9,310,040
Investments	193,136,838	227,272,416
Lendings to financial institutions	338,940	200,826
Balances with banks	10,974	9,039
	202,867,210	236,792,321

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

	2024	2023
Financial assets measured at amortised cost	11,925,781	13,098,161
Financial assets measured at FVPL	969,893	504,561
Financial assets measured at FVOCI	189,971,536	223,189,599
	202,867,210	236,792,321

		Note	2024	2023
			---------(Rupees in '000)-----------	
23	MARK-UP / RETURN / INTEREST / PROFIT EXPENSED			
	Deposits		4,548,407	2,259,836
	Borrowings		22,746,143	20,293,507
	Securities sold under repurchase agreements - government securities		173,354,181	208,191,865
			200,648,731	230,745,208
23.1	Interest expense calculated using effective interest rate method.		200,648,731	230,745,208
24	FEE AND COMMISSION INCOME			
	Participation fee		111,734	18,176
	Commitment fee		1,222	3,350
	Commission on guarantees		52,987	16,324
	Commission on letter of comfort		61	3,566
	Arrangement fee		30,592	36,794
	Advisory income		3,149	5,249
			199,745	83,459
25	GAIN ON SECURITIES			
	Realised gain	25.1	249,945	385,800
	Unrealised loss on investments - measured at FVPL		(5,334)	(12,715)
			244,611	373,085
25.1	Realised gain on:			
	Shares		44,213	12,106
	Federal government securities		205,732	373,694
			249,945	385,800
25.2	Net gain on financial assets measured:			
	At FVPL			
	- Designated upon initial recognition		38,879	(609)
	Net gain on financial assets measured at FVOCI - Debt		205,732	373,694
			244,611	373,085
26	NET LOSS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST			
	Loss on derecognition of financial assets measured at amortised cost	26.1	(23,257)	-
			(23,257)	-

26.1 This represents fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). The SBP through its Circular Letter No. BPRD / BRD / PIAHCL / 733688 – 2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 06 years at rates 5%, 10%, 15%, 20%, 25% and 25% from year 01 to year 06. Accordingly, the Company has recognised proportionate amount of 1st year’s 5% of loss in these unconsolidated financial statements.

	Note	2024	2023
		---------(Rupees in '000)-----------	

27 OTHER INCOME

	Note	2024	2023
Nominee directors fee		11,385	12,945
Rent on property		53,151	45,050
Gain on sale of property and equipment - net		1,024	9,587
Gain on sale of non current assets 'Held for Sale'		47	-
Late payment charges		67,388	247,054
Early encashment charges		155	6,030
		133,150	320,666

28 OPERATING EXPENSES

	Note	2024	2023
Total compensation expense	28.1	1,062,799	1,359,143
Property expense			
Rent and taxes		16,652	15,296
Insurance		3,940	4,087
Utilities cost		24,947	18,419
Repairs and maintenance		158,026	39,597
Depreciation		9,347	9,311
		212,912	86,710
Information technology expenses			
Software maintenance		28,475	1,797
Hardware maintenance		1,443	176
Depreciation		20,780	16,573
Amortisation		4,415	6,028
Network charges		7,779	8,233
		62,892	32,807
Other operating expenses			
Directors' fees and allowances	37.2	28,275	19,475
Legal and professional charges		57,600	62,966
Outsourced services costs	28.2	52,136	43,540
Travelling and conveyance		17,865	23,134
Depreciation		159,393	131,460
Training and development		13,636	5,567
Postage and courier charges		777	1,009
Communication		12,547	16,252
Stationery and printing		8,666	12,137
Marketing, advertisement and publicity		4,430	6,539
Donations	28.3	170,000	128,000
Auditors' remuneration	28.4	27,772	15,271
Newspaper, periodicals and subscription dues		21,757	12,514
Repairs and maintenance		7,168	7,288
Bank charges		451	443
Entertainment expense		21,301	24,748
Motor vehicle running expense		59,650	51,494
Others		32,770	39,176
		696,194	601,013
		2,034,797	2,079,673

28.1	Total compensation expense	Note	2024	2023
			---------(Rupees in '000)-----------	
	Fees and allowances		2,616	34,220
	Managerial remuneration			
	i) Fixed		613,181	542,855
	ii) Variable			
	a) Cash bonus / awards etc.		270,847	600,000
	Charge for defined benefit plan	35.7	67,608	49,524
	Contribution to defined contribution plan	36	54,778	49,473
	Medical		31,375	22,776
	Pilgrimage sponsorship		-	5,768
	Compensated absences		5,393	39,771
	Employee old age benefit		2,102	1,621
	Concessional house loan benefit charge under IFRS 9		14,899	13,135
	Total		1,062,799	1,359,143

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

28.3 Out of total donation charge of Rs. 170 million (December 31, 2023: Rs. 128 million), the Company disbursed to the following recognised institutions an amount of Rs. 120 million (December 31, 2023: 128 million).

Donee	2024	2023
	---------(Rupees in '000)-----------	
The Citizens Foundation	15,000	15,000
The Indus Hospital	14,000	14,000
Shaukat Khanum Memorial Trust	12,000	12,000
Akhuwat	8,000	9,000
Allah Walay Trust	8,000	9,000
Family Educational Services Foundation	7,000	7,000
Patients' Aid Foundation	7,000	7,000
The Tehzibul Akhlaq Trust	7,000	7,000
Aziz Jehan Begum Trust for the Blind	5,000	5,000
Rural Education And Development Foundation	4,000	5,000
Kaarvan Crafts Foundation	4,000	4,000
Karachi Down Syndrome Program	4,000	4,000
Karachi Vocational Training Centre	4,000	4,000
Special Olympics Pakistan	4,000	3,000
Afzaal Memorial Thalassemia Foundation	3,000	4,000
The Layton Rahmatulla Benevolent Trust	3,000	3,000
Bioniks Welfare Foundation	3,000	2,000
Transformation International Society	2,000	-
Depilex Smileagain Foundation	2,000	-
Muhammadi Haematology, Oncology Services & Welfare Foundation	2,000	-
Teach The World Foundation	2,000	-
Institute of Business Administration	-	5,000
Make-A-Wish Foundation	-	5,000
Dastak Women Rights And Awareness Foundation	-	2,000
VITAL Pakistan Trust	-	2,000
	120,000	128,000

28.3.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees.

28.4	Auditors' remuneration	2024	2023
		---------(Rupees in '000)-----------	
	Audit fee	6,210	2,270
	Fee for half yearly review	1,080	908
	Special certifications and sundry advisory services	11,286	3,068
	Tax services	8,000	8,470
	Out-of-pocket expenses	1,196	555
		27,772	15,271

		Note	2024	2023
			---------(Rupees in '000)-----------	
29	OTHER CHARGES			
	Penalty imposed by the State Bank of Pakistan		6,395	-

		Note	2024	2023
30	REVERSAL OF PROVISION / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
	(Reversal of credit loss allowance) / credit loss allowance against cash and balances with banks	7	(3)	7
	Credit loss allowance against lending to financial institutions	8.3	2,652	-
	Reversal of provision on unquoted equity shares		(11,772)	-
	Reversal of credit loss allowance in value of investments including accrued interest	9.3.3 & 14.4.1	(254)	(19)
	Reversal of provision on unquoted associate		-	(11,299)
	Reversal of credit loss allowance against loans and advances including accrued interest	30.1 & 14.4.1	(20,665)	(157,829)
	Reversal of credit loss allowance against contingencies and commitments	17.1	(215)	(548)
	Provision for diminution / impairment in the value of non-current asset 'Held for Sale'	14.3.1	-	23,984
			(30,257)	(145,704)

30.1 This includes reversal of provision against non-performing loans amounting to Rs. 78.03 million (2023: Nil) on account of recovery.

		2024	2023
		---------(Rupees in '000)-----------	
31	TAXATION		
	Current	6,783,658	5,687,192
	Prior years	(292,875)	-
	Deferred	(1,954,794)	(2,455,283)
		4,535,989	3,231,909

31.1 Relationship between tax expense and accounting profit

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.

		2024	2023
32	BASIC / DILUTED EARNINGS PER SHARE	---------(Rupees in '000)-----------	
	Profit for the year	12,446,057	10,001,142
		(Numbers in '000)	
	Weighted average number of ordinary shares	640	640
		---------------Rupees---------------	
	Basic / diluted earnings per share	19,447	15,627

		Note	2024	2023
33	CASH AND CASH EQUIVALENTS		---------(Rupees in '000)-----------	
	Cash and balance with treasury banks	6	878,903	631,063
	Balance with other banks	7	95,640	117,418
			974,543	748,481

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

	2024							
	Liabilities			Equity				
	Borrowings	Deposits and other accounts	Other liabilities	Share Capital	Reserves	Surplus / (deficit) on revaluation of Investments	Unappro-priated profit	Total
	(Rupees in ' 000)							
Balance as at January 1, 2024	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
Changes from financing cash flows								
Dividend Paid	-	-	-	-	-	-	(1,331,000)	(1,331,000)
Other Changes								
Liability related								
Changes in borrowings								
- Cash based	(570,747,099)	-	-	-	-	-	-	-
- Non-cash based	219,794	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	19,735,257	-	-	-	-	-	-
Changes in other liabilities								-
- Cash based	-	-	316,581	-	-	-	-	-
- Non-cash based	-	-	7,702,716	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	2,489,211	-	(2,489,211)	-
Movement in surplus on revaluation of debt investments at FVOCI - net of tax	-	-	-	-	-	631,703	-	631,703
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	822,250	-	822,250
Transfer of gain on FVOCI equity securities to unappropriated profit - net of tax	-	-	-	-	-	(619,231)	619,231	
Gain on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax	-	-	-	-	-	(125,497)	-	(125,497)
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	(1,508)	(1,508)
Profit after tax	-	-	-	-	-	-	12,446,057	12,446,057
	(570,527,305)	19,735,257	8,019,297	-	2,489,211	709,225	10,574,569	13,773,005
Balance as at December 31, 2024	456,002,911	39,006,034	11,596,958	16,000,000	16,489,285	3,060,736	11,185,352	46,735,373

	2023							
	Liabilities			Equity				
	Borrowings	Deposits and other accounts	Other liabilities	Share Capital	Reserves	Surplus / (deficit) on revaluation of Investments	Unappro-priated profit	Total
	(Rupees in ' 000)							
Balance as at January 1, 2023	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						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 (deficit) on revaluation of debt investments at FVOCI - net of tax	-	-	-	-	-	1,930,678	-	1,930,678
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	-	912,342	-	912,342
Transfer of loss on FVOCI equity securities to unappropriated profit - net of tax	-	-	-	-	-	250,737	(250,737)	-
Gain on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax	-	-	-	-	-	(227,953)	-	(227,953)
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

		2024	2023
34	STAFF STRENGTH	---------------(Number)------------	
	Permanent	87	86
	On the Company's contract	2	2
	The Company's own staff strength at the end of the year	89	88

34.1 In addition to the above, 34 (2023: 31) outsourced employees were assigned to the Company as at the end of the year to perform support services. All of these employees work locally.

35 DEFINED BENEFIT PLAN

35.1 General description

The Company operates a funded gratuity scheme. Pakistan Kuwait Investment Company (Private) Limited Employee Gratuity Fund was 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.

		2024	2023
35.2	Number of Employees under the scheme	---------------(Number)------------	
	The number of employees covered under the defined benefit schemes are:	88	87

35.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

	2024	2023
	---------------(Per annum)-------------	
Discount rate	12.25%	15.50%
Expected rate of return on plan assets	12.25%	15.50%
Expected rate of salary increase		
For first two years following valuation	12.25%	15.50%
For third year and onward	12.25%	15.50%

		Note	2024	2023
35.4	Reconciliation of payable to defined benefit plan		-------------(Rupees in '000)-----------	
	Present value of obligations	35.5	455,292	379,345
	Fair value of plan assets	35.6 & 35.9	(285,016)	(226,154)
			170,276	153,191
35.5	Movement in defined benefit obligations			
	Obligations at the beginning of the year		379,345	314,228
	Current service cost		44,023	34,848
	Interest cost		60,166	45,507
	Benefits paid by the Company		(26,249)	(65,187)
	Re-measurement (gain) / loss		(1,993)	49,949
	Obligations at the end of the year		455,292	379,345
35.6	Movement in fair value of plan assets			
	Fair value at the beginning of the year		226,154	212,760
	Interest income on plan assets		36,581	30,831
	Contribution by the Company - net		52,996	53,988
	Benefits paid during the year		(26,249)	(65,187)
	Re-measurements: net return on plan assets	35.8.2	(4,466)	(6,238)
	Fair value at the end of the year		285,016	226,154

		Note	2024	2023
35.7	**Movement in payable to defined benefit plan**		-------------(Rupees in '000)-----------	
	Opening balance		153,191	101,468
	Charge for the year	35.8.1	67,608	49,524
	Contribution by the Company - net		(52,996)	(53,988)
	Re-measurement loss recognised in OCI during the year	35.8.2	2,473	56,187
	Closing balance		170,276	153,191

35.8 Charge for defined benefit plans

35.8.1 Cost recognised in profit and loss

	2024	2023
Current service cost	44,023	34,848
Net interest on defined benefit assets	23,585	14,676
	67,608	49,524

35.8.2 Re-measurements recognised in OCI during the year

	2024	2023
Gain on obligation		
- Financial assumptions	(6,544)	1,646
- Experience adjustment	4,551	48,303
Return on plan assets over interest income	4,466	6,238
Total re-measurements recognised in OCI	2,473	56,187

35.9 Components of plan assets

	2024	2023
Cash and cash equivalents	2,889	34,941
Government Securities	131,139	125,940
Investment in units of mutual funds	150,988	65,273
	285,016	226,154

35.9.1 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.

35.10 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 is presented below:

	2024	2023
	(Rupees in '000)	
1% increase in discount rate	427,729	355,282
1% decrease in discount rate	485,797	406,037
1 % increase in expected rate of salary increase	487,671	407,549
1 % decrease in expected rate of salary increase	425,585	353,542

35.11 Expected contributions to be paid to the funds in the next financial year

71,201

35.12 Expected charge for the next financial year

71,201

35.13 Maturity profile

	2024	2023
	Years	
The weighted average duration of the present value of defined benefit obligation	6.36	6.67

Benefit Payments

Distribution of timing of benefit payments

Years	2024	2023
	(Rupees in '000)	
1	28,686	25,710
2	57,365	29,711
3	38,547	59,926
4	35,594	41,774
5	68,815	39,132
6 - 10	913,286	947,029

35.14 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. 52.997 million to staff gratuity fund.

36 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.

	2024	2023
	(Rupees in '000)	
Contribution from the Company	54,778	49,473
Contribution from the employees	54,778	49,473
	109,556	98,946

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

	2024				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	(Rupees in '000)				
Fees and allowances etc.	4,300	23,975	-	-	-
Managerial Remuneration					
i) Fixed			89,460	223,114	33,468
ii) Variable					
Cash bonus paid			58,320	208,720	59,287
Charge for defined benefit plan	-	-	7,455	14,326	1,583
Contribution to defined contribution plan	-	-	8,946	17,191	3,347
Rent & house maintenance	-	-	7,620	-	-
Utilities	-	-	4,440	-	-
Medical	-	-	119	1,411	410
Others	-	-	8,180	16,865	2,177
Total	4,300	23,975	184,540	481,627	100,272
Number of persons	1	4	1	13	5

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

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

Four of the key management personnels are provided with club membership as per the Company policy.

	2023				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	-----(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.

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

S. No.	Name of Director	2024					
		Meeting Fees and Allowances Paid					
			For Board Committees				
		Board meetings	Human Resource & Remuneration Committee	Risk Management Committee	Audit Committee	Executive Committee	Total Amount Paid
		-----(Rupees in '000)-----					
1.	Mohammad A. M. Al-Fares	3,000	-	-	-	1,300	4,300
2.	Jasem A. Al-Hajry	2,500	1,625	-	1,300	-	5,425
3.	Abdullah Salah A. Al-Sayer	2,500	1,625	1,300	1,300	-	6,725
4.	Naveed Alauddin	2,000	-	1,300	1,300	-	4,600
5.	Mansoor Masood Khan	3,000	1,625	1,300	1,300	-	7,225
		13,000	4,875	3,900	5,200	1,300	28,275

S. No.	Name of Director	2023				
		Meeting Fees and Allowances Paid				
			For Board Committees			
		Board meetings	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

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

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost , is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of lower of cost or break up value. The fair value of unquoted debt securities, fixed term financings, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer financings and deposits, are frequently repriced.

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:

38.1 On balance sheet financial instruments

	2024				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	--- (Rupees in '000)---				
Financial assets - measured at fair value					
Investments					
- Market treasury bills	-	-	-	-	-
- Pakistan Investment bonds	421,320,530	-	421,320,530	-	421,320,530
- GOP Ijarah sukuks	2,553,750	-	2,553,750	-	2,553,750
- Shares of listed companies	2,864,693	2,864,693	-	-	2,864,693
- Listed sukuks / term finance certificates	3,695,404	-	3,695,404	-	3,695,404
- Unlisted sukuks / term finance certificates	3,250,515	-	3,250,515	-	3,250,515
Financial assets - disclosed but not measured at fair value					
Investments					-
- Pakistan Investment bonds	12,969,232	-	12,412,464	-	12,412,464

	2023				
	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
	------------------ (Rupees in '000) ------------------				
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 sukuks / term finance certificates	4,371,338	-	4,371,338	-	4,371,338
- Unlisted sukuks / term finance certificates	3,465,288	-	3,465,288	-	3,465,288
Financial assets - disclosed but not measured at fair value					
Investments					
- Pakistan Investment bonds	27,864,892	-	24,589,289	-	24,589,289
Fair value of non-financial assets					
- Non-current asset 'Held for Sale'	59,182	-	-	59,182	59,182

The fair value of remaining 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 for floater PIBs and PKRV rates for fixed PIBs. These 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.
GOP Ijarah Sukuks	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.
Listed sukuks / 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 the unconsolidated annual audited financial statements for the year ended December 31, 2023.

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

	2024				2023			
	At amortised cost	At FVPL	At FVOCI	Total	At amortised cost	At FVPL	At FVOCI	Total
Financial assets	----------	----------	----------	----(Rupees in '000)----	----------	----------	----------	----------
Cash and balances with treasury banks	878,903	-	-	878,903	631,063	-	-	631,063
Balances with other banks	95,640	-	-	95,640	117,418	-	-	117,418
Lendings to Financial Institutions	21,140,182	-	-	21,140,182	-	-	-	-
Investments	12,969,232	4,556,045	429,141,419	446,666,696	28,864,757	4,469,884	950,593,349	983,927,990
Advances	51,270,623	-	-	51,270,623	53,824,753	-	-	53,824,753
Other assets	13,614,187	-	-	13,614,187	25,792,656	-	-	25,792,656
	99,968,767	4,556,045	429,141,419	533,666,231	109,230,647	4,469,884	950,593,349	1,064,293,880
Financial liabilities								
Borrowings	456,002,911	-	-	456,002,911	1,026,530,216	-	-	1,026,530,216
Deposits and other accounts	39,006,034	-	-	39,006,034	19,270,777	-	-	19,270,777
Other liabilities	11,374,569	-	-	11,374,569	3,587,626	-	-	3,587,626
	506,383,514	-	-	506,383,514	1,049,388,619	-	-	1,049,388,619

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

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

	2024						
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total
	----------	----------	----------	----(Rupees in '000)----	----------	----------	----------
Unconsolidated statement of profit and loss account							
Net mark-up / return / interest / profit	(3,822,228)	4,769,287	-	-	1,243,342	28,078	2,218,479
Inter segment revenue - net	3,836,458	(1,576,247)	(965,041)	(342,389)	(982,377)	29,596	-
Non mark-up / interest income	260,202	203,686	16,333,194	266,571	(15,119)	65,609	17,114,143
Total income	274,432	3,396,726	15,368,153	(75,818)	245,846	123,283	19,332,622
Segment direct expenses	(102,853)	(76,410)	(31,664)	(21,761)	(25,312)	(992,399)	(1,250,399)
Indirect expense allocation	(165,120)	(50,806)	(25,403)	(25,403)	(63,508)	(800,194)	(1,130,434)
Total expenses	(267,973)	(127,216)	(57,067)	(47,164)	(88,820)	(1,792,593)	(2,380,833)
Reversal of provision / credit loss allowance and write offs - net	23,956	(2,648)	11,773	-	(2,815)	(9)	30,257
Profit before tax	30,415	3,266,862	15,322,859	(122,982)	154,211	(1,669,319)	16,982,046

	2024						
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total
	----------	----------	----------	----(Rupees in '000)----	----------	----------	----------
Unconsolidated statement of financial position							
Cash and bank balances	-	806,372	-	-	168,021	150	974,543
Lendings to financial institutions	-	21,140,182	-	-	-	-	21,140,182
Investments	3,966,639	434,289,760	5,070,692	2,864,694	5,533,031	-	451,724,816
Advances - performing	36,945,817	-	-	-	14,004,401	227,843	51,178,061
Advances - non-performing	92,562	-	-	-	-	-	92,562
Others	1,413,935	10,734,536	4,690	(109,552)	1,162,157	15,025,346	28,231,112
Total assets	42,418,953	466,970,850	5,075,382	2,755,142	20,867,610	15,253,339	553,341,276
Borrowings	56,002,911	400,000,000	-	-	-	-	456,002,911
Deposits and other accounts	26,806,034	-	-	-	12,200,000	-	39,006,034
Net inter segment borrowing	(41,488,133)	58,868,751	5,075,382	2,665,091	5,070,136	(30,191,227)	-
Others	1,098,141	8,102,099	-	90,051	602,339	1,704,328	11,596,958
Total liabilities	42,418,953	466,970,850	5,075,382	2,755,142	17,872,475	(28,486,899)	506,605,903
Equity	-	-	-	-	2,995,135	43,740,238	46,735,373
Total equity and liabilities	42,418,953	466,970,850	5,075,382	2,755,142	20,867,610	15,253,339	553,341,276
Contingencies and commitments	13,172,815	-	-	-	5,958,734	167,339	19,298,888

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated statement of profit and loss account						
Net mark-up / return / interest / profit	1,269,823	4,750,441	-	-	26,849	6,047,113
Non mark-up / 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)
Reversal of provision / credit loss allowance and write offs - net	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

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Unconsolidated statement of financial position						
Cash and 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	-	-	-	192,848	53,810,941
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 and 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 and liabilities	57,585,614	997,809,345	2,015	8,225,675	20,049,373	1,083,672,022
Contingencies and commitments	17,590,249	-	-	-	-	17,590,249

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	
		2024	2023	2024	2023
				(Rupees in '000)	
Related parties:					
PKIC Staff Provident Fund	Pakistan Investment Bond	1	1	287,500	287,500
PKIC Staff Gratuity Fund	Pakistan Investment Bond			132,500	132,500

42 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:

	2024					2023				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	(Rupees in '000)									
Balances with other banks										
In current account	-	-	-	1,219	-	-	-	-	-	-
In deposit account	-	-	-	91,035	-	-	-	-	44,207	-
	-	-	-	92,254	-	-	-	-	44,207	-
Investments										
Opening balance	-	-	1,101,345	3,370,620	800	-	-	-	3,359,321	800
Investment made during the year	-	-	586,155	-	817,156	-	-	1,101,345	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-		-	-
Reversal of provision	-	-	-	-	(32)	-	-	-	11,299	-
Closing balance	-	-	1,687,500	3,370,620	817,924	-	-	1,101,345	3,370,620	800
Advances										
Opening balance	-	129,957	-	-	18,653	-	174,572	-	-	23,511
Addition during the year	-	53,801	-	-	4,546,220	-	12,746	-	-	-
Repaid during the year	-	(27,684)	-	-	(6,183)	-	(57,361)	-	-	(4,858)
Closing balance	-	156,074	-	-	4,558,690	-	129,957	-	-	18,653
Credit loss allowance held against advances	-	(21)	-	-	(658)	-	(26)	-	-	-
Other assets										
Interest / mark-up accrued	-	-	-	305	195,327	-	-	-	2,046	-
Addition during the year	-	-	-	-	-	-	-	347,813	-	-
Repaid during the year	-	-	-	-	-	-	-	(347,813)	-	-
Prepaid expense	-	-	-	-	762	-	-	-	-	-
Dividend receivable	-	-	-	4,690	-	-	-	-	-	-
Credit loss allowance against other assets	-	-	-	-	(31)	-	-	-	(276)	-
	-	-	-	4,995	196,058	-	-	-	1,770	-
Borrowings										
Opening balance	-	-	-	30,996,916	-	-	-	-	30,657,267	12,648,747
Borrowings during the year	-	-	-	-	21,281,193	-	-	-	11,855,548	-
Settled during the year	-	-	-	(30,996,916)	(21,281,193)	-	-	-	(25,323,882)	(12,648,747)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	13,807,983	-
Closing balance	-	-	-	-	-	-	-	-	30,996,916	-

	2024					2023				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	(Rupees in '000)									
Deposits and other accounts										
Opening balance	-	-	-	-	679,469	-	-	-	-	886,721
Received during the year	-	-	-	-	13,763,966	-	-	-	-	3,798,797
Withdrawn during the year	-	-	-	-	(1,525,469)	-	-	-	-	(4,006,049)
Closing balance	-	-	-	-	12,917,966	-	-	-	-	679,469
Other Liabilities										
Interest / mark-up payable	-	-	-	-	354,132	-	-		-	32,628
Payable to staff gratuity fund	-	-	-	-	170,276	-	-		-	153,191
Payable to Kuwait Investment Authority	-	-	-	-	-	-	-		-	-
Payable to National Clearing Company of Pakistan Limited	-	-	-	158	-	-	-		108	-
Payable to Arabian Sea Enterprises	-	-	-	-	113	-	-	-	-	-
Payable to FTC Management Company (Private) Limited	-	-	-	-	94,000	-	-		-	1,206
Security deposit against lease from TCC Management Company					7,500					7,500
Payable to TCC Management Company Limited	-	-	-	-	242	-	-		-	-
	-	-	-	158	626,263	-	-	-	108	194,525
Contingencies and Commitments										
Other contingencies	-	-	-	-	2,886,624	-	-	-	-	-

RELATED PARTY TRANSACTIONS

	2024					2023				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	5,221	-	9,582	391,071	-	6,763	-	7,896	3,286
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	16,333,193	-	-	-	-	8,285,189	-
Other income										
- Nominee director fee	-	-	3,600	18,600	635	-	-	-	17,950	645
Expense										
Mark-up / return / interest paid / profit accrued	-	-	-	2,275,106	722,310	-	-	-	5,535,634	595,791
Operating expenses										
- Directors fee	28,275	-	-	-	-	19,475	-	-	-	-
- Remuneration to key management personnel						-				
(including retirement benefits)	-	666,167	-	-	-	-	765,648	-	-	-
- Nominee director fee payment	-	-	-	-	11,450	-	-	-	-	5,650
- NCCPL charges	-	-	-	1,751	-	-	-	-	1,089	-
- FMCL office maintenance charges	-	-	-	-	170,858	-	-	-	-	47,667
- Contribution made to staff provident fund	-	-	-	-	54,778	-	-	-	-	44,832
- Contribution made to staff gratuity fund	-	-	-	-	67,608	-	-	-	-	49,524
- TCC Management Company office maintenance charges	-	-	-	-	4,121	-	-	-	-	3,077
- Arabean Sea Enterprises traveling and accomodation expenses	-	-	-	-	3,653	-	-	-	-	2,794

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	-------------(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	38,296,547	27,311,863
Eligible tier 2 capital	3,296,296	2,150,022
Total eligible capital (tier 1 + tier 2)	41,592,843	29,461,885
Risk weighted assets (RWAs):		
Credit risk	54,325,375	51,556,166
Market risk	20,818,958	6,489,724
Operational risk	25,686,326	17,382,390
Total	100,830,659	75,428,280

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Company;

	2024	2023
Common equity tier 1 capital adequacy ratio	37.98%	36.21%
Tier 1 capital adequacy ratio	37.98%	36.21%
Total capital adequacy ratio	41.25%	39.06%

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 II regulatory framework, using the Standardized Approach for credit risk and market risk whereas Basic Indicator Approach for operational risk.

Objectives of Capital Management

The capital management objectives of the Company are as follows:

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

Capital Management

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

- Common Equity Tier 1 Capital (CET1), which includes fully paid up capital, general reserves, statutory reserves as per the financial statements and net un-appropriated profits after all regulatory adjustment applicable on CET1.
- Tier 2 Capital, which includes general provisions, surplus on revaluation of FVOCI 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	2024		2023	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	37.98%	6.00%	36.21%
Tier 1 capital to total RWA	7.50%	37.98%	7.50%	36.21%
Total capital to total RWA	11.50%	41.25%	11.50%	39.06%

	2024	2023
Leverage Ratio (LR):	-------------(Rupees in '000)-----------	
Eligible tier-1 capital	38,296,547	27,311,863
Total exposures	974,121,290	1,063,823,422
Leverage ratio *	3.93%	2.57%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	43,266,249	22,483,775
Total net cash outflow	28,884,055	25,751,324
Liquidity coverage ratio	149.79%	87.31%

Net Stable Funding Ratio (NSFR):	2024	2023
	-------------(Rupees in '000)-----------	
Total available stable funding	315,367,038	85,437,393
Total required stable funding	287,777,698	73,469,982
Net stable funding ratio	109.59%	116.29%

* The SBP has given relaxation to the Company to maintain leverage ratio of 2% till December 31, 2024 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 risk the Company wishes to accept (at a price that is commensurate to that risk) and risk the Company wishes to mitigate. These measures ensure that these risks are taken within predefined and pre-approved tolerance limits / levels.

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 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.

The year 2024 concluded with economic environment in a considerably better shape compared to last year. During the year, Pakistan successfully completed Stand-By Arrangement and entered into Extended Fund Facility (EFF) of USD 7 billion which bought much-needed stability and investors’ confidence. Multiple macroeconomic indicators showed improvement, including the external account, exchange rate and inflation. Additionally, the year marked the beginning of a monetary easing cycle after a prolonged period of historically high interest rates.

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-II standardized approach to calculate risk weighted assets against credit risk.

44.1.1 **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.

44.1.2 **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 44.1.3 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 44.1.4 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 44.1.5 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 44.1.5 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:

44.1.3 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.

44.1.4 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.

44.1.5 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.

44.1.6 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

44.1.7 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	21,142,834	-	-	-	2,652	-	-	-	-	-
	21,142,834	-	-	-	2,652	-	-	-	-	-

44.1.8 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing Investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Textile	262,500	155,357	12,500	12,500	34	32	-	-	12,500	12,500
Chemical and Pharmaceuticals	94,062	147,812	-	-	12	20	-	-	-	-
Electronics and electrical appliances	21,138	21,138	21,138	21,138	-	-	-	-	21,138	21,138
Power (electricity), Gas, Water and Sanitary	2,142,155	1,700,000	-	-	216	230	-	-	-	-
Financial	4,438,597	5,839,068	-	-	-	224	-	-	-	-
	6,958,452	7,863,375	33,638	33,638	262	506	-	-	33,638	33,638

Credit risk by public / private sector sector

	Gross Investments		Non-performing Investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	6,958,452	7,863,375	33,638	33,638	262	506	-	-	33,638	33,638
	6,958,452	7,863,375	33,638	33,638	262	506	-	-	33,638	33,638

44.1.9 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Mining and Quarrying	-	2,000,000	-	-	-	322	-	-	-	-
Textile	15,342,272	15,327,799	531,824	609,856	5,266	7,888	-	-	518,012	596,042
Chemical and Pharmaceuticals	2,742,712	3,280,925	-	-	740	1,162	-	-	-	-
Cement	964,565	1,077,354	93,333	93,333	171	270	-	-	93,333	93,333
Sugar	2,721,537	4,275,834	35,822	35,822	385	1,121	-	-	35,822	35,822
Footwear and Leather garments	1,600,000	2,300,000	-	-	413	879	-	-	-	-
Electronics and electrical appliances	272,426	103,535	11,112	11,112	88	23	-	-	11,112	11,112
Construction	5,198,842	657,849	-	-	802	192	-	-	-	-
Power (electricity), Gas, Water and Sanitary	10,487,910	11,746,341	-	-	2,313	2,570	2,463	6,078	-	-
Transport, Storage and Communication	2,060,676	2,250,000	-	-	747	-	-	-	-	-
Financial	-	600,000	-	-	-	676	-	-	-	-
Glass and Ceramics	73,025	300,000	-	-	10	47	-	-	-	-
Manufacturing	2,549,486	2,578,030	230,346	72,846	606	763	-	4,395	151,596	72,848
Others	9,185,827	9,275,322	-	-	4,624	6,797	152	5,896	-	-
	53,199,278	55,772,989	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157

Credit risk by public / private sector	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	1,810,676	2,250,000	-	-	-	-	-	-	-	-
Private	51,388,602	53,522,989	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157
	53,199,278	55,772,989	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157

44.1.10 Contingencies and commitments

	2024	2023
	(Rupees in '000)	
Credit risk by industry sector		
Power (electricity), Gas, Water and Sanitary	3,782,942	4,883,570
Textile	2,068,545	775,000
Electronics and electrical appliances	1,089,644	7,502,139
Cement	1,000,000	1,300,000
Manufacturing	400,000	580,000
Glass and Ceramics	300,000	200,000
Others	1,515,787	2,349,540
Construction	3,204,470	-
Sugar	2,400,000	-
Mining and Quarrying	2,000,000	-
Financial	1,500,000	-
Chemical and Pharmaceuticals	37,500	-
	19,298,888	17,590,249
Credit risk by public / private sector		
Public / Government	-	-
Private	19,298,888	17,590,249
	19,298,888	17,590,249

44.1.11 Concentration of advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 23,202 million (2023: Rs 21,121 million).

	2024	2023
	(Rupees in '000)	
Funded	21,701,832	21,006,970
Non Funded	1,500,000	113,235
Total Exposure	23,201,832	21,120,205

The sanctioned limits against these top 10 exposures aggregated to Rs. 25,756 million (2023: Rs. 21,926 million)

Total funded classified therein	2024		2023	
	Amount	Credit loss allowance / Provision held	Amount	Credit loss allowance / Provision held
	(Rupees in '000)			
OAEM	-	-	-	-
Substandard			-	-
Doubtful	157,500	78,750	-	-
Loss	744,937	731,125	822,969	809,157
Total	902,437	809,875	822,969	809,157

44.1.12 Advances - province / region-wise disbursement & utilisation

Province / Region	2024						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	48,001,032	12,492,261	28,217,350	856,095	1,900,000	4,535,326	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	48,001,032	12,492,261	28,217,350	856,095	1,900,000	4,535,326	-

Province / Region	2023						
	Disburse-ments	Utilisation					
		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	-

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.

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 and mutual funds under FVOCI and FVPL and Government Securities classified under FVOCI. Banking book includes mainly unquoted equity portfolio, Associates, Strategic investments and Term Finance / Sukuk. 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-II Standardized Approach to calculate risk weighted assets against market risk exposures.

The Company calculates Value at Risk (VaR) on a daily basis using Monte Carlo approach, Historical Method and Variance Covariance Approach for equity portfolio whereas for government securities portfolio, VAR is calculated using Historical 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.

44.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----(Rupees in '000)----					
Cash and balances with treasury banks	878,903	-	878,903	631,063	-	631,063
Balances with other banks	95,640	-	95,640	117,418	-	117,418
Lendings to financial institutions	21,140,182	-	21,140,182	-	-	-
Investments	25,029,233	426,695,583	451,724,816	984,817,340	3,582,615	988,399,955
Advances	51,270,623	-	51,270,623	53,824,753	-	53,824,753
Property and equipment	916,090	-	916,090	983,916	-	983,916
Intangible assets	47,215	-	47,215	13,211	-	13,211
Deferred tax assets	3,439,941	-	3,439,941	1,814,574	-	1,814,574
Other assets	23,827,866	-	23,827,866	37,887,132	-	37,887,132
	126,645,693	426,695,583	553,341,276	1,080,089,407	3,582,615	1,083,672,022

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 Company's 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 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 realization 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	----(Rupees in '000)----			
Impact of 5% change in equity prices on				
- profit and loss account	-	6,438	-	7,052
- other comprehensive income	255,704	134,627	225,422	172,079

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 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	----(Rupees in '000)----			
Impact of 1% change in interest rates on				
- the unconsolidated profit and loss account	503,870	472,005	3,412,283	-

44.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2024											
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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	
On-balance sheet financial instruments			-------------------(Rupees in '000)-------------------									
Assets												
Cash and balances with treasury banks	-	878,903	-	-	-	-	-	-	-	-	-	878,903
Balances with other banks	6.00	95,640	93,198	-	-	-	-	-	-	-	-	2,442
Lending to financial institutions	12.97	21,140,182	21,140,182	-	-	-	-	-	-	-	-	-
Investments	14.11	451,724,816	10,523,674	219,161,083	214,104,674	-	-	-	-	-	-	7,935,385
Advances	13.32	51,270,623	10,207,121	26,854,518	2,986,895	899,507	1,795,551	1,519,275	2,626,688	4,314,452	52,521	14,095
Other assets	-	13,614,187	-	-	-	-	-	-	-	-	-	13,614,187
		538,724,351	41,964,175	246,015,601	217,091,569	899,507	1,795,551	1,519,275	2,626,688	4,314,452	52,521	22,445,012
Liabilities												
Borrowings	11.99	456,002,911	266,629,230	108,340,134	71,713,983	915,112	1,829,982	1,554,032	2,704,692	2,315,746	-	-
Deposits and other accounts	13.77	39,006,034	12,846,695	13,871,409	20,930	12,267,000	-	-	-	-	-	-
Other liabilities	-	11,374,569	-	-	-	-	-	-	-	-	-	11,374,569
		506,383,514	279,475,925	122,211,543	71,734,913	13,182,112	1,829,982	1,554,032	2,704,692	2,315,746	-	11,374,569
On-balance sheet gap		32,340,837	(237,511,750)	123,804,058	145,356,656	(12,282,605)	(34,431)	(34,757)	(78,004)	1,998,706	52,521	11,070,443
Off-balance sheet financial instruments												
Guarantee		3,363,235	-	-	1,750,000	113,235	-	-	1,500,000	-	-	-
Other commitments		15,935,653	-	-	-	-	-	-	-	-	-	15,935,653
Off-balance sheet gap		19,298,888	-	-	1,750,000	113,235	-	-	1,500,000	-	-	15,935,653
Total Yield/Interest Risk Sensitivity Gap			(237,511,750)	123,804,058	147,106,656	(12,169,370)	(34,431)	(34,757)	1,421,996	1,998,706	52,521	27,006,096
Cumulative Yield/Interest Risk Sensitivity Gap			(237,511,750)	(113,707,692)	33,398,964	21,229,594	21,195,163	21,160,406	22,582,402	24,581,108	24,633,629	-

	2023											
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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	
On-balance sheet financial instruments			--------(Rupees in '000)--------									
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	21.90	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		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	30,868,738
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	45,977,941
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)	(9,145,333)	(9,134,849)	-

Reconciliation of financial assets and financial liabilities with total assets and liabilities	2024	2023
	--------(Rupees in '000)--------	
Total financial assets as per note 44.2.5	538,724,351	1,068,624,439
Add: Non-financial assets		
Property and equipment	916,090	983,916
Intangibles	47,215	13,211
Deferred tax assets	3,439,941	1,814,574
Other assets	10,213,679	12,235,882
Total assets as per unconsolidated statement of financial position	553,341,276	1,083,672,022
Total financial liabilities as per note 44.2.5	506,383,514	1,049,371,596
Add: Non-financial liabilities		
Other liabilities	222,389	7,058
Total financial liabilities as per unconsolidated statement of financial position	506,605,903	1,049,378,654

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 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 II requirements for capital adequacy calculation.

44.3.1 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.

44.4 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.

44.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Company

	2024													
	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	878,903	-	218,701	222,801	437,401	-	-	-	-	-	-	-	-	-
Balances with other banks	95,640	-	-	95,640	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	21,140,182	-	21,140,182	-	-	-	-	-	-	-	-	-	-	-
Investments	451,724,816	-	128,755	-	-	-	-	817,238	50,449,500	22,434,756	152,558,838	843,461	216,045,682	8,446,586
Advances	51,270,623	73,642	67,829	2,007,316	127,491	295,291	2,101,403	6,303,068	2,942,667	4,522,811	6,382,133	5,255,147	8,361,753	12,830,072
Property and equipment	916,090	-	2,748	2,748	5,495	10,991	10,991	32,973	57,800	57,800	131,907	131,907	238,803	231,927
Intangible assets	47,215	-	197	197	393	787	787	2,361	2,361	2,361	9,443	9,443	18,885	-
Deferred tax assets	3,439,941	-	464,170	49,055	(111,706)	-	-	-	-	130,430	-	-	(1,397,472)	4,305,464
Other assets	23,827,866	-	242,280	43,250	1,019,708	-	12,004,566	410,930	-	9,506,787	49,447	69,771	212,447	268,680
	553,341,276	73,642	22,264,862	2,421,007	1,478,782	307,069	14,117,747	7,566,570	53,452,328	36,654,945	159,131,768	6,309,729	223,480,098	26,082,729
Liabilities														
Borrowings	456,002,911	-	4,667,744	26,108	10,060,378	135,830	101,579,305	3,463,983	2,460,579	153,597,389	161,115,696	9,589,746	6,990,406	2,315,747
Deposits and other accounts	39,006,034	-	5,413,729	-	935,966	404,563	17,671,846	14,529,930	-	50,000	-	-	-	-
Other liabilities	11,596,958	-	774,590	24,729	947,553	-	7,212,654	2,386,363	-	4,534	38,358	49,510	158,667	-
	506,605,903	-	10,856,063	50,837	11,943,897	540,393	126,463,805	20,380,276	2,460,579	153,651,923	161,154,054	9,639,256	7,149,073	2,315,747
Net assets	46,735,373	73,642	11,408,799	2,370,170	(10,465,115)	(233,324)	(112,346,058)	(12,813,706)	50,991,749	(116,996,978)	(2,022,286)	(3,329,527)	216,331,025	23,766,982

Share capital	16,000,000
Reserves	16,489,285
Net surplus on revaluation of assets	3,060,736
Unappropriated profit	11,185,352
	46,735,373

	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													
Net surplus on revaluation of assets	2,351,511													
Unappropriated profit	1,941,783													
	34,293,368													

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

	2024									
	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	878,903	878,903	-	-	-	-	-	-	-	-
Balances with other banks	95,640	95,640	-	-	-	-	-	-	-	-
Lending to financial institutions	21,140,182	21,140,182	-	-	-	-	-	-	-	-
Investments	451,724,816	-	128,758	115	72,884,256	152,872,873	843,461	216,103,200	1,356,926	7,535,227
Advances	51,270,623	2,276,278	2,396,694	6,303,068	7,465,477	6,382,133	5,255,147	8,361,753	12,002,350	827,723
Property and equipment	916,090	10,991	21,982	32,973	115,599	131,907	131,907	238,803	33,133	198,795
Intangible assets	47,215	787	1,574	2,361	4,721	9,443	9,443	18,886	-	-
Deferred tax assets	3,439,941	401,519	-	-	-	130,430	-	-	(1,397,472)	4,305,464
Other assets	23,827,866	1,305,235	12,004,566	410,930	9,506,787	49,447	69,771	212,447	125,263	143,420
	553,341,276	26,109,535	14,553,574	6,749,447	89,976,840	159,576,233	6,309,729	224,935,089	12,120,200	13,010,629
Liabilities										
Borrowings	456,002,911	14,754,230	101,715,134	3,463,983	156,057,969	161,115,696	9,589,746	6,990,406	2,315,747	
Deposits and other accounts	39,006,034	6,349,695	18,076,409	14,529,930	50,000	-	-	-	-	-
Other liabilities	11,596,958	1,746,872	7,212,654	2,386,363	4,534	38,358	49,510	158,667	-	-
	506,605,903	22,850,797	127,004,197	20,380,276	156,112,503	161,154,054	9,639,256	7,149,073	2,315,747	-
Net assets	46,735,373	3,258,738	(112,450,623)	(13,630,829)	(66,135,663)	(1,577,821)	(3,329,527)	217,786,016	9,804,453	13,010,629

Share capital	16,000,000
Reserves	16,489,285
Net surplus on revaluation of assets	3,060,736
Unappropriated profit	11,185,352
	46,735,373

	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	-	-	-	-	-	-	-	-
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 and 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	-	-	-	-	-
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									
Net surplus on revaluation of assets	2,351,511									
Unappropriated profit	1,941,783									
	34,293,368									

45 The corresponding figures have been reclassified / rearranged wherever necessary. There have been no significant reclassification during the current year.

46 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on Marcch 04, 2025.

47 GENERAL AND NON-ADJUSTING EVENT

The Board of Directors of the Company have proposed cash dividend of Rs. 1,500 million (2023: Rs.1,331 million) for the year ended December 31, 2024 in their meeting held on March 04, 2025. These unconsolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the year end.

Chief Executive Officer	Chief Financial Officer	Director	Director	Director

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31,2024

(Rupees in '000)

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)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	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:				-	-	-	-	-	-	-	-	

ANNEXURE - II

ISLAMIC FINANCE DIVISON

The Company has commenced its Shariah compliant business through Islamic Finance Division in the current year. Summarised financial statements of PKIC's Islamic Finance Division are presented below:

STATEMENT OF FINANCIAL POSITION	Note	2024 Rupees in '000
ASSETS		
Cash and balances with treasury banks		166,802
Balances with other banks		1,219
Due from financial institutions		-
Investments	1	5,533,031
Islamic financing and related assets - net	2	14,004,401
Property and equipment		14,252
Right-of-use assets		-
Intangible assets		-
Due from head office		-
Deferred tax assets		2,406
Other assets		1,145,499
Total assets		**20,867,610**
LIABILITIES		
Bills payable		-
Due to financial institutions		-
Deposits and other accounts	3	12,200,000
Due to head office		5,070,136
Lease liabilities		-
Subordinated debt		-
Deferred tax liabilities		-
Other liabilities		602,339
		17,872,475
NET ASSETS		2,995,135
REPRESENTED BY		
Islamic banking fund		2,237,077
Reserves		-
Surplus on revaluation of assets		28,009
Unappropriated profit	4	730,049
		2,995,135
CONTINGENCIES AND COMMITMENTS	5	

STATEMENT OF PROFIT AND LOSS ACCOUNT		**For the period from Februrary 27, 2024 to December 31, 2024** **Rupees in '000**
Profit / return earned	6	2,810,561
Profit / return expensed	7	1,567,219
Net profit / return		1,243,342
Other income		
Fee and commission income		6,650
Dividend income		-
Foreign exchange income		-
Gain on securities		1,488
Net loss on derecognition of financial assets measured at amortised cost		(23,257)
Total other income		(15,119)
Total income		1,228,223
Other expenses		
Operating expenses		25,312
Workers' welfare fund		-
Other charges		-
Total other expenses		25,312
Profit before credit loss allowance		1,202,911
Credit loss allowance and write offs - net		2,815
Profit before taxation		1,200,096
Taxation		470,047
Profit after taxation		730,049

1 Investments by segments:

	2024			
	Amortised cost	Credit loss allowance	(Deficit) / surplus	Carrying value
	---------------------------(Rupees in '000)---------------------------			
- Debt instruments				
Classified / measured at FVOCI				
Federal government securities				
-Ijarah sukuks	2,560,625	-	(6,875)	2,553,750
Non government debt securities	2,486,218	(261)	32,674	2,518,631
	5,046,843	(261)	25,799	5,072,381
Classified / measured at FVPL				
Non government debt securities	460,000	-	650	460,650
	460,000	-	650	460,650
Total investments	5,506,843	(261)	26,449	5,533,031

1.1 Particulars of credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
	---------------------------(Rupees in '000)---------------------------			
Non government debt securities	261	-	-	261

2 Islamic financing and related assets

	2024 (Rupees in '000)
Musharakah	700,000
Diminishing Musharakah	10,817,254
Tijarah	351,101
Advances against Diminishing Musharakah	1,400,748
Asset acquired against Diminishing Musharaka	607,344
Inventories against Tijarah	130,354
Gross Islamic financing and related assets	14,006,801
Less: Credit loss allowance against Islamic financings	
Stage 1	(2,400)
Stage 2	-
Stage 3	-
	(2,400)
Islamic financing and related assets - net of credit loss allowance	14,004,401

3 Deposits and other accounts

	Note	2024		
		In local currency	In foreign currencies	Total
		---------------------Rupees in '000---------------------		
Financial institutions				
Term deposits	3.1	12,200,000	-	12,200,000
		12,200,000	-	12,200,000

3.1 The profit rate on these Certificates of Islamic Investments (COII) is 11.5% per annum (December 31, 2023: Nil). These COIIs have maturities between April 30, 2025 and May 12, 2025 (December 31, 2023: Nil).

3.2 Composition of deposits

	2024 Rupees in '000
- Non-Banking financial institutions	12,200,000
	12,200,000

4	Islamic banking business unappropriated profit	2024 Rupees in '000
	Opening balance	-
	Add: Islamic banking profit for the period	1,200,096
	Less: taxation	(470,047)
	Closing balance	730,049

5	Contingencies and commitments	
	- Guarantees	750,000
	- Commitments	5,208,734
		5,958,734

6	Profit / return earned on financing and investments	For the period from Februrary 27, 2024 to December 31, 2024 Rupees in '000
	Profit earned on:	
	Financing	2,056,012
	Investments	754,549
		2,810,561
7	Profit on deposits and other dues expensed	
	Profit expensed on:	
	Deposits and other accounts	267,441
	Due to financial institutions	1,299,778
		1,567,219

8 Pool management

8.1 The pools, their key features & risk and rewards characteristics:

The Company's Islamic Finance Division operates special pools for deposits and inter-bank funds accepted / acquired under Mudarabah and Musharakah modes.

8.2 Equity pool:

Equity pool is being managed for those assets which are currently not generating income and are in either at advance or inventory stages. Once the nature of inventory / advance changes to financing stage, those assets would be transferred to another income generating pool for the benefit of depositor/FI. Financing to Company's Islamic Finance Division's employees is also financed through this pool.

The risk of generating income at later stage due to nature of Islamic Financing assets and risk of staff related financing are borne by equity holders.

During the period, the Company's Islamic Finance Division (PKIC - IFD) has given general Hiba to the depositors in specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba is given at the sole discretion of the PKIC-IFD without any contractual commitment with the depositors.

The Mudarib's share on deposits for the period ended December 31, 2024 is Rs.132.63 Million (35.90% of distributable profit of Mudarabah pool). An amount of Rs. 34.17 Million (25.77% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 18.43% per annum and the rate of profit paid on average deposits was 16.16% per annum.

8.3 Special Mudarabah pools

Separate pools are created where the customers desire to invest in high yield assets. The rates of these pools are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned by the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

8.4 **Treasury pool**

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah/ Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Company's Islamic Finance Division.

The risk characteristic of pool

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

Risk of loss is shared between partners as per the ratio of investment.

8.5 **Avenues / sectors where Mudarabah / Musharakah based FI funds / deposits have been deployed:**

	2024 Rupees in '000
Construction	4,546,219
Fertilizers	937,500
Food	350,000
Pharmaceuticals	943,595
Power (electricity)	2,449,648
Sugar	600,000
Telecommunication	1,339,082
Textile	481,455
Transport	1,810,676
Others	548,626
Total gross Islamic financing and related assets	14,006,801
Total gross investments (at cost)	5,506,843
Total invested funds	19,513,644

8.6 **Parameters used for allocation of profit, charging expenses and credit loss allowance etc. along with a brief description of their major allowance:**

The Company's Islamic Finance Division is currently accepting funds through customers under Mudarabah / Musharakah arrangements, wherein the Company's Islamic Finance Division and other customers are considered as partners. Funds received from customer is transferred in the pool where the Company's Islamic Finance Division also contributes its capital. Before accepting funds, the Company's Islamic Finance Division and customer set profit sharing ratio in line with the expected profit to be earned against financial institutions' funds.

The funds so generated are invested by the Company's Islamic Finance Division in Shariah compliant modes of financing and investments such as Murabaha, Istisna, Diminishing Musharakah, Tijarah, Running Musharakah, and Sukuks etc.

The Company's Islamic Finance Division calculates the profit of the pool at the end of every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs (if any).

The net income is being allocated between the Mudarib (the Company's Islamic Finance Division) and Rab ul Maal (Customer) in proportion to their profit-sharing ratio.

After the allocation of income between the equity holder and Pool, the profit is distributed among the corporate customers on the basis of weightages as and when required. In case of loss, the Company's Islamic Finance Division and Customer shall bear the loss as per their ratio of investment.

ECL provisioning shall not be considered in the income calculation of pool. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

8.7 **Mudarib / Musharik's share (in amount and percentage of distributable income)**

2024									
Pool	No. of Pools	Nature of pool	Profit rate and weightages announcement period	Average Profit rate earned	Profit sharing ratio	Mudarib fee / Musharkah share	Average profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	(Rupees in '000)	%	%	(Rupees in '000)
Special Pools	11	Mudarabah	As required	18.43%	35.90%	132,629.71	16.16%	25.77%	34,172.77

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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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 Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of 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 consolidated financial position of the Group as at December 31, 2024, 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.

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KARACHI LAHORE ISLAMABAD

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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.

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- 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.

- 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**.

A F Ferguson & Co

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 5, 2025
UDIN: AR202410061qNWJbd8YV

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

2024	2023		Note	2024	2023
---------(USD in '000)---------				----------(Rupees in '000)----------	
		ASSETS			
3,155	2,266	Cash and balances with treasury banks	6	878,917	631,063
954	524	Balances with other banks	7	265,721	145,825
75,894	-	Lendings to financial institutions	8	21,140,182	-
1,892,501	3,754,475	Investments	9	527,156,144	1,045,809,083
184,135	193,305	Advances	10	51,290,871	53,845,272
3,971	3,859	Property and equipment	11	1,106,119	1,074,903
-	-	Right-of-use assets		-	-
1,652	47	Intangible assets	12	460,143	13,211
-	-	Deferred tax assets		-	-
85,903	136,172	Other assets	13	23,928,399	37,930,628
2,248,165	4,090,648	**Total assets**		626,226,496	1,139,449,985
		LIABILITIES			
-	-	Bills payable		-	-
1,637,059	3,685,264	Borrowings	14	456,002,911	1,026,530,216
140,032	69,183	Deposits and other accounts	15	39,006,034	19,270,777
-	-	Lease liabilities		-	-
-	-	Subordinated debt		-	-
56,730	45,003	Deferred tax liabilities	16	15,802,064	12,535,675
42,540	13,055	Other liabilities	17	11,849,443	3,636,453
1,876,361	3,812,505	**Total liabilities**		522,660,452	1,061,973,121
371,804	278,143	NET ASSETS		103,566,044	77,476,864
		REPRESENTED BY			
57,440	57,440	Share capital	18	16,000,000	16,000,000
62,555	53,618	Reserves	19	17,424,549	14,935,338
30,804	19,222	Surplus on revaluation of assets - net	20	8,580,352	5,354,271
219,805	146,822	Unappropriated profit		61,226,782	40,897,186
370,604	277,102	Total equity attributable to the equity holders of the Holding Company		103,231,683	77,186,795
1,200	1,041	Non-controlling interest	21	334,361	290,069
371,804	278,143			103,566,044	77,476,864
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 49 and annexure I to II form an integral part of these consolidated financial statements.

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

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		Note	2024	2023
(USD in '000)				(Rupees in '000)	
728,856	850,196	Mark-up / return / interest / profit earned	23	203,022,949	236,822,051
720,333	828,380	Mark-up / return / interest / profit expensed	24	200,648,731	230,745,208
8,523	21,816	Net mark-up / return / interest / profit		2,374,218	6,076,843
		NON MARK-UP / INTEREST INCOME			
717	300	Fee and commission income	25	199,745	83,459
814	1,157	Dividend income		226,700	322,169
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
878	1,339	Gain on securities	26	244,610	373,085
(83)	-	Net loss on derecognition of financial assets measured at amortised cost	27	(23,257)	-
115,217	94,529	Share in results of associates - net	28	32,093,762	26,331,208
465	3,209	Other income	29	129,636	893,942
118,008	100,534	Total non-markup / interest income		32,871,196	28,003,863
126,531	122,350	**Total income**		35,245,414	34,080,706
		NON MARK-UP / INTEREST EXPENSES			
12,232	8,955	Operating expenses	30	3,407,333	2,494,415
1,219	950	Workers' welfare fund		339,641	264,661
23	-	Other charges	31	6,395	-
13,474	9,905	Total non-markup / interest expenses		3,753,369	2,759,076
113,057	112,445	**Profit before credit loss allowance / provisions**		31,492,045	31,321,630
(109)	(523)	Reversal of provision / credit loss allowance and write offs - net	32	(30,257)	(145,704)
-	-	Other income / expense items		-	-
113,166	112,968	PROFIT BEFORE TAXATION		31,522,302	31,467,334
30,628	40,107	Taxation	33	8,531,402	11,171,763
82,538	72,861	PROFIT AFTER TAXATION		22,990,900	20,295,571
		Attributable to:			
83,829	73,287	Equity holders of the Holding Company		23,350,453	20,414,157
(1,291)	(426)	Non-controlling interest		(359,553)	(118,586)
82,538	72,861			22,990,900	20,295,571
USD				Rupees	
131	115	Basic / diluted earnings per share (on share of Rs. 25,000 each)	34	36,485	31,897

The annexed notes 1 to 49 and annexure I to II form an integral part of these consolidated financial statements.

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

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		2024	2023
(USD in '000)			(Rupees in '000)	
		Profit after taxation for the year attributable to:		
83,829	73,287	Equity holders of the Holding Company	23,350,453	20,414,157
(1,291)	(426)	Non-controlling interest	(359,553)	(118,586)
82,538	72,861		22,990,900	20,295,571
		Other comprehensive income		
		Items that may be reclassified to the consolidated statement of profit and loss account in subsequent periods:		
2,267	6,931	Movement in surplus on revaluation of debt investments through FVOCI - net of tax	631,703	1,930,678
(451)	(818)	Gain on sale of debt investment carried at FVOCI reclassified to the consolidated statement of profit or loss account - net of tax	(125,497)	(227,953)
-	1,998	Movement in surplus on revaluation of property and equipment of associates - net of tax	-	556,591
6,826	9,348	Movement in surplus on revaluation of FVOCI securities of associates - net of tax	1,901,060	2,603,874
8,642	17,459		2,407,266	4,863,190
		Items that will not be reclassified to the consolidated statement of profit and loss account in subsequent periods:		
(5)	(123)	Remeasurement loss on defined benefit obligation - net of tax	(1,508)	(34,274)
2,952	3,275	Movement in surplus on revaluation of investment in equity investments - net of tax	822,250	912,342
1,796	-	Movement in surplus on revaluation of FVOCI equity securities of associates - net of tax	500,640	-
-	(2)	Share of deficit on revaluation of non - banking assets of associates - net of tax	-	(601)
(186)	(137)	Share of remeasurement loss of defined benefit obligation of associates - net of tax	(51,862)	(38,168)
4,557	3,013		1,269,520	839,299
95,737	93,333	Total comprehensive income	26,667,686	25,998,060
		Attributable to:		
97,028	93,759	Equity holders of the Holding Company	27,027,239	26,116,646
(1,291)	(426)	Non-controlling interest	(359,553)	(118,586)
95,737	93,333		26,667,686	25,998,060

The annexed notes 1 to 49 and annexure I to II form an integral part of these consolidated financial statements.

Chief Executive Officer　Chief Financial Officer　Director　Director　Director

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	Share capital	Non-Distributable reserve	Statutory reserve	Capital market equalization reserve	(Deficit) / surplus on revaluation of Investments	Non banking assets of associates	Property and equipment	Revenue reserve Unappropriated profit	Subtotal	Non controling interest	Total
		(Rupees in '000)										
Balance as at January 01, 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		-	-	-	-	2,474,598	-	-	(197,099)	2,277,499	-	2,277,499
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 surplus on revaluation of debt investments through FVOCI - net of tax		-	-	-	-	1,930,678	-	-	-	1,930,678	-	1,930,678
Gain on sale of debt investment carried at FVOCI reclassified to the consolidated statement of profit or loss account - net of tax		-	-	-	-	(227,953)	-	-	-	(227,953)	-	(227,953)
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 FVOCI 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 investment in equity investments -net of tax		-	-	-	-	912,342	-	-	-	912,342	-	912,342
Transfer of loss on FVOCI equity securities to unappropriated profit - net of tax		-	-	-	-	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		-	-	-	-	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)	-	-	-
Transfer to capital market equalization reserve		-	-	-	(1,659,468)	-	-	-	1,659,468	-	-	-
Share of movement in other reserves of associates - net of tax		-	-	-	-	-	-	-	61,419	61,419	-	61,419
Share of NCI in subsidiary		-	-	-	-	-	-	-	-	-	408,655	408,655
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)
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**
Balance as at January 1, 2024		**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**
Effects of implementation of IFRS 9 by associate		-	-	-	-	267,144	-	-	5,791	272,935	-	272,935
Profit after taxation for the year ended December 31, 2024		-	-	-	-	-	-	-	23,350,453	23,350,453	(359,553)	22,990,900
Other comprehensive income - net of tax												
Movement in surplus on revaluation of debt investments through FVOCI - net of tax		-	-	-	-	631,703	-	-	-	631,703	-	631,703
Gain on sale of debt investment carried at FVOCI reclassified to the consolidated statement of profit or loss account - net of tax		-	-	-	-	(125,497)	-	-	-	(125,497)	-	(125,497)
Movement in surplus on revaluation of FVOCI securities of associates - net of tax		-	-	-	-	1,901,060	-	-	-	1,901,060	-	1,901,060
Remeasurement loss on defined benefit obligation - net of tax		-	-	-	-	-	-	-	(1,508)	(1,508)	-	(1,508)
Movement in surplus on revaluation of investment in equity investments -net of tax		-	-	-	-	822,250	-	-	-	822,250	-	822,250
Transfer of gain on FVOCI equity securities to unappropriated profit - net of tax		-	-	-	-	(619,231)	-	-	619,231	-	-	-
Movement in surplus on revaluation of FVOCI Equity securities of associates - net of tax		-	-	-	-	500,640	-	-	-	500,640	-	500,640
Transfer of gain on FVOCI equity securities of associates to unappropriated profit - net of tax		-	-	-	-	(151,988)	-	-	151,988	-	-	-
Share of remeasurement loss of defined benefit obligation of associates - net of tax		-	-	-	-	-	-	-	(51,862)	(51,862)	-	(51,862)
Total other comprehensive income		-	-	-	-	2,958,937	-	-	717,849	3,676,786	-	3,676,786
Transfer to statutory reserve	19.1	-	-	2,489,211	-	-	-	-	(2,489,211)	-	-	-
Share of movement in other reserves of associates - net of tax		-	-	-	-	-	-	-	75,714	75,714	-	75,714
Share of NCI in subsidiary		-	-	-	-	-	-	-	-	-	403,845	403,845
Transactions with owners recorded directly in equity												
Final dividend for the year ended December 31, 2023 @ Rs. 2,079.688 per share		-	-	-	-	-	-	-	(1,331,000)	(1,331,000)	-	(1,331,000)
Balance as at December 31, 2024		**16,000,000**	**935,264**	**16,489,285**	**-**	**8,022,973**	**788**	**556,591**	**61,226,782**	**103,231,683**	**334,361**	**103,566,044**

The annexed notes 1 to 49 and annexure I to II form an integral part of these consolidated financial statements.

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

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		Note	2024	2023
(USD in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
113,166	112,968	Profit before taxation		31,522,302	31,467,334
(814)	(1,157)	Less: Dividend income		(226,700)	(322,169)
112,352	111,811			31,295,602	31,145,165
		Adjustments :			
(7,964)	(21,709)	Net mark-up / return / interest / profit		(2,218,479)	(6,047,113)
820	593	Depreciation	30	228,293	165,168
19	22	Amortisation	30	5,273	6,027
(109)	(523)	Reversal of provision / credit loss allowance and write offs - net	32	(30,257)	(145,704)
243	178	Charge for defined benefit plan	37.8	67,608	49,524
18	1	Charge for unfunded gratuity scheme	37.17	5,100	219
(4)	(34)	Gain on sale of property and equipment	29	(1,110)	(9,587)
-	-	Gain on sale of non current assets 'Held for Sale'	29	(47)	-
19	46	Unrealised loss on investments - measured at FVPL	26	5,335	12,715
(115,217)	(94,530)	Share in results of associates - net	28	(32,093,762)	(26,331,208)
670	-	Charge for share based payment against services	30	186,749	-
(121,505)	(115,956)			(33,845,297)	(32,299,959)
(9,153)	(4,145)			(2,549,695)	(1,154,794)
		(Increase) / decrease in operating assets			
(75,903)	35,267	Lendings to financial institutions		(21,142,834)	9,823,727
(320)	(88)	Securities classified as FVPL		(89,095)	(24,388)
8,318	(14,859)	Advances		2,316,885	(4,139,024)
(160)	(497)	Others assets (excluding advance taxation)		(44,454)	(138,307)
(68,065)	19,823			(18,959,498)	5,522,008
		(Decrease) / increase in operating liabilities			
(2,048,993)	1,074,623	Borrowings from financial institutions		(570,747,099)	299,336,343
70,850	20,053	Deposits		19,735,257	5,585,881
2,003	(854)	Other liabilities (excluding current taxation)		558,170	(237,954)
(1,976,140)	1,093,822			(550,453,672)	304,684,270
(2,053,358)	1,109,500			(571,962,865)	309,051,484
771,515	785,173	Mark-up / interest received		214,905,366	218,709,840
(693,119)	(828,870)	Mark-up / interest paid		(193,068,335)	(230,881,895)
(190)	(193)	Contribution to defined benefit plan	37.8	(52,996)	(53,988)
(14,207)	(45,845)	Income tax paid		(3,957,341)	(12,770,103)
63,999	(89,735)			17,826,694	(24,996,146)
(1,989,359)	1,019,765	Net cash (used in) / generated from operating activities		(554,136,171)	284,055,338
		CASH FLOW FROM INVESTING ACTIVITIES			
1,935,104	(1,041,724)	Net divestment / (investments) in securities classified as FVOCI		539,023,239	(290,172,158)
59,434	30,901	Dividends received		16,555,204	8,607,359
(1,158)	(2,321)	Additions in property and equipment		(322,429)	(646,515)
(1,623)	-	Additions in intangibe assets		(452,205)	-
229	92	Proceeds from sale of property and equipment		64,030	25,543
1,991,986	(1,013,052)	Net cash generated from / (used in) investing activities		554,867,839	(282,185,771)
		CASH FLOW FROM FINANCING ACTIVITIES			
779	1,467	Issue of share capital of subsidiary		217,095	408,655
(4,778)	(4,344)	Dividend paid		(1,331,000)	(1,210,000)
(3,999)	(2,877)	Net cash used in financing activities		(1,113,905)	(801,345)
(1,372)	3,836	Net (decrease) / increase in cash and cash equivalents		(382,237)	1,068,222
-	-	Credit loss allowance on cash and cash equivalents		(13)	(16)
6,379	2,544	Cash and cash equivalents at beginning of the year		1,776,888	708,682
5,007	6,380	Cash and cash equivalents at end of the year	35	1,394,638	1,776,888

The annexed notes 1 to 49 and annexure I to II form an integral part of these consolidated financial statements.

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

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 (the SBP).

Based on the financial statements of the Holding Company for the year ended December 31, 2023, Pakistan Credit Rating Agency (PACRA) has reaffirmed both the Holding Company's medium to long-term rating as 'AAA' and the short-term rating as 'A1+'.

During the year ended December 31, 2023, the State Bank of Pakistan has granted approval to the Holding Company for commencement of Shariah compliant business and operations. The Holding Company commenced its Shariah compliant business and operations from February 2024.

1.1.2 Subsidiary Company - Raqami Islamic Digital Bank Limited (RIDBL)

	Percentage of holding
	2024
Raqami Islamic Digital Bank Limited - Subsidiary	67.50%

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 has submit an application to the SBP on December 30, 2024, to obtain a restricted license, enabling the Subsidiary Company to commence pilot operations.

2 BASIS OF PREPARATION

2.1 The US Dollar amounts presented in the consolidated statement of financial position, consolidated statement of profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are converted at the rate of Rs. 278.55, prevalent as at December 31, 2024. 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 SBP vide BPRD Circular No. 02 dated February 09, 2023.

Details of key financial metrics for the Islamic Finance Division of the Holding Company are disclosed in Annexure-II of these consolidated financial statements.

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) and Raqami Islamic Digital Bank Limited (Subsidiary Company) for the year ended December 31, 2024.

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, 2024 and 2023 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2024 and December 31, 2024, 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.

The Holding Company has not recognised deferred tax arises from the investments in the subsidiary (RIDBL) as the Holding Company can control the timing of the reversal of the temporary differences arising from that investments (including the temporary differences arising from undistributed profits).

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;

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

- Provisions of and directives issued under the Banking Companies Ordinance,1962 and the Companies Act, 2017; and

- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by 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 (lAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banking companies through its notification S.R.O 411(1)12008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has also deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IlFS).

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, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Groups's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or do not have any material 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 revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations:

Standard, Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 21 - 'Lack of exchangeability' (amendments)	January 1, 2025
IFRS 1- 'First-time Adoption of International Financial Reporting Standards' (amendments)	January 1, 2026
IFRS 9 - 'Financial Instruments' (amendments)	January 1, 2026
IAS 7 - 'Statement of Cash Flows' (amendments)	January 1, 2026
IFRS 18 - 'Presentation and Disclosure in Financial Statements'	January 1, 2026

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 these consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment 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 the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the mangement in the application of material accounting policies are as follows:

(a) classification and valuation of investments (notes 5.1.2.1 and 9.1);

(b) classification and credit loss allowance / provisioning against loans and advances (notes 5.1.5, 5.7 and 10.5.2);

(c) accounting for defined benefit plan and compensated absences (notes 5.11, 5.12, 17 and 37);

(d) depreciation / amortisation of fixed assets and intangible assets (notes 5.8.4, 5.8.6, 11 and 12);

(e) assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 5.15, 16, and 33);

(f) contingent assets and liabilities, provisions against off balance sheet obligations (notes 5.24, 5.25 and 22);

(g) provision against expected credit losses (notes 5.1.5, 5.7, 6, 7, 8.3, 9.3.2, 10.5.2, 13.4 and 17.1); and

(h) impairment of non-financial assets (note 5.16).

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 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 consolidated 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.

5.1 Financial instruments

5.1.2 **Financial assets**

5.1.2.1 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 Groups'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 statement of profit and loss account. When the financial asset is derecognised, the 'cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of 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 consolidated statement of profit or loss and presented in the consolidated statement of profit and loss account within unrealised gain / loss on securities 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 are 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 the 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 an 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 consolidated statement of 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 statement of profit and loss account as income when the Group's right to receive payments is established.

Unquoted equity securities are required to be measured at lower of cost or break-up value till December 31, 2024 as per the BPRD circular 16 of 2024 dated July 29, 2024 issued by the SBP.

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

5.1.2.2 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.

5.1.2.3 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 and recognise a modification gain or loss in the consolidated statement of 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.

5.1.2.4 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 these 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.

5.1.3 **Financial liabilities**

5.1.3.1 Classification and subsequent measurement

Financial liabilities are initially recorded and subsequently measured at amortised cost.

5.1.3.2 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.

5.1.4 **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.

5.1.5 Measurement of the expected credit loss allowance

The measurement of the Expected Credit Loss allowance (ECL) 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 are further detailed in note 46.1.5 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.

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.

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-performing			
	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		

5.2 Associates

Associates are all entities over which the Group has significant influence but not control. 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.

5.3 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.

5.4 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 :

5.4.1 Sale under repurchase agreement

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

5.4.2 **Purchase under resale agreement**

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised as an 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 in the consolidated statement of profit and loss account using effective interest rate method.

5.5 **Other borrowings**

Other borrowings include borrowings from various financial institutions and the SBP. These borrowings are recorded at the proceeds received except for TERF. Mark-up on all these borrowings is charged to the consolidated statement of profit and loss account under effective interest rate.

Funds received form the SBP for advances disbursed under Temporary Economic Refinance Facility (TERF) are recorded at fair / present value on initial recognition using prevailing market rate. This results in a fair value adjustment on initial recognition which is charged to the the consolidated statement of profit and loss account. Unwinding of expense on fair value adjustment is recognised in the consolidated statement of profit and loss account.

5.6 **Bai Muajjal**

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

5.6.1 **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 statement of profit and loss account.

5.6.2 **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 statement of profit and loss account.

5.7 **Advances**

Loans and advances

Loans and advances including net investment in finance lease are stated net of credit loss allowance / provision against non-performing loan and advances. Credit loss allowance / provision against loans and advances have been made in accordance with the requirements of the Prudential Regulations and IFRS 9 application instructions issued by the SBP. General provisions against loans and advances have been maintained against potential high risk advances based on the management's estimates. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Subsidised loans disbursed under Temporary Economic Refinance Facility (TERF) have been recorded at fair value using prevailing market rate resulting in recognition of fair value adjustment which is charged to the consolidated statement of profit and loss account. Unwinding of income on fair value adjustment is recognised in the consolidated statement of profit and loss account.

Net investment in finance lease

Leases where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Group determines credit loss allowance / provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Islamic financing and related assets

The Holding Company provides Islamic financing and related assets through Diminishing Musharakah, Running Musharakah and Tijarah. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Holding Company determines credit loss allowance / provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

5.8 Tangible assets

5.8.1 **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 statement of profit and loss account.

5.8.2 **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).

5.8.3 **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 statement of profit and loss account as and when incurred.

5.8.4 **Depreciation / amortisation**

Depreciation / amortisation is charged to the consolidated statement of profit and loss account by applying the straight line method in accordance with the rates specified in notes 11.2 and 12.1 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.

5.8.5 **Capital work-in-progress**

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

5.8.6 **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.

5.9 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.

5.10 Certificates of investment (COI) / deposits

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

Certificates of Islamic investment (COII) / deposits

COII are generated on the basis of two modes i.e. Musharakah and Modaraba.

COII taken on Modaraba basis are initially recorded at the amount of proceeds received.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Holding Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so customers (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Group's discretion and the Group can add, amend, transfer an asset to any other pool in the interests of customers.

In case of loss in a pool during the profit calculation period, the loss is distributed among the customers (remunerative) according to their ratio of investments.

5.11 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 these 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 37.

The last actuarial valuation of the employees' defined benefit plan was conducted as of December 31, 2024.

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 consolidated statement of profit and loss account during the year.

5.12 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, 2024.

5.13 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 statement of profit and loss account.

5.14 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) Gain or loss on sale / modification of investments is included in the consolidated statement of profit and loss account in the period in which these arise.

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

vii) 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.

viii) Mark-up suspended in compliance with the Prudential Regulations issued by the SBP is recognised on receipt basis. Mark-up on rescheduled / restructured financing and investments is recognised as permitted by the SBP.

5.15 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 these 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.

5.16 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.

5.17 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.

5.18 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.

5.19 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 statement of profit and loss account.

5.20 Dividend distribution and transfer to reserves

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 statement of financial statements in the year in which these are approved by the directors / shareholders as appropriate.

5.21 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 Holding Company by the weighted average number of ordinary shares outstanding during the year.

5.22 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.

5.23 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 the Group'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 Group.
- 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.
- Islamic Finance Division — It includes Islamic financing and related assets, investment in shariah compliant government and other securities and deposits solicitated from corporate customers.

Geographical segments

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

5.24 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.

5.25 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 statement of profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

5.26 Acceptances, guarantees and letters of comfort

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 comfort. These are disclosed in the consolidated statement of financial position as part of contingencies and commitments.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		-----------(Rupees in '000)-----------	
In hand			
- local currency		164	150
With the State Bank of Pakistan in			
- local currency current account	6.1	711,361	629,800
- local currency current account - Islamic Finance Division	6.2	166,802	-
With the National Bank of Pakistan in			
- local currency current account		590	1,113
		878,917	631,063
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		878,917	631,063

6.1 This includes Rs.708.00 million (December 31, 2023: Rs. 600.50 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.

6.2 This includes Rs.165.00 million (December 31, 2023: Nil) the minimum cash reserve required to be maintained with the SBP by Islamic Finance Division of the Holding Company.

7 BALANCES WITH OTHER BANKS

	Note	2024	2023
		-----------(Rupees in '000)-----------	
In Pakistan			
- current accounts	7.1	2,442	67,809
- deposit accounts	7.2	263,292	78,032
		265,734	145,841
Less: Credit loss allowance held against balances with other banks		(13)	(16)
Balances with other banks - net of credit loss allowance		265,721	145,825

7.1 These include a balance maintained by Islamic Finance Division of the Holding Company with Meezan Bank Limited (a related party) amounting to Rs.1.22 million. (December 31, 2023: Nil).

7.2 This includes balances maintanied in deposit accounts with banks which includes a balance with Meezan Bank limited (a related party) amounting to Rs. 253.06 million (December 31, 2023: Rs. 66.33 million). The profit rates on these accounts range between 3% and 13.50% (December 31, 2023: 8% and 20.05%).

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2024	2023
		-----------(Rupees in '000)-----------	
Reverse repo agreements	8.2 & 8.4	19,642,834	-
Letter of placement	8.5	1,500,000	-
	8.1	21,142,834	-
Less: Credit loss allowance held against lendings to financial institutions	8.3	(2,652)	-
Lendings to financial institutions - net of credit loss allowance		21,140,182	-

8.1 Particulars of lending - gross

In local currency	21,142,834	-

8.2 Securities held as collateral against lendings to financial institutions

	Note	2024			2023		
		Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
		--------(Rupees in '000)--------					
Market Treasury Bills	8.4	19,642,834	-	19,642,834	-	-	-

8.3 Lending to Financial Institutions -
Particulars of credit loss allowance

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
Domestic		--------(Rupees in '000)--------			
Performing	Stage 1	21,142,834	2,652	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		21,142,834	2,652	-	-

	2024			
	Stage 1	Stage 2	Stage 3	Total
	--------(Rupees in '000)--------			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	2,652	-	-	2,652
Balance at the end of the year	2,652	-	-	2,652

	2023			
	Stage 1	Stage 2	Stage 3	Total
	--------(Rupees in '000)--------			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Balance at the end of the year	-	-	-	-

8.4 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at December 31, 2024 amounted to Rs. 19,617 million (December 31, 2023: Nil). The mark-up rate on these lendings is between 12.70% and 13.50% (December 31, 2023: Nil) per annum with maturities between two to three days (December 31, 2023: Nil).

8.5 The mark-up rate on this letter of placement is 13.5% per annum (December 31, 2023: Nil). This letter of placement is due for maturity on January 02, 2025 (December 31, 2023: Nil).

9 INVESTMENTS

9.1 Investments by type:

	Note	2024 Fair value / amortised cost	2024 Credit loss allowances / provisions	2024 Surplus / (deficit)	2024 Carrying value	2023 Fair value / amortised cost	2023 Credit loss allowances / provisions	2023 Surplus / (deficit)	2023 Carrying value
		--------Rupees in '000)--------							
- Debt Instruments									
Classified / measured at amortised cost									
Federal Government securities	9.5.1 & 9.5.3	12,969,232	-	-	12,969,232	27,864,892	-	-	27,864,892
Non Government debt securities	9.5.2 & 9.5.3	250,000	-	-	250,000	2,000,000	(135)	-	1,999,865
		13,219,232	-	-	13,219,232	29,864,892	(135)	-	29,864,757
Classified / measured at FVOCI									
Federal Government securities	9.4.1	420,291,724	-	3,582,557	423,874,281	941,843,063	-	2,767,316	944,610,379
Non Government debt securities	9.4.3	2,519,856	(33,900)	32,674	2,518,630	2,524,307	(34,010)	17,618	2,507,915
		422,811,580	(33,900)	3,615,231	426,392,911	944,367,370	(34,010)	2,784,934	947,118,294
Classified / measured at FVPL									
Federal Government securities		1,009	-	(1)	1,008	-	-	-	-
Non Government debt securities		4,438,596	-	(11,307)	4,427,289	4,339,068	-	(10,223)	4,328,845
		4,439,605	-	(11,308)	4,428,297	4,339,068	-	(10,223)	4,328,845
- Equity Instruments									
Classified / measured at FVPL									
Shares									
Listed companies		133,098	-	(4,342)	128,756	143,531	-	(2,492)	141,039
Classified / measured at FVOCI (Non-Reclassifiable)									
Shares									
Listed companies	9.4.2	1,687,109	-	1,048,828	2,735,937	2,634,745	-	839,509	3,474,254
Unlisted companies	9.4.2 & 9.4.4	104,026	(91,454)	-	12,572	104,026	(103,225)	-	801
		1,791,135	(91,454)	1,048,828	2,748,509	2,738,771	(103,225)	839,509	3,475,055
Associates									
Meezan Bank Limited **	9.2.2	75,222,232	-	-	75,222,232	56,440,847	-	-	56,440,847
Ghandhara Tyre and Rubber Company Limited **		1,817,810	-	-	1,817,810	1,845,325	-	-	1,845,325
Al Meezan Mutual Funds **		615,828	-	-	615,828	408,971	-	-	408,971
Al Meezan Investment Management Limited	9.2.3	1,640,546	-	-	1,640,546	1,328,518	-	-	1,328,518
National Clearing Company of Pakistan Limited		424,217	-	-	424,217	354,792	-	-	354,792
Eclear Services Limited		75,922	-	-	75,922	67,182	-	-	67,182
Planet N (Private) Limited		441,884	-	-	441,884	435,458	-	-	435,458
		80,238,439	-	-	80,238,439	60,881,093	-	-	60,881,093
Total Investments		522,633,089	(125,354)	4,648,409	527,156,144	1,042,334,725	(137,370)	3,611,728	1,045,809,083

** These are listed associates.

9.1.1 Movement in investments in associates

	2024	2023
	--------(Rupees in '000)--------	
Investments at beginning of the year	60,881,093	38,580,355
Reversal of provision on associates	-	11,299
Share in surplus on revaluation of FVOCI securities of associates	2,999,613	3,471,833
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)
Share of remeasurement loss of defined benefit plans of associates	(70,353)	(51,624)
Share of profit from associates recognised in the consolidated statement of profit and loss account	32,093,762	26,331,208
Share of employee share option compensation reserve of associates	87,362	67,993
Share of effect of changes in opening unappropriated profits due to implementation of IFRS - 9 by associate	363,914	-
Share of movement in other reserve of associates	13,591	13,899
Share of realised gain on sale of FVOCI securities of associates	202,651	-
Dividend received from associates	(16,333,194)	(8,285,190)
Investments at end of the year	80,238,439	60,881,093

The cost of investments in associates as at December 31, 2024 amounted to Rs. 3,371 million (December 31, 2023: 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. 11,767 million (December 31, 2023: Rs. 10,107 million).

9.1.2 Reconciliation of Summarised information of associates

2024	MBL	GTR	AMIM	AMMF	NCCPL	ESL	PNL
	--------(Rupees in '000)--------						
Net assets of the associate	253,630,220	6,016,446	5,467,553	10,195,521	2,858,990	363,179	581,459
The Company's proportionate interest in associate	75,860,799	1,804,934	1,640,266	630,083	428,848	72,636	57,739
Other adjustments	(638,567)	12,876	280	(14,255)	(4,631)	3,286	384,145
Carrying amount of the Company's interest in associate	75,222,232	1,817,810	1,640,546	615,828	424,217	75,922	441,884

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

9.1.3 Details of investment in associates

	As at December 31, 2024				For the year ended December 31, 2024		
	Country of Incorpora-tion	Percentage of holding (%)	Assets	Liabilities	Revenue	Profit / (loss) for the year	Total comprehen-sive (loss) / income
			(Rupees in '000)				
Associates							
Meezan Bank Limited	Pakistan	29.91	3,910,526,800	3,656,896,580	287,043,132	103,719,335	114,205,455
Ghandhara Tyre and Rubber Company Limited *	Pakistan	30.00	19,682,062	13,665,616	14,513,570	98,817	103,362
Al Meezan Mutual Funds	Pakistan	6.18	10,430,810	235,289	4,113,019	3,883,772	3,883,772
Al Meezan Investment Management Limited	Pakistan	30.00	8,130,073	2,662,520	5,139,513	2,943,580	2,929,095
National Clearing Company of Pakistan Limited	Pakistan	15.00	56,964,446	54,105,456	2,829,445	910,345	910,345
Eclear Services Limited	Pakistan	20.00	3,162,595	2,799,416	80,230	43,047	43,047
Planet N (Private) Limited	Pakistan	9.93	666,653	85,194	254,846	190,716	190,716

* The financial statements for the period ended December 31, 2024 of Ghandhara Tyre and Rubber Company Limited are not available, therefore the financial statements for the period ended September 30, 2024 have been disclosed.

	As at December 31, 2023				For the year ended December 31, 2023		
	Country of Incorpora-tion	Percentage of holding (%)	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive (loss) / income
			(Rupees in '000)				
Associates							
Meezan Bank Limited	Pakistan	29.97	3,012,108,757	2,827,201,240	226,428,822	84,475,642	95,936,404
Ghandhara Tyre and Rubber Company Limited	Pakistan	30.00	19,627,728	13,714,644	17,739,142	(56,050)	(53,607)
Al Meezan Mutual Funds	Pakistan	9.20	4,501,792	171,965	1,654,281	1,506,866	1,506,866
Al Meezan Investment Management Limited	Pakistan	30.00	5,999,759	1,572,302	2,535,916	1,693,104	1,686,366
National Clearing Company of Pakistan Limited	Pakistan	15.00	33,773,084	31,376,926	1,606,238	364,401	351,684
Eclear Services Limited	Pakistan	20.00	1,386,788	1,060,152	33,529	23,459	23,459
Planet N (Private) Limited	Pakistan	9.93	564,822	80,294	157,425	289,570	289,570

9.2 Investments by segments:

	Note	2024				2023			
		Cost / Amortised cost	Credit loss allowance / provisions for diminution	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Credit loss allowance / provisions for diminution	Surplus / (deficit)	Carrying value
					(Rupees in '000)				
Federal Government Securities:									
Market Treasury Bills		-	-	-	-	497,985,000	-	567,619	498,552,619
Pakistan Investment Bonds	9.4.1 & 9.5.1	430,700,331	-	3,589,432	434,289,763	471,722,955	-	2,199,697	473,922,652
Ijarah Sukuks		2,561,634	-	(6,876)	2,554,758	-	-	-	-
		433,261,965	-	3,582,556	436,844,521	969,707,955	-	2,767,316	972,475,271
Shares:									
Listed companies		1,820,207	-	1,044,486	2,864,693	2,778,276	-	837,017	3,615,293
Unlisted companies	9.4.2	93,736	(81,164)	-	12,572	93,736	(92,936)	-	800
		1,913,943	(81,164)	1,044,486	2,877,265	2,872,012	(92,936)	837,017	3,616,093
Non Government Debt Securities									
Listed		3,664,524	(183)	31,063	3,695,404	4,357,517	(285)	14,106	4,371,338
Unlisted		3,543,928	(33,717)	(9,696)	3,500,515	4,505,858	(33,859)	(6,711)	4,465,288
		7,208,452	(33,900)	21,367	7,195,919	8,863,375	(34,144)	7,395	8,836,626
Foreign Securities									
Unlisted equity securities	9.4.4	10,290	(10,290)	-	-	10,290	(10,290)	-	-
Associates									
Meezan Bank Limited	9.2.2	75,222,232	-	-	75,222,232	56,440,847	-	-	56,440,847
Ghandhara Tyre and Rubber Company Limited		1,817,810	-	-	1,817,810	1,845,325	-	-	1,845,325
Al Meezan Mutual Funds		615,828	-	-	615,828	408,971	-	-	408,971
Al Meezan Investment Management Limited	9.2.3	1,640,546	-	-	1,640,546	1,328,518	-	-	1,328,518
National Clearing Company of Pakistan Limited		424,217	-	-	424,217	354,792	-	-	354,792
Eclear Services Limited		75,922	-	-	75,922	67,182	-	-	67,182
Planet N (Private) Limited		441,884	-	-	441,884	435,458	-	-	435,458
		80,238,439	-	-	80,238,439	60,881,093	-	-	60,881,093
Total Investments		522,633,089	(125,354)	4,648,409	527,156,144	1,042,334,725	(137,370)	3,611,728	1,045,809,083

9.2.1 The investments in Pakistan Investment Bonds are maturing between September 08, 2025 and September 19, 2029 (2023: September 19, 2024 and September 19, 2029) and the effective mark-up rates range between 7.50 and 19.24 (2023: 8.66 and 26.22) percent per annum.

9.2.2 Investments in shares of Meezan Bank Limited costing Rs. 2,422 million and market value of Rs. 129,911 million (2023: Cost Rs. 2,422 million and market value Rs 86,632 million) are held as strategic investment in terms of the Prudential Regulations applicable to Corporate / Commercial Banking which can be sold only with prior permission of the SBP.

9.2.3 The investment in Al-Meezan Investment Management Limited can be sold only with prior permission of Securities and Exchange Commission of Pakistan (SECP).

9.2.4 The market value of shares in listed associates amounted to Rs. 132,416 million (2023: Rs. 88,258 million).

9.2.5 Investments given as collateral	Note	2024	2023
		-----------(Rupees in '000)-----------	
Pakistan Investment Bonds	9.2.5.1	400,352,472	462,402,786
Market Treasury Bills		-	498,552,619
		400,352,472	960,955,405

9.2.5.1 These carry average yield at the rate of 16.47% (2023: 23.82%) and are due to mature latest by September 21, 2028 (2023: September 21, 2028).

9.3 Particulars of credit loss allowance

9.3.1 Investments - exposure

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Opening balance	974,199,424	-	136,864	974,336,288	679,226,443	-	136,864	679,363,307
New investments	401,743,189	-	-	401,743,189	4,243,756,107	-	-	4,243,756,107
Investments derecognised or repaid	(939,944,639)	-	-	(939,944,639)	(3,948,783,126)	-	-	(3,948,783,126)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(538,201,450)	-	-	(538,201,450)	294,972,981	-	-	294,972,981
Closing balance	435,997,974	-	136,864	436,134,838	974,199,424	-	136,864	974,336,288

9.3.2 Investments - credit loss allowance

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)							
Gross carrying amount - current year	506	-	136,864	137,370	519	-	136,864	137,383
New investments	67	-	-	67	-	-	-	-
Investments derecognised or repaid	(315)	-	-	(315)	(115)	-	-	(115)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
	(248)	-	-	(248)	(115)	-	-	(115)
Changes in risk parameters (PDs/LGDs/EADs)	4	-	-	4	102	-	-	102
Reversal of provision on unquoted equity shares	-	-	(11,772)	(11,772)	-	-	-	-
Closing balance - Current year	262	-	125,092	125,354	506	-	136,864	137,370

		2024	2023
9.3.3	**Credit loss allowance for diminution in value of investments**	-----------(Rupees in '000)-----------	
	Opening balance	137,370	409,006
	Impact of adoption of IFRS 9 - reversal of provision	-	(272,142)
	ECL charge on opening investment portfolio	-	519
	Charge / (reversals)		
	Charge for the year	436	718
	Reversal for the year	(12,452)	(731)
		(12,016)	(13)
	Closing balance	125,354	137,370

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

Category of classification		2024		2023	
		Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
		--------(Rupees in '000)--------			
Domestic					
Performing	Stage 1	2,736,218	262	4,490,669	506
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		2,769,856	33,900	4,524,307	34,144

9.4 **Quality of securities**

Details regarding quality of securities held under "Held to Collect and Sell" model

		2024	2023
		Cost	
9.4.1	**Federal government securities - government guaranteed**	--------------(Rupees in '000)--------------	
	Market Treasury Bills	-	497,985,000
	Pakistan Investment Bonds	417,731,099	443,858,063
	Ijarah Sukuks	2,560,625	-
		420,291,724	941,843,063

		2024	2023
9.4.2	**Shares**		
	Listed companies		
	- Cement	425,536	533,649
	- Commercial Banks	327,186	519,179
	- Fertilizer	101,117	193,541
	- Leasing	5,042	5,042
	- Oil and Gas Exploration Companies	466,531	356,382
	- Power Generation and Distribution	181,002	886,257
	- Technology and Communication	-	140,695
	- Automobile Assembler	119,438	-
	- Pharmaceuticals	61,257	-
		1,687,109	2,634,745

Unlisted companies	2024 Cost	2024 Break-up value	2023 Cost	2023 Break-up value
	---(Rupees in '000)---			
Arabian Sea Country Club*	2,150	-	2,150	-
Axel Products Limited*	4,044	-	4,044	-
Dadabhoy Padube Limited*	200	-	200	-
Engine Systems Limited*	10,000	-	10,000	-
FTC Management Company (Private) Limited	500	44,319	500	44,279
Innovative Investment Bank Limited*	4,770	-	4,770	-
Pakistan Mercantile Exchange Limited	11,772	17,331	11,772	-
Pakistan Textile City Limited*	50,000	-	50,000	-
Trans Mobile Limited*	10,000	-	10,000	-
TCC Management Company Limited	300	2,777	300	2,573
	93,736	64,427	93,736	46,852

*These investments are fully provided.

	Note	2024 Cost	2023 Cost
9.4.3 Non government debt securities		---(Rupees in '000)---	
Listed			
AAA		-	250,000
AA+, AA, AA-		1,325,000	1,625,000
A+, A, A-		-	142,857
		1,325,000	2,017,857
Unlisted			
AA+, AA, AA-		-	325,000
A+, A, A-		344,062	147,812
Unrated		850,794	33,638
		1,194,856	506,450
Total		2,519,856	2,524,307

9.4.4 Foreign securities

Equity securities

Unlisted shares	2024	2023
Islamic International Rating Agency Limited	10,290	10,290

9.5 Particulars relating to securities classified under amortised cost

9.5.1 Federal government securities - government guaranteed

	2024	2023
Pakistan Investment Bonds	12,969,232	27,864,892

9.5.2 Non government debt securities

Unlisted	Note	2024	2023
AAA	9.5.2.1	250,000	2,000,000

9.5.2.1 These represent investments made by the Subsidiary Company in Islamic Investment Certificates amounting to Rs. 250 million (2023: Rs. 1,000 million) which are due to mature by January 27, 2025. The expected profit rate on these investments is 9.75% per annum (2023: 20% to 20.5%).

9.5.3 The market value of securities classified at amortised cost as at December 31, 2024 amounted to Rs. 12,663 million (December 31, 2023: Rs 24,589 million).

10 ADVANCES

	Note	Performing 2024	Performing 2023	Non performing 2024	Non performing 2023	Total 2024	Total 2023
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	10.1	38,310,288	54,970,539	902,437	822,969	39,212,725	55,793,508
Islamic financing and related assets		14,006,801	-	-	-	14,006,801	-
Advances - gross		52,317,089	54,970,539	902,437	822,969	53,219,526	55,793,508
Provision against advances							
- General	10.3 & 10.5.2	(1,100,000)	(1,100,000)	-	-	(1,100,000)	(1,100,000)
Credit loss allowance against advances	10.5.2						
-Stage 1		(16,165)	(22,710)	-	-	(16,165)	(22,710)
-Stage 2		(2,615)	(16,369)	-	-	(2,615)	(16,369)
-Stage 3		-	-	(809,875)	(809,157)	(809,875)	(809,157)
		(18,780)	(39,079)	(809,875)	(809,157)	(828,655)	(848,236)
Advances - net of credit loss allowance / provision		51,198,309	53,831,460	92,562	13,812	51,290,871	53,845,272

10.1 Includes net investment in finance lease as disclosed below:

	2024 Not later than one year	2024 Later than one and less than five years	2024 Over five years	2024 Total	2023 Not later than one year	2023 Later than one and less than five years	2023 Over five years	2023 Total
	(Rupees in '000)							
Lease rentals receivable	576,696	172,965	-	749,661	650,390	305,076	-	955,466
Residual value	69,848	3,651	-	73,499	13,812	41,935	-	55,747
Minimum lease payments	646,544	176,616	-	823,160	664,202	347,011	-	1,011,213
Financial charges for future periods	29,165	23,358	-	52,523	64,258	26,567	-	90,825
Present value of minimum lease payments	617,379	153,258	-	770,637	599,944	320,444	-	920,388

10.1.1 The Holding 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 2029 and are subject to finance income at rates ranging between 5% and 16.52% (2023: 5% and 24.47%) per annum.

10.1.2 In respect of the aforementioned finance leases, the Holding Company holds an aggregate sum of Rs. 73.499 million (2023: Rs. 55.747 million) as security deposits on behalf of the lessees which are included under other liabilities (note 17).

10.2 In addition, the Holding Company has also maintained a general provision of Rs 1,100 million (December 31, 2023: Rs 1,100 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of IFRS 9. This general provision can be maintained till December 31, 2026 under BPRD circular No. 1 of 2025 dated January 22, 2025.

	2024	2023
10.3 Particulars of advances (gross)	(Rupees in '000)	
In local currency	53,219,526	55,793,508
10.4 Advances to women, women-owned and managed enterprises		
Women (staff)	31,640	32,084

10.4.1 Gross loans disbursed to women (staff) during the year ended December 31, 2024 is Rs. 4.517 million (December 31, 2023: Rs. 23.412 million).

10.5 Particulars of credit loss allowance

10.5.1 Advances - exposure

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total
	(Rupees in '000)							
Gross carrying amount - current year	52,662,385	2,308,154	822,969	55,793,508	50,416,549	-	1,026,291	51,442,840
New advances	22,021,403	82,353	-	22,103,756	34,510,949	872,353	-	35,383,302
Advances derecognised or repaid	(23,105,319)	(1,049,552)	(78,032)	(24,232,903)	(30,829,312)	-	(176,361)	(31,005,673)
Transfer to stage 1	-	-	-	-	(1,435,801)	-	-	(1,435,801)
Transfer to stage 2	-	(157,500)	-	(157,500)	-	1,435,801	-	1,435,801
Transfer to stage 3	-	-	157,500	157,500	-	-	-	-
	(1,083,916)	(1,124,699)	79,468	(2,129,147)	2,245,836	2,308,154	(176,361)	4,377,629
Amounts written off / charged off	-	-	-	-	-	-	-	-
Changes in fair value of loans	(255,926)		-	(255,926)				
Movement of security deposits	17,751	-	-	17,751	-	-	(26,961)	(26,961)
Changes in risk parameters (PDs / LGDs / EADs)	(206,660)	-	-	(206,660)	-	-	-	-
Closing balance - current year	51,133,634	1,183,455	902,437	53,219,526	52,662,385	2,308,154	822,969	55,793,508

10.5.2 Advances - Credit loss allowance / Provision

	2024					2023				
	Stage 1	Stage 2	Stage 3	General Provision	Total	Stage 1	Stage 2	Stage 3	General Provision	Total
	(Rupees in '000)									
Opening balance	22,710	16,369	809,157	1,100,000	1,948,236	22,091	-	985,518	1,100,000	2,107,609
New advances	3,955	77	-	-	4,032	6,608	3,979	-	-	10,587
Advances derecognised or repaid	(10,019)	(9,436)	(78,032)	-	(97,487)	(3,060)	-	(176,361)	-	(179,421)
Transfer to stage 1	-	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	(990)	990	-	-	-
Transfer to stage 3	-	(4,395)	4,395	-	-	-	-	-	-	-
	(6,064)	(13,754)	(73,637)	-	(93,455)	2,558	4,969	(176,361)	-	(168,834)
Changes in risk parameters (PDs/LGDs/EADs)	(481)	-	74,355	-	73,874	(1,939)	11,400	-	-	9,461
Amount written off / charged off	-	-	-	-	-	-	-	-	-	-
Closing balance	16,165	2,615	809,875	1,100,000	1,928,655	22,710	16,369	809,157	1,100,000	1,948,236

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

	2024					2023				
	Stage 1	Stage 2	Stage 3	General Provision	Total	Stage 1	Stage 2	Stage 3	General Provision	Total
	(Rupees in '000)					(Rupees in '000)				
Outstanding gross exposure										
Performing - Stage 1										
Loan	50,655,180	-	-	-	50,655,180	52,034,433	-	-	-	52,034,433
Lease	478,454	-	-	-	478,454	627,952	-	-	-	627,952
Under Performing - Stage 2										
Loan	-	1,183,455	-	-	1,183,455	-	2,308,154	-	-	2,308,154
Non-performing - Stage 3										
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	157,500	-	157,500	-	-	-	-	-
Loss	-	-	744,937	-	744,937	-	-	822,969	-	822,969
	-	-	902,437	-	902,437	-	-	822,969	-	822,969
Total	51,133,634	1,183,455	902,437	-	53,219,526	52,662,385	2,308,154	822,969	-	55,793,508
Corresponding ECL / Provision										
Stage 1										
Loan	16,017	-	-	1,100,000	1,116,017	22,285	-	-	1,100,000	1,122,285
Lease	148	-	-	-	148	425	-	-	-	425
Stage 2										
Loan	-	2,615	-	-	2,615	-	16,369	-	-	16,369
Stage 3	-	-	809,875	-	809,875	-	-	809,157	-	809,157
Total	16,165	2,615	809,875	1,100,000	1,928,655	22,710	16,369	809,157	1,100,000	1,948,236

10.6 Advances include Rs. 902.44 million (December 31, 2023: Rs 822.97 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	2024		2023	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	157,500	78,750	-	-
Loss	744,937	731,125	822,969	809,157
Total	902,437	809,875	822,969	809,157

Provision is recorded net of security deposit of Rs.13.812 million (December 31, 2023: Rs. 13.812 million).

10.7 Particulars of credit loss allowance / provisions against advances

	2024					2023				
	Stage 3	Stage 2	Stage 1	General	Total	Stage 3	Stage 2	Stage 1	General	Total
	--(Rupees in '000)--									
Opening balance	809,157	16,369	22,710	1,100,000	1,948,236	985,518	-	22,091	1,100,000	2,107,609
Charge for the year	78,750	77	4,362	-	83,189	-	16,369	9,595	-	25,964
Reversals for the year	(78,032)	(13,831)	(10,907)	-	(102,770)	(176,361)	-	(8,976)	-	(185,337)
	718	(13,754)	(6,545)	-	(19,581)	(176,361)	16,369	619	-	(159,373)
Closing balance	809,875	2,615	16,165	1,100,000	1,928,655	809,157	16,369	22,710	1,100,000	1,948,236

10.7.1 Particulars of credit loss allowance / provisions against advances

	2024					2023				
	Stage 3	Stage 2	Stage 1	General	Total	Stage 3	Stage 2	Stage 1	General	Total
	--(Rupees in '000)--									
In local currency	809,875	2,615	16,165	1,100,000	1,928,655	809,157	16,369	22,710	1,100,000	1,948,236

10.8 As at December 31, 2023, the Holding Company had an outstanding exposure of Rs. 2,254.34 million against Pakistan International Airlines Corporation Limited (PIACL). During the year, the Government of Pakistan initiated the reorganisation of Pakistan International Airlines Corporation Limited (PIACL) by executing a Scheme of Arrangement to split the company into two separate entities. Under this plan, all non-core assets, and a commercial debt of approximately Rs. 268 billion will be consolidated under a new holding company, while the core entity will be promoted for sale / privatization.

According to the restructuring terms, the post-transfer loan will have a tenor of ten years with an annual profit rate of 12%. Profit payments will be made annually, and principal repayment will occur at the end of the facility's tenor.

The SBP, in letter no. BPRD / BRD / PIAHCL / 722054-2024 dated July 15, 2024, has directed the lending parties to account for this restructuring as per the terms mentioned in the circular. Subsequently, the SBP vide letter no. BPRD / BRD / PIAHCL / 733688-2024 dated August 1, 2024 has allowed the lending parties a period of six years for staggering of losses arising due to fair valuation of loan as per IFRS 9. The loss can be recorded at 5%, 10%, 15%, 20%, 25% and 25% from year 1 to year 6 respectively.

Accordingly, the Holding Company has applied modification accounting under IFRS 9 in respect of its PIACL exposure in accordance with the relaxation provided by the SBP and has recorded a loss amounting to Rs 23.26 million representing 5% of the total loss on modification.

10.9 Particulars of loans and advances to staff included in advances

	2024	2023
	--------(Rupees in '000)------	
Opening balance	213,530	347,497
Transfer to prepaid staff cost due to implementation of IFRS - 9	-	(115,607)
Transfer to prepaid staff cost for current year disbursement	(36,061)	(38,146)
Income on loan to employees	16,559	13,258
Disbursements during the year	116,859	97,129
Repayments during the year	(59,449)	(90,601)
	37,908	(133,967)
Balance at end of the year	251,438	213,530

11	PROPERTY AND EQUIPMENT	Note	2024	2023
			(Rupees in '000)	
	Capital work-in-progress	11.1	60,991	29,325
	Property and equipment	11.2	1,045,128	1,045,578
			1,106,119	1,074,903

11.1 Capital work-in-progress

	2024	2023
Advance to suppliers	60,991	29,325
	60,991	29,325

11.2 Property and Equipment

	2024					
	Leasehold improvements	Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor vehicles	Total
	(Rupees in '000)					
At January 1, 2024						
Cost	-	370,177	77,593	191,888	764,649	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
Year ended December 2024						
Opening net book value	-	271,579	53,334	71,317	649,348	1,045,578
Additions	75,521	2,830	11,407	80,656	120,349	290,763
Cost of assets disposed of	-	-	(34)	(10,989)	(78,109)	(89,132)
Depreciation charge	(3,745)	(9,348)	(15,633)	(45,771)	(153,796)	(228,293)
Accumulated depreciation on disposal	-	-	34	10,347	15,831	26,212
Closing net book value	71,776	265,061	49,108	105,560	553,623	1,045,128
At December 31, 2024						
Cost	75,521	373,007	88,966	261,555	806,888	1,605,937
Accumulated depreciation	(3,745)	(107,946)	(39,858)	(155,995)	(253,265)	(560,809)
Net book value	71,776	265,061	49,108	105,560	553,623	1,045,128
Rate of depreciation (percentage)	14	2.50 - 20	14 - 20	14 - 33.3	20 - 34.3	

	2023					
	Leasehold improvements	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	764,649	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 - 33.3	20 - 63	

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

	2024	2023
	(Rupees in '000)	
Furniture and fixtures	1,810	1,293
Electrical, office and computer equipment	88,345	71,193
Motor vehicles	10,552	5,280
	100,707	77,766

11.3 Details of disposals by Holding Company 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----------					
Toyota Yaris GLI CVT 1.3	3,872	774	3,098	3,388	As per the Holding Company policy	Ms. Mahwish Ibrahim - Ex Employee
Toyota Yaris GLI CVT 1.3	3,872	878	2,994	3,324	As per the Holding Company policy	Ms. Madiha Saleem - Ex Employee
Honda BRV CVT-S	5,085	1,220	3,865	4,322	As per the Holding Company policy	Mr. Fahad Adil - Ex Employee
Toyota Yaris GLI CVT 1.3	4,465	1,131	3,334	3,795	As per the Holding Company policy	Mr. Asad Javed - Ex Employee
Toyota Yaris GLI CVT 1.3	4,386	1,228	3,158	3,618	As per the Holding Company policy	Mr. Kashif Javed - Ex Employee
Honda HRV VTI-S	5,136	1,507	3,629	4,237	As per the Holding Company policy	Syed Faraz Kazmi - Ex Employee
HP Envy X360 Laptop	328	73	255	255	As per the Holding Company policy	Syed Ali Abid Zaidi - Ex Employee
HP Probook 450 G8 Notebook	139	139	-	-	As per the Holding Company policy	Ms. Zarlashte Agha - Ex Employee

	Note	2024	2023
12 INTANGIBLE ASSETS		------(Rupees in '000)------	
Advance to supplier		440,055	-
Intangible assets - computer software	12.1	20,088	13,211
		460,143	13,211

12.1 Intangible assets - computer software

	2024
	(Rupees in '000)
At January 1, 2024	
Cost	108,829
Accumulated amortisation	(95,618)
Net book value	13,211
Year ended December 31, 2024	
Opening net book value	13,211
Additions	12,150
Amortisation charge	(5,273)
Closing net book value	20,088
At December 31, 2024	
Cost	120,979
Accumulated amortisation	(100,891)
Net book value	20,088
Rate of amortisation (percentage)	14 - 50
Useful life	2 years - 7 years

	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	13,211
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

12.2 The cost of fully amortised intangible assets that are still in use amounted to Rs. 92.58 million (2023: Rs. 82.09 million).

		Note	2024	2023
13	OTHER ASSETS		------------(Rupees in '000)-----------	
	Income / mark-up / profit accrued in local currency		13,619,738	25,666,119
	Advances, deposits, advance rent and other prepayments		172,348	43,759
	Advance taxation		9,500,024	12,010,944
	Other receivables	13.1	79,348	57,871
	Non-current asset 'Held For Sale'		-	83,119
	Deferred fair value loss on derecognition of financial asset	13.2	441,885	-
	Prepaid staff cost		161,779	140,618
			23,975,122	38,002,430
	Less: Provision held against other assets	13.3	(46,259)	(70,243)
	Less: Credit loss allowance held against other assets	13.4	(464)	(1,559)
	Other assets (net of credit loss allowance)		23,928,399	37,930,628

13.1 These include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2023: Rs. 20.771 million) that has been fully provided.

13.2 As per the privatization initiative approved by the Government of Pakistan (GoP), a new public limited company, Pakistan International Airlines Holding Company Limited (PIAHCL), has been formed by GoP to succeed specified assets and liabilities of Pakistan International Airlines Corporation Limited (PIACL). In this regard, the Holding Company recorded deferred fair value loss, at a benchmark rate corresponding to the tenor of the loan, arising from the restructuring of syndicated exposure to PIACL in accordance with the guidance issued by the SBP vide letter NO. BPRD / BRD / PIAHCL / 733688 – 2024 dated August 01, 2024. The impact of deferred loss recognition during the period is disclosed in note 27.1 to these consolidated financial statements.

		2024	2023
		------------(Rupees in '000)-----------	
13.3	**Provision held against other assets**		
	Non-current asset 'Held For Sale'	-	23,984
	Other receivables	46,259	46,259
		46,259	70,243
13.3.1	**Movement in provision held against other assets**		
	Opening balance	70,243	46,259
	Charge for the year	-	23,984
	Reversals for the year	(23,984)	-
	Closing balance	46,259	70,243
13.4	**Credit loss allowance held against other assets**		
	Income / mark-up / profit accrued in local currency	464	1,559
13.4.1	**Movement in credit loss allowance held against other assets**		
	Opening balance	1,559	21
	Charge for the year	169	1,538
	Reversals for the year	(1,264)	-
	Closing balance	464	1,559

14 BORROWINGS

	Note	2024	2023
		------------(Rupees in '000)-----------	
Secured			
Borrowings from the State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	14.2	5,458,556	6,462,975
Under Financing Scheme for Renewable Energy (FSRE)	14.3	2,642,766	2,729,785
Under Temporary Economic Refinance Facility (TERF)	14.4	2,151,589	2,264,917
		10,252,911	11,457,677
Bai muajjal		-	30,996,916
Repurchase agreement borrowings		-	940,325,623
Term finance facility	14.5	431,750,000	39,250,000
Total secured		442,002,911	1,022,030,216
Unsecured			
Letter of placements	14.6	14,000,000	4,500,000
Total unsecured		14,000,000	4,500,000
		456,002,911	1,026,530,216

14.1 Particulars of borrowings with respect to currencies

In local currency	456,002,911	1,026,530,216

14.2 Borrowings from SBP under LTFF

These represent borrowings from the 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, 2023: maximum of 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: maximum period of 10 years). As per the term of the agreements, the Holding Company has granted the SBP a right to recover the outstanding amounts from the Holding Company at the respective date of maturity of finance by directly debiting the current account of the Holding Company maintained with the SBP. The Holding 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 the concessional rates to support in addressing dual challenge of energy shortage and climate change through promotion of renewable energy. The mark-up rates on these facilities is payable at maximum of 3% per annum (December 31, 2023: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2023: maximum period of 12 years). As per the term of the agreements, the Holding Company has granted the SBP a right to recover the outstanding amounts from the Holding Company at the respective date of maturity of finance by directly debiting the current account of the Holding Company maintained with the SBP. The Holding 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 rate on these facilities is payable at maximum of 1% per annum (December 31, 2023: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: maximum period of 10 years). As per the term of the agreements, the Holding Company has granted the SBP a right to recover the outstanding amounts from the Holding Company at the respective date of maturity of finance by directly debiting the current account of the Holding Company maintained with the SBP. The Holding Company has given demand promissory notes executed in favour of the SBP as a collateral.

14.5 Term finance facility

The Holding Company has availed long term borrowings from commercial banks. The interest rates on these facilities are between 11.26% and 20.16% per annum (December 31, 2023: 8.63% and 23.04% per annum) and have maturities between March 14, 2025 and December 29, 2028 (December 31, 2023: March 14, 2024 and December 28, 2028).

14.6 Letter Of Placement (LOP)

The interest rates on these LOPs are between 13.00% and 13.50% per annum (December 31, 2023: 22.20% and 23.00% per annum). These LOPs have maturity between January 02, 2025 and January 20, 2025 (December 31, 2023: January 02, 2024 and January 05, 2024).

15 DEPOSITS AND OTHER ACCOUNTS

	Note	2024 In Local Currency	2024 In Foreign currencies	2024 Total	2023 In Local Currency	2023 In Foreign currencies	2023 Total
		-----	-----	-----	(Rupees in '000)	-----	-----
Customers							
Certificates of Investment (COI)	15.2	13,888,068	-	13,888,068	18,091,307	-	18,091,307
Certificates of Islamic Investment (COII)	15.3	12,200,000	-	12,200,000	-	-	-
Financial Institutions							
Certificates of Investment (COI)	15.2	12,917,966	-	12,917,966	1,179,470	-	1,179,470
		39,006,034	-	39,006,034	19,270,777	-	19,270,777

15.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- Government	7,814,000	7,076,668
- Public sector entities	12,000,000	1,800,000
- Non-banking financial institutions / Mutal funds	12,917,966	1,179,470
- Private sector	6,274,068	9,214,639
	39,006,034	19,270,777

15.2 The profit rates on these Certificates of Investments (COI) range between 10.00% and 21.06% per annum (December 31, 2023: 17.50% and 23.65% per annum). These COIs have maturities between January 02, 2025 and December 01, 2025 (December 31, 2023: January 02, 2024 and November 29, 2024).

15.3 The profit rates on these Certificates of Islamic Investments (COII) is 11.5% per annum (December 31, 2023: Nil). These COII have maturities between April 30, 2025 and May 12, 2025 (December 31, 2023: Nil).

16 DEFERRED TAX LIABILITIES

2024	At January 1, 2024	Recognised in P&L	Recognised in OCI	Recognised in SOCIE	At December 31, 2024
	-----	-----	(Rupees in 000)	-----	-----
Deductible temporary differences on					
- Post retirement employee benefits	77,974	28,463	964	-	107,401
- Credit loss allowance / provision against advances, off balance sheet etc.	789,438	(35,460)	-	-	753,978
- Provision for taxation (minimum)	2,355,887	1,928,282	-	-	4,284,169
	3,223,299	1,921,285	964	-	5,145,548
Taxable temporary differences on					
- Surplus on revaluation of investments	(1,276,298)	8,859	(330,391)	-	(1,597,830)
- Accelerated tax depreciation	3,395	(7,716)	-	-	(4,321)
- Finance lease arrangements	(135,822)	32,366	-	-	(103,456)
- Share of profits from associates	(14,350,250)	(3,993,465)	(782,075)	(116,215)	(19,242,005)
	(15,758,975)	(3,959,956)	(1,112,466)	(116,215)	(20,947,612)
	(12,535,676)	(2,038,671)	(1,111,502)	(116,215)	(15,802,064)

2023	At January 1, 2023	Recognised in P&L	Recognised in OCI	Recognised in SOCIE	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 profits 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)

17 OTHER LIABILITIES

	Note	2024	2023
		(Rupees in '000)	
Mark-up / return / profit payable in local currency		9,369,349	1,756,546
Accrued expenses		744,222	816,399
Payable to defined benefit plan	37.8 & 37.17	175,596	153,410
Payable to defined contribution plan		69,434	8,968
Security deposits against lease		73,499	55,747
Payable against employees’ compensated absences		52,113	46,742
Payable to share brokers on account of purchase of marketable securities		87,286	169
Unearned income		5,635	5,612
Workers' welfare fund		1,095,881	756,240
Others		175,197	35,174
Credit loss allowance against off-balance sheet obligations	17.1	1,231	1,446
		11,849,443	3,636,453

17.1 Credit loss allowance against off-balance sheet obligations

	2024	2023
Opening balance	1,446	-
Impact due to IFRS-9 Implementation	-	1,994
Charge for the year	714	-
Reversals for the year	(929)	(548)
	(215)	(548)
Closing balance	1,231	1,446

18 SHARE CAPITAL

18.1 Authorised capital

2024	2023		2024	2023
(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

2024	2023		2024	2023
(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 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 (2023: 320,000) ordinary shares of the Holding Company as at December 31, 2024.

19 RESERVES

	Note	2024	2023
		(Rupees in '000)	
Statutory reserve	19.1	16,489,285	14,000,074
Non-distributable reserve	19.2	935,264	935,264
Total reserves		17,424,549	14,935,338

19.1 Statutory reserve

	2024	2023
At beginning of the year	14,000,074	11,999,846
Add: transferred during the year	2,489,211	2,000,228
	16,489,285	14,000,074

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 Holding Company has transferred 20% of its unconsolidated after tax profit for the year to this reserve amounting to Rs. 2,489.211 million (2023: Rs. 2,000.228 million).

19.2 Non-distributable reserve	2024	2023
	-------------(Rupees in '000)-----------	
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.

		Note	2024	2023
			-------------(Rupees in '000)------------	
20	SURPLUS ON REVALUATION OF ASSETS - NET			
	Surplus on revaluation of:			
	- Securities measured at FVOCI - debt	9.1	3,615,231	2,784,934
	- Securities measured at FVOCI - equity	9.1	1,048,828	839,509
	- FVOCI securities of associates		7,334,340	3,978,534
			11,998,399	7,602,977
	Deferred tax on surplus on revaluation of:			
	- Securities measured at FVOCI - debt		(1,410,216)	(1,086,125)
	- Securities measured at FVOCI - equity		(193,107)	(186,807)
	- FVOCI securities of associates		(1,814,724)	(975,774)
			(3,418,047)	(2,248,706)
			8,580,352	5,354,271
21	NON-CONTROLLING INTEREST			
	Opening balance		290,069	-
	NCI's share of investment during the year / period		403,845	408,655
	Share of loss for the year		(359,553)	(118,586)
	Closing balance		334,361	290,069
22	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	22.1	3,363,235	2,481,045
	- Commitments	22.2	16,548,789	15,755,781
			19,912,024	18,236,826
22.1	Guarantees:			
	Financial guarantees		3,363,235	2,481,045
22.2	Commitments:			
	Undisbursed sanctions against:			
	- Loans and advances		15,335,469	15,109,204
	- Term finance certificates and sukuks		432,844	-
	Commitment for acquisition of:			
	- fixed assets		77,696	10,498
	- intangible assets	22.2.1	702,780	636,079
			16,548,789	15,755,781

22.2.1 This includes commitments of Rs. 476.751 million towards Codebase Technologies FZE (CBT) by Subsidiary Company, whereby CBT will provide the Subsidiary Company with installation, implementation and customisation of the digital banking platform.

22.2.2 Operating lease commitments - Subsidiary Company as lessee

The Subsidiary Company has leased office spaces under non-cancellable operating lease agreements. The lease terms are between 3 and 5 years. The majority of lease agreements are renewable at the end of the lease period at market rate.

The future lease payments under non-cancellable operating leases are as follows:	2024	2023
	-------------(Rupees in '000)-------------	
No later than 1 year	37,747	-
Later than 1 year and no later than 5 years	99,247	-
Later than 5 years	-	-
	136,994	-

22.3 Tax contingencies - Holding Company

(a) The Income Tax Department had amended the deemed assessment orders for the tax years from 2003 to 2019 and 2022, raising a tax demand of Rs. 5,116 million, mainly due to additions in respect of allocation of expenses against dividend income subject to a tax at reduced rate / Final Tax Regime and capital gains. In such orders, the taxation authority has not accepted the Holding Company's contention on the matter of exempt capital gains and allocation of expenses against dividend income. The total addition made in tax years 2003 to 2019 and 2022 under these heads amounts to Rs 10,998 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 Holding 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 Holding 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 Holding 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 Holding Company and the department before the ATIR.

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

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

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

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

The 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. The appeals were again preferred by the Holding 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 appeals effects to these latest orders have not yet been issued. The Holding Company has filed an appeal before the ATIR for tax years 2014, 2016 to 2018 on legal grounds.

Further, the Holding 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 appeals.

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

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

In an amended order for the tax year 2019, deviating from the past positions, the tax officer had also subjected the amount representing Share of Associates in the Profit and Loss Account to tax including other issues, which were remanded back by the CIR(A) vide appellate order dated March 18, 2022. However, as mentioned above an appeal effect was not given in the order dated December 14, 2022. An appeal was again preferred before CIR(A) where the CIR(A) has remanded back the matter to the tax officer.

(c) In an amended order for the tax year 2022, the tax officer has also treated income from Federal Government securities as subject to final tax under Clause (20) of Part III of Second Schedule to the Income Tax Ordinance, 2001. An amount of Rs. 172.91 million is involved. An appeal has been preferred before CIR(A) who vide order dated August 23, 2024 maintained the action of the tax officer. The Holding Company has filed a reference application before the High Court of Sindh.

(d) 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 Holding Company’s appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy. The demand on account of super tax was enhanced to Rs 390.398 million vide amended order dated April 5, 2024.

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 Holding Company. The Holding Company, through its legal adviser, has challenged the levy before Islamabad High Court (IHC). The IHC has granted a stay to the extent of 6 percent vide order dated November 11, 2023 in WP No. 3567 of 2023 whereas the Holding Company has sufficient refunds available to adjust the remaining 4 percent of the levy.

Another notice dated October 18, 2024 to recover Super tax under section 4C of the Ordinance for the year 2024 amounting to Rs 1,297 million was issued to the Holding Company. The Holding Company intends to challenge the levy before Islamabad High Court whereas the Holding Company has sufficient refunds available to adjust the levy.

The Holding Company carries a total provision of Rs. 3,437.317 million against the levy of Super Tax under section 4C as at December 31, 2024.

The management is confident that the ultimate outcome of the appeals for matters highlighted in (a) to (d) above will be in favour of the Holding Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

	2024	2023
	---------(Rupees in '000)-----------	
23 MARK-UP / RETURN / INTEREST / PROFIT EARNED		
Loans and advances	9,382,119	9,310,163
Investments	193,287,976	227,301,456
Lendings to financial institutions	338,940	198,707
Balances with banks	13,914	11,725
	203,022,949	236,822,051

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

Financial assets measured at amortised cost	12,081,516	13,127,891
Financial assets measured at FVPL	969,897	504,561
Financial assets measured at FVOCI	189,971,536	223,189,599
	203,022,949	236,822,051

			2024	2023
			---------(Rupees in '000)-----------	

24 MARK-UP / RETURN / INTEREST / PROFIT EXPENSED

Deposits		4,548,407	2,259,836
Borrowings		22,746,143	20,293,507
Securities sold under repurchase agreements - Government securities		173,354,181	208,191,865
		200,648,731	230,745,208

24.1 Interest expense calculated using effective interest rate method.	200,648,731	230,745,208

25 FEE AND COMMISSION INCOME

Participation fee	111,734	18,176
Commitment fee	1,222	3,350
Commission on guarantees	52,987	16,324
Commission on letter of comfort	61	3,566
Arrangement fee	30,592	36,794
Advisory income	3,149	5,249
	199,745	83,459

26 GAIN ON SECURITIES

Realised gain	26.1	249,945	385,800
Unrealised loss on investments - measured at FVPL		(5,335)	(12,715)
		244,610	373,085

26.1 Realised gain on:

Shares	44,213	12,106
Federal Government securities	205,732	373,694
	249,945	385,800

26.2 Net gain on financial assets measured:

At FVPL		
- Designated upon initial recognition	38,878	(609)
Net gain on financial assets measured at FVOCI - Debt	205,732	373,694
	244,610	373,085

27 NET LOSS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

Loss on derecognition of financial assets measured at amortised cost	27.1	(23,257)	-

27.1 This represents fair value loss arising from the restructuring of Pakistan International Airlines Corporation Limited (PIACL). The SBP through its Circular Letter No. BPRD / BRD / PIAHCL / 733688 – 2024 dated August 01, 2024 has allowed staggering of such fair value impact over a period of 06 years at rates 5%, 10%, 15%, 20%, 25% and 25% from year 01 to year 06. Accordingly, the Holding Company has recognised proportionate amount of 1st year’s 5% of loss in these consolidated financial statements.

28 SHARE IN RESULTS OF ASSOCIATES - NET

	2024	2023
	---------(Rupees in '000)-----------	
Quoted associates	31,046,465	25,734,433
Un-quoted associates	1,047,297	596,775
	32,093,762	26,331,208

	Note	2024	2023
		---------(Rupees in '000)-----------	

29 OTHER INCOME

Nominee directors fee		7,785	12,945
Rent on property		53,151	45,050
Gain on sale of property and equipment - net		1,110	9,587
Gain on sale of non current assets 'Held for Sale'		47	-
Late payment charges		67,388	247,054
Reversal of WWF provision		-	573,276
Early encashment charges		155	6,030
		129,636	893,942

30 OPERATING EXPENSES

	Note	2024	2023
Total compensation expense	30.1	1,842,887	1,609,398
Property expense			
Rent and taxes		75,555	22,812
Insurance		3,940	4,087
Utilities cost		28,652	18,419
Repairs and maintenance		158,026	39,597
Depreciation		13,092	9,311
		279,265	94,226
Information technology expenses			
Software maintenance		41,053	4,566
Hardware maintenance		1,443	176
Depreciation		32,764	16,573
Amortisation		5,273	6,027
Network charges		15,813	8,234
		96,346	35,576
Other operating expenses			
Directors' fees, allowances and remuneration	39.2	34,305	19,475
Fees of Shariah Board		178	-
Legal and professional charges		222,382	80,473
Outsourced services costs	30.2	52,136	43,540
Charge for share based payment against services		186,749	-
Travelling and conveyance		26,504	30,924
Depreciation		182,437	139,284
Training and development		15,804	5,567
Postage and courier charges		2,266	1,023
Communication		12,547	16,252
Stationery and printing		9,205	12,172
Marketing, advertisement and publicity		52,952	13,123
Donations	30.3	170,000	128,000
Auditors' remuneration	30.4	34,846	18,376
Newspaper, periodicals and subscription dues		41,907	12,766
Repairs and maintenance		7,299	7,293
Bank charges		545	451
Entertainment & staff welfare expense		24,207	25,163
Motor vehicle running expense		59,650	51,494
Pre-incorporation expenses		-	109,964
Others		52,916	39,875
		1,188,835	755,215
		3,407,333	2,494,415

30.1 Total compensation expense	Note	2024	2023
		---------(Rupees in '000)-----------	
Fees and allowances		2,616	34,220
Managerial Remuneration			
i) Fixed		1,359,627	788,284
ii) Variable			
a) Cash Bonus / awards etc.		270,847	600,000
Charge for defined benefit plan	37.9.1 & 37.17	72,708	49,743
Contribution to defined contribution plan	38	83,320	53,957
Medical		31,375	22,776
Pilgrimage sponsorship		-	5,768
Compensated absences		5,393	39,771
Employee old age benefit		2,102	1,621
Concessional house loan benefit charge under IFRS 9		14,899	13,258
Total		1,842,887	1,609,398

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

30.3 Out of total donation charge of Rs.170 million (December 31, 2023: Rs.128 million), the Holding Company disbursed to the following recognised institutions an amount of Rs. 120 million (December 31, 2023: 128 million).

Donee	2024	2023
	---------(Rupees in '000)-----------	
The Citizens Foundation	15,000	15,000
The Indus Hospital	14,000	14,000
Shaukat Khanum Memorial Trust	12,000	12,000
Akhuwat	8,000	9,000
Allah Walay Trust	8,000	9,000
Family Educational Services Foundation	7,000	7,000
Patients' Aid Foundation	7,000	7,000
The Tehzibul Akhlaq Trust	7,000	7,000
Aziz Jehan Begum Trust for the Blind	5,000	5,000
Rural Education And Development Foundation	4,000	5,000
Kaarvan Crafts Foundation	4,000	4,000
Karachi Down Syndrome Program	4,000	4,000
Karachi Vocational Training Centre	4,000	4,000
Special Olympics Pakistan	4,000	3,000
Afzaal Memorial Thalassemia Foundation	3,000	4,000
The Layton Rahmatulla Benevolent Trust	3,000	3,000
Bioniks Welfare Foundation	3,000	2,000
Transformation International Society	2,000	-
Depilex Smileagain Foundation	2,000	-
Muhammadi Haematology, Oncology Services & Welfare Foundation	2,000	-
Teach The World Foundation	2,000	-
Institute of Business Administration	-	5,000
Make-A-Wish Foundation	-	5,000
Dastak Women Rights And Awareness Foundation	-	2,000
VITAL Pakistan Trust	-	2,000
	120,000	128,000

30.3.2 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees.

30.4 Auditors' remuneration	2024	2023
	---------(Rupees in '000)-----------	
Audit fee	12,150	5,375
Fee for half yearly review	1,080	908
Special certifications and sundry advisory services	11,826	3,068
Tax services	8,000	8,470
Out-of-pocket expenses	1,790	555
	34,846	18,376

		Note	2024	2023
			---------(Rupees in '000)-----------	
31	OTHER CHARGES			
	Penalty imposed by the State Bank of Pakistan		6,395	-

		Note	2024	2023
32	REVERSAL OF PROVISION / CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
	(Reversal of credit loss allowance) / credit loss allowance against cash and balances with banks	7	(3)	7
	Credit loss allowance against lending to financial institutions	8.3	2,652	-
	Reversal of provision on unquoted equity shares		(11,772)	-
	Reversal of credit loss allowance in value of investments including accrued interest	9.3.3 & 13.4.1	(254)	(19)
	Reversal of provision on unquoted associate		-	(11,299)
	Reversal of credit loss allowance against loans and advances including accrued interest	32.1 & 13.4.1	(20,665)	(157,829)
	Reversal of credit loss allowance against contingencies and commitments	17.1	(215)	(548)
	Provision for diminution / impairment in the value of non-current asset 'Held for Sale'	13.3.1	-	23,984
			(30,257)	(145,704)

32.1 This includes reversal of provision against non-performing loans amounting to Rs. 78.03 million (December 31, 2023: Nil) on account of recovery.

		2024	2023
33	TAXATION	---------(Rupees in '000)-----------	
	Current	6,785,606	5,687,562
	Prior years	(292,875)	-
	Deferred	2,038,671	5,484,201
		8,531,402	11,171,763

33.1 Relationship between tax expense and accounting profit

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.

		2024	2023
34	BASIC / DILUTED EARNINGS PER SHARE	---------(Rupees in '000)-----------	
	Profit for the year	23,350,453	20,414,157
		(Numbers in '000)	
	Weighted average number of ordinary shares	640	640
		---------------Rupees---------------	
	Basic / diluted earnings per share	36,485	31,897

34.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue at December 31, 2024 and December 31, 2023 which would have any effect on the earnings per share if the option to convert is exercised.

		Note	2024	2023
35	CASH AND CASH EQUIVALENTS		---------(Rupees in '000)-----------	
	Cash and balance with treasury banks	6	878,917	631,063
	Balance with other banks	7	265,721	145,825
	Islamic Investment Certificates	9.5.2.1	250,000	1,000,000
			1,394,638	1,776,888

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

	2024											
	Liabilities			Equity								
						Surplus / (deficit) on revaluation of						
	Borrowings	Deposits and other accounts	Other liabilities	Share capital	Reserves	Investments	Non banking assets of associates	Property and equip-ment	Unappro-priated profit	Subtotal	Non controlling interest	Total
	(Rupees in ' 000)											
Balance as at January 1, 2024	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
Effects of implementation of IFRS 9	-	-	-	-	-	267,144	-	-	5,791	272,935	-	272,935
Share of NCI in subsidiary	-	-	-	-	-	-	-	-	-	-	403,845	403,845
Changes from financing cash flows												
Dividend Paid	-	-	-	-	-	-	-	-	(1,331,000)	(1,331,000)	-	(1,331,000)
Share of movement in other reserve of associate- net of tax	-	-	-	-	-	-	-	-	75,714	75,714	-	75,714
Other Changes												
Liability related												
Changes in borrowings												
- Cash based	(570,747,099)	-	-	-	-	-	-	-	-	-	-	-
- Non-cash based	219,794											
Changes in deposits and other accounts	-	19,735,257	-	-	-	-	-	-	-	-	-	-
Changes in other liabilities												-
- Cash based	-	-	505,174	-	-	-	-	-	-	-	-	-
- Non-cash based	-	-	7,707,816	-	-	-	-	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	2,489,211	-	-	-	(2,489,211)	-	-	-
Movement in surplus on revaluation of debt investments at FVOCI - net of tax	-	-	-	-	-	631,703	-	-	-	631,703	-	631,703
Loss on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax- net of tax	-	-	-	-	-	(125,497)	-	-	-	(125,497)	-	(125,497)
Movement in surplus on revaluation of FVOCI securities of associates - 'net of tax	-	-	-	-	-	1,901,060	-	-	-	1,901,060	-	1,901,060
Movement in surplus on revaluation of investment in equity investments - net of tax	-	-	-	-	-	822,250	-	-	-	822,250	-	822,250
Transfer of gain on FVOCI equity securities to unappropriated profit - net of tax	-	-	-	-	-	(619,231)	-	-	619,231	-	-	-
Movement in surplus on revaluation of FVOCI Equity securities of associates - net of tax	-	-	-	-	-	500,640	-	-		500,640	-	500,640
Transfer of gain on FVOCI equity securities of associates to unappropriated profit - net of tax	-	-	-	-	-	(151,988)	-	-	151,988	-	-	-
Share of remeasurement loss on defined benefit obligation of associates - net of tax	-	-	-	-	-	-	-	-	(51,862)	(51,862)	-	(51,862)
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	-	-	(1,508)	(1,508)	-	(1,508)
Profit after tax	-	-	-	-	-	-	-	-	23,350,453	23,350,453	(359,553)	22,990,900
	(570,527,305)	19,735,257	8,212,990	-	2,489,211	2,958,937	-	-	21,579,091	27,027,239	(359,553)	26,667,686
Balance as at December 31, 2024	456,002,911	39,006,034	11,849,443	16,000,000	17,424,549	8,022,973	788	556,591	61,226,782	103,231,683	334,361	103,566,044

	2023											
	Liabilities			Equity								
						Surplus / (deficit) on revaluation of						
	Borrowings	Deposits 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	-	-	-	-	-	2,474,598	-	-	(197,099)	2,277,499	-	2,277,499
Share of NCI in subsidiary	-	-	-	-	-	-	-	-	-	-	408,655	408,655
Changes from financing cash flows												
Dividend Paid	-	-	-	-	-	-	-	-	(1,210,000)	(1,210,000)	-	(1,210,000)
Share of movement in other reserve of associate- 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 surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	-	1,930,678	-	-	-	1,930,678	-	1,930,678
Loss on sale of debt investment carried at FVOCI reclassified to profit or loss account - net of tax- net of tax	-	-	-	-	-	(227,953)	-	-	-	(227,953)	-	(227,953)
Movement in surplus on revaluation of investment in equity investments - net of tax	-	-	-	-	-	912,342	-	-	-	912,342	-	912,342
Transfer of loss on FVOCI equity securities to unappropriated profit - net of tax	-	-	-	-	-	250,737	-	-	(250,737)	-	-	-
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	-	-	(34,274)	(34,274)	-	(34,274)
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 FVOCI securities of associates - net of tax	-	-	-	-	-	2,603,874	-	-	-	2,603,874	-	2,603,874
Share of deficit on revaluation of non-banking assets of associates net of tax	-	-	-	-	-	-	(601)	-	-	(601)	-	(601)
Share of remeasurement loss on defined benefit obligation of associates - net of tax	-	-	-	-	-	-	-	-	(38,168)	(38,168)	-	(38,168)
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	(118,586)	25,998,060
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

		2024	2023
36	**STAFF STRENGTH**	---------------(Number)------------	
	Permanent	171	122
	On Holding Company's contract	2	2
	The Group's own staff strength at the end of the year	173	124

36.1 In addition to the above, 34 (2023: 31) outsourced employees were assigned to the Holding Company as at the end of the year to perform janitorial services. Alll of these employees work locally.

37 DEFINED BENEFIT PLAN

37.1 Holding Company

37.2 General description

The Holding Company operates a funded gratuity scheme. Pakistan Kuwait Investment Company (Private) Limited Employee Gratuity Fund was 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.

		2024	2023
37.3	**Number of Employees under the scheme**	---------------(Number)------------	
	The number of employees covered under the defined benefit schemes are:	88*	87*

* The Chief Executive Officer has also been covered under the Gratuity Scheme.

37.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2024 using the following significant assumptions:

	2024	2023
	---------------(Per annum)-------------	
Discount rate	12.25%	15.50%
Expected rate of return on plan assets	12.25%	15.50%
Expected rate of salary increase		
For first two years following valuation	12.25%	15.50%
For third year and onward	12.25%	15.50%

		Note	2024	2023
37.5	**Reconciliation of (receivable from) / payable to defined benefit plans**		-------------(Rupees in '000)-----------	
	Present value of obligations	37.6	455,292	379,345
	Fair value of plan assets	37.7 & 37.10	(285,016)	(226,154)
			170,276	153,191
37.6	**Movement in defined benefit obligations**			
	Obligations at the beginning of the year		379,345	314,228
	Current service cost		44,023	34,848
	Interest cost		60,166	45,507
	Benefits paid by the Holding Company		(26,249)	(65,187)
	Re-measurement (gain) / loss		(1,993)	49,949
	Obligations at the end of the year		455,292	379,345
37.7	**Movement in fair value of plan assets**			
	Fair value at the beginning of the year		226,154	212,760
	Interest income on plan assets		36,581	30,831
	Contribution by the Holding Company - net		52,996	53,988
	Benefits paid during the year		(26,249)	(65,187)
	Re-measurements: net return on plan assets	37.9.2	(4,466)	(6,238)
	Fair value at the end of the year		285,016	226,154

		Note	2024	2023
37.8	**Movement in payable to defined benefit plan**		-------------(Rupees in '000)-----------	
	Opening balance		153,191	101,468
	Charge for the year	37.9.1	67,608	49,524
	Contribution by the Holding Company - net		(52,996)	(53,988)
	Re-measurement loss recognized in OCI during the year	37.9.2	2,473	56,187
	Closing balance		170,276	153,191

37.9 Charge for defined benefit plans

37.9.1 Cost recognized in profit and loss

	2024	2023
Current service cost	44,023	34,848
Net interest on defined benefit assets	23,585	14,676
	67,608	49,524

37.9.2 Re-measurements recognized in OCI during the year

	2024	2023
Gain on obligation		
- Financial assumptions	(6,544)	1,646
- Experience adjustment	4,551	48,303
Return on plan assets over interest income	4,466	6,238
Total re-measurements recognized in OCI	2,473	56,187

37.10 Components of plan assets

	2024	2023
Cash and cash equivalents - net	2,889	34,941
Government Securities	131,139	125,940
Investment in units of Mutual Fund	150,988	65,273
	285,016	226,154

37.11 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.

37.12 Sensitivity analysis

The present value of defined benefit obligations as a result of change in each assumption, keeping all other assumptions constant is presented below:

	2024	2023
	-------------(Rupees in '000)-----------	
1% increase in discount rate	427,729	355,282
1% decrease in discount rate	485,797	406,037
1 % increase in expected rate of salary increase	487,671	407,549
1 % decrease in expected rate of salary increase	425,585	353,542

	Rupees in '000
37.13 Expected contributions to be paid to the funds in the next financial year	71,201
37.14 Expected charge for the next financial year	71,201

	2024	2023
37.15 Maturity profile	-----------------Years----------------	
The weighted average duration of the present value of defined benefit obligation	6.36	6.67

Benefit Payments	2024	2023
Distribution of timing of benefit payments	-------------(Rupees in '000)-----------	
Years		
1	28,686	25,710
2	57,365	29,711
3	38,547	59,926
4	35,594	41,774
5	68,815	39,132
6 - 10	913,286	947,029

37.16 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. 52.996 million to staff gratuity fund.

37.17 Subsidiary Company

The Subsidiary Company operates an unfunded gratuity scheme. The benefit under the gratuity scheme are payable on death, resignation or at retirement. During the year, the Subsidiary Company has recognised a gratuity expense of Rs. 5.1 million and carrying value of liability is Rs. 5.32 million (December 31, 2023: expense and liability of Rs. 0.219 million).

38 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.

	2024	2023
	-------------(Rupees in '000)-----------	
Contribution from the Group	83,320	53,957
Contribution from the employees	83,320	53,957
	166,640	107,914

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Holding Company

	2024				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	---(Rupees in '000)---				
Fees and allowances etc.	4,300	23,975	-	-	-
Managerial Remuneration					
I) Fixed	-	-	89,460	223,114	33,468
ii) Variable					
Cash bonus paid	-	-	58,320	208,720	59,287
Charge for defined benefit plan	-	-	7,455	14,326	1,583
Contribution to defined contribution plan	-	-	8,946	17,191	3,347
Rent & house maintenance	-	-	7,620	-	-
Utilities	-	-	4,440	-	-
Medical	-	-	119	1,411	410
Others	-	-	8,180	16,865	2,177
Total	4,300	23,975	184,540	481,627	100,272
Number of persons	1	4	1	13	5

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

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

Four of the key management personnels are provided with club membership as per the Holding Company policy.

Subsidiary Company

	2024				
	Directors		Chief Executive	Executives	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	---(Rupees in '000)---				
Fees and allowances etc.	-	9,630	-	-	-
Managerial Remuneration					
I) Fixed	-	62,400	37,091	293,012	-
ii) Variable	-	-	-	-	-
Charge for defined benefit plan	-	-	5,100	-	-
Contribution to defined contribution plan	-	-	6,120	21,482	-
Rent & house maintenance	-	-	16,691	131,855	-
Utilities	-	-	3,709	29,301	-
Medical	-	-	3,709	29,301	-
Special allowance	-	-	-	1,741	-
Conveyance	-	-	1,079	109,667	-
House financing facility	-	-	-	29,406	-
Total	-	72,030	73,499	645,765	-
Number of persons	-	1	1	74	-

The director has been provided with a Subsidiary Company maintained car whilst the CEO has been provided with two Subsidiary Company maintained cars.

The CEO has been provided with a house finance facility as per the terms of his employment contract.

Holding Company

	2023				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	---(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 of the Holding Company 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 of the Holding Company 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	Executives	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	-
Total	-	60,387	55,574	162,783	-
Number of persons	-	1	1	20	-

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

S. No.	Name of Director	2024					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Human Resource & Remuneration Committee	Risk Management Committee	Audit Committee	Executive Committee	Total Amount Paid
		(Rupees in '000)					
1.	Mohammad A. M. Al-Fares	3,000	-	-	-	1,300	4,300
2.	Jasem A. Al-Hajry	2,500	1,625	-	1,300	-	5,425
3.	Abdullah Salah A. Al-Sayer	2,500	1,625	1,300	1,300	-	6,725
4.	Naveed Alauddin	2,000	-	1,300	1,300	-	4,600
5.	Mansoor Masood Khan	3,000	1,625	1,300	1,300	-	7,225
		13,000	4,875	3,900	5,200	1,300	28,275

39.2.1 The remuneration paid to directors for participation in board and committee meetings of Subsidiary Company amounts to Rs. 6.030 million (2023: Nil).

S. No.	Name of Director	2023				
		Meeting Fees and Allowances Paid				
		For Board Meetings	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

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

40 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as amortised cost , is based on quoted market price. Quoted debt securities classified as amortised cost are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of lower of cost or break up value. The fair value of unquoted debt securities, fixed term financings, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying

values since these are either short-term in nature or, in the case of customer financings and deposits, are frequently repriced.

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:

40.1 On balance sheet financial instruments

	2024				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	---- (Rupees in '000)----				
Financial assets - measured at fair value					
Investments					
- Pakistan Investment bonds	421,320,531	-	421,320,531	-	421,320,531
- GOP Ijarah sukuks	2,554,758	-	2,554,758	-	2,554,758
- Shares of listed companies	2,864,693	2,864,693	-	-	2,864,693
- Listed sukuks / term finance certificates	3,695,404	-	3,695,404	-	3,695,404
- Unlisted sukuks / term finance certificates	3,250,515	-	3,250,515	-	3,250,515

	2024				
	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - disclosed but not measured at fair value					
Investments					
- Pakistan Investment bonds	12,969,232	-	12,412,464	-	12,412,464
- Certificates of Islamic Investment	250,000	-	-	250,000	250,000

	2023				
	Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
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 sukuks / term finance certificates	4,371,338	-	4,371,338	-	4,371,338
- Unlisted sukuks / term finance certificates	2,465,423	-	2,465,423	-	2,465,423
Financial assets - disclosed but not measured at fair value					
Investments					
- Pakistan Investment bonds	27,864,892	-	24,589,289	-	24,589,289
Fair value of non-financial assets					
- Non-current asset 'Held for Sale'	59,182	-	-	59,182	59,182

The fair value of remaining 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 for floater PIBs and PKRV rates for fixed PIBs. These 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.
GOP Ijarah Sukuks	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.
Listed sukuks / 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 the consolidated annual audited financial statements for the year ended December 31, 2023.

The Group'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.

41 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2024				2023			
	At amortised cost	At FVPL	At FVOCI	Total	At amortised cost	At FVPL	At FVOCI	Total
Financial assets	--(Rupees in '000)--							
Cash and balances with treasury banks	878,917	-	-	878,917	631,063	-	-	631,063
Balances with other banks	265,721	-	-	265,721	145,825	-	-	145,825
Lendings to Financial Institutions	21,140,182	-	-	21,140,182	-	-	-	-
Investments	13,219,232	4,557,053	429,141,420	446,917,705	29,864,757	4,469,884	950,593,349	984,927,990
Advances	51,290,871	-	-	51,290,871	53,845,272	-	-	53,845,272
Other assets	13,699,086	-	-	13,699,086	25,836,152	-	-	25,836,152
	100,494,009	4,557,053	429,141,420	534,192,482	110,323,069	4,469,884	950,593,349	1,065,386,302
Financial liabilities								
Borrowings	456,002,911	-	-	456,002,911	1,026,530,216	-	-	1,026,530,216
Deposits and other accounts	39,006,034	-	-	39,006,034	19,270,777	-	-	19,270,777
Other liabilities	11,552,300	-	-	11,552,300	3,587,626	-	-	3,587,626
	506,561,245	-	-	506,561,245	1,049,388,619	-	-	1,049,388,619

42 SEGMENT INFORMATION

42.1 Segment Details with respect to Business Activities

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

	2024						
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total
	--(Rupees in '000)--						
Consolidated statement of profit and loss account							
Net mark-up / return / interest / profit	(3,822,228)	4,769,287	155,739	-	1,243,342	28,078	2,374,218
Inter segment revenue - net	3,836,458	(1,576,247)	(965,041)	(342,389)	(982,377)	29,596	-
Non mark-up / interest income	260,202	203,686	32,093,848	266,571	(15,119)	62,008	32,871,196
Total income	274,432	3,396,726	31,284,546	(75,818)	245,846	119,682	35,245,414
Segment direct expenses	(102,853)	(76,410)	(31,664)	(21,761)	(25,312)	(992,399)	(1,250,399)
Segment indirect expenses	(165,120)	(50,806)	(1,397,939)	(25,403)	(63,508)	(800,194)	(2,502,970)
Total expenses	(267,973)	(127,216)	(1,429,603)	(47,164)	(88,820)	(1,792,593)	(3,753,369)
Reversal of provision / credit loss allowance and write offs - net	23,956	(2,648)	11,773	-	(2,815)	(9)	30,257
Profit before tax	30,415	3,266,862	29,866,716	(122,982)	154,211	(1,672,920)	31,522,302

	2024						
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total
	--(Rupees in '000)--						
Consolidated statement of financial position							
Cash and bank balances	-	806,372	170,095	-	168,021	150	1,144,638
Lendings to financial institutions	-	21,140,182	-	-	-	-	21,140,182
Investments	3,966,638	434,289,762	80,502,018	2,864,695	5,533,031	-	527,156,144
Advances - performing	36,945,817	-	20,248	-	14,004,401	227,843	51,198,309
Advances - non-performing	92,562	-	-	-	-	-	92,562
Others	776,156	12,134,414	708,178	78,065	1,162,157	10,635,691	25,494,661
Total assets	41,781,173	468,370,730	81,400,539	2,942,760	20,867,610	10,863,684	626,226,496
Borrowings	42,002,911	414,000,000	-	-	-	-	456,002,911
Deposits and other accounts	26,806,034	-	-	-	12,200,000	-	39,006,034
Net inter segment borrowing	(41,488,133)	58,868,751	5,075,382	2,665,091	5,070,136	(30,191,227)	-
Deferred tax liability	(637,779)	1,399,878	19,242,005	187,614	(2,406)	(4,387,248)	15,802,064
Others	1,098,141	8,102,099	252,485	90,051	604,745	1,701,922	11,849,443
Total liabilities	27,781,174	482,370,728	24,569,872	2,942,756	17,872,475	(32,876,553)	522,660,452
Equity	13,999,999	(13,999,998)	56,830,667	4	2,995,135	43,740,237	103,566,044
Total equity and liabilities	41,781,173	468,370,730	81,400,539	2,942,760	20,867,610	10,863,684	626,226,496
Contingencies and commitments	13,172,814	-	-	-	5,958,734	780,476	19,912,024

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	--------(Rupees in '000)--------					
Consolidated statement of profit and loss account						
Net mark-up / return / interest / profit	1,279,936	4,750,442	-	-	46,465	6,076,843
Non mark-up / 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)
Segment indirect expenses	(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)
Reversal of provision / credit loss allowance and write offs - net	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

	2023					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	--------(Rupees in '000)--------					
Consolidated statement of financial position						
Cash and 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 and 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 and liabilities	56,976,394	996,730,093	14,352,261	757,847	70,633,390	1,139,449,985
Contingencies and commitments	18,236,826	-	-	-	-	18,236,826

42.2 Segment details with respect to geographical locations

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

43 TRUST ACTIVITIES

The Holding Company acts 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	
		2024	2023	2024	2023
				------(Rupees in '000)-----	
Related parties:					
PKIC Staff Provident Fund	Pakistan Investment Bond	1	1	287,500	287,500
PKIC Staff Gratuity Fund	Pakistan Investment Bond			132,500	132,500

44 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its 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:

	2024				2023			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Balances with other banks								
In current accounts	-	-	1,219	-	-	-	-	-
In savings accounts	-	-	259,056	-	-	-	66,329	-
	-	-	260,275	-	-	-	66,329	-
Investments								
Opening balance	-	-	60,881,093	800	-	-	38,580,355	800
Investment made during the year	-	-	-	817,156	-	-	-	-
Equity accounting method	-	-	19,357,346	-	-	-	22,300,738	-
Credit loss allowance against investment	-	-	-	(32)	-	-	-	-
Closing balance	-	-	80,238,439	817,924	-	-	60,881,093	800
Advances								
Opening balance	-	172,287	-	18,653	-	174,572	-	23,511
Addition during the year	-	53,801	-	4,546,220	-	55,222	-	-
Repaid during the year	-	(29,471)	-	(6,183)	-	(57,507)	-	(4,858)
Closing balance	-	196,617	-	4,558,690	-	172,287	-	18,653
Credit loss allowance held against advances	-	(21)	-	(658)	-	-	-	-
Other assets								
Interest / mark-up accrued	-	-	305	195,327	-	-	2,046	-
Addition during the year	-	-	-	-	123	-	-	-
Repaid during the year	-	-	-	-	(123)	-	-	-
Prepaid expense	-	-	-	762	-	-	-	-
Dividend receivable	-	-	4,690	-	-	-	-	-
Credit loss allowance against other assets	-	-	-	(31)	-	-	(276)	-
	-	-	4,995	196,058	-	-	1,770	-
Borrowings								
Opening balance	-	-	30,996,916	-	-	-	30,657,267	12,648,747
Borrowings during the year	-	-	-	21,281,193	-	-	11,855,548	-
Settlement during the year	-	-	(30,996,916)	(21,281,193)	-	-	(25,323,882)	(12,648,747)
Transfer in / (out) - net	-	-	-	-	-	-	13,807,983	-
Closing balance	-	-	-	-	-	-	30,996,916	-
Deposits and other accounts								
Opening balance	-	-	-	679,469	-	-	-	886,721
Received during the year	-	-	-	13,763,966	-	-	-	3,798,797
Withdrawn during the year	-	-	-	(1,525,469)	-	-	-	(4,006,049)
Closing balance	-	-	-	12,917,966	-	-	-	679,469

	2024				2023			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Other Liabilities								
Interest / mark-up payable	-	-	-	354,132	-	-	-	32,628
Payable to staff gratuity fund	-	-	-	170,277	-	-	-	153,191
Payable to National Clearing Company of Pakistan Limited	-	-	158	-	-	-	108	-
Payable to Arabian Sea Enterprises	-	-	-	113	-	-	-	113
Payable to FTC Management Company (Private) Limited	-	-	-	94,000	-	-	-	1,206
Security deposit against lease from TCC Management Company				7,500				7,500
Payable to TCC Management Company Limited	-	-	-	242	-	-	-	-
Payable to Planet- N (Pvt) Limited	-	-	5,113	-	-	-	11,828	-
	-	-	5,271	626,264	-	-	11,936	194,638
Contingencies and Commitments								
Other contingencies	-	-	-	2,886,624	-	-	-	-

RELATED PARTY TRANSACTIONS

	2024				2023			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	6,882	131,338	391,071	122	6,886	26,983	3,286
Dividend income	-	-	16,333,193	-	-	-	8,285,190	-
Other income								
- Nominee director fee	-	-	18,600	635	-	-	17,950	645
Expense								
Mark-up / return / interest paid / profit accrued	-	-	2,275,106	722,310	-	-	5,535,634	595,791
Operating expenses								
- Directors fee	34,305	-	-	-	19,475	-	-	-
- Remuneration to key management					-			
personnel (including retirement benefits)	-	1,385,431	-	-	-	984,005	-	-
- Nominee director fee payment	-	-	-	11,450	-	-	-	5,650
- NCCPL charges	-	-	1,751	-	-	-	1,089	-
- FMCL office maintenance charges	-	-	-	170,858	-	-	-	47,667
- Contribution made to staff provident fund	-	-	-	54,778	-	-	-	44,832
- Contribution made to staff gratuity fund	-	-	-	67,608	-	-	-	49,524
- TCC Management Company - office maintenance charges	-	-	-	4,121	-	-	-	3,077
- Arabian Sea Enterprises - traveling and accomodation expenses	-	-	-	3,653	-	-	-	2,794

45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2024	2023
	-------------(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	36,718,876	14,496,225
Eligible additional tier 1 (ADT 1) capital	263,930	1,348
Total eligible tier 1 capital	3 6,982,806	14,497,573
Eligible tier 2 capital	10,102,165	5,317,621
Total eligible capital (tier 1 + tier 2)	47,084,971	19,815,194
Risk weighted assets (RWAs):		
Credit risk	121,745,050	68,933,727
Market risk	22,150,358	7,866,710
Operational risk	5 3,475,629	38,795,180
Total	197,371,037	115,595,617

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Group;

	2024	2023
Common equity tier 1 capital adequacy ratio	18.60%	12.54%
Tier 1 capital adequacy ratio	18.74%	12.54%
Total capital adequacy ratio	23.86%	17.14%

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

Objectives of Capital Management

The capital management objectives of the 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 SBP;
- To safeguard the Group'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 Group under different economic and stress scenarios caused by unexpected and unforeseeable events.

Capital Management

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

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

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

Capital adequacy ratio	2024		2023	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	18.60%	6.00%	12.54%
Tier 1 capital to total RWA	7.50%	18.74%	7.50%	12.54%
Total capital to total RWA	11.50%	23.86%	11.50%	17.14%

	2024	2023
Leverage Ratio (LR):	-------------(Rupees in '000)-----------	
Eligible tier-1 capital	36,982,806	14,497,573
Total exposures	591,689,917	1,064,441,355
Leverage ratio *	6.25%	1.36%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	60,791,572	22,486,560
Total net cash outflow	27,746,331	25,688,304
Liquidity coverage ratio	219.10%	87.54%

Net Stable Funding Ratio (NSFR):	2024	2023
	-------------(Rupees in '000)-----------	
Total available stable funding	379,247,340	136,366,155
Total required stable funding	360,411,968	129,193,619
Net stable funding ratio	105.23%	105.55%

* The SBP has given relaxation to the Holding Company to maintain leverage ratio of 2% till December 31, 2024 against the requirement of 3%.

45.1 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/

46 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 risk the Group wishes to accept (at a price that is commensurate to that risk) and risk the Group wishes to mitigate. These measures ensure that these risks are taken within predefined and pre-approved tolerance limits / levels.

46.1 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'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 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.

The year 2024 concluded with economic environment in a considerably better shape compared to last year. During the year, Pakistan successfully completed Stand-By Arrangement and entered into Extended Fund Facility (EFF) of USD 7 billion which bought much-needed stability and investors' confidence. Multiple macroeconomic indicators showed improvement, including the external account, exchange rate and inflation. Additionally, the year marked the beginning of a monetary easing cycle after a prolonged period of historically high interest rates.

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-II standardized approach to calculate risk weighted assets against credit risk.

46.1.1 **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 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.

46.1.2 **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 46.1.3 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 46.1.4 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 46.1.5 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 46.1.6 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:

46.1.3 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.

46.1.4 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.

46.1.5 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.

46.1.6 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

46.1.7 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	21,142,834	-	-	-	2,652	-	-	-	-	-
	21,142,834	-	-	-	2,652	-	-	-	-	-

46.1.8 Investment in debt securities

Credit risk by industry sector	Gross Investments		Non-performing Investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Textile	262,500	155,357	12,500	12,500	34	32	-	-	12,500	12,500
Chemical and Pharmaceuticals	94,062	147,812	-	-	12	20	-	-	-	-
Electronics and electrical appliances	21,138	21,138	21,138	21,138	-	-	-	-	21,138	21,138
Power (electricity), Gas, Water, Sanitary	2,142,155	1,700,000	-	-	216	230	-	-	-	-
Financial	4,688,597	6,839,068	-	-	-	224	-	-	-	-
	7,208,452	8,863,375	33,638	33,638	262	506	-	-	33,638	33,638

Credit risk by public / private sector	Gross Investments		Non-performing Investments		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	7,208,452	8,863,375	33,638	33,638	262	506	-	-	33,638	33,638
	7,208,452	8,863,375	33,638	33,638	262	506	-	-	33,638	33,638

46.1.9 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Mining and Quarrying	-	2,000,000	-	-	-	322	-	-	-	-
Textile	15,342,272	15,327,799	531,824	609,856	5,266	7,888	-	-	518,012	596,042
Chemical and Pharmaceuticals	2,742,712	3,280,925	-	-	740	1,162	-	-	-	-
Cement	964,565	1,077,354	93,333	93,333	171	270	-	-	93,333	93,333
Sugar	2,721,537	4,275,834	35,822	35,822	385	1,121	-	-	35,822	35,822
Footwear and Leather garments	1,600,000	2,300,000	-	-	413	879	-	-	-	-
Electronics and electrical appliances	272,426	103,535	11,112	11,112	88	23	-	-	11,112	11,112
Construction	5,198,842	657,849	-	-	802	192	-	-	-	-
Power (electricity), Gas, Water, Sanitary	10,487,910	11,746,341	-	-	2,313	2,570	2,463	6,078	-	-
Transport, Storage and Communication	2,060,676	2,250,000	-	-	747	-	-	-	-	-
Financial	-	600,000	-	-	-	676	-	-	-	-
Glass and Ceramics	73,025	300,000	-	-	10	47	-	-	-	-
Manufacturing	2,549,486	2,578,030	230,346	72,846	606	763	-	4,395	151,596	72,848
Others	9,206,075	9,295,841	-	-	4,624	6,797	152	5,896	-	-
	53,219,526	55,793,508	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157

Credit risk by public / private sector	Gross advances		Non-performing advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(Rupees in '000)									
Public / Government	1,810,676	2,250,000	-	-	-	-	-	-	-	-
Private	51,408,850	53,543,508	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157
	53,219,526	55,793,508	902,437	822,969	16,165	22,710	2,615	16,369	809,875	809,157

46.1.10 Contingencies and commitments

	2024	2023
	------------(Rupees in '000)----------	
Credit risk by industry sector		
Construction	3,204,470	7,502,139
Power (electricity), Gas, Water, Sanitary	3,782,942	4,883,570
Others	2,140,871	2,996,117
Cement	1,000,000	1,300,000
Textile	2,068,545	775,000
Manufacturing	400,000	580,000
Glass and Ceramics	300,000	200,000
Mining and Quarrying	2,000,000	-
Electronics and electrical appliances	1,077,696	-
Sugar	2,400,000	-
Financial	1,500,000	-
Chemical and Pharmaceuticals	37,500	-
	19,912,024	18,236,826
Credit risk by public / private sector		
Public / Government	-	-
Private	19,912,024	18,236,826
	19,912,024	18,236,826

46.1.11 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 23,202 million (2023: Rs 21,121 million).

	2024	2023
	------------(Rupees in '000)----------	
Funded	21,701,832	21,006,970
Non Funded	1,500,000	113,235
Total Exposure	23,201,832	21,120,205

The sanctioned limits against these top 10 exposures aggregated to Rs. 25,756 million (2023: Rs. 21,926 million).

	2024		2023	
Total funded classified therein	Amount	Credit loss allowance / Provision held	Amount	Credit loss allowance / Provision held
	----------------------------(Rupees in '000)-------------------------			
OAEM	-	-	-	-
Substandard			-	-
Doubtful	157,500	78,750	-	-
Loss	744,937	731,125	822,969	809,157
Total	902,437	809,875	822,969	809,157

46.1.12 Advances - province / region-wise disbursement & utilisation

Province / Region	2024						
	Disburse-ments	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	-----------------	-----------------	-----(Rupees in '000)	-----------------	-----------------	-----------------	-----------------
Punjab	-	-	-	-	-	-	-
Sindh	48,001,032	12,492,261	28,217,350	856,095	1,900,000	4,535,326	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	48,001,032	12,492,261	28,217,350	856,095	1,900,000	4,535,326	-

Province / Region	2023						
	Disburse-ments	Utilisation					
		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	-

46.2 Market risk

Market risk is the risk that the Group'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 and mutual funds under FVOCI and FVPL and Government Securities classified under FVOCI. Banking book includes mainly unquoted equity portfolio, Associates, Strategic investments and Term Finance / Sukuk. 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
- Ammortised 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-II 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 for equity portfolio whereas for government securities portfolio, VAR is calculated using Historical 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.

46.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----(Rupees in '000)----					
Cash and balances with treasury banks	878,917	-	878,917	631,063	-	631,063
Balances with other banks	265,721	-	265,721	145,825	-	145,825
Lendings to financial institutions	21,140,182	-	21,140,182	-	-	-
Investments	99,902,963	427,253,181	527,156,144	1,041,875,728	3,933,355	1,045,809,083
Advances	51,290,871	-	51,290,871	53,845,272	-	53,845,272
Property & equipments	1,106,119	-	1,106,119	1,074,903	-	1,074,903
Intangible assets	460,143	-	460,143	13,211	-	13,211
Other assets	23,928,399	-	23,928,399	37,930,628	-	37,930,628
	198,973,315	427,253,181	626,226,496	1,135,516,630	3,933,355	1,139,449,985

46.2.2 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's exposure to this category of market risk is negligible.

46.2.3 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 Group. 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'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.

Group holds equity investments in both the FVOCI and FVPL portfolios. The realization 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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	----(Rupees in '000)----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	6,438	-	7,052
- Other comprehensive income	3,986,840	162,507	3,028,192	189,616

46.2.4 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'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.

	2024		2023	
	Banking book	Trading book	Banking book	Trading book
	----(Rupees in '000)----			
Impact of 1% change in interest rates on				
- the consolidated profit and loss account	503,498	470,794	3,412,283	-

46.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2024											
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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	
On-balance sheet financial instruments			---(Rupees in '000)---									
Assets												
Cash and balances with treasury banks	-	878,917	-	-	-	-	-	-	-	-	-	878,917
Balances with other banks	6.00	265,721	263,279	-	-	-	-	-	-	-	-	2,442
Lending to financial institutions	12.97	21,140,182	21,140,182	-	-	-	-	-	-	-	-	-
Investments	14.11	527,156,144	10,773,674	219,161,083	214,105,682	-	-	-	-	-	-	83,115,705
Advances	13.32	51,290,871	10,207,121	26,854,518	2,986,895	899,507	1,795,551	1,519,275	2,626,688	4,314,452	72,769	14,095
Other assets	-	13,699,086	-	-	-	-	-	-	-	-	-	13,699,086
		614,430,921	42,384,256	246,015,601	217,092,577	899,507	1,795,551	1,519,275	2,626,688	4,314,452	72,769	97,710,245
Liabilities												
Borrowings	11.99	456,002,911	266,629,230	108,340,134	71,713,983	915,112	1,829,982	1,554,032	2,704,692	2,315,746	-	-
Deposits and other accounts	13.77	39,006,034	12,846,695	13,871,409	20,930	12,267,000	-	-	-	-	-	-
Other liabilities	-	11,552,300	-	-	-	-	-	-	-	-	-	11,552,300
		506,561,245	279,475,925	122,211,543	71,734,913	13,182,112	1,829,982	1,554,032	2,704,692	2,315,746	-	11,552,300
On-balance sheet gap		107,869,676	(237,091,669)	123,804,058	145,357,664	(12,282,605)	(34,431)	(34,757)	(78,004)	1,998,706	72,769	86,157,945
Off-balance sheet financial instruments												
Guarantee		3,363,235	-	-	1,750,000	113,235	-	-	1,500,000	-	-	-
Other commitments		16,548,789	-	-	-	-	-	-	-	-	-	16,548,789
Off-balance sheet gap		19,912,024	-	-	1,750,000	113,235	-	-	1,500,000	-	-	16,548,789
Total Yield/Interest Risk Sensitivity Gap			(237,091,669)	123,804,058	147,107,664	(12,169,370)	(34,431)	(34,757)	1,421,996	1,998,706	72,769	102,706,734
Cumulative Yield/Interest Risk Sensitivity Gap			(237,091,669)	(113,287,611)	33,820,053	21,650,683	21,616,252	21,581,495	23,003,491	25,002,197	25,074,966	-

	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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	
	2023											
On-balance sheet financial instruments			----------(Rupees in '000)----------									
Assets												
Cash and balances with treasury banks	-	631,063	-	-	-	-	-	-	-	-	-	631,063
Balances with other banks	6.00	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	21.90	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)	-

Reconciliation of financial assets and financial liabilities with total assets and liabilities	2024	2023
	--------(Rupees in '000)--------	
Total financial assets as per note 46.2.5	614,430,921	1,126,082,493
Add: Non-financial assets		
Property and equipment	1,106,119	1,074,903
Intangibles	460,143	13,211
Other assets	10,229,313	12,279,378
Total assets as per consolidated statement of financial position	626,226,496	1,139,449,985
Total financial liabilities as per note 46.2.5	506,561,245	1,049,371,596
Add: Non-financial liabilities		
Deferred tax liability	15,802,064	12,535,675
Other liability	297,143	65,850
Total financial liabilities as per consolidated statement of financial position	522,660,452	1,061,973,121

46.3 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 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 II requirements for capital adequacy calculation.

46.3.1 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.

46.4 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'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 Group's 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’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 Group’s historical trend and past experience, expected utilization of assets, expected useful lives of property and equipments, intangible 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.

46.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

	2024													
	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	878,917	-	218,715	222,801	437,401	-	-	-	-	-	-	-	-	-
Balances with other banks	265,721	-	-	265,721	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	21,140,182	-	21,140,182	-	-	-	-	-	-	-	-	-	-	-
Investments	527,156,144	-	128,755	-	250,000	-	-	818,246	50,449,500	22,434,756	152,558,838	843,461	216,045,682	83,626,906
Advances	51,290,871	73,642	67,829	2,007,316	127,491	295,291	2,101,403	6,303,068	2,942,667	4,522,811	6,382,133	5,255,147	8,361,753	12,850,320
Property and equipment	1,106,119	-	2,748	2,748	5,495	10,991	10,991	32,973	57,800	57,800	145,217	172,349	265,559	341,448
Intangible assets	460,143	-	197	197	393	787	787	2,361	2,361	2,361	9,443	9,443	431,813	-
Other assets	23,928,399	-	242,280	43,250	1,023,380	10,056	12,014,622	410,930	7,075	9,513,861	49,447	69,771	254,749	288,978
	626,226,496	73,642	21,800,706	2,542,033	1,844,160	317,125	14,127,803	7,567,578	53,459,403	36,531,589	159,145,078	6,350,171	225,359,556	97,107,652
Liabilities														
Borrowings	456,002,911	-	4,667,744	26,108	10,060,378	135,830	101,579,305	3,463,983	2,460,579	153,597,389	161,115,696	9,589,746	6,990,406	2,315,747
Deposits and other accounts	39,006,034	-	5,413,729	-	935,966	404,563	17,671,846	14,529,930	-	50,000	-	-	-	-
Deferred tax liabilities	15,802,064	-	2,975,771	(49,055)	111,706	-	-	-	-	(130,430)	209,589	-	1,807,583	10,876,900
Other liabilities	11,849,443	-	774,590	24,729	992,823	-	7,345,116	2,386,363	-	4,534	38,358	49,510	233,420	-
	522,660,452	-	13,831,834	1,782	12,100,873	540,393	126,596,267	20,380,276	2,460,579	153,521,493	161,363,643	9,639,256	9,031,409	13,192,647
Net assets	103,566,044	73,642	7,968,872	2,540,251	(10,256,713)	(223,268)	(112,468,464)	(12,812,698)	50,998,824	(116,989,904)	(2,218,565)	(3,289,085)	216,328,147	83,915,005

Share capital	16,000,000
Reserves	17,424,549
Net Surplus on revaluation of assets	8,580,352
Unappropriated profit	61,226,782
Total equity attributable to the equity holders of the Holding Company	103,231,683
Non-controlling interest	334,361
	103,566,044

	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
	2023													
	----(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	-
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													
Net 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													

46.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group.

	2024									
	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	878,917	878,917	-	-	-	-	-	-	-	-
Balances with other banks	265,721	265,721	-	-	-	-	-	-	-	-
Lending to financial institutions	21,140,182	21,140,182	-	-	-	-	-	-	-	-
Investments	527,156,144	250,000	128,758	1,123	72,884,256	153,054,486	843,461	219,597,637	1,748,833	78,647,590
Advances	51,290,871	2,276,278	2,396,694	6,303,068	7,465,477	6,382,133	5,255,147	8,361,753	12,002,350	847,971
Property and equipment	1,106,119	10,991	21,982	32,973	115,599	145,217	172,349	265,559	142,654	198,795
Intangible assets	460,143	787	1,574	2,361	4,721	9,443	9,443	431,814	-	-
Other assets	23,928,399	1,308,907	12,024,679	410,930	9,520,936	49,447	69,771	254,749	125,263	163,717
	626,226,496	26,131,783	14,573,687	6,750,455	89,990,989	159,640,726	6,350,171	228,911,512	14,019,100	79,858,073
Liabilities										
Borrowings	456,002,911	14,754,230	101,715,134	3,463,983	156,057,969	161,115,696	9,589,746	6,990,406	2,315,747	-
Deposits and other accounts	39,006,034	6,349,695	18,076,409	14,529,930	50,000	-	-	-	-	-
Deferred tax liabilities	15,802,064	3,038,422	-	-	(130,430)	209,589	-	1,807,583	(3,952,230)	14,829,130
Other liabilities	11,849,443	1,792,142	7,345,116	2,386,363	4,534	38,358	49,510	233,420	-	-
	522,660,452	25,934,489	127,136,659	20,380,276	155,982,073	161,363,643	9,639,256	9,031,409	(1,636,483)	14,829,130
Net assets	103,566,044	197,294	(112,562,972)	(13,629,821)	(65,991,084)	(1,722,917)	(3,289,085)	219,880,103	15,655,583	65,028,943

Share capital	16,000,000
Reserves	17,424,549
Net surplus on revaluation of assets	8,580,352
Unappropriated profit	61,226,782
Total equity attributable to the equity holders of the Holding Company	103,231,683
Non-controlling interest	334,361
	103,566,044

	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	-	-	-	-	-	-	-	-
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	-	-
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
Net 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

47 The corresponding figures have been reclassified / rearranged wherever necessary. There have been no significant reclassification during the current year.

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on March 04, 2025.

49 GENERAL AND NON-ADJUSTING EVENT

The Board of Directors of the Holding Company have proposed cash dividend of Rs. 1,500 million (2023: Rs.1,331 million) for the year ended December 31, 2024 in their meeting held on March 04, 2025. These consolidated financial statements do not include the effect of this appropriation which will be accounted for subsequent to the year end.

Chief Executive Officer	Chief Financial Officer	Director	Director	Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31,2024

(Rupees in '000)

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)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	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:				-	-	-	-	-	-	-	-	

ISLAMIC FINANCE DIVISION

The Holding Company has commenced its Shariah compliant business through Islamic Finance Division in the current period. Summarised financial statements of PKIC's Islamic Finance Division are presented below:

STATEMENT OF FINANCIAL POSITION	Note	2024
		Rupees in '000
ASSETS		
Cash and balances with treasury banks		166,802
Balances with other banks		1,219
Due from financial institutions		-
Investments	1	5,533,030
Islamic financing and related assets - net	2	14,004,401
Property and equipment		14,252
Right-of-use assets		-
Intangible assets		-
Due from head office		-
Deferred tax assets		2,406
Other assets		1,145,500
Total assets		**20,867,610**
LIABILITIES		
Bills payable		-
Due to financial institutions		-
Deposits and other accounts	3	12,200,000
Due to head office		5,070,136
Lease liabilities		-
Subordinated debt		-
Deferred tax liabilities		-
Other liabilities		602,339
		17,872,475
NET ASSETS		2,995,135
REPRESENTED BY		
Islamic banking fund		2,237,077
Reserves		-
Surplus on revaluation of assets		28,009
Unappropriated profit	4	730,049
		2,995,135
CONTINGENCIES AND COMMITMENTS	5	

STATEMENT OF PROFIT AND LOSS ACCOUNT		**For the period from February 27, 2024 to December 31, 2024 Rupees in '000**
Profit / return earned	6	2,810,561
Profit / return expensed	7	1,567,219
Net profit / return		1,243,342
Other income		
Fee and commission income		6,650
Dividend income		-
Foreign exchange income		-
Gain on securities		1,488
Net loss on derecognition of financial assets measured at ammortised cost		(23,257)
Total other income		(15,119)
Total income		1,228,223
Other expenses		
Operating expenses		25,312
Workers' welfare fund		-
Other charges		-
Total other expenses		25,312
Profit before credit loss allowance		1,202,911
Credit loss allowance and write offs - net		2,815
Profit before taxation		1,200,096
Taxation		470,047
Profit after taxation		730,049

1	Investments by segments:	2024 Amortised cost	Credit loss allowance	(Deficit) / surplus	Carrying value
		---(Rupees in '000)---			
	- Debt instruments				
	Classified / measured at FVOCI				
	Federal Government securities				
	- Ijarah sukuks	2,560,625	-	(6,875)	2,553,750
	Non Government debt securities	2,486,218	(262)	32,674	2,518,630
		5,046,843	(262)	25,799	5,072,380
	Classified / measured at FVPL				
	Non Government debt securities	460,000	-	650	460,650
		460,000	-	650	460,650
	Total Investments	5,506,843	(262)	26,449	5,533,030

1.1	Particulars of credit loss allowance	2024 Stage 1	Stage 2	Stage 3	Total
		---(Rupees in '000)---			
	Non Government debt securities	262	-	-	262

2	Islamic financing and related assets	2024 (Rupees in '000)
	Musharakah	700,000
	Diminishing Musharakah	10,817,253
	Tijarah	351,101
	Advances against Diminishing Musharakah	1,400,748
	Asset acquired against Diminishing Musharakah	607,344
	Inventories against Tijarah	130,354
	Gross Islamic financing and related assets	14,006,801
	Less: Credit loss allowance against Islamic financings	
	Stage 1	(2,400)
	Stage 2	-
	Stage 3	-
		(2,400)
	Islamic financing and related assets - net of credit loss allowance	**14,004,401**

3	Deposits and other accounts	Note	2024 In local currency	In foreign currencies	Total
			---Rupees in '000---		
	Financial institutions				
	Term deposits	3.1	12,200,000	-	12,200,000
			12,200,000	-	12,200,000

3.1 The profit rate on this Certificates of Islamic Investments (COII) is 11.5% per annum (December 31, 2023: Nil). This COII have maturities between April 30, 2025 and May 12, 2025 (December 31, 2023: Nil).

3.2	Composition of deposits	2024 Rupees in '000
	- Non-Banking financial institutions	12,200,000
		12,200,000

4	Islamic banking business unappropriated profit	2024 Rupees in '000
	Opening balance	-
	Add: Islamic banking profit for the period	1,200,096
	Less: taxation	(470,047)
	Closing balance	730,049

5	Contingencies and commitments	
	- Guarantees	750,000
	- Commitments	5,208,734
		5,958,734

6	Profit / return earned on financing and investments	For the period from Februrary 27, 2024 to December 31, 2024 Rupees in '000
	Profit earned on:	
	Financing	2,056,012
	Investments	754,549
		2,810,561

7	Profit on deposits and other dues expensed	
	Profit expensed on:	
	Deposits and other accounts	267,441
	Due to financial institutions	1,299,778
		1,567,219

8 Pool management

8.1 The pools, their key features & risk and rewards characteristics:

The Holding Company's Islamic Finance Division operates special pools for deposits and inter-bank funds accepted / acquired under Mudarabah and Musharakah modes.

8.2 Equity pool:

Equity pool is being managed for those assets which are currently not generating income and are in either at advance or inventory stages. Once the nature of inventory / advance changes to financing stage, those assets would be transferred to another income generating pool for the benefit of depositor/FI. Financing to Holding Company's Islamic Finance Division's employees is also financed through this pool.

The risk of generating income at later stage due to nature of Islamic Financing assets and risk of staff related financing are borne by equity holders.

During the period, the Holding Company's Islamic Finance Division (PKIC - IFD) has given general Hiba to the depositors in specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba is given at the sole discretion of the PKIC-IFD without any contractual commitment with the depositors.

The Mudarib's share on deposits for the period ended December 31, 2024 is Rs.132.63 Million (35.90% of distributable profit of Mudarabah pool). An amount of Rs. 34.17 Million (25.77% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 18.43% per annum and the rate of profit paid on average deposits was 16.16% per annum.

8.3 Special Mudarabah pools

Separate pools are created where the customers desire to invest in high yield assets. The rates of these pools are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned by the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

8.4 Treasury pool

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under diminishing musharakah, Ijarah facility and the related liability of the Treasury pool comprise of Musharakah / Wakalah/ Mudarabah from financial institutions. These pools are created to meet the liquidity requirements of the Holding Company's Islamic Finance Division.

The risk characteristic of pool

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

Risk of loss is shared between partners as per the ratio of investment.

8.5 Avenues / sectors where Mudarabah / Musharakah based FI funds / deposits have been deployed:

	2024 Rupees in '000
Construction	4,546,219
Fertilizers	937,500
Food	350,000
Pharmaceuticals	943,595
Power (electricity)	2,449,648
Sugar	600,000
Telecommunication	1,339,082
Textile	481,455
Transport	1,810,676
Others	548,626
Total gross Islamic financing and related assets	14,006,801
Total gross investments (at cost)	5,506,843
Total invested funds	**19,513,644**

8.6 Parameters used for allocation of profit, charging expenses and credit loss allowance etc. along with a brief description of their major allowance:

The Holding Company's Islamic Finance Division is currently accepting funds through customers under Mudarabah / Musharakah arrangements, wherein the Holding Company's Islamic Finance Division and other customers are considered as partners. Funds received from customer is transferred in the pool where the Holding Company's Islamic Finance Division also contributes its capital. Before accepting funds, the Holding Company's Islamic Finance Division and customer set profit sharing ratio in line with the expected profit to be earned against financial institutions' funds.

The funds so generated are invested by the Holding Company's Islamic Finance Division in Shariah compliant modes of financing and investments such as Murabaha, Istisna, Diminishing Musharakah, Tijarah, Running Musharakah, and Sukuks etc.

The Holding Company's Islamic Finance Division calculates the profit of the pool at the end of every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs (if any).

The net income is being allocated between the Mudarib (the Holding Company's Islamic Finance Division) and Rab ul Maal (Customer) in proportion to their profit-sharing ratio.

After the allocation of income between the equity holder and Pool, the profit is distributed among the corporate customers on the basis of weightages as and when required. In case of loss, the Holding Company's Islamic Finance Division and Customer shall bear the loss as per their ratio of investment.

ECL provisioning shall not be considered in the income calculation of pool. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

8.7 Mudarib / Musharik's share (in amount and percentage of distributable income)

2024									
Pool	No. of Pools	Nature of pool	Profit rate and weightages announcement period	Average Profit rate earned	Profit sharing ratio	Mudarib fee / Musharkah share	Average profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	(Rupees in '000)	%	%	(Rupees in '000)
Special Pools	11	Mudarabah	As required	18.43%	35.90%	132,629.71	16.16%	25.77%	34,172.77