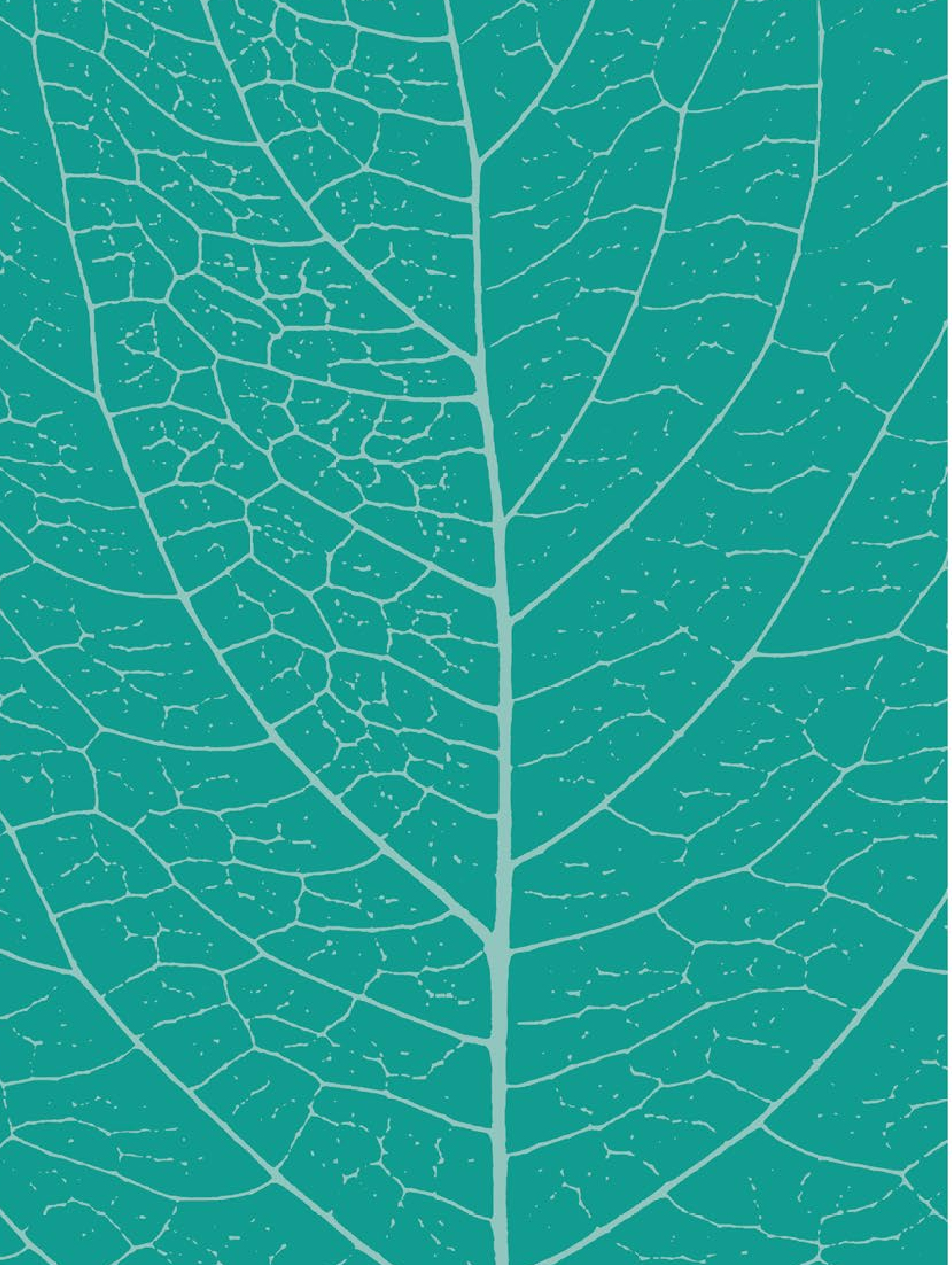
Annual Report 2023

For a Sustainable Future

pakbrunei
INVESTMENT COMPANY



pakbrunei
INVESTMENT COMPANY

Annual Report 2023

For a Sustainable Future

For a Sustainable Future

The year 2023 marked another significant chapter in our journey towards fostering economic growth, promoting social development, and championing sustainability within our operational sphere. We remained steadfast in our commitment to excellence, leveraging innovative strategies, and forging meaningful partnerships to drive positive change. Our team directed their efforts towards taking initiatives and achieving results that align with our overarching goals of empowerment, transformation, and inclusive prosperity.

Driving Transformational Impact

This past year, we have prioritized export-oriented projects aimed at enhancing the country's revenue and projects focused on import substitution. Recognizing the imperative importance of such initiatives for a country like Pakistan, we have actively supported businesses in sectors with export potential and those capable of producing goods domestically to meet local demand, thereby strengthening the economy and reducing reliance on imports. Our corporate Banking as well as SME spearheaded several transformative initiatives aimed at driving socio-economic progress and fostering inclusive development. Notably, we actively supported initiatives that promote new technology, job creation, and skill development. By facilitating access to capital and business support services, we catalyzed the growth of local businesses.

Green Financing

Initiatives

In light of escalating climate change impacts and environmental degradation, green financing has emerged as a critical tool for addressing global challenges. Climate-related disasters, resource depletion, and regulatory pressures underscore the need for businesses to adopt sustainable practices and mitigate their environmental footprint. Green financing not only aligns financial interests with environmental objectives but also promotes resilience and long-term value creation. Recognizing the urgent need to address environmental challenges, we intensified our efforts to promote green financing solutions and sustainable business practices among our corporate clients. Through innovative financing mechanisms and advisory services, we encouraged investments in renewable energy, energy efficiency, and eco-friendly technologies, thereby contributing to environmental conservation and climate resilience.

Sustainability Integration

We embedded sustainability principles into our lending practices and risk assessment frameworks, ensuring that environmental, social, and governance (ESG) considerations are integrated into our decision-making processes. By promoting sustainable business models and responsible corporate behavior, we not only mitigated risks but also created long-term value for our clients and stakeholders.

Promoting Environmental Certifications:

Environmental certifications provide assurance of compliance with rigorous sustainability standards, enhancing credibility, transparency, and stakeholder trust. As custodians of financial resources, we recognize our responsibility to promote sustainable development and support initiatives that contribute to environmental stewardship and climate resilience. While Environmental Protection Agency (EPA) certifications have become an absolute necessity (where applicable), we actively promoted awareness regarding Leadership in Energy and Environmental Design (LEED) and other ESG certifications among our corporate clients. Projects with such certifications played a key role in credit approval discussions, reflecting our commitment to financing sustainable and environmentally responsible initiatives.

Tree Plantation Drive

In line with our commitment to environmental stewardship, we organized a plantation drive and planted numerous trees at our clients' facilities during the past year. This initiative not only contributes to carbon sequestration and biodiversity conservation but also underscores our dedication to sustainable development and ecosystem restoration. Our Corporate Banking Department has pledged to plant 100 trees in 2024 under their “Green-100” plantation drive.

Empowering the Agriculture Sector

Our vision extends to empowering the agriculture sector through tailored financial solutions and infrastructural support. By facilitating financing for agri-based and agro-based industries, along with renewable energy projects, we aim to foster sustainable growth and create cluster hubs for exportable quantities

Driving SME Empowerment

Guided by our strategy of 'Making SMEs Bankable', we have been pioneers in offering non-financial advisory services (NFAS) to SMEs since the establishment of our SME Group in 2012. Moreover, we have diligently utilized subsidized schemes, being among the first to access financing initiatives subsidized by the SBP. With a firm commitment to women empowerment, we actively provide financial support to women entrepreneurs across various sectors, leveraging these subsidized schemes to facilitate their growth.

Facilitating Financial Empowerment:

In our commitment to financial inclusion, we continued to prioritize outreach to underserved areas, focusing particularly on empowering women-owned businesses. Additionally, our efforts extend to facilitating access to finance for urban and rural entities alike, ensuring inclusivity across diverse demographics.

Furthermore, we have been at the forefront of addressing the financial needs of persons with disabilities, pioneering initiatives to provide tailored financial solutions.

Advancing Financial Frontiers

Our newly rebranded "Investment Banking and Advisory Services" department is not just expanding its name but is fundamentally enhancing the breadth and depth of our services. This transformation marks a strategic evolution from traditional financial advisories to a more dynamic and comprehensive suite of innovative solutions that address the complex challenges and opportunities faced by our clients. Our department stands out for its dedication to precision, custom solutions, and a forward-thinking approach that anticipates market trends and client needs. By integrating advanced technology with deep market insight, we ensure that our strategies are not only robust but also at the forefront of financial innovation.

Over the past year, this approach has allowed us to execute high-impact transactions that underscore our commitment to excellence and social responsibility. For instance, our pivotal role in launching Pakistan's first Gender Bond, in collaboration with Kashf Foundation and InfraZamin Pakistan, mobilized PKR 2.5 billion to empower women through micro-infrastructure projects. This endeavor not only reflects our dedication to impactful finance but also our capability to navigate and align with global sustainability goals.

Furthermore, our innovative structuring of Agha Steel Industries' third Sukuk issuance, utilizing the diminishing Musharakah concept, successfully raised PKR 3.4 billion. This transaction exemplified our expertise in crafting bespoke financial solutions that effectively respond to economic fluctuations and client-specific challenges, further establishing our leadership in Islamic finance.

Looking Ahead

As we look ahead, we remain dedicated to driving positive change, fostering sustainable growth, and creating shared value for all stakeholders. With a strong sense of purpose and collective determination, we are confident in our ability to continue making meaningful contributions towards building a more prosperous and sustainable future for generations to come.

We are thrilled to introduce a groundbreaking initiative—the Carbon Credit Advisory and Fund. This new venture underlines our strategic pivot towards sustainable finance, positioning Pak Brunei as a pioneer in carbon trading in Pakistan. As we facilitate the purchase and sale of carbon credits, we will empower companies to actively participate in the global movement towards a low-carbon economy, thereby fostering sustainable development and environmental stewardship.

Moreover, as a leading DFI promoting SME finance since 2012, we are dedicated to leveraging our experience and expertise to drive economic growth, foster financial inclusion, and empower entrepreneurs nationwide. With a refreshed branch roll-out plan and strategic partnerships, we are poised to make significant strides in advancing SME development and contributing to Pakistan's economic prosperity.

Our commitment to innovation extends to all facets of our operations as we continue to invest in our people, technology, and capabilities. With these advancements, we are set to redefine the standards of the financial industry, ensuring that we offer unmatched service and innovative solutions to our clients.

Content

Corporate Information

Board of Directors

Ms. Dk Noorul Hayati Pg Julaihi	Chairperson
Mr. Nasir Mahmood Khosa	Director
Ms. Norakerteni Muhammad	Director
Mr. S. M. Aamir Shamim	Director / Managing Director

Audit Committee

Mr. Nasir Mahmood Khosa	Chairman
Ms. Dk Noorul Hayati Pg Julaihi	Member
Ms. Norakerteni Muhammad	Member

Human Resource Committee

Ms. Dk Noorul Hayati Pg Julaihi	Chairperson
Mr. Nasir Mahmood Khosa	Member
Ms. Norakerteni Muhammad	Member

Credit and Risk Management Committee

Mr. Nasir Mahmood Khosa	Chairman
Ms. Dk Noorul Hayati Pg Julaihi	Member
Mr. S. M. Aamir Shamim	Member

Company Secretary

Ms. Misbah Asjad

Statutory Auditors

Yousuf Adil — Chartered Accountants

Tax Consultant

Yousuf Adil — Chartered Accountants

Legal Advisor

Liaquat Merchant & Associates — Advocate and Corporate Legal Consultants

Registered Head Office

Horizon Vista, Commercial 10,
Scheme No. 5, Block-4, Clifton, Karachi.
Tel: (+92-21) 35361215-19, 35839917
Fax: (+92-21) 35361213

Website

www.pakbrunei.com.pk

Statement of Ethics and Business Practices

Integrity

I shall:

- Perform my work honestly with diligence and responsibility;
- Not knowingly be a party to any illegal activity or engage in any acts that are discreditable to the company;
- Not participate in any activity or relationship that may impair or be presumed to impair my unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the company;
- Not accept any gift or consideration that may impair or be presumed to impair my professional judgement;
- Exercise maximum caution to ensure that information provided to customers is accurate, truthful & free of errors.

Objectivity

I shall:

- Ensure that all operational activities and decision making processes focus on achievements of the company's objectives and are in line with the mission statement of the Company;
- Disclose all material facts known to me in which if not disclosed, may distort the reporting of business proposal under review.
- Disclose any potential conflicts of interest that may compromise the objectivity of decision making process.

Confidential and Proprietary Information

I shall:

- Protect against the disclosure of sensitive and confidential information about my customers and employees unless disclosure is authorized and within law;
- Safeguard against the unauthorized disclosure of sensitive and confidential information about fellow employees and the company as a whole.
- Not disclose to a customer or any other quarter that a suspicious transaction is being or has been reported to any authority, unless disclosure is required by law.

Improper Influence

I shall:

- Be strictly prohibited from giving, soliciting or accepting business courtesies or gifts intended to unduly influence business decisions;
- Make all business decisions on the merit of the transaction and in compliance with any legal and regulatory requirements.

Unfair Business Practices

I shall:

- Refrain from unfair and deceptive business practices e.g. unauthorized and counterproductive use of the company's resources, the misuse of proprietary information or the misrepresentation and concealment of material facts.

Insider Trading

I shall:

- Be prohibited from disclosing "Inside Information" to others or use for my own benefits;
- Abide by the "insider trading" laws that prohibit from buying and selling stock with advance knowledge of important company information not available to the general public. Such information may include proposed mergers or acquisitions, new equity or debt offering.

Recording and Reporting of the Company

I shall:

- Ensure that all business related information / transactions are recorded and reported accurately, honestly and in a timely manner. Ensure the accuracy of all Company records including financial statements, loan documents and reports submitted to regulatory bodies and government agencies;
- Ensure that no funds or accounts should be established for a purpose that is not fully reflected in the books and records of Pak Brunei whether pertaining to receipts or disbursements.

Compliance with Laws, Rules and Regulations

I shall:

- Comply with all applicable laws, rules and regulations.
- Stay informed about changes in applicable laws and regulations.

Protection and Proper use of Company Assets

I shall:

- Ensure that all the Company's assets are used for authorized and legitimate business purposes.
- Protect the Company's assets e.g. computer equipment and software Intellectual property etc.) and ensure that those assets are efficiently and properly used in respect of all Company related activities.

Professional Conduct and Workplace Decorum

I shall:

- Treat all colleagues, superiors, and subordinates with courtesy, respect, and fairness, fostering a collaborative and inclusive workplace.
- Avoid any form of discrimination, harassment, or bullying based on race, gender, age, religion, disability, or any other protected characteristic.
- Uphold a positive and cooperative attitude, promoting teamwork and effective communication within the Company.
- Dress in a manner consistent with the Company's professional standards and any applicable dress code policies.
- Refrain from engaging in any activities during work hours that are unrelated to job responsibilities, which may interfere with productivity.
- Maintain a harmonious work environment and uphold the reputation and values of the company.

Participation in Political Activities

I shall:

- No employee shall take part in, subscribe to, aid or assist in any way, any political movement in or outside Pakistan. Nor shall any employee canvas or otherwise interfere or use their influence in connection with or take part in any election to a legislative or local body, whether in Pakistan or elsewhere provided that an employee who is qualified to vote at such election may exercise his right to vote but if he does so, shall give no indication of the manner in which he proposes to vote or has voted.
- Employees are required to observe restrictions on the sharing of political content on their personal social media accounts, reinforcing our commitment to maintaining a work environment that prioritizes professionalism, inclusivity, and a focus on shared organizational goals.

Authority to Sign Documents

I shall:

- Employees cannot sign any document on behalf of PBICL or in any way commit PBICL to any agreement unless they are properly authorized in writing by the Competent Authority to do so.

Propogation of Sectarian Creed

I shall:

- No employee shall propagate such sectarian creeds or take part in such sectarian partiality or favoritism as are likely to affect his integrity in the discharge of their duties or to embarrass the Competent Authority or create feelings of discontent or displeasure amongst other employees of the Company.
- Within the workplace, it is imperative that employees foster an environment of mutual respect for each other's diverse religious beliefs without any bias or discrimination whatsoever.

Nepotism, Favouritism & Vicimisation

- No employee shall indulge in provincialism, parochialism, favoritism, victimization and abuse of office.

Board of Directors’

PROFILE

Dk Noorul Hayati Pg Julaihi

Chairperson

Ms. Noorul is a Portfolio Manager in the Absolute Return Strategy in Brunei Investment Agency, the Sovereign Wealth Fund of the Government of Brunei. Ms. Noorul has been with the Brunei Investment Agency for 18 years, her prior positions have included Assistant Portfolio Manager for Fixed Income Internal Fund Management and Analyst for Macro and Fixed Income Group. While with the Fixed Income Group, she was posted to the London Office for almost 4 years, where she managed the European Fixed Income Portfolio. Before moving on to her current role, she was co-leading the Private Equity team, previously managing the Buyout, Infrastructure and Private Debt portfolios. In her current role, she is now leading a team of 5 professionals focused on hedge fund investments across the globe. She previously served as Director in Audley Insurance Company, a Brunei-based captive insurance company wholly owned by BIA with a majority of its business for BIA and other Government entities-owned assets. She holds a degree with a major in Economics from Universiti Brunei Darussalam.

Nasir Mahmood Khosa

Mr. Nasir Mahmood Khosa is a retired Pakistani civil servant from Dera Ghazi Khan who belonged to the Pakistan Administrative Service and served in BPS-22 grade, the highest attainable rank for a serving officer. He was promoted to the rank of Federal Secretary in 2010.

Mr. Khosa has an outstanding civil service record, having held the most coveted bureaucratic assignments in the country. He served as the 22nd Principal Secretary to the Prime Minister of Pakistan, as well as the administrative head of two provinces as Chief Secretary Punjab and Chief Secretary Balochistan. Mr. Khosa also served as executive director at the World Bank from 2013-2017.

Mr. Khosa holds three Master Degrees: Master of Arts (M.A.) in English Literature from BZ University, Multan, Master of Public Administration (M.P.A.) from Pennsylvania State University, USA; and a Master of Science (M.Sc.) in Defense and Strategic Studies from Quaid-e-Azam University, Islamabad, Pakistan. He earned a Bachelor of Laws (LL.B.) and Bachelor of Arts from the University of the Punjab, Lahore, Pakistan.

In recognition of his contributions to public service, he has also been awarded with prestigious Pakistan Civil Award Hilal-i-Imtiaz on March 23, 2024.

Norakerteni Muhammad

Ms. Norakerteni is a Portfolio Manager in the Private Equity Strategy in Brunei Investment Agency, the Sovereign Wealth Fund of the Government of Brunei. Ms. Norakerteni has been with the Brunei Investment Agency for 14 years, started as analyst for Macro and Fixed Income Strategy for 3 years before moving to Counterparty Management, Middle Office. In Middle Office, she managed the performance reporting across the investment portfolio as well as data management. She got the opportunity to co-lead a project on onboarding Futures Trading across the Firm.

She also acted as the Portfolio Advisory Committee’s secretary for about 5 years. Ms. Norakerteni has been with Private Equity team for 4 years, initially managing Buyout and Venture Growth portfolios as well as Directs portfolio. Just recently, she has also been appointed as Board member of Oman-Brunei Investment Company (OBIC) including the Audit Committee. She holds a degree with a major in Mathematics from Universiti Brunei Darussalam.

S. M. Aamir Shamim

Mr. S.M. Aamir Shamim, a seasoned banking and finance professional with over 31 years of experience, currently holds the position of Managing Director (MD) and Chief Executive Officer (CEO) at Pak Brunei Investment Company Limited. Before stepping into his current role at Pak Brunei, Mr. Aamir served in various high-ranking roles across international and local financial institutions, acquiring substantial experience in conventional, Islamic, and investment banking. These roles include his time as Senior Executive Vice President (SEVP) and Group Head of Treasury & Financial Institutions at BankIslami Pakistan Limited, SVP & Islamic Banking Specialist at the Islamic Bank of Thailand, and AGM & Head of Treasury & International Division at Tadhamon International Islamic Bank Limited, among others.

The cultural framework of any organization defines a company's vision and the guidelines it has established to achieve that vision. Our organizational culture revolves around diversity, equal opportunity, team work and competition.

Our Cultural Framework

Pak Brunei Investment Company is an equal opportunity organization, and welcomes people from all backgrounds, irrespective of gender and ethnicity.

The cultural and gender mix of the workforce facilitates greater diversity. With a strong performance record, the Company is prepared to achieve higher goals and embrace bigger opportunities. This is only possible in an environment that nurtures healthy competition and promotes fair practices.

In order to detect and manage environmental hazards, as well as to lessen their carbon footprint and associated socially harmful acts, Pak Brunei aids in the promotion of environmentally friendly practices known as "green banking". Pak Brunei strive to integrate environmental sustainability in to several of its operations, products and services. We are aware of our responsibility to protect against environmental threats and to contribute appropriately to the transition of the nation to a low-carbon and climate-resilient economy through the implementation of the SBP's Green Banking Guidelines and the BOD's approved Green Banking Policy.

Green Banking at Pak Brunei

Some of the measures carried out by Pak Brunei with regards to promotion of green banking & mitigating environmental risk are as follows:

To reduce the use of physical resources in daily operations, Pak Brunei is pursuing various options:

- Digitize paper documents by scanning and storing them electronically.
- Utilize email and other collaboration platforms for communication and sharing documents.
- In various cases, adopt electronic signatures for approving documents.
- Implement electronic forms in various cases for automated work flows.
- Use online collaboration tools/platforms for virtual meetings.

This helps to reduce paper consumption, cost saving, increase efficiency & productivity, space optimization, accessibility & mobility, will contribute to a more sustainable, efficient and connected work environment.

Green Banking Awareness

To promote awareness, green banking office provides education to employees and customers about environmental challenges and responsible resource use. This includes participation in workshops, seminars and webinars arranged by various institutions, as well as arranging educational material to increase understanding of green banking principles, products and benefits.

Green Financing

Pak Brunei is contributing in green financing through environmentally sound projects in the energy sector. We aim to ensure our active participation in:

- Financing renewable energy products
- Energy efficiency financing
- Environmental risk management
- Promotion of sustainable practices
- Carbon offset programs
- Finance SME for sustainable development
- Environmental education and outreach

We are actively involved in utilizing the State Bank of Pakistan's (SBP) renewable energy refinance facility to Corporate & Commercial business segments.

Resource Efficiency and Own Impact Reduction

Pak Brunei is actively pursuing its objective of lowering carbon emissions by:

- Promoting the usage of renewable energy to conserve natural resources. Employees will be incentivized for installations of Solar Photo Voltaic solutions at their homes.
- Deploying light management systems at our premises, aimed towards reducing the energy usage during peak/off-peak hours.
- We are also moving towards sustainable procurement practices. This includes the adoption of a total life cycle cost approach instead of upfront acquisition cost. We opt for products that are environmental-friendly and utilize inverter-based technology.

Environmental & Social Risk Management (ESRM) Implementation

Climate change, loss of ecosystems, global warming and resource shortages are the threats being faced. In line with the SBP's issued Environmental & Social Risk Management (ESRM) Implementation Manual for Financial Institutions to ensure compliance of minimum standard for environmental & social risk management in the financial sector under Green Banking Guidelines (GBGs). This manual provides tools and procedures to strengthen and accelerate the implementation of the risk management section of GBGs. PBICL is leveraging technology to address these concerns in a progressive way towards a sustainable future by:

- Incorporating social and climatic risks (in addition to environmental risks) in our vigilance ambit, which are becoming relevant and crucial for the nation.
- Building a comprehensive Environmental & Social Management System (ESMS) under systematic guidance by SBP on assessing and managing environmental and social risks.
- Integrating a robust, quantitative risk rating system, E&S Due Diligence (ESDD) Checklist for performing E&S due diligence.
- Ensuring reporting of GBGs implementation progress including ESRM activities to SBP, on quarterly basis.

Chairperson's Review

For the Year ended
December 31, 2023

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Pak Brunei Investment Company Limited for the year ended December 31, 2023, on overall performance of the Company and effectiveness of the role played by the Board of Directors in achieving Company's objectives.

As we reflect on a year of unprecedented challenges, I am immensely proud of the resilience and dedication exhibited by our Company in navigating through the challenges. The Board also extended full support and advice to the management in tackling different strategic and operational challenges faced during the year.

The Company has achieved another year of outstanding performance, proving the effectiveness of our strategies and good governance. The Board's oversight led to the best use of resources, increased transparency and enhanced information sharing.

The year 2023 was marked by geopolitical conflicts and tensions persisting in various regions with negative consequences for economies of the world. Uncertainties stemming from geopolitical tensions, trade disputes and climate related concerns have continued to impact financial markets worldwide. In this volatile environment, our Company remained vigilant, ensuring focus on business and following prudent risk management policies and practices to safeguard our stakeholders' interests. Locally, the economic landscape was affected by continuing twin deficits, high-interest rates and political uncertainty, which posed challenges for businesses and consumers alike. Persistent inflationary pressures and fluctuating exchange rates added to the complexities faced by the financial sector. Despite these headwinds, our Company maintained its commitment to financial stability, providing reliable financial services and support to our valued customers.

The Board has made best possible effort in discharging its primary responsibility of setting the overall strategy of the Company and enhancing its long-term strategic value. The Board ensures that the business of the Company is conducted in an efficient and effective manner within an established framework of effective system of internal controls, robust risk management processes and compliance with regulatory requirements. In the course of discharging its responsibilities, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its Shareholders. During this year, the Board held six meetings during the year to review and approve annual business plan, periodic financial statements and other matters requiring Board's attention. The Board committees also held regular sessions to execute their duties assigned under respective terms of references for assisting the Board in the above matters. During the year, the Board performed an in-house performance evaluation of the Board as a whole, its Committees, the Chairman, the MD / CEO and Individual Directors. The overall evaluation of the Board is notably positive, particularly in respect to its composition, expertise, effective risk management, adequate system of internal controls and audit function.

We remain optimistic about the future prospects of Pak Brunei and are committed to upholding the highest standards of corporate governance and ethical conduct, ensuring sustainable growth and value creation for our stakeholders.

Dk Noorul Hayati Pg Julaihi
Chairperson of Board of Directors

Date: March 27, 2024

Directors' Report

On behalf of the Board of Directors, we are pleased to present the Audited Financial Statements of Pak Brunei Investment Company Limited ("the Company") for the year ended December 31, 2023.

Brief Economic Outlook

The global economy experienced a continued slowdown in 2023, amid ongoing uncertainties from geopolitical conflicts, persistent supply chain disruptions from aftershocks of the pandemic and widespread inflationary pressures. Despite these challenges, the global growth outlook has become slightly more balanced, due to the monetary tightening measures undertaken by central banks worldwide. Early indicators suggest a quicker-than-anticipated recovery, with inflationary pressures beginning to ease.

Taking these macroeconomic factors into account, the International Monetary Fund (IMF) estimated global growth at 3.1% for 2023 and 2024. For 2024, the IMF adjusted its global growth projection up from the previous forecast of 2.9% in its October 2023 outlook, marking a 0.2% increase. The IMF also estimates headline inflation for 2023 at 6.8%, a decline from its peak in 2022.

Pakistan's economy faced significant challenges both from domestic and external macroeconomic factors, compounded by political unrest and high inflation. These issues contributed to a decline in domestic GDP. However, despite these difficulties, there have been some short-term signs of improvement. The IMF has revised its estimate for negative growth in domestic GDP for FY'23 to -0.2% which is slightly better than previous estimates of -0.5% published in both July and October updates. Persistent high commodity prices and ongoing pressure on the external account have visible impact on the exchange rate and inflation levels. Consequently, annual average inflation rate for FY'23 stood at 29.18%, a significant increase from the 24.5% recorded in FY'22.

In response to the relatively high inflation, the State Bank of Pakistan (SBP) continued to hike the policy rate, increasing it by a cumulative 825 basis points to reach 22.0% in FY23. SBP estimated the GDP of Pakistan at negative 0.2% in FY'23 and kept the projected growth for FY'24 within the range of 2-3%.

Current account balance turned to surplus in December 2023 to reach at US$ 404 million as against deficit of US$ 365 million in December 2022. Current account balance is expected to remain in manageable limit due to primary and secondary income balance.

The Pakistan Stock Exchange (PSX) demonstrated remarkable performance, with the benchmark KSE-100 index closing at 62,451 points as of December 29, 2023, compared to 40,420 points as of December 30, 2022. Similarly, market capitalization of PSX settled at Rs. 9,063 billion as of end of December 2023, compared to Rs. 6,501 billion by the end of corresponding last year.

Pakistan's economy is anticipated to be on path of recovery as the result of expected improvements in macroeconomic conditions and political stability. Increased economic activity, reduction in international oil prices, improved availability of agricultural produce and better business confidence will remain key factors in elevating GDP growth projections. SBP has projected domestic growth around 2-3% in FY'24 and inflation at 5-7% by the end of FY'25 whereas IMF has projected Pakistan's GDP to grow by 2.0% in FY'24 and 3.5% in FY'25.

Company's Performance Overview

During this challenging year, the Company has efficiently optimized its high-quality balance sheet with moderate growth whereas posted significant increase in net profits. In high interest scenario coupled with other economic uncertainties, the Company continued with a prudent approach in deploying funds. Net investments increased by 2.5 times and were recorded at Rs. 158,671 million as on December 31, 2023, compared to Rs. 44,808 million as on December 31, 2022.

Reflecting the quality of advances portfolio and effective risk management practices, the Company has one of the industry's lowest infection ratios. As of December 31, 2023, the Company's Net Infection Ratio was recorded at 0.78%. Additionally, the Company improved its Coverage Ratio to 86.35% by the end of 2023, compared to 56.78% at the end of the previous year.

Positive growth in average earning assets, improved spreads, and effective investment duration management resulted in healthy growth of 74% in net markup income of the Company which stood at Rs. 1,370 million for the year ended December 31, 2023.

Non markup income of the Company witnessed a growth of 93% during the year under review fee income, dividend income and capital gains all increased during the year but mainly attributable to the one-off capital gain on sale of Asset classified as held for sale disposal.

Profit after tax stood at Rs. 847 million for the year ended December 31, 2023 as against Rs. 503 million during previous year, denoting a remarkable growth of 69%. EPS of the Company was recorded at Rs. 1.41 for the year ended December 31, 2023 as against Rs. 084 for the year ended December 31, 2022. The Return on Assets (RoA) and Return on Equity (RoE) stood at 0.63% and 8.13%, respectively, on December 31, 2023. Furthermore, the Company's Capital Adequacy Ratio (CAR) was 26.58%, significantly exceeding the regulatory minimum of 11.5%, indicating the Company's strong capital base.

Recognizing the challenges for economy of Pakistan, the Company shall continue to take pragmatic measures to ensure effective risk management of the Company's assets through investments in technology and human resource development.

Entity Rating

VIS Credit Company Limited has reaffirmed the entity ratings of Pak Brunei Investment Company Limited at 'AA+/A-1+' (Double A Plus/A-One Plus). The long-term rating of 'AA+' signifies high credit quality, protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. The short-term rating of 'A-1+' signifies highest certainty of timely payment; short-term liquidity, including internal operating factors and/ or access to alternative sources of funds, is outstanding and safety is just below risk-free Government of Pakistan's short-term obligations Outlook on the assigned ratings is 'Stable'.

Corporate Governance

SBP vide BPRD Circular No. 5 dated November 22, 2021 has formulated a comprehensive Corporate Governance Regulatory Framework ("CGRF") for Banks/DFIs, to further strengthen the corporate governance regime and to align the same with international standards/principles. Pak Brunei continues to follow the best practices on corporate governance and the board of directors is committed to adopt and adhere to the best practices of good corporate governance.

SBP vide BPRD Circular No. 14 dated October 20, 2016 has advised that the requirement in terms of Prudential Regulation G-1 with regards to the applicability of Code of Corporate Governance (CCG) issued by the Securities and Exchange Commission of Pakistan shall not be applicable on DFIs. There has been no deviation from best practices highlighted in the Statement of Compliance with the best practices of Listed Companies (Code of Corporate Governance) Regulations, 2019.

Corporate and Financial Reporting Framework

The directors are pleased to declare that:

- The financial statements, prepared by management, present its state of affairs fairly, the results of its operations, cash flows and statement of changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies are consistently applied in preparing financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- The internal control system is sound in design and has been effectively implemented and monitored;

- There are no doubts about the Company's ability to continue as a going concern;
- There are no statutory payments on account of taxes, duties, levies and charges which are overdue outstanding as of 31 December 2023, except as disclosed in the annexed financial statements;
- Details of the aggregate remuneration of executives and non-executives Directors are included in note 38 of the financial statements;
- Following is the fair value of investments and bank balances as at 31 December 2023:
  - Provident Fund: PKR 67.076 million, based on unaudited financial statements.
  - Gratuity Fund: PKR 49.708 million, based on unaudited financial statements.
- Key operating and financial data for the last six years, in a summarized form, is given hereunder;

(Figures in PKR million unless stated otherwise)

	2017	2018	2019	2020	2021	2022	2023
Total Assets	29,869	48,793	57,773	40,253	51,450	79,938	**188,070**
Net Assets	10,456	9,961	10,549	10,733	10,232	10,003	**10,839**
Net Advances	18,768	20,330	18,771	19,134	20,300	24,208	**19,610**
Net Investments	7,679	26,117	31,817	17,483	26,247	44,805	**158,671**
Net Mark-up Income	553	719	734	768	866	789	**1,370**
Non-Mark-up Income	588	222	43	688	340	353	**683**
Profit before Tax	671	503	458	1033	704	744	**1,210**
Profit after Tax	470	276	366	718	481	503	**847**
Earnings per Share (PKR)	0.78	0.46	0.61	1.20	0.80	0.84	**1.41**
Dividend Pay-out (%)	5.00%	5.00%	5.00%	5.00%	5.00%	–	**5.00%**
Gross Infection Ratio (%)	5.00%	2.87%	3.10%	5.03%	4.89%	3.56%	**5.44%**
NPL Coverage Ratio (%)	30.33%	52.28%	66.22%	42.99%	53.69%	56.78%	**86.35%**

Composition of Board of Directors

As per the joint venture arrangement between the Government of Pakistan (GoP) and the Government of Brunei, the Company's board of directors comprises of four directors who are nominated by both Governments. At present, the composition of the Board is as follows:

Category	Names	Description
Independent Director	None	The Company has obtained relaxation from the State Bank of Pakistan in respect of the appointment of one independent director on the Board as required under BPRD Circular No. 04 of 2007.
Non-Executive Directors	Ms. Dk Noorul Hayati Pg Julaihi (Chairperson)	Nominated by the Government of Brunei
	Mr. Nasir Mahmood Khosa	Nominated by the Government of Pakistan
	Ms. Norakerteni Muhammad	Nominated by the Government of Brunei
Executive Director	Mr. S. M. Aamir Shamim	Nominated by the Government of Pakistan

Meetings of the Board

The Board of Directors of the Company held six meetings during the year ended December 31, 2023. The following directors attended the meetings:

Name	Meetings Attended
Ms. Dk Noorul Hayati Pg Julaihi	6
Mr. Nasir Mahmood Khosa	6
Ms Norakerteni Muhammad*	6
Mr. S. M. Aamir Shamim**	4

* On March 22, 2023 Ms. Norakerteni Muhammad became a director on the Board of Directors after receipt of fit and proper clearance from State Bank of Pakistan. She was nominated by the Brunei Investment Agency to replace of Mr. Sofian Mohammad Jani on the Board of Directors.

** On May 17, 2023 Mr. S. M. Aamir Shamim was appointed as Managing Director by the Government of Pakistan in place of Ms. Ayesha Aziz with immediate effect. The fit and proper clearance in this regard was received from State Bank of Pakistan on May 31, 2023. Four Board meetings were held after his appointment, which were duly attended by him.

Change in Directors

On March 22, 2023 Ms. Norakerteni Muhammad became a director on the Board of Directors after receipt of fit and proper clearance from State Bank of Pakistan. She was nominated by the Brunei Investment Agency to replace of Mr. Sofian Mohammad Jani on the Board of Directors.

On May 17, 2023 Mr. S. M. Aamir Shamim was appointed as Managing Director by the Government of Pakistan in place of Ms. Ayesha Aziz with immediate effect. The fit and proper clearance in this regard was received from State Bank of Pakistan on May 31, 2023. Four Board meetings were held after his appointment, which were duly attended by him.

Board Committees

The Board has the following committees for providing support in strategic direction and enhanced oversight. The board committees function as per their respective Terms of Reference (TORs) approved by the Board. A brief description of the functions of each sub-committee, is as follows:

Board Audit Committee (BAC):
The Board Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment, including financial and operational controls, accounting systems, and reporting structure. The Committee provides oversight of the Company's Internal Audit function; approves and monitors the progress of the annual audit plan; and ensures that the Internal Audit Function has adequate resources and is appropriately placed within the organization structure to maintain its independence. The BAC also reviews the financial statements and associated matters before recommending them to the Board for approval; as part of this process, the Committee also interacts with the External Auditors of the Company and recommends the appointment of the auditors to the Board. The BAC is also responsible for monitoring the implementation of new accounting standards.

Board Risk Management Committee (BRMC):
The Committee is responsible for oversight and advice to the Board on risk-related matters, including governance, with respect to the Company's risk appetite and profile. The BRMC also ensures the structure and completeness of the Company's internal risk framework in relation to the risk profile, and the development and maintenance of an independent, supportive and proactive risk management culture. The Committee also takes a forward-looking approach to ensure that evolving risks are identified and mitigated.

Board Human Resource and Remuneration Committee (BHRRC):
The Committee recommends key Human Resources and Remuneration policies including major terms of employment and benefits, Performance Management and Compensation Plans for all key executives and other staff members. It also reviews and recommends policies for staff training, career development and succession planning in line with relevant regulatory requirements and best practices.

Meetings of the Board Committees

	Audit Committee		HR&R Committee		CRM Committee	
Name	Meeting held	Attendance	Meeting held	Attendance	Meeting held	Attendance
Ms. Dk Noorul Hayati Pg Julaihi	4	4	2	2	2	2
Mr. Nasir Mahmood Khosa	4	4	2	2	2	2
Mr. Sofian Mohammad Jani	N/A	N/A	2	1	N/A	N/A
Ms Norakerteni Muhammad*	4	4	2	1	N/A	N/A
Ms. Ayesha Aziz	N/A	N/A	N/A	N/A	2	1
Mr. S. M. Aamir Shamim**	N/A	N/A	N/A	N/A	2	1

* On March 22, 2023 Ms. Norakerteni Muhammad became a director on the Board of Directors after receipt of fit and proper clearance from State Bank of Pakistan. She was nominated by the Brunei Investment Agency to replace of Mr. Sofian Mohammad Jani on the Board of Directors.

** On May 17, 2023 Mr. S. M. Aamir Shamim was appointed as Managing Director by the Government of Pakistan in place of Ms. Ayesha Aziz with immediate effect. The fit and proper clearance in this regard was received from State Bank of Pakistan on May 31, 2023.

Directors' Remuneration

The Company has a policy for Directors' Remuneration. The policy is in line with the Prudential Regulations G-1 and / or BPRD Circular No. 03 of 2019 issued by the SBP.

Board Performance Evaluation

The Board has approved a formal process for the performance evaluation to be carried out on an annual basis. In this regard, an in-house approach has been adopted and quantitative techniques are implemented wherein scored questionnaires are used for Board evaluation. A scoring scale has been established in accordance with SBP guidelines. Furthermore, performance evaluations of the Board, its committees and individual directors are also conducted, facilitated by an external independent evaluator, at least every three years.

The scope covers evaluation of the full Board, individual Directors, Board Committees, the Chairman and the Managing Director. Final results of the annual evaluation are compiled and presented to the Board of Directors which it reviews to identify issues, weaknesses and challenges along with discussing an action plan as to how these can be adequately addressed. Recommendations from the evaluation exercise form the basis of the action plan which is agreed by the Board for implementation. Any areas of improvement identified during the evaluation are noted for appropriate action.

Internal Control over Financial Reporting (ICFR)

The Board of Directors hereby endorses the management's evaluation related to ICFR and overall Internal Controls.

Risk Management Framework

During the course of the year, the Company continued to further strengthen its risk management framework which has been developed over the years and continues to be refined and improved.

Credit risk is managed through the policies approved by the Board. These encompass a well-defined credit approval mechanism, use of internal risk ratings, prescribed documentation requirements, post-disbursement administration, monitoring of credit facilities as well as continuing assessment of credit worthiness of borrowers through periodic reviews. Credit Risk Management also established a mechanism for back testing of the credit scoring model which will be refined going forward. Decisions regarding the credit portfolio are taken by the Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Company's credit risk. Significant risk issues are regularly reviewed to determine their impact on the Company's strategy as well as its subsidiaries given that Credit Risk Management is a shared function.

Market risk and Operational risks are managed through respective policies approved by the Board. In addition, the liquidity risk policy provides guidance in managing the liquidity position of the Company, which is monitored on a daily basis. Credit Risk Management Committee of the Board provides overall guidance in managing the Company's market and liquidity risks, capital adequacy, and integrated risk management all of which are covered under the Enterprise Risk Management function. Assessment of enterprise-wide integrated risk profile of the Company is carried out using the Basel Framework, Internal Capital Adequacy Assessment Process, and Stress Testing.

Corporate Social Responsibility

Pak Brunei remains committed towards proactive contributions to society. Throughout the year, it has undertaken a series of Corporate Social Responsibility (CSR) initiatives. Emphasizing an agile and professional work environment, the Company aims to augment gender diversity and uphold principles of equal opportunity. Another key focus is fostering environmental sustainability through green practices and tree plantations. These activities demonstrate the Company's dedication to promoting socially responsible citizenship.

Appointment of Auditors

The Auditors, M/s Yousuf Adil, Chartered Accountants, as the statutory auditor of the Company, have completed their assignment for the year ended December 31, 2023 and being eligible have offered themselves for reappointment. Therefore, the Board on the recommendation of the Audit Committee recommends the appointment of M/s Yousuf Adil, Chartered Accountants as statutory auditors of the Company for the year ending December 31, 2024.

Pattern of Shareholding

Shareholder	Shareholding (%)
Ministry of Finance – Govt. of Pakistan	49.99933%
Brunei Investment Agency	50.00000%
Secretary, Economic Affairs Division - Govt. of Pakistan	0.00067%

Dividend and Appropriation

Keeping in view the financial results of the Company, the Board of Directors of the Company has declared a final cash dividend @ 5% i.e., Re. 0.50 per share for the shareholders of the Company, in its meeting held on March 27, 2024. This is to be approved by shareholders in upcoming Annual General Meeting of the Company.

Subsequent Event

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

Earning per share

Basic and Diluted (loss) / earnings per share have been disclosed in note 33 of the financial statements.

Future Outlook

The global economy is displaying indications of recovery as risks concerning future outlook are gradually diminishing. As a result, the IMF has revised its estimate of global growth at 3.1% in January 2024, marking an increase of 0.2% from the earlier estimate made in October 2023. Furthermore, the IMF has projected a decrease in global inflation to 5.8% in 2024 and 4.4% for 2025. On the domestic front, improvements in political and macroeconomic conditions are anticipated. The IMF has projected GDP to grow by 2.0% in FY'24 and 3.5% in FY'25. Similarly, SBP has forecasted domestic growth to be around 2-3% in FY'24 with inflation expected to range between 5-7% by the end of FY'25.

We look forward to a future of sustained growth for the Company and an ever-increasing role in developing the resources and the people of our nation.

Acknowledgement and Appreciation

We appreciate our shareholders' trust and support – Government of Pakistan and Brunei Investment Agency – for their continued guidance and support. We appreciate the role State Bank of Pakistan and Securities & Exchange Commission of Pakistan continue to play in regulating the financial markets of Pakistan while providing us with an accommodating operating environment supportive of our unique business strategy.

We also acknowledge and appreciate the cooperation and valuable support of our employees, stakeholders, financial institutions and members of the Board of Directors. We at Pak Brunei Investment Company Limited, are proud of our commitment to excellence in quality of our services and providing value added solutions to our customers at all times.

For and on behalf of the Board of Directors

S. M. Aamir Shamim
Managing Director

Dk Noorul Hayati Pg Julaihi
Chairperson

Karachi
Date: March 27, 2024

ڈائریکٹرز کا معاوضہ

کمپنی کے پاس ڈائریکٹرز کے معاوضے کے لیے ایک پالیسی ہے۔ یہ پالیسی SBP کے جاری کردہ پرڈینشل ریگولیشنز G-1 اور/یا BPRD سرکلر نمبر 03 آف 2019 کے مطابق ہے۔

بورڈ کی کارکردگی کا اندازہ:

بورڈ نے سالانہ بنیادوں پر کارکردگی کی جانچ کے لیے ایک رسمی عمل کی منظوری دے دی ہے۔ اس سلسلے میں، اندرون خانہ طریقہ اپنایا گیا ہے اور مقداری اسلوب کو نافذ کیا گیا ہے جس میں بورڈ کی تشخیص کے لیے اسکور کیے گئے سوالنامے استعمال کیے جاتے ہیں۔ بورڈ کی کارکردگی کی درجہ بندی کرنے کے لیے SBP کے رہنما خطوط کے مطابق ایک اچھی طرح سے اسکورنگ اسکیل قائم کیا گیا ہے۔ مزید برآں، مجموعی طور پر بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی کارکردگی کا جائزہ بھی کم از کم ہر تین سال بعد ایک بیرونی آزاد تشخیص کار کے ذریعے کیا جائے گا۔

بورڈ کی تشخیص کا دائرہ پورے بورڈ، انفرادی ڈائریکٹرز، بورڈ کمیٹیوں، چیئرمین اور مینیجنگ ڈائریکٹر کی تشخیص کا احاطہ کرتا ہے۔ سالانہ تشخیص کے حتمی نتائج مرتب کیے جاتے ہیں اور بورڈ آف ڈائریکٹرز کو پیش کیے جاتے ہیں جس کے مطابق یہ کسی بھی مسائل، کمزوریوں اور چیلنجوں کا جائزہ لیتا ہے اور اس کی نشاندہی کرتا ہے اور ایک ایکشن پلان پر بحث کرتا ہے کہ ان سے مناسب طریقے سے کیسے نمٹا جا سکتا ہے۔ تشخیصی مشق کی سفارشات ایکشن پلان کی بنیاد ہیں جس پر عمل درآمد کے لیے بورڈ نے اتفاق کیا ہے۔ تشخیص کے دوران بہتری کے کسی بھی شعبے کی نشاندہی مناسب کارروائی کے لیے کی جاتی ہے۔

مالیاتی رپورٹنگ پر اندرونی کنٹرول (ICFR)

بورڈ آف ڈائریکٹرز اس کے ذریعے ICFR اور مجموعی اندرونی کنٹرول سے متعلق انتظامیہ کی تشخیص کی توثیق کرتا ہے۔

انتظامیہ کے خطرے کا فریم ورک:

سال کے دوران، کمپنی نے اپنے انتظامیہ کے خطرے کے فریم ورک کو مزید مضبوط کرنا جاری رکھا جو گزشتہ سالوں میں تیار کیا گیا ہے اور اسے مزید بہتر سے بہتر بنایا جا رہا ہے۔

کریڈٹ رسک کا انتظام بورڈ کی منظورشدہ پالیسیوں کے ذریعے کیا جاتا ہے۔ ان میں کریڈٹ کی منظوری کا ایک اچھی طرح سے طے شدہ طریقہ کار، اندرونی خطرے کی درجہ بندیوں کا استعمال، دستاویزات کی تجویز کردہ ضروریات، تقسیم کے بعد کی انتظامیہ، کریڈٹ کی سہولیات کی نگرانی کے ساتھ ساتھ وقتاً فوقتاً جائزوں کے ذریعے قرض لینے والوں کی کریڈٹ کی اہلیت کا مسلسل جائزہ شامل ہے۔ کریڈٹ رسک مینجمنٹ نے کریڈٹ اسکورنگ ماڈل کی بیک ٹیسٹنگ کے لیے ایک طریقہ کار بھی قائم کیا جسے آگے بڑھ کر بہتر کیا جائے گا۔ کریڈٹ پورٹ فولیو سے متعلق فیصلے کریڈٹ کمیٹی لیتی ہے۔ بورڈ کی کریڈٹ رسک مینجمنٹ کمیٹی کمپنی کے کریڈٹ رسک کے انتظام میں مجموعی رہنمائی فراہم کرتی ہے۔ کمپنی کی حکمت عملی کے ساتھ ساتھ اس کے ذیلی اداروں پر ان کے اثرات کا تعین کرنے کے لیے خطرے کے اہم مسائل کا باقاعدگی سے جائزہ لیا جاتا ہے کیونکہ کریڈٹ رسک مینجمنٹ ایک مشترکہ کام ہے۔

مارکیٹ رسک اور آپریشنل خطرات کا انتظام بورڈ کی طرف سے منظورشدہ متعلقہ پالیسیوں کے ذریعے کیا جاتا ہے۔ اس کے علاوہ، لیکویڈیٹی رسک پالیسی کمپنی کی لیکویڈیٹی پوزیشن کے انتظام میں رہنمائی فراہم کرتی ہے، جس کی روزانہ کی بنیاد پر نگرانی کی جاتی ہے۔ بورڈ کی کریڈٹ رسک مینجمنٹ کمیٹی کمپنی کی مارکیٹ اور لیکویڈیٹی کے خطرات، سرمائے کی مناسبیت، اور مربوط رسک مینجمنٹ (جسے انٹرپرائز رسک مینجمنٹ بھی کہا جاتا ہے) کے انتظام میں مجموعی رہنمائی فراہم کرتی ہے۔ کمپنی کے انٹرپرائز وسیع مربوط رسک پروفائل کا اندازہ. بیسل فریم ورک، داخلی سرمائے کی مناسبیت کی تشخیص کے عمل، اور تناؤ کی جانچ کا استعمال کرتے ہوئے کیا جاتا ہے۔

کارپوریٹ سماجی ذمہ داری:

پاک برونائی معاشرے میں فعال کردار ادا کرنے کے لئے پرعزم ہے۔ پورے سال کے دوران، اس نے کارپوریٹ سماجی ذمہ داری (CSR) اقدامات کا ایک سلسلہ شروع کیا ہے۔ چست اور پیشہ وارانہ کام کے ماحول پر زور دیتے ہوئے، کمپنی کا مقصد صنفی تنوع کو بڑھانا اور مساوی مواقع کے اصولوں کو برقرار رکھنا ہے۔ ایک اور اہم توجہ سبز طریقوں اور درخت لگانے کے ذریعے ماحولیاتی پائیداری کو فروغ دینا ہے۔ یہ سرگرمیاں سماجی طور پر ذمہ دار شہریت کو فروغ دینے کے لئے کمپنی کی لگن کو ظاہر کرتی ہیں۔

آڈیٹرز کی تقرری:

آڈیٹرز، میسرز یوسف عادل، چارٹرڈ اکاؤنٹینٹ کے قانونی آڈیٹیر کے طور پر 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے اپنی اسائنمنٹ مکمل کر چکے ہیں۔ لہٰذا بورڈ آڈٹ کمیٹی کی سفارش پر میسرز یوسف عادل، چارٹرڈ اکاؤنٹینٹ کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹر کے طور پر تقرری کی سفارش کرتا ہے۔

حصص رکھنے کا نمونہ:

حصص کا مالک	ملکیتِ حصص (فیصد)
وزارتِ خزانہ۔ حکومتِ پاکستان	49.99933 فیصد
برونائی سرمایہ کاری ایجنسی	50.00000 فیصد
سیکرٹری، ڈویژن برائے اقتصادی امور۔ حکومتِ پاکستان	0.00067 فیصد

منافع اور اختصاص:

کمپنی کے مالیاتی نتائج کو مدنظر رکھتے ہوئے، کمپنی کے بورڈ آف ڈائریکٹرز نے 27 مارچ 2024 کو ہونے والی اپنی میٹنگ میں کمپنی کے حصص یافتگان کے لئے 5% فی حصص یعنی 0.50 روپے فی شیئر کا حتمی نقد منافع کا اعلان کیا ہے۔ اس کی منظوری کمپنی کی آئندہ سالانہ جنرل میٹنگ میں حصص یافتگان کو دی جائے گی۔

اس کے بعد کا واقعہ:

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کوئی ایسا مادی واقعہ نہیں ہوا ہے جس کے لیے منسلک مالی بیانات میں ایڈجسٹمنٹ کی ضرورت ہو۔

فی حصص آمدنی:

بنیادی اور گھٹا ہوا (نقصان)/فی حصص کی آمدنی مالی بیانات کے نوٹ 33 میں ظاہر کی گئی ہے۔

ترقی کی طرف گامزن:

عالمی معیشت بحالی کے اشارے دکھا رہی ہے کیونکہ مستقبل کے نقطہ نظر سے متعلق خطرات بتدریج کم ہو رہے ہیں۔ اس کے نتیجے میں، آئی ایم ایف نے جنوری 2024 میں عالمی نمو کے اپنے تخمینے میں 3.1 فیصد کی نظر ثانی کی ہے، جو اکتوبر 2023 میں پہلے کے تخمینہ سے 0.2 فیصد زیادہ ہے۔ مزید برآں، آئی ایم ایف نے 2024 میں عالمی افراط زر میں 5.8 فیصد اور 2025 کے لیے 4.4 فیصد تک کمی کی پیش گوئی کی ہے۔ ملکی محاذ پر، سیاسی اور معاشی حالات میں بہتری متوقع ہے۔ آئی ایم ایف نے مالی سال 24 میں جی ڈی پی میں 2.0 فیصد اور مالی سال 25 میں 3.5 فیصد اضافے کی پیش گوئی کی ہے۔ اسی طرح، SBP نے مالی سال 24 میں گھریلو نمو تقریباً 2-3 فیصد رہنے کی پیش گوئی کی ہے اور مالی سال 25 کے آخر تک افراط زر 5-7 فیصد کے درمیان رہنے کی توقع ہے۔

اعتراف اور تعریف:

ہم اپنے حصص یافتگان، حکومت پاکستان اور برونائی انویسٹمنٹ ایجنسی کے ان کی مسلسل رہنمائی اور تعاون کے شکر گزار ہیں۔ ہم اسٹیٹ بینک آف پاکستان اور سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کردار کو سراہتے ہیں جو پاکستان کی مالیاتی منڈیوں کو ریگولیٹ کرنے میں اہم کردار ادا کر رہے ہیں اور ہمیں اپنی منفرد کاروباری حکمت عملی کے لیے موزوں آپریٹنگ ماحول فراہم کرتے ہیں۔

ہم اپنے ملازمین، حصہ دار، مالیاتی اداروں اور بورڈ آف ڈائریکٹرز کے ممبران کے تعاون اور قابل قدر تعاون کو بھی تسلیم کرتے ہیں اور ان کی تعریف کرتے ہیں۔ ہمیں پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ میں، اپنی خدمات کے معیار میں بہترین کارکردگی اور ہر وقت اپنے حصہ داروں کو اہم حالات فراہم کرنے کے عزم پر فخر ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

ایس ایم عامر شمیم
مینیجنگ ڈائریکٹر

ڈی کے نور الحیاتی پی جی جولاھی
چیئرپرسن

کراچی
تاریخ: ۲۷ مارچ ۲۰۲۴

	2017	2018	2019	2020	2021	2022	2023
مجموعی اثاثے	29,869	48,793	57,773	40,253	51,450	79,938	**188,070**
خالص اثاثے	10,456	9,961	10,549	10,733	10,232	10,003	**10,839**
نیٹ ایڈوانس	18,768	20,330	18,771	19,134	20,300	24,208	**19,610**
خالص سرمایہ کاری	7,679	26,117	31,817	17,483	26,247	44,805	**158,671**
نیٹ مارک اپ آمدنی	553	719	734	768	866	789	**1,370**
غیر مارک اپ آمدنی	588	222	43	688	340	353	**683**
منافع قبل از محصول	671	503	458	1033	704	744	**1,210**
ٹیکس کے بعد منافع	470	276	366	718	481	503	**847**
فی شیئر آمدنی (PKR)	0.78	0.46	0.61	1.20	0.80	0.84	**1.41**
ڈیویڈنٹ پے آوٹ (%)	5.00%	5.00%	5.00%	5.00%	5.00%	–	**5.00%**
مجموعی انفیکشن کا تناسب (%)	5.00%	2.87%	3.10%	5.03%	4.89%	3.56%	**5.44%**
NPL کوریج کا تناسب (%)	30.33%	52.28%	66.22%	42.99%	53.69%	56.78%	**86.35%**

بورڈ آف ڈائریکٹرز کی تشکیل:

حکومت پاکستان (GOP) اور حکومت برونائی کے درمیان مشترکہ منصوبہ بندی کے مطابق، کمپنی کا بورڈ آف ڈائریکٹرز چار ڈائریکٹرز پر مشتمل ہے جو دونوں حکومتوں کی جانب سے نامزد کیئے گئے ہیں اس وقت بورڈ کی تشکیل حسب ذیل ہے:۔

کیٹیگری	نام	تفصیل
آزاد ڈائریکٹر	کوئی نہیں	کمپنی نے 2007 کے BPRD سرکلر نمبر 4 کے تحت بورڈ پر ایک آزاد ڈائریکٹر کی تقرری کے سلسلے میں اسٹیٹ بینک آف پاکستان سے نرمی حاصل کی ہے۔
نان ایگزیکٹیو ڈائریکٹر	محترمہ ڈی کے نورالہیتی پی جی جولاہی (چیئرپرسن)	برونائی کی حکومت کی طرف سے نامزد کیا گیا
	جناب ناصر محمود کھوسہ	پاکستان کی حکومت کی طرف سے نامزد کیا گیا
ایگزیکٹیو ڈائریکٹر	محترمہ نور کرتینی محمد	برونائی کی حکومت کی طرف سے نامزد کیا گیا
	جناب ایس۔ ایم۔ عامر شمیم	پاکستان کی حکومت کی طرف سے نامزد کیا گیا

بورڈز کا اجلاس:

کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران چھ اجلاس کیئے۔ مندرجہ ذیل ڈائریکٹرز نے اجلاس میں شرکت کی:۔

نام	اجلاس میں شرکت
محترمہ ڈی کے نورالہیتی پی جی جولاہی	6
جناب ناصر محمود کھوسہ	6
محترمہ نور کرتینی محمد	6
جناب ایس۔ ایم۔ عامر شمیم	4

* 22 مارچ، 2023 کو محترمہ نور کرتینی محمد اسٹیٹ بینک آف پاکستان سے مناسب کلیئرنس ملنے کے بعد بورڈ آف ڈائریکٹرز میں ڈائریکٹر بن گئیں۔ انہیں برونائی انویسٹمنٹ ایجنسی نے بورڈ آف ڈائریکٹرز میں مسٹر صوفیان محمد جانی کی جگہ نامزد کیا تھا۔

** 17 مئی 2023 کو جناب ایس ایم عامر شمیم کو حکومت پاکستان نے فوری طور پر محترمہ عائشہ عزیز کی جگہ مینیجنگ ڈائریکٹر مقرر کیا تھا۔ اس سلسلے میں 31 مئی 2023 کو سٹیٹ بینک آف پاکستان سے مناسب کلیئرنس موصول ہوئی تھی۔ ان کی تقرری کے بعد بورڈ کے چار اجلاس منعقد ہوئے، جن میں انہوں نے شرکت کی۔

ڈائریکٹرز میں تبدیلی:

22 مارچ 2023 کو محترمہ نور کرتینی محمد سٹیٹ بینک آف پاکستان سے مناسب اور مناسب کلیئرنس ملنے کے بعد بورڈ آف ڈائریکٹرز میں ڈائریکٹر بن گئیں۔ انہیں برونائی انویسٹمنٹ ایجنسی نے بورڈ آف ڈائریکٹرز میں مسٹر صوفیان محمد جانی کی جگہ نامزد کیا تھا۔

17 مئی 2023 کو جناب ایس ایم عامر شمیم کو حکومت پاکستان نے فوری طور پر محترمہ عائشہ عزیز کی جگہ مینیجنگ ڈائریکٹر مقرر کیا تھا۔ اس سلسلے میں 31 مئی 2023 کو سٹیٹ بینک آف پاکستان سے مناسب اور مناسب کلیئرنس موصول ہوئی تھی۔ ان کی تقرری کے بعد بورڈ کے چار اجلاس منعقد ہوئے، جن میں انہوں نے شرکت کی۔

بورڈ کمیٹیاں:

بورڈ کے پاس اسٹریٹیجک سمت اور بہتر نگرانی میں مدد فراہم کرنے کے لیے درج ذیل کمیٹیاں ہیں۔ بورڈ کمیٹیاں بورڈ کی طرف سے منظور شدہ اپنے متعلقہ ٹرمز آف ریفرنس (TORS) کے مطابق کام کرتی ہیں۔ ہر ذیلی کمیٹی کے کاموں کی مختصر تفصیل حسب ذیل ہے:

بورڈ آڈٹ کمیٹی (BAC):

بورڈ آڈٹ کمیٹی مالیاتی اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹمز، اور رپورٹنگ کے ڈھانچے سمیت کمپنی کے اندرونی کنٹرول کے ماحول کی مناسبیت اور تاثیر کا جائزہ لیتی ہے۔ کمیٹی کمپنی کے اندرونی آڈٹ فنکشن کی نگرانی فراہم کرتی ہے۔ سالانہ آڈٹ پلان کی پیشرفت کی منظوری اور نگرانی کرتا ہے؛ اور اس بات کو یقینی بناتا ہے کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور اسے تنظیم کے ڈھانچے کے اندر اپنی آزادی کو برقرار رکھنے کے لیے مناسب طریقے سے رکھا گیا ہے۔ BAC بورڈ کو منظوری کے لیے سفارش کرنے سے پہلے مالیاتی گوشواروں اور متعلقہ معاملات کا بھی جائزہ لیتا ہے۔ اس عمل کے حصے کے طور پر، کمیٹی کمپنی کے بیرونی آڈیٹرز کے ساتھ بھی بات چیت کرتی ہے اور بورڈ کو آڈیٹرز کی تقرری کی سفارش کرتی ہے۔ BAC اکاؤنٹنگ کے نئے معیارات کے نفاذ کی نگرانی کے لیے بھی ذمہ دار ہے۔

بورڈ رسک مینجمنٹ کمیٹی (BRMC):

کمیٹی خطرے سے متعلقہ معاملات پر بورڈ کو نگرانی اور مشورہ دینے کے لیے ذمہ دار ہے جس میں کمپنی کی خطرے کی بھوک اور پروفائل کے حوالے سے گورننس شامل ہے۔
BRMC رسک پروفائل کے سلسلے میں کمپنی کے اندرونی رسک فریم ورک کی ساخت اور مکمل ہونے کو بھی یقینی بناتا ہے، اور ایک آزاد، معاون اور فعال رسک مینجمنٹ کلچر کی ترقی اور دیکھ بھال کو بھی یقینی بناتا ہے۔ کمیٹی اس بات کو یقینی بنانے کے لیے آگے کی طرف متوجہ ہونے کا طریقہ بھی اختیار کرتی ہے کہ ابھرتے ہوئے خطرات کی نشاندہی اور ان میں تخفیف کی جائے۔

بورڈ انسانی وسائل اور معاوضہ کمیٹی (BHRRC):

کمیٹی اہم انسانی وسائل اور معاوضے کی پالیسیوں کی سفارش کرتی ہے جس میں ملازمت اور فوائد کی اہم شرائط، تمام اہم ایگزیکٹوز اور عملے کے دیگر ارکان کے لیے کارکردگی کا انتظام اور معاوضے کے منصوبے شامل ہیں۔ یہ متعلقہ ریگولیٹری تقاضوں اور بہترین طریقوں کے مطابق عملے کی تربیت، کیریئر کی ترقی اور جانشینی کی منصوبہ بندی کے لیے پالیسیوں کا بھی جائزہ اور سفارش کرتا ہے۔

بورڈ کمیٹیوں کے اجلاس:

نام	آڈٹ کمیٹی		ہیومن ریسورس اور مشاہرہ کمیٹی		کریڈٹ اینڈ رسک مینجمنٹ کمیٹی	
	منعقدہ اجلاس	حاضری	منعقدہ اجلاس	حاضری	منعقدہ اجلاس	حاضری
مس ڈی کے نورالحیاتی پی جی جولاہی	4	4	2	2	2	2
جناب ناصر محمود کھوسہ	4	4	2	2	2	2
جناب سفیان محمد جانی	N/A	N/A	2	1	N/A	N/A
مس نورا کرتینی محمد	4	4	2	1	N/A	N/A
مس عائشہ عزیز	N/A	N/A	N/A	N/A	2	1
جناب ایس۔ ایم۔ عامر شمیم	N/A	N/A	N/A	N/A	2	1

* 22 مارچ، 2023 کو محترمہ نور کرتینی محمد اسٹیٹ بینک آف پاکستان سے مناسب کلیئرنس ملنے کے بعد بورڈ آف ڈائریکٹرز میں ڈائریکٹر بن گئیں۔ انہیں برونائی انویسٹمنٹ ایجنسی نے بورڈ آف ڈائریکٹرز میں مسٹر صوفیان محمد جانی کی جگہ نامزد کیا تھا۔

** 17 مئی 2023 کو جناب ایس ایم عامر شمیم کو حکومت پاکستان نے فوری طور پر محترمہ عائشہ عزیز کی جگہ مینیجنگ ڈائریکٹر مقرر کیا تھا۔ اس سلسلے میں 31 مئی 2023 کو سٹیٹ بینک آف پاکستان سے مناسب کلیئرنس موصول ہوئی تھی۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ ('دی کمپنی') کے آڈٹ شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے۔

مختصر اقتصادی نقطہ نظر:

عالمی معیشت نے 2023 میں جغرافیائی سیاسی تنازعات سے جاری غیر یقینی صورتحال اور وبائی امراض کے جھٹکوں اور مہنگائی کے وسیع دباؤ کے بعد سپلائی چین میں مسلسل رکاوٹوں کے درمیان مسلسل سست روی کا سامنا کیا۔ ان چیلنجوں کے باوجود، عالمی نمو کا نقطہ نظر قدرے متوازن ہو گیا ہے، جس کی وجہ دنیا بھر میں مرکزی بینکوں کی جانب سے کیے گئے مالیاتی سخت اقدامات ہیں۔ ابتدائی اشارے توقع سے زیادہ تیزی سے بحالی کا مشورہ دیتے ہیں، افراط زر کا دباؤ کم ہونے لگا ہے۔

ان میکرو اکنامک عوامل کو مدنظر رکھتے ہوئے، بین الاقوامی مالیاتی فنڈ (IMF) نے 2023 اور 2024 کے لیے عالمی نمو 3.1% رہنے کا تخمینہ لگایا ہے۔ 2024 کے لیے، IMF نے اپنے اکتوبر 2023 کے آؤٹ لک میں 2.9% کی سابقہ پیشن گوئی سے عالمی نمو کے تخمینے کو ایڈجسٹ کیا، جس میں 0.2% اضافہ ہوا۔ آئی ایم ایف نے 2023 کے لیے ہیڈ لائن افراط زر کا تخمینہ 6.8% پر لگایا ہے، جو 2022 میں اپنے عروج سے کم ہے۔

پاکستان کی معیشت کو ملکی اور بیرونی میکرو اکنامک عوامل، سیاسی بے چینی اور بلند افراط زر کی وجہ سے اہم چیلنجوں کا سامنا کرنا پڑا۔ ان مسائل نے ملکی جی ڈی پی میں کمی کا باعث بنا۔ تاہم، ان مشکلات کے باوجود، بہتری کے کچھ قلیل مدتی آثار نظر آئے ہیں۔ IMF نے FY'23 کے لیے گھریلو جی ڈی پی میں منفی نمو کے اپنے تخمینے میں -0.2% پر نظر ثانی کی ہے جو جولائی اور اکتوبر دونوں اپ ڈیٹس میں شائع کیے گئے -0.5% کے پچھلے تخمینوں سے قدرے بہتر ہے۔ اجناس کی مسلسل بلند قیمتیں اور بیرونی کھاتے پر جاری دباؤ کا اثر شرح مبادلہ اور افراط زر کی سطح پر ہوتا ہے۔ نتیجتاً، مالی سال 23 کے لیے سالانہ اوسط مہنگائی کی شرح 29.18% رہی، جو کہ مالی سال 22 میں ریکارڈ کی گئی 24.5% سے نمایاں اضافہ ہے۔

نسبتاً زیادہ افراط زر کے جواب میں، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں اضافہ جاری رکھا، جس سے مالی سال 23 میں مجموعی طور پر 825 بیس پوائنٹس کا اضافہ ہو کر 22.0% تک پہنچ گیا۔ اسٹیٹ بینک نے مالی سال 23 میں پاکستان کی جی ڈی پی کا تخمینہ -0.2% لگایا اور مالی سال 24 کے لیے متوقع نمو کو 2-3% کی حد میں رکھا۔

کرنٹ اکاؤنٹ بیلنس دسمبر 2023 میں سرپلس میں تبدیل ہو کر 404 ملین امریکی ڈالر تک پہنچ گیا جبکہ دسمبر 2022 میں 365 ملین امریکی ڈالر کے خسارے کے مقابلے میں کرنٹ اکاؤنٹ بیلنس پرائمری اور سیکنڈری انکم بیلنس کی وجہ سے قابل انتظام حد میں رہنے کی توقع ہے۔

پاکستان اسٹاک ایکسچینج (PSX) نے شاندار کارکردگی کا مظاہرہ کیا، بینچ مارک KSE-100 انڈیکس 30 دسمبر 2022 تک 40,420 پوائنٹس کے مقابلے میں 29 دسمبر 2023 تک 62,451 پوائنٹس پر بند ہوا۔ اسی طرح، PSX کی مارکیٹ کیپٹلائزیشن دسمبر 2023 کے اختتام تک 9,063 بلین روپے پر طے پائی، جو کہ گزشتہ سال کے اسی اختتام تک 6,501 بلین روپے تھی۔

میکرو اکنامک حالات اور سیاسی استحکام میں متوقع بہتری کے نتیجے میں پاکستان کی معیشت بحالی کی راہ پر گامزن ہونے کی توقع ہے۔ معاشی سرگرمیوں میں اضافہ، تیل کی بین الاقوامی قیمتوں میں کمی، زرعی پیداوار کی بہتر دستیابی اور بہتر کاروباری اعتماد جی ڈی پی کی نمو کے تخمینے کو بڑھانے کے اہم عوامل رہیں گے۔ اسٹیٹ بینک نے مالی سال 24 میں ملکی نمو تقریباً 2-3% اور مالی سال 25 کے آخر تک مہنگائی 5-7% رہنے کی پیش گوئی کی ہے جبکہ آئی ایم ایف نے مالی سال 24 میں پاکستان کی جی ڈی پی میں 2.0% اور مالی سال 25 میں 3.5% اضافے کی پیش گوئی کی ہے۔

کمپنی کی کارکردگی کا جائزہ:

اس مشکل سال کے دوران، کمپنی نے مؤثر طریقے سے اپنی اعلیٰ معیار کی بیلنس شیٹ کو معتدل ترقی کے ساتھ بہتر بنایا ہے جبکہ خالص منافع میں نمایاں اضافہ کیا ہے۔ دیگر اقتصادی غیر یقینی صورتحال کے ساتھ ساتھ اعلیٰ دلچسپی کے حالات میں، کمپنی نے فنڈز کی تعیناتی میں محتاط انداز اپنایا۔ خالص سرمایہ کاری میں 2.5% گنا اضافہ ہوا اور 31 دسمبر 2022 کو 44,808 ملین روپے کے مقابلے میں 31 دسمبر 2023 تک 158,671 ملین روپے ریکارڈ کیا گیا۔

ایڈوانس پورٹ فولیو کے معیار اور رسک مینجمنٹ کے مؤثر طریقوں کی عکاسی کرتے ہوئے، کمپنی کے پاس انڈسٹری کے سب سے کم انفیکشن ریشوز میں سے ایک ہے۔ 31 دسمبر 2023 تک، کمپنی کا نیٹ انفیکشن ریشو 0.78% ریکارڈ کیا گیا۔ مزید برآں، کمپنی نے 2023 کے آخر تک اپنا کوریج ریشو بہتر کر کے 86.35% کر دیا، جو پچھلے سال کے آخر میں 56.78% تھا۔

اوسط آمدنی والے اثاثوں میں مثبت نمو، بہتر اسپریڈز، اور سرمایہ کاری کے دورانیے کے موثر انتظام کے نتیجے میں کمپنی کی خالص مارک اپ آمدنی میں 74% کی صحت مند نمو ہوئی جو 31 دسمبر 2023 کو تم ہونے والے سال کے لیے 1,370 ملین روپے تھی۔

کاروبار اور مالیاتی کارکردگی کا جائزہ:

کمپنی کی غیر مارک اپ آمدنی میں سال کے دوران جائزہ فیس کی آمدنی، ڈیویڈنڈ کی آمدنی اور کیپٹل گین سبھی میں سال کے دوران 93% کا اضافہ دیکھا گیا لیکن SBP نے BPRD سرکلر نمبر 14 مورخہ 20 اکتوبر 2016 کے ذریعے مشورہ دیا ہے کہ شرائط میں ضرورت سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ کوڈ آف کارپوریٹ گورننس (CCG) کے اطلاق کے حوالے سے پرڈینشل ریگولیشن G-1 کا اطلاق DFIs پر نہیں ہوگا۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے بہترین طریقوں کے ساتھ تعمیل کے بیان میں نمایاں کردہ بہترین طریقوں سے کوئی انحراف نہیں کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

ڈائریکٹرز یہ اعلان کرتے ہوئے خوش ہیں کہ:

- انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کے بیانات کو منصفانہ طور پر پیش کرتے ہیں۔
- کھاتوں کا مناسب حساب کتاب برقرار رکھا گیا ہے۔
- مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا اطلاق مستقل طور پر کیا جاتا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کے بارے میں مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول سسٹم ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے جو ۳۱ دسمبر ۲۰۲۳ تک واجب الادا ہیں، سوائے اس کے کہ منسلک مالی بیانات میں ظاہر کیا گیا ہو۔
- ایگزیکٹوز اور نان ایگزیکٹیو ڈائریکٹرز کے مجموعی معاوضے کی تفصیلات مالیاتی بیانات کے نوٹ ۳۸ میں شامل ہیں۔
- 31 دسمبر 2023 تک سرمایہ کاری اور بینک بیلنس کی مناسب قیمت درج ذیل ہے:
  - پراویڈنٹ فنڈ: PKR 67.076 ملین غیر آڈٹ شدہ مالیاتی بیانات پر مبنی۔
  - گریجویٹی فنڈ: PKR 49.708 ملین غیر آڈٹ شدہ مالیاتی بیانات پر مبنی۔
- پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصہ شکل میں یہاں دیا گیا ہے۔

15 Years Performance at a Glance

PKR in Million

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Balance Sheet															
Investments	**158,671**	44,805	26,247	17,483	31,817	26,117	7,679	16,658	16,850	24,247	27,431	7,121	25,741	9,868	8,416
Advances	**19,610**	24,208	20,300	19,134	18,771	20,330	18,768	13,996	10,237	7,386	6,800	5,776	4,647	2,468	1,732
Borrowings	**174,594**	68,320	40,285	27,763	45,152	36,890	13,976	20,493	14,544	18,090	26,392	2,417	23,360	5,943	5,297
Deposits and other accounts	**–**	55	50	830	620	725	4,751	2,913	4,218	5,164	567	2,825	979	844	395
Total Assets	**188,070**	79,938	51,450	40,253	57,773	48,793	29,869	34,391	29,115	32,901	35,508	14,046	32,544	14,369	12,131
Net Assets	**10,839**	10,003	10,232	10,733	10,549	9,960	10,456	10,429	9,684	9,139	8,246	8,581	7,928	7,343	6,306
Paid up Capital	**6,000**	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	5,000
Profit & Loss															
Mark up income	**22,150**	6,899	3,335	3,681	5,042	2,507	1,462	1,591	1,832	2,503	1,407	2,912	2,395	1,698	971
Mark up expense	**20,780**	6,110	2,469	2,913	4,307	1,788	908	1,084	1,279	2,036	969	2,045	1,469	778	207
Non mark up income	**683**	353	340	688	43	222	588	1,237	1,230	907	706	406	284	212	254
Non mark up expense	**606**	434	432	388	332	341	293	314	304	272	219	201	203	165	133
Gross income	**22,833**	7,252	3,675	4,369	5,085	2,729	2,050	2,828	3,062	3,410	2,113	3,318	2,679	1,910	1,225
Profit before provision and tax	**1,447**	708	774	1,067	445	599	849	1,430	1,479	1,102	925	1,072	1,007	963	885
Provisions	**238**	(35)	71	34	(13)	96	178	97	179	(4)	8	(4)	87	81	218
Profit before tax	**1,210**	744	704	1,033	458	503	671	1,333	1,300	1,106	917	1,076	920	882	667
Profit after tax	**847**	503	481	718	366	276	470	962	937	905	706	784	604	581	447
Taxation	**362**	241	222	315	–	–	–	–	–	–	–	–	–	–	–
Dividend paid	**–**	–	300	300	300	300	300	300	200	200	200	1,000	200	–	–
Investors information															
Profit before tax ratio	**5.30%**	10.25%	19.15%	23.64%	9.01%	18.43%	32.73%	47.14%	42.46%	32.43%	43.40%	32.43%	34.34%	46.18%	54.45%
Gross spread ratio	**6.19%**	11.44%	25.97%	20.86%	14.56%	28.68%	37.82%	31.87%	30.19%	18.70%	31.13%	29.77%	38.62%	54.18%	78.68%
Return on assets	**0.63%**	0.77%	1.05%	1.46%	0.69%	0.70%	1.46%	3.03%	3.02%	2.65%	2.85%	3.37%	2.57%	4.38%	5.06%
Return on equity	**8.13%**	4.97%	4.59%	6.75%	3.57%	2.70%	4.50%	9.57%	9.96%	10.41%	8.39%	9.50%	7.91%	8.51%	7.72%
Earning asset to total asset ratio	**94.92%**	94.67%	94.48%	93.28%	95.64%	95.29%	96.90%	96.21%	94.67%	96.38%	97.06%	94.06%	97.03%	95.27%	97.67%
EPS (Earning per share) PKR	**1.41**	0.84	0.80	1.20	0.61	0.46	0.78	1.60	1.56	1.51	1.18	1.31	1.01	0.98	0.89
Gross Infection Ratio	**5.44%**	3.56%	4.89%	5.03%	3.10%	2.87%	5.00%	3.17%	3.00%	0.03%	0.04%	0.05%	0.06%	0.27%	16.04%
Net Infection Ratio	**0.78%**	1.57%	2.32%	2.93%	1.07%	1.39%	3.54%	1.54%	1.52%	0.00%	0.00%	0.00%	-0.38%	-0.03%	14.83%
Capital Adequacy Ratio (CAR)	**29.42%**	29.42%	29.42%	26.64%	27.27%	24.50%	30.62%	25.59%	26.44%	33.80%	35.82%	59.76%	58.47%	84.61%	81.00%
Dividend payout	**0.00%**	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	3.33%	3.33%	3.33%	16.67%	3.33%	–	–

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314
www.yousufadil.com

Independent Auditor's Review Report to the members of Pak-Brunei Investment Company 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 best practices of The Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pak Brunei Investment Company Limited (the Company) for the year ended December 31, 2023 in accordance with the requirements of the Regulations to the extent as adopted by the Company.

The responsibility for compliance with the Regulations (as adopted) is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations (as adopted) and report if it does not and to highlight any non-compliance with the requirements of the Regulations (as adopted). 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 adopted).

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 (as adopted) 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 and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. 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 adopted by the Company for the year ended December 31, 2023. We draw attention to the following matters described in the enclosed Statement:

- The Regulations are not applicable on Development Financial Institutions (DFIs) vide BPRD Circular No. 14 dated October 20, 2016 issued by the State Bank of Pakistan. However, the Company has voluntarily adopted certain provisions of the Regulations as mentioned in the enclosed statement.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.

Yousuf adil

Chartered Accountants

Place: Karachi
Dated: April 18, 2024
UDIN: CR202310057rxEYpUilc

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Pak Brunei Investment Company Limited
Year ended December 31, 2023

SBP vide BPRD Circular No. 14 dated October 20, 2016 has advised that the requirement in terms of Prudential Regulation G-1 with regards to the applicability of Code of Corporate Governance (CCG) issued by the Securities and Exchange Commission of Pakistan shall not be applicable on DFIs. However, it is expected that all DFIs will continue to follow the best practices on corporate governance. Accordingly, the Company has adopted certain provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), as applicable.

Accordingly, the Statement of Compliance prescribed by SECP as given below has been adjusted to the extent the same has been adopted by the Company.

1. The total number of directors are four (4) as per the following-
   Male: 02
   Female: 02

2. As per the joint venture arrangement between Government of Pakistan (GoP) and Government of Brunei, the Company's board of directors comprises of four directors who are nominated by both the Governments. At present, the composition of Board is as follows:

Category	Names	Description
Executive Director	Mr. S. M. Aamir Shamim	Nominated by the Government of Pakistan
Non-Executive Directors	Ms. Dk Noorul Hayati Pg Julaihi (Chairperson)	Nominated by the Government of Brunei
	Mr. Nasir Mahmood Khosa	Nominated by the Government of Pakistan
	Ms. Norakerteni Muhammad	Nominated by the Government of Brunei

The Company has obtained relaxation from the State Bank of Pakistan in respect of the appointment of one independent director on the Board.

Given that the directors are appointed by their respective governments, the company can fulfill the requirements necessary to constitute Board committees as stipulated in the Regulations to a certain extent only.

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

3. The Company has prepared a code of conduct 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 Act and the Regulations.

6. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

7. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

8. The Board meets the criteria of requirement of Directors' Training program.

9. Explanation for non-compliance with requirement of Regulation 32(7) is given below;

   The delay in furnishing the management letter to the Board within the stipulated 45-day period was due to circumstances beyond our control. Specifically, the external auditors issued the management letter after the lapse of the specified timeframe.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

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

12. The Board has formed committees comprising of members given below.-

a) Audit Committee

Name of Director	Category
Mr. Nasir Mahmood Khosa	Chairman
Ms. Dk Noorul Hayati Pg Julaihi	Member
Ms. Norakerteni Muhammad	Member

b) Human Resource & Remuneration Committee

Name of Director	Category
Mr. Dk Noorul Hayati Pg Julaihi	Chairperson
Mr. Nasir Mahmood Khosa	Member
Ms. Norakerteni Muhammad	Member

c) Risk and Credit Management Committee

Name of Director	Category
Mr. Nasir Mahmood Khosa	Chairman
Mr. Dk Noorul Hayati Pg Julaihi	Member
Mr. S. M. Aamir Shamim	Member

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

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

S. No.	Name of the Committee	Frequency of the meetings held during the year
a)	Audit Committee	Four times during the prior year for the approval of the quarterly, half-yearly and annual financial statements of the Company by the Board.
b)	Human Resource and Remuneration Committee	Twice during the year
c)	Risk and Credit Management Committee	Twice during the year

15. The Board has set up an effective internal audit function who are considered suitably 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. We confirm that all requirements of regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with other than the exception noted in paragraph 9 above.

Dk Noorul Hayati Pg Julaihi

Karachi
Date: March 27, 2024

Statement of Internal Controls

The Board of Directors is ultimately responsible for the internal control system. It is the responsibility of the Company's management to establish and maintain an effective internal control system for an efficient working environment and to evaluate its efficacy by identifying control objectives, reviewing significant policies and procedures and monitoring its operating effectiveness.

The Company's internal control system has been designed to provide reasonable assurance regarding the effectiveness and efficiency of the Company's operations, reliability of financial information and compliance with applicable laws and regulations. All internal control systems have inherent limitations that they may not be able to prevent or detect material misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. However, control activities are ongoing processes that include identification, evaluation and management of significant risks faced by the Company.

The control activities are being closely monitored across the Company by Internal Audit Department, working independent of line management. In addition, Compliance Department is also in place to monitor control activities related to regulatory compliance. Internal Audit Department covers all activities in general and key risks areas in particular. The Audit Committee of the Board regularly reviews all significant and material findings of the internal and external auditors. Regular follow up reporting upon the audit finding is done by Compliance Department to the Audit Committee which ensures timely implementations to mitigate identified risks and to safeguard the interest of the Company.

An Annual Assessment on internal controls over financial reporting was conducted by the Internal Audit Department of the company, which was duly endorsed by Audit Committee of the Board. The observations identified and controls recommended in the report will be taken care of and necessary steps are being taken for their timely resolution.

The Company endeavours to follow the State Bank of Pakistan's guidelines on Internal Controls. The Company is continuously making efforts to ensure that an effective and efficient Internal Control System remains active and implemented. Based upon the results achieved from reviews and audits conducted during the year, management considers that the existing Internal Control System, including Internal Controls over Financial Reporting, is adequate and has been effectively implemented and monitored. The Board also endorses the above evaluation.

Ahmed Nooruddin Virani
Head – Internal Audit

Humaira Siddique
Chief Financial Officer

S. M. Aamir Shamim
Managing Director

Date: March 27, 2024

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314
www.yousufadil.com

Independent Auditor's Report

To the members of Pak Brunei Investment Company Limited

Report on the Audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pak Brunei Investment Company Limited ('the Company')**, which comprise the unconsolidated statement of financial position as at **December 31, 2023,** 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, along with notes to the unconsolidated financial statements, including a summary of material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit, the comprehensive loss, the changes in equity and its cash flow 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 financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director's report for the year ended December 31, 2023, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we will 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 identified above 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 concluded that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with the other information and therefore, do not report on it.

Responsibilities of Management and the 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, the requirements of the 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.

The 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.

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.

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

Report on Other Legal and Regulatory Requirements
Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the 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;

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

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

Other matter
The annual unconsolidated financial statements of the Company for the year ended December 31, 2022 was audited by another firm of Chartered Accountants who through their report dated April 13, 2023 expressed an unqualified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is **Hena Sadiq**.

Yousuf adil
Chartered Accountants

Place: Karachi
Dated: March 29, 2024
UDIN: AR202310057ShlGw6Cfe

Unconsolidated

Statement of Financial Position

As at December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
		ASSETS			
2,444	1,195	Cash and balances with treasury banks	5	**688,559**	336,633
852	357	Balances with other banks	6	**239,927**	100,591
–	23,284	Lendings to financial institutions	7	**–**	6,559,967
563,183	159,031	Investments	8	**158,671,066**	44,805,384
69,603	85,923	Advances	9	**19,609,901**	24,207,863
189	57	Property and equipment	10	**53,320**	16,037
60	143	Right-of-use assets	11	**16,863**	40,269
44	12	Intangible assets	12	**12,521**	3,267
4,009	3,137	Deferred tax assets	13	**1,129,621**	883,994
26,110	9,327	Other assets	14	**7,356,144**	2,627,825
1,037	1,262	Assets classified as held-for-sale	15	**292,279**	355,799
667,531	283,728	**Total Assets**		**188,070,201**	79,937,629
		LIABILITIES			
–	–	Bills payable		**–**	–
619,699	242,494	Borrowings	16	**174,593,998**	68,320,235
–	194	Deposits and other accounts	17	**–**	54,768
10	102	Lease liabilities	18	**2,765**	28,834
–	–	Subordinated debt		**–**	–
–	–	Deferred tax liabilities		**–**	–
9,351	5,433	Other liabilities	19	**2,634,490**	1,530,565
629,060	248,223	**Total Liabilities**		**177,231,253**	69,934,402
38,471	35,505	**NET ASSETS**		**10,838,948**	10,003,227
		REPRESENTED BY			
21,296	21,296	Share capital	20	**6,000,000**	6,000,000
8,483	7,527	Reserves		**2,390,092**	2,120,621
(2,912)	(5,330)	Deficit on revaluation of assets	21	**(820,467)**	(1,501,592)
11,604	12,012	Unappropriated profit		**3,269,323**	3,384,198
38,471	35,505			**10,838,948**	10,003,227
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 46 and annexures I form an integral part of these unconsolidated financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

Unconsolidated

Statement of Profit and Loss Account

For the Year ended December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
78,619	24,488	Mark-up / return / interest earned	23	**22,150,090**	6,899,314
73,756	21,686	Mark-up / return / interest expensed	24	**20,779,898**	6,109,937
4,863	2,802	Net mark-up / interest income		**1,370,192**	789,377
		Non mark-up / interest income			
410	377	Fee and commission income	25	**115,591**	106,137
1,227	1,017	Dividend income		**345,572**	286,648
–	–	Foreign Exchange Income		**–**	–
–	–	Income / (loss) from derivatives		**–**	–
437	(153)	(Loss) / Gain on securities	26	**123,238**	(43,060)
–	–	Net gains / (losses) on derecognition of financial assets measured at amortised cost		**–**	–
350	12	Other income	27	**98,532**	3,441
2,424	1,253	Total non mark-up / interest income		**682,933**	353,166
7,287	4,055	Total income		**2,053,125**	1,142,543
		Non mark-up / interest expenses			
2,063	1,491	Operating expenses	28	**581,208**	420,079
–	–	Other charges	29	**–**	–
88	50	Workers' Welfare Fund	30	**24,685**	14,102
2,151	1,541	Total non mark-up / interest expenses		**605,893**	434,181
5,136	2,514	Profit before credit loss allowance		**1,447,232**	708,362
(844)	125	Credit loss allowance and write offs - net	31	**(237,648)**	35,340
–	–	Other income / expense		**–**	–
4,292	2,639	**Profit before taxation**		**1,209,584**	743,702
1,286	855	Taxation	32	**362,230**	240,845
3,006	1,784	**Profit after taxation**		**847,354**	502,857
(US Dollars)				(Rupees)	
0.00501	0.00297	Basic and diluted earnings per share	33	**1.41**	0.84

The annexed notes 1 to 46 and annexures I form an integral part of these unconsolidated financial statements.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

Unconsolidated

Statement of Comprehensive Income

For the year ended December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
3,006	1,784	Profit after taxation for the year		**847,354**	502,857
		Other comprehensive income / (loss)			
		Items that may be reclassified to unconsolidated profit and loss account in subsequent periods:			
252	(1,021)	Movement in surplus / (deficit) on revaluation of debt 'investments through FVOCI - net of tax	21.1	**70,868**	(287,634)
252	(1,021)				
–	–	Movement in surplus / (deficit) on revaluation of equity investments - net of tax		**–**	(140,659)
		Items that will not be reclassified to unconsolidated profit and loss account in subsequent periods:			
19	(18)	- Remeasurement (loss) / gain on defined benefit plan		**5,433**	(5,008)
(8)	6	- Deferred tax on remeasurement gain on defined benefit plan		**(2,119)**	1,653
11	(12)			**3,314**	(3,355)
2,166	(499)	Movement in surplus / (deficit) on revaluation of equity investments - net of tax		**610,257**	–
(1,591)	–	Loss on disposal of securities classified as fair value through other comprehensive income - net of tax		**(448,365)**	–
3,844	252	**Total comprehensive income / (loss)**		**1,083,428**	71,209

The annexed notes 1 to 46 and annexures I form an integral part of these unconsolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Unconsolidated

Statement of Changes in Equity

For the year ended December 31, 2023

	Share capital	Capital reserve Statutory reserve*	Revenue reserve General reserve**	Deficit / surplus on revaluation of assets	Unappropriated profit	Total
			(Rupees in '000)			
As at January 1, 2022	6,000,000	1,720,050	200,000	(1,073,299)	3,385,267	10,232,018
Total comprehensive income for the year						
Profit after taxation for the year ended December 31, 2022	–	–	–	–	502,857	502,857
Other comprehensive loss						
- Remeasurement loss on defined benefit plan - net of tax	–	–	–	–	(3,355)	(3,355)
- Movement in surplus / (deficit) on revaluation of investments 'in debt instruments - net of tax	–	–	–	(287,634)	–	(287,634)
- Movement in surplus / (deficit) on revaluation of investments 'in equity instruments - net of tax	–	–	–	(140,659)	–	(140,659)
	–	–	–	(428,293)	499,502	71,209
Transfer to statutory reserve	–	100,571	–	–	(100,571)	–
Transfer to general reserve	–	–	100,000	–	(100,000)	–
Transactions with owners, recorded directly in equity						
Final cash dividend paid for the year ended December 31, 2021 @ Re. 0.50 per share	–	–	–	–	(300,000)	(300,000)
Balance as at December 31, 2022	6,000,000	1,820,621	300,000	(1,501,592)	3,384,198	10,003,227
Impact of first time adoption of IFRS 9 (note 4.2)	–	–	–	–	(247,707)	(247,707)
Total comprehensive income for the year						
Profit after taxation for the year ended December 31, 2023	–	–	–	–	847,354	847,354
Other comprehensive loss						
- Remeasurement gain on defined benefit plan - net of tax	–	–	–	–	3,314	3,314
- Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	–	–	–	–	(448,365)	(448,365)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	–	–	–	70,868	–	70,868
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	–	–	–	610,257	–	610,257
	–	–	–	681,125	402,303	1,083,428
Transfer to statutory reserve	–	169,471	–	–	(169,471)	–
Transfer to general reserve	–	–	100,000	–	(100,000)	–
Transactions with owners, recorded directly in equity						
Final cash dividend paid for the year ended December 31, 2022 @ Re. 0.50 per share	–	–	–	–	–	–
Balance as at December 31, 2023	**6,000,000**	**1,990,092**	**400,000**	**(820,467)**	**3,269,323**	**10,838,948**

* This reserve is created under the requirement of section of 42(2) of SBP Act, 1956.

** This reserve is created under the requirement of Companies Act, 2017 for future losses and other contingencies.

The annexed notes 1 to 46 and annexures I form an integral part of these unconsolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Unconsolidated

Cash Flow Statement

For the Year ended December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
		CASH FLOWS FROM OPERATING ACTIVITIES			
4,292	2,640	Profit before taxation		**1,209,584**	743,702
1,227	1,017	Less: dividend income		**345,572**	286,648
3,065	1,623			**864,012**	457,054
		Adjustments:			
33	36	Depreciation	28	**9,394**	10,230
92	82	Depreciation on right-of-use assets		**25,871**	23,182
7	1	Amortisation	28	**2,059**	265
14	9	Interest expense on lease liability against right-of-use assets	18	**3,848**	2,601
88	50	Provision for Workers' Welfare Fund	30	**24,685**	14,102
844	(125)	Credit loss allowance and write-offs	31	**237,648**	(35,340)
44	–	Unrealised gain on revaluation of investments classified as fair value through profit and loss - net		**12,432**	–
(343)	–	Gain on sale of assets classified as held-for-sale	27	**(96,626)**	–
–	–	(Gain) / Loss on modification of lease receivable	27	**–**	(91)
(7)	(12)	Gain on sale of fixed assets	27	**(1,906)**	(3,344)
772	41			**217,405**	11,605
3,837	1,664			**1,081,417**	468,659
		(Increase) / decrease in operating assets			
23,284	(23,284)	Lendings to financial institutions		**6,559,967**	(6,559,967)
(11,353)	9	Net investments in securities held at fair value as classified through profit and loss		**(3,198,495)**	2,505
14,243	(13,902)	Advances		**4,012,727**	(3,916,728)
(14,997)	(2,395)	Others assets (excluding advance taxation, non banking assets and dividend receivable)		**(4,225,148)**	(674,811)
11,177	(39,572)			**3,149,051**	(11,149,001)
		Increase / (decrease) in operating liabilities			
377,205	99,508	Borrowings from financial institutions		**106,273,763**	28,035,411
(194)	17	Deposits		**(54,768)**	4,768
–	–	Lease liabilities		**–**	–
3,784	2,350	Other liabilities (excluding lease liability)		**1,065,941**	662,050
380,795	101,875			**107,284,936**	28,702,229
(3,636)	(2,426)	Income tax paid		**(1,024,356)**	(683,436)
392,173	61,541	Net cash generated from operating activities		**110,491,049**	17,338,451
		CASH FLOWS FROM INVESTING ACTIVITIES			
(392,344)	(68,435)	Net (investments) / divestments in securities classified as fair value through other comprehensive income		**(110,539,058)**	(19,281,000)
–	176	Net (investments) / divestments in securities held at amortised cost		**–**	49,858
1,222	1,017	Dividends received		**344,219**	286,648
(174)	(29)	Investments in property and equipment		**(49,068)**	(8,258)
–	–	Right-of-use assets		**–**	–
(40)	(4)	Investments in operating intangible assets		**(11,313)**	(1,008)
15	14	Proceeds from sale of fixed assets		**4,296**	3,674
–	(36)	Investment in Subsidiary (Awwal Corporate Restructuring Company Limited)		**–**	(10,000)
1,007	713	Proceeds from sale of assets classified as held-for-sale		**283,521**	200,850
(390,314)	(66,584)	Net cash used in from investing activities		**(109,967,403)**	(18,759,236)
		CASH FLOWS FROM FINANCING ACTIVITIES			
–	(1,065)	Dividend paid		**–**	(300,000)
(115)	(104)	Rentals paid during the year		**(32,382)**	(29,436)
(115)	(1,169)	Net cash used in financing activities		**(32,382)**	(329,436)
1,744	(6,212)	**Increase in cash and cash equivalents**		**491,264**	(1,750,221)
1,552	7,764	Cash and cash equivalents at beginning of the year		**437,224**	2,187,445
3,296	1,552	**Cash and cash equivalents at end of the year**	34	**928,488**	437,224

The annexed notes 1 to 46 and annexures I form an integral part of these unconsolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Notes, Comprising Material Accounting Policy and Other Explanatory Information

For the Year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

Pak Brunei Investment Company Limited (the Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited company on November 28, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Company's objectives interalia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out industrial and agro-based industrial projects and marketing of their products in Pakistan and abroad and to undertake other feasible business and to establish and acquire companies to conduct various businesses. The registered office of the Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Company is in operation with 2 offices (2022: 2) one located in Karachi and the other in Lahore.

2 BASIS OF PRESENTATION

2.1 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 of 2023 dated February 09, 2023 effective from the accounting year ending December 31, 2023..The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no financial impact of this change on the financial statements.

Further SBP vide through BPRD Circular letter No.7 of 2023 dated April 13, 2023 deferred the implementation of IFRS-09 and format of financial statements till January 01, 2024 with option of early adoption. The Company has opted to adopt IFRS-09 in the current year and therefore has also opted to prepare these unconsolidated financial statements in the revised format.

2.2 **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;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

2.3 The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan.

The Company has adopted IFRS 9 Financial Instruments from January 01, 2023 and the detail of the first time adoption is disclosed in note 4. Securities and Exchange Commission of Pakistan

(SECP) had deferred the implementation of IFRS 07 through SRO 411 (1) / 2008, however adoption of IFRS 9 and new format has included IFRS 7 disclosure in these unconsolidated financial statement therefore the Company has also adopted IFRS 7 from January 01, 2023.

2.4 Standards and amendments to the accounting and reporting standards that are effective in the current year:

2.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and, therefore, not detailed in these unconsolidated financial statements, other than IFRS-09 impact of which have been disclosed in note 4.

- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules.

2.5 Standard and amendments to the accounting and reporting standards that are not yet effective:

2.5.1 The following amendments and standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

Standard, interpretations or amendments	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 'Insurance Contracts' (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Other than the aforesaid amendments, the International Accounting Standards Board (IASB) has also issued the following standard which has not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – 'First Time Adoption of International Financial Reporting Standards'

2.6 Critical accounting estimates and judgments

The preparation of the 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 the 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the unconsolidated financial statements are in respect of the following:

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

i) classification, valuation and provisioning of investments (notes 4.2 and 8);
ii) classification and provisioning against non performing loans and advances (notes 4.2 ,4.2.12 and 9 and 31);
iii) provision for defined benefit plan (notes 4.13 and 36);
iv) lease liability and right-of-use assets (notes 4.6.2 and 11);
v) taxation (notes 4.11 and 32);
vi) assets classified as held-for-sale (notes 15); and
vii) provision against off balance sheet obligations and contingent liabilities (note 22 and 31).

2.7 Separate financial statements

These unconsolidated financial statements represent the separate financial statements of the Company in which investment in subsidiaries and associates are stated at cost. The consolidated financial statements of the Company and its subsidiaries are presented separately.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

- Non-current assets classified as held for sale are valued at lower of carrying amount and fair value less cost to sell;
- Certain investments are marked to market and carried at fair value;
- Obligation in respect of staff retirement benefit is carried at present value of defined benefit obligation; and
- Lease liability against right-of-use assets is carried at present value of rentals.

3.2 US Dollar equivalent

The US dollar amounts shown 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 provided as additional information solely for the convenience of users of financial statements. For the purpose of conversion to US Dollars, the rate of Rs. 281.74 to US Dollars has been used for 2023 and 2022 as it was the prevalent rate on December 31, 2023.

3.3 Functional and presentation currency

Items included in the 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 Rupee which is the Company's functional and presentation currency.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except for those mentioned in note 4.1.1.

The material accounting policies applied in the preparation of these financial statements are set out below. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

4.1 Material accounting policy and financial risk management

4.1.1 Adoption of new forms for the preparation of unconsolidated financial statements

During the period, the SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of financial statements of the Banks / DFIs which are applicable for the periods beginning on or after January 01, 2023 which was subsequently deferred to January 1, 2024. Adoption of new format has been detailed in note 2.1

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

4.2 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

4.2.1 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Company did not have any financial liability measured at FVTPL.

4.2.2 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

I) Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
iii) Other Business Models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.2.4 Application to the Company's financial assets

Debt based financial assets

Debt based financial assets held by the Company (including; advances, lending to financial institutions, investment in federal government securities, term finance certificates, other private sukuk, cash and balances with treasury banks, balances with other banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

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

The Company's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are / is made, the Company assess whether and how the sales are consistent with the HTC objective. This assessment include the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in reclassifications and consequent remeasurements of certain amount of investments in PIBs and T-bills held under available for sale portfolio as of December 31, 2022 based on the business model embodied in the Company's pool management practices. Moreover, the Company's investment in sukuk / TFC under available for sale portfolio as of December 31, 2022 have been reclassified as FVOCI if they fail SPPI criteria they should be classified as FVPL. The following table reconciles their carrying amounts as reported on December 31, 2022 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2023:

Equity based financial assets
An equity instrument held by the Company for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Company has decided to classify its available for sale equity investment portfolio as of December 31, 2022 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, unlisted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 under the SBP's instructions. Accordingly the Company has reversed impairment of Rs. 73.460 million on listed equity investment held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2023.

4.2.5 Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company purchase or sell the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognized when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is completed when underlying asset is purchased. The Company will recognise, Due to customer and financial institution balances when these funds reach the Company.

Amortised cost
Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. Interest income / expense on these assets / liabilities are recognised in the unconsolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit and loss account.

Fair value through other comprehensive income
Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for these financial assets in the unconsolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the other comprehensive income.

Fair value through profit or loss
Financial assets under FVTPL category are initially recognised at fair value. Transaction costs are directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the unconsolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the unconsolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

The Company's revenue recognition policy is consistent with the annual financial statements for the year ended December 31, 2022.

4.2.6 Restructured Loan
All non-performing restructured exposure shall be subject to a cooling-off period of 6 months from the first date of becoming regular in payment. The status of such loans shall be first upgraded to Stage 2 following the same cooling-off period of 6 months before upgrading to Stage 1.

Interest free / below market rate loans to employees

Initial recognition
The company recognise interest free/ below market rate loan to employee at its fair value by discounting the future loan repayments using the rate that the employee would pay to an unrelated lender for a loan with similar conditions and accordingly charging differential to the unconsolidated profit and loss between nominal value and fair value of loan.

Subsequent measurement
The company calculates and recognises imputed interest on these loans. Imputed interest represents the forgone interest that employees would have paid if they had borrowed funds from external sources at prevailing market rates. The difference between the actual interest charged, if any and the imputed interest is recognised as interest income by the Company over the term of the loan.

4.2.7 Derecognition

Financial assets
The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated statement of profit and loss account.

4.2.8 Modification
The Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its 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 recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the profit and loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit 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.

4.2.9 Off setting

Financial assets and financial liabilities are only offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.2.10 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specific in the contract discharge, cancel or expire. Any gain or loss on derecognition of the financial asset and liability is recognised in the profit and loss account of the current year.

4.2.11 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of derivative financial instruments is taken to the profit and loss account.

4.2.12 Overview of the ECL principles

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". 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.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Company may rebut 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original effective interest rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but probability of defaults (PDs) are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective interest rate (EIR).

Stage 3: For financial instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The Company uses a probability of default (PD) of 100% and loss given default (LGD) as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing When estimating LTECLs for undrawn financings commitments, the Company estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented within other liabilities.

Guarantee and letters of credit contracts The Company estimates ECLs based on the BASEL driven credit conversion factor (CCF) for Guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liability.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Markov's Chain Process – Transition Matrix Approach which are based on the Company's internal risk ratings (i.e. from 1 to 12). PDs for Non advances portfolio, the Company has used PDs prescribed by Standard and Poor's (S&Ps) against each risk rating. PDs are then adjusted using Vasicek Model for IFRS 9 ECL calculations to incorporate forward looking information.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier. The Company's product offering includes a variety of corporate facilities, in which the Company has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behavior, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Company uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The Company considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information
In its ECL models, the Company relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

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 customer is more than 90 days past due on its contractual payments.

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

- 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, and
- 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.

4.2.13 Write-offs
The Company's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

4.2.14 The Company has adopted IFRS 9 effective from January 01, 2023 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of IFRS-9 is Rs. 247.707 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

(Rupees in '000)

		Impact due to:									
	Balances as of December 31, 2022	Recognition of expected credit losses (ECL)	Adoption of revised classifi-cations under IFRS 9	Reclassifi-cations due to business model and SPPI assessments	Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	**Balances as of January 01, 2023**	IFRS 9 Category
ASSETS											
Cash and balances with treasury banks	**336,633**	–	–	–	–	–	–	–	–	**336,633**	Amortised cost
Balances with other banks	**100,591**	–	–	–	–	–	–	–	–	**100,591**	Amortised cost
Lendings to financial institutions	**6,559,967**	–	–	–	–	–	–	–	–	**6,559,967**	Amortised cost
Investments											
Previously;											
- Classified as held for trading	–	–	–	–	–	–	–	–	–	–	FVTPL
- Classified as available for sale	42,792,012	–	(42,792,012)	–	–	–	(42,792,012)	–	(42,792,012)	–	FVOCI
- Classified as held to maturity	2,013,372	–	(2,013,372)	–	–	–	(2,013,372)	–	(2,013,372)	–	Amortised cost
As per IFRS 9;	–	–	–	–	–	–	–	–	–	–	
- Classified as fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	FVTPL
- Classified as fair value through other comprehensive income	–	–	42,792,012	–	–	–	42,792,012	–	42,792,012	42,792,012	FVOCI
- Classified as amortised cost	–	–	2,013,372	–	–	–	2,013,372	–	2,013,372	2,013,372	Amortised cost
	44,805,384	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**44,805,384**	
Advances											
- Gross	24,708,485	–	–	–	–	–	–	–	–	24,708,485	
- Provisions	(500,622)	(313,736)	–	–	(46,296)	–	(360,032)	118,811	(241,221)	(741,843)	
	24,207,863	**(313,736)**	**–**	**–**	**(46,296)**	**–**	**(360,032)**	**118,811**	**(241,221)**	**23,966,642**	Amortised cost
Property and equipment	**16,037**	–	–	–	–	–	–	–	–	**16,037**	Non-financial asset
Right-of-use assets	**40,269**	–	–	–	–	–	–	–	–	**40,269**	Non-financial asset
Intangible assets	**3,267**	–	–	–	–	–	–	–	–	**3,267**	Non-financial asset
Deferred tax asset	**883,994**	–	–	–	–	–	–	–	–	**883,994**	Non-financial asset
Other assets - financial assets	**2,627,825**	–	–	–	–	–	–	–	–	**2,627,825**	Amortised cost
Assets classified as held-for-sale	**355,799**	–	–	–	–	–	–	–	–	**355,799**	Non-financial asset
	79,937,629	**(313,736)**	**–**	**–**	**(46,296)**	**–**	**(360,032)**	**118,811**	**(241,221)**	**79,696,408**	
LIABILITIES											
Bills payable	**–**	–	–	–	–	–	–	–	–	**–**	Amortised cost
Borrowings	**68,320,235**	–	–	–	–	–	–	–	–	**68,320,235**	Amortised cost
Deposits and other accounts	**54,768**	–	–	–	–	–	–	–	–	**54,768**	Amortised cost
Lease liabilities	**28,834**	–	–	–	–	–	–	–	–	**28,834**	Amortised cost
Subordinated loans	**–**	–	–	–	–	–	–	–	–	**–**	Amortised cost
Deferred tax liabilities	**–**	–	–	–	–	–	–	–	–	**–**	Outside the scope of IFRS-9
Other liabilities - financial assets	**1,530,565**	9,680	–	–	–	–	9,680	(3,194)	6,486	**1,537,051**	Amortised cost
Other liabilities - non financial assets	**–**	–	–	–	–	–	–	–	–	**–**	Outside the scope of IFRS-9
	69,934,402	**9,680**	**–**	**–**	**–**	**–**	**9,680**	**(3,194)**	**6,486**	**69,940,888**	
NET ASSETS	**10,003,227**	**(323,416)**	**–**	**–**	**(46,296)**	**–**	**(369,712)**	**122,005**	**(247,707)**	**9,755,520**	
REPRESENTED BY											
Share capital	**6,000,000**	–	–	–	–	–	–	–	–	**6,000,000**	Outside the scope of IFRS-9
Reserves	**2,120,621**	–	–	–	–	–	–	–	–	**2,120,621**	Outside the scope of IFRS-9
Surplus / (Deficit) on revaluation of assets	**(1,501,592)**	–	–	–	–	–	–	–	–	**(1,501,592)**	Outside the scope of IFRS-9
Unappropriated profit	**3,384,198**	**(323,416)**	**–**	**–**	**(46,296)**	**–**	**(369,712)**	**122,005**	**(247,707)**	**3,136,491**	Outside the scope of IFRS-9
	10,003,227	**(323,416)**	**–**	**–**	**(46,296)**	**–**	**(369,712)**	**122,005**	**(247,707)**	**9,755,520**	

4.3 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts and short-term highly liquid investments with original maturities of three months or less.

4.4 Lendings to / borrowings from financial and other institutions

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

(a) Sale of securities under repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the unconsolidated financial statements and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective interest rate method.

(b) Purchase of securities under resale agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the unconsolidated financial statements as the Company does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective interest method.

4.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries and associates is recognised to the extent that the increased carrying value does not exceed cost.

Gains and losses on disposal of investments in subsidiaries and associates are included in the unconsolidated statement of profit and loss account in the period in which disposal is made.

4.6 Property and equipment and depreciation

4.6.1 Tangible assets - owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the unconsolidated profit and loss account using the straight line method at the rates stated in note 10 after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged from the date when the asset is available for use while no depreciation is charged on the date the asset is disposed of.

Subsequent costs are included in the asset's carrying amount 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 reliably measured. All other repair and maintenance expenditure are charged to the unconsolidated statement of profit and loss account as and when incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain / loss on disposal of fixed assets is recognised in the unconsolidated statement of profit and loss account in the period in which disposal is made.

4.6.2 Lease liability and right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the unconsolidated statement of profit and loss account as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.6.3 Capital work-in-progress

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

4.7 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method at the rate stated in note 12.1. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date. Amortisation is charged from the date the asset is available for use while no amortisation is charged on the date the asset is disposed of.

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.

Gains and losses on disposals, if any, are taken to the unconsolidated statement of profit and loss account in the period in which these arise.

4.8 Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets from Prudential Regulations issued by SBP with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVTPL and equity instruments classified as FVTPL or FVOCI.

Impairment of investments in subsidiaries and associates

The Company considers that a decline in the recoverable value of its investments in subsidiaries and associates below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable amount falls below the carrying value and is charged to the unconsolidated statement of profit and loss account. Any subsequent reversal of an impairment loss, up to the cost of the investment in subsidiaries and associates is credited to the unconsolidated statement of profit and loss account.

Impairment of non-financial assets (excluding deferred tax)
The carrying amounts of non-financial assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists and where the carrying value exceeds the estimated recoverable amounts, assets are written down to their recoverable amounts and any resultant impairment losses are recognised immediately in the unconsolidated statement of profit and loss account.

Impairment losses are reversed if there has been a change in the estimate used to determine the recoverable amounts. Such reversals are only made to the extent that the assets' carrying amounts do not exceed the amounts that would have been determined had no impairment loss been recognised.

4.9 Assets classified as held-for-sale
The Company classifies an asset as held-for-sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held-for-sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the unconsolidated statement of profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.10 Assets acquired in satisfaction of claims
The Company occasionally acquires assets in settlement of certain advances. These are stated at the lower of the net realisable value of the related advances or the fair value of such assets.

4.11 Taxation
Income tax expense comprises charge for current and prior years and deferred tax. Income tax expense is recognised in the unconsolidated statement of profit and loss account except to the extent that it relates to items, recognised either directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

4.11.1 Current
Provision for current taxation is based on taxable income at the rate enacted or substantively enacted at the reporting date after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

4.11.2 Deferred
Deferred tax is recognised using the liability method on all temporary differences between the amounts attributed to the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax asset is also recorded on available tax losses and unused tax credits. Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when these reverse based on the tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be

available to allow all or part of the deferred tax asset to be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax relating to items recognised in other comprehensive income (OCI) is charged / credited to OCI.

4.12 Borrowings / deposits
Borrowings / deposits are recorded at the time when proceeds are received. The cost of borrowings / deposits is recognised as an expense in the period in which it is incurred using the effective interest rate method.

4.13 Staff retirement benefits

Defined benefit plan - staff gratuity fund
The Company operates a funded gratuity scheme for its eligible permanent employees. The liability recognised in the unconsolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation as at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The Projected Unit Credit Method is used for actuarial valuations. Valuations are conducted by an independent actuary with the last valuation conducted as at December 31, 2023.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period and recognised as an expense to the unconsolidated statement of profit and loss account. Past service cost is the change in the present value of defined benefit obligation resulting from a plan amendment or curtailment and is recognised as an expense in the unconsolidated statement of profit and loss account when the plan amendment or curtailment occurs. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the unconsolidated statement of profit and loss account.

Defined contribution plan - staff provident fund
The Company operates a provident fund scheme for its employees. Equal monthly contributions are made into the fund both by the Company and the employees at the rate of 10% of basic salary.

4.14 Financial instruments
Financial assets and liabilities carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, borrowings from financial institutions, deposits and certain payables. Financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the unconsolidated statement of profit and loss account in the period in which these are derecognised. The particular recognition and subsequent measurement methods for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative. Any change in the fair value of derivative instruments arising during the period is taken to the unconsolidated statement of profit and loss account.

Offsetting
Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.15 Provisions, contingent assets and contingent liabilities

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 of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

4.16 Commitments

Commitments contracted for but not incurred are disclosed in the unconsolidated financial statements at committed amounts.

4.17 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably.

- Mark-up / return / interest income on advances and investments is recognised on a time proportion basis taking into account effective yield on the instruments except in case of advances and investments classified as non-performing under the SBP's Prudential Regulations on which mark-up / return / interest is recognised on a receipt basis.
- Dividend income is recognised when the Company's right to receive dividend is established.
- Fee, commission and brokerage income and remuneration for trustee and advisory services are recognised as services are rendered.
- Premium or discount on debt securities is amortised using the effective interest rate method.
- Gains and losses on disposal of assets are recognised in the period in which these arise.
- Return on bank deposits is recognised on a time proportion basis using the effective interest rate method.
- Rental income is recognised on accrual basis.

4.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.19 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of profit and loss account.

4.20 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

4.21 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing product 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 Chief Executive Officer has been identified as the chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments.

4.21.1 Business segments

Corporate finance

Corporate finance includes services provided in connection with mergers and acquisitions, underwriting, privatisation, securitisation, research, debts (government, high yield corporate bonds, etc.), equity, syndication, initial public offering (IPO) and secondary private placements.

Trading and sales

This includes fixed income, equity, foreign exchange, commodities, credit, funding, lending, repos and brokerage activities.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bill of exchange and deposits.

4.21.2 Geographical segments

The operations of the Company are currently based only in Pakistan.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2023	2022
		(Rupees in '000)	
With State Bank of Pakistan in:			
Local currency current account	5.1	**688,559**	336,633
Less: Credit loss allowance held against cash and balances with treasury banks		**–**	–
Cash and balances with treasury banks - net of credit loss allowance		**688,559**	336,633

5.1 This includes Rs. 225.825 million (2022: Rs. 121.465 million) held as minimum cash reserve required to be maintained with the SBP in accordance with the requirements issued from time to time.

6 BALANCES WITH OTHER BANKS

	Note	2023	2022
		(Rupees in '000)	
In Pakistan			
In deposit accounts	6.1	**239,929**	100,591
Less: Credit loss allowance held against balances with other banks		**(2)**	–
Balances with other banks - net of credit loss allowance		**239,927**	100,591

6.1 These carry mark-up rates of 20.50% to 20.51% per annum (2022: 4.40% to 14.51% per annum).

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
		(Rupees in '000)	
Repurchase agreement lendings (reverse repo)	7.1	–	6,559,967
Term deposit receipts (TDRs)		–	–
		–	6,559,967
Less: Credit loss allowance held against lending to financial institutions			
Lendings to financial institutions - net of credit loss allowance		–	6,559,967

7.1 These carry mark-up at rates ranging from Nil (2022: 15.50% to 16.20%) and are due to mature latest by Nil (2022: January 16, 2023).

7.2 Particulars of lending

	2023	2022
	(Rupees in '000)	
In local currency	–	6,559,967
In foreign currencies	–	–
	–	6,559,967

7.3 Securities held as collateral against lendings to financial institutions

(Rupees in '000)

	2023			2022		
	Held by the company	Further given as collateral	Total	Held by the company	Further given as collateral	Total
Pakistan Investment Bonds	–	–	–	2,489,398	–	2,489,398
Market Treasury Bills	–	–	–	4,070,569	(3,883,572)	186,997
Total	–	–	–	6,559,967	(3,883,572)	2,676,395

8 INVESTMENTS

8.1 Investments by type:

(Rupees in '000)

		2023				2022			
	Note	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
DEBT INSTRUMENTS									
- Classified / Measured at FVPL									
Federal government securities									
Pakistan Investment Bonds - Floating Rate		999,932	–	(1,232)	998,700	–	–	–	–
Non-government debt securities									
Listed companies		948,375	–	(11,200)	937,175				
Unlisted companies	8.1.1	1,250,188	–	–	1,250,188	–	–	–	–
		3,198,495	–	(12,432)	3,186,063	–	–	–	–
- Classified / Measured at FVOCI									
Previously AFS									
Federal government securities									
Market Treasury Bills		17,728,104	–	3,417	17,731,521	–	–	–	–
Pakistan Investment Bonds - Fixed Rate		8,261,346	–	(1,789,356)	6,471,990	8,314,870	–	(1,704,313)	6,610,558
Pakistan Investment Bonds - Floating Rate		128,094,144	–	31,520	128,125,664	32,354,361	–	8,948	32,363,308
Non-government debt securities									
Listed companies	8.1.1	300,466	(14,361)	–	286,105	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted companies	8.1.1	241,189	(241,154)	–	35	1,599,563	(248,971)	–	1,350,592
		154,625,249	(255,515)	(1,754,419)	152,615,315	43,417,635	(263,332)	(1,703,081)	41,451,222
		157,823,744	(255,515)	(1,766,851)	155,801,378	43,417,635	(263,332)	(1,703,081)	41,451,222
EQUITY INSTRUMENTS									
- Classified / Measured at FVOCI (Non -Reclassifiable)									
Ordinary shares									
Listed companies		639,085	–	322,231	961,316	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies *		–	–	–	–	21,331	(21,331)	–	–
		639,085	–	322,231	961,316	1,798,875	(26,315)	(431,770)	1,340,790
Subsidiaries									
Primus Leasing Limited		1,000,000	–	–	1,000,000	1,000,000	–	–	1,000,000
Awwal Modaraba		–	–	–	–	898,372	–	–	898,372
Awwal Corporate Restructuring Company Limited		908,372	–	–	908,372	10,000	–	–	10,000
Awwal Modaraba Management Limited		–	–	–	–	105,000	–	–	105,000
		1,908,372	–	–	1,908,372	2,013,372	–	–	2,013,372
Total investments		160,371,201	(255,515)	(1,444,620)	158,671,066	47,229,882	(289,647)	(2,134,851)	44,805,384

* The Company has shares of Pakistan Mercantile Exchange Limited which were acquired at a cost of Rs. 21.3 million were fully provided as at December 31, 2022, On adoption of IFRS 9, the cost has been net off by provision.

8.1.1 This includes privately placed Corporate Sukuks and Term Finance Certificates (TFCs) amounting to Rs. 1,791.84 million (2022: Rs. 1,278.15 million) which are carried at cost as their market value is not readily available from Mutual Fund Association of Pakistan (MUFAP).

8.2 Investments by segments:

(Rupees in '000)

	2023				2022			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	Fair value / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
Federal government securities								
Market Treasury Bills	17,728,104	–	3,417	17,731,521	–	–	–	–
- Pakistan Investment Bonds - Fixed Rate	8,261,346	–	(1,789,356)	6,471,990	8,314,870	–	(1,704,313)	6,610,558
- Pakistan Investment Bonds - Floater	129,094,076	–	30,288	129,124,364	32,354,361	–	8,948	32,363,308
	155,083,526	–	(1,755,651)	153,327,875	40,669,231	–	(1,695,365)	38,973,866
Ordinary shares								
Listed companies	639,085	–	322,231	961,316	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies	–	–	–	–	21,331	(21,331)	–	–
	639,085	–	322,231	961,316	1,798,875	(26,315)	(431,770)	1,340,790
Non-government debt securities								
Listed	1,248,841	(14,361)	(11,200)	1,223,280	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted	1,491,377	(241,154)	–	1,250,223	1,599,563	(248,971)	–	1,350,592
	2,740,218	(255,515)	(11,200)	2,473,503	2,748,404	(263,332)	(7,716)	2,477,356
Subsidiaries								
Primus Leasing Limited	1,000,000	–	–	1,000,000	1,000,000	–	–	1,000,000
Awwal Modaraba	–	–	–	–	898,372	–	–	898,372
Awwal Corporate Restructuring Company Limited	908,372	–	–	908,372	10,000	–	–	10,000
*Awwal Modaraba Management Limited	–	–	–	–	105,000	–	–	105,000
	1,908,372	–	–	1,908,372	2,013,372	–	–	2,013,372
Total investments	160,371,201	(255,515)	(1,444,620)	158,671,066	47,229,882	(289,647)	(2,134,851)	44,805,384

*Investment in Awwal Modaraba Management Limited is classified as asset held for sale refer note 14.

8.2.1 Investments given as collateral

(Rupees in '000)

	2023			2022		
	Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value
Pakistan Investment Bonds	131,100,838	(1,671,341)	129,429,497	34,512,294	(1,306,329)	33,205,965
Market Treasury Bills	–	–	–	–	–	–
Term finance certificates / sukuks certificates	699,826,000	(49,213)	699,776,787	759,760	(7,715)	752,045
Ordinary shares	73,718	43,372	117,090	118,576	(31,420)	87,156
	831,000,556	(1,677,182)	829,323,374	35,390,630	(1,345,464)	34,045,166

Above debt securities are pledged against the repurchase borrowings, while shares are pledged with National Clearing Company Pakistan Limited (NCCPL) against ready market exposure.

Market Treasury Bills carry effective yield of 17.69% to 23.10% (2022: Nil) per annum and will mature on 12 months. (2022: Nil). Pakistan Investment Bonds carry mark-up ranging between 8.75% to 24.79% (2022: 7.00% to 16.97%) per annum on a semi-annual basis and will mature within 16 years (2022: 17 years). Certain government securities are kept with the SBP to meet the statutory liquidity requirement calculated on the basis of demand and time liabilities.

8.3 Summary of financial information of subsidiaries

(Rupees in '000)

	2023							
	Percentage of holding	Country of incorporation	Total assets	Total liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Cost
Investment in subsidiaries								
Awwal Modaraba Management Limited	–	–	–	–	–	–	–	–
Primus Leasing Limited	100	Pakistan	2,886,680	1,760,063	512,411	187,145	187,145	1,000,000
Awwal Corporate Restructuring Company Limited	100	Pakistan	1,125,383	32,551	169,646	63,075	63,024	908,372
								1,908,372

(Rupees in '000)

	2022							
	Percentage of holding	Country of incorporation	Total assets	Total liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Cost
Investment in subsidiaries								
Awwal Modaraba Management Limited	100	Pakistan	141,533	123,436	12,079	(31,091)	(51,983)	105,000
Awwal Modaraba	89.78	Pakistan	1,198,364	40,291	97,427	27,854	22,544	898,372
Primus Leasing Limited	100	Pakistan	2,761,253	1,701,782	304,088	126,192	126,192	1,000,000
Awwal Corporate Restructuring Company Limited	100	Pakistan	10,546	1,228	546	(682)	(682)	10,000
								2,013,372

8.4 Provision for diminution in value of investments

	2023	2022
	(Rupees in '000)	
Opening balance	289,647	294,112
Adjustment of provision against shares	(21,331)	–
Charge / (reversals)		
Charge for the year	–	14,972
Reversals for the year	(12,801)	(19,437)
	(12,801)	(4,465)
Closing balance	255,515	289,647

8.5 Credit loss allowance for diminution in value of investments

8.5.1 Investments - exposure

(Rupees in '000)

	2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	46,835,762	–	394,120	27,594,624	–	312,114
New investments	393,250,797	–	–	161,020,171	–	84,895
Investments derecognised or repaid	(280,055,767)	–	(7,818)	(141,779,033)	–	(2,889)
Transfer to stage 1	–	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–	–
Amounts written off / charged Off	–	–	(45,893)	–	–	–
Closing balance	160,030,792	–	340,409	46,835,762	–	394,120

8.5.2 Investments - Credit loss allowance

(Rupees in '000)

	2023			2022		
	Stage 1	**Stage 2**	**Stage 3**	Stage 1	Stage 2	Stage 3
Gross carrying amount - Current year	**–**	**–**	**289,647**	–	–	294,112
Impact of Adoption of IFRS 9	**–**	**–**	**–**	–	–	–
New investments	**7**	**–**	**–**	–	–	–
Investments derecognised or repaid	**–**	**–**	**(7,818)**	–	–	(4,465)
Transfer to stage 1	**–**	**–**	**–**	–	–	–
Transfer to stage 2	**–**	**–**	**–**	–	–	–
Transfer to stage 3	**–**	**–**	**–**	–	–	–
Amounts written off / charged off	**–**	**–**	**(26,321)**	–	–	–
Closing balance - Current year	**7**	**–**	**255,508**	–	–	289,647

8.5.3 Particulars of credit loss allowance against debt securities

(Rupees in '000)

		2023		2022	
		Outstanding amount	**Credit loss allowance held**	Outstanding amount	Credit loss allowance held
Performing	Stage 1	**160,030,792**	**7**	–	–
Underperforming	Stage 2	**–**	**–**	–	–
Non-Performing	Stage 3				
Substandard		**–**	**–**	–	–
Doubtful		**–**	**–**	–	–
Loss		**340,409**	**255,508**	348,227	263,332
		160,371,201	**255,515**	348,227	263,332

8.6 Quality of available-for-sale securities

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

(Rupees in '000)

	2023	2022
	Cost	
8.6.1 Federal government securities - Government guaranteed		
Market Treasury Bills	**17,728,104**	–
Pakistan Investment Bonds	**136,355,490**	40,669,231
	154,083,594	40,669,231
8.6.2 Ordinary shares		
Listed companies		
Oil and gas marketing / exploration companies	**–**	148,834
Commercial banks	**48,977**	–
Power generation and distribution	**590,108**	742,546
Cement	**–**	607,437
Engineering	**–**	172,031
Textile composite	**–**	106,696
	639,085	1,777,544

All shares are ordinary shares of Rs. 10.

(Rupees in '000)

	2023		2022	
	Cost	**Breakup value**	Cost	Breakup value
Unlisted companies				
Pakistan Mercantile Exchange Limited*	**–**	**–**	21,331	6,844

* This investment has been fully provided.

(Rupees in '000)

	2023	2022
	Cost	
8.6.3 Non-government debt securities		
Listed		
- AAA	**286,105**	186,105
- AA+, AA, AA-	**948,375**	948,375
- A+, A, A-	**–**	–
- CCC and below	**14,361**	14,361
	1,248,841	1,148,841
Unlisted		
- AAA	**–**	100,339
- AA+, AA, AA-	**1,099,765**	1,099,840
- A+, A, A-	**150,422**	150,412
- CCC and below	**135,690**	143,472
- Unrated	**105,500**	105,500
	1,491,377	1,599,563

(Rupees in '000)

	2023	2022
	Cost	
8.6.4 Equity securities		
Listed		
Oil and gas marketing / exploration companies		
Oil and Gas Development Company Limited	–	46,542
Sui Northern Gas Pipelines Limited	–	62,928
Sui Southern Gas Company Limited	–	39,364
Commercial banks		
Meezan Bank Limited	**14,575**	–
BankIslami Pakistan Limited	**34,402**	–
Power generation and distribution		
The Hub Power Company Limited	**234,875**	184,294
K-Electric Limited	–	11,734
Kot Addu Power Company Limited	**148,659**	240,486
Nishat Power Limited	**206,574**	306,032
Cement		
D.G. Khan Cement Company Limited	–	102,691
Fauji Cement Company Limited	–	–
Lucky Cement Limited	–	169,505
Maple Leaf Cement Factory Limited	–	178,119
Power Cement Limited	–	157,122
Engineering		
International Industries Limited	–	172,031
Textile composite		
Nishat Mills Limited	–	106,696
	639,085	1,777,544
Unlisted		
Pakistan Mercantile Exchange Limited	–	21,331

9 ADVANCES

(Rupees in '000)

	Note	Performing 2023	Performing 2022	Non-performing 2023	Non-performing 2022	Total 2023	Total 2022
Loans, cash credits, running finances, etc.	9.1	**19,534,991**	23,826,850	**1,124,446**	881,635	**20,659,437**	24,708,485
Advances - gross		**19,534,991**	23,826,850	**1,124,446**	881,635	**20,659,437**	24,708,485
Credit loss allowance against advances							
- Stage 1		**58,874**	–	–	–	**58,874**	–
- Stage 2		**19,736**	–	–	–	**19,736**	–
- Stage 3		–	–	**970,926**	500,622	**970,926**	500,622
		78,610	–	**970,926**	500,622	**1,049,536**	500,622
Advances - net of credit loss allowance		**19,456,381**	23,826,850	**153,520**	381,013	**19,609,901**	24,207,863

9.1 This includes net investment in finance lease as disclosed below:

(Rupees in '000)

	2023 Not later than one year	2023 Later than one year and less than five years	2023 Over five years	2023 Total	2022 Not later than one year	2022 Later than one year and less than five years	2022 Over five years	2022 Total
Lease rentals receivable	**410,151**	**154,001**	–	**564,152**	452,151	451,734	–	903,885
Residual value	**153,905**	**117,626**	–	**271,531**	68,670	211,276	–	279,946
Minimum lease payments	**564,056**	**271,627**	–	**835,683**	520,821	663,010	–	1,183,831
Financial charges for future periods	**(66,745)**	**(15,981)**	–	**(82,726)**	(106,892)	(51,130)	–	(158,022)
Present value of minimum lease payments	**497,311**	**255,646**	–	**752,957**	413,929	611,880	–	1,025,809

9.1.1 These leases are executed for a term of 1 to 5 years. Security deposits have been obtained within a range of 10% to 50% (2022: 10% to 30%) of the cost of investment at the time of disbursement and have been recorded in other liabilities. The rate of return ranges from 9.22% to 29.08% per annum (2022: 9.43% to 24% per annum). Lease rentals are receivable in monthly / quarterly / half yearly instalments. The assets are pledged in favor of the Company.

9.2 Particulars of advances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	**20,659,437**	24,708,485
In foreign currencies	–	–
	20,659,437	24,708,485

9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure

(Rupees in '000)

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross carrying amount - opening	**23,461,928**	**364,922**	**881,635**	**24,708,485**	–	–	–	–
New advances	**3,820,754**	**20,305**	**138,073**	**3,979,132**	–	–	–	–
Advances derecognised or repaid	**(7,900,429)**	**(74,966)**	**(34,687)**	**(8,010,082)**	–	–	–	–
Transfer to stage 1	**95,140**	**(95,140)**	–	–	–	–	–	–
Transfer to stage 2	**(302,624)**	**302,624**	–	–	–	–	–	–
Transfer to stage 3	**(24,266)**	**(133,258)**	**157,524**	–	–	–	–	–
	(4,311,425)	**19,565**	**260,910**	**(4,030,950)**	–	–	–	–
Amounts written off / charged off	–	–	**(18,098)**	**(18,098)**	–	–	–	–
Closing balance	**19,150,503**	**384,487**	**1,124,447**	**20,659,437**	23,461,928	364,922	881,635	24,708,485

9.3.2 Advances - Credit loss allowance

(Rupees in '000)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	–	–	500,622	500,622	–	–	–	–
Impact of Adoption of IFRS 9	76,434	14,018	223,284	313,736	–	–	–	–
New Advances	12,285	4,077	138,073	154,435	–	–	–	–
Advances derecognised or repaid	(9,580)	(5,675)	(9,783)	(25,038)	–	–	–	–
Transfer to stage 1	957	(957)	–	–	–	–	–	–
Transfer to stage 2	(936)	936	–	–	–	–	–	–
Transfer to stage 3	(270)	(4,459)	4,729	–	–	–	–	–
	2,456	(6,078)	133,019	129,397	–	–	–	–
Amounts written off / charged off	–	–	–	–	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	(20,016)	11,796	114,001	105,781	–	–	–	–
Closing balance	58,874	19,736	970,926	1,049,536	–	–	500,622	500,622

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

(Rupees in '000)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure								
Performing - Stage 1	19,150,504	–	–	19,150,504	23,461,928	–	–	23,461,928
Under Performing - Stage 2	–	384,487	–	384,487	–	364,922	–	364,922
Non-performing - Stage 3								
Other Assets Especially Mentioned	–	–	600	–	–	–	7,175	7,175
Substandard	–	–	30,567	30,567	–	–	3,528	3,528
Doubtful	–	–	133,776	133,776	–	–	15,220	15,220
Loss	–	–	960,103	960,103	–	–	855,712	855,712
	–	–	1,124,446	1,124,446	–	–	881,635	881,635
Total	19,150,504	384,487	1,124,446	20,659,437	23,461,928	364,922	881,635	24,708,485
Corresponding ECL								
Stage 1 and stage 2	58,874	19,736	–	78,610	–	–	–	–
Stage 3	–	–	970,926	970,926	–	–	–	–
	19,091,630	364,751	153,520	19,609,901	23,461,928	364,922	881,635	24,708,485

9.3.3.1 Category of classification in stage 3

(Rupees in '000)

Category of classification	2023		2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	600	400	7,175	717
Substandard	29,967	19,995	3,528	882
Doubtful	133,776	98,321	15,220	7,386
Loss	960,103	852,210	855,712	491,637
Total	1,124,446	970,926	881,635	500,622

Advances include Rs. 1,124.446 million (2022: Rs. 881.635 million) which have been placed under the non-performing status.

9.4 Particulars of Credit loss allowance against advances

(Rupees in '000)

	Note	2023			
		Stage 1	Stage 2	Stage 3	Total
Opening balance		–	–	500,622	500,622
Impact of Adoption of IFRS 9		76,434	14,018	223,284	313,736
Charge for the year		–	5,718	292,776	298,494
Reversals		(17,560)	–	(27,658)	(45,218)
		(17,560)	5,718	265,118	253,276
Amounts written off	9.6	–	–	(18,098)	(18,098)
Closing balance		58,874	19,736	970,926	1,049,536

(Rupees in '000)

	2022		
	Specific	General	Total
Opening balance	497,025	50,000	547,025
Charge for the year	101,127	–	101,127
Reversals	(110,075)	(50,000)	(160,075)
	(8,948)	(50,000)	(58,948)
Amounts written off	–	–	–
Provision due to conversion of investment	12,545	–	12,545
Closing balance	500,622	–	500,622

9.5 Particulars of provision against advances

(Rupees in '000)

	2023		
	Stage 1 & 2	Stage 3	Total
In local currency	78,610	970,926	1,049,536
In foreign currencies	–	–	–
	78,610	970,926	1,049,536

(Rupees in '000)

	2022		
	Specific	General	Total
In local currency	500,622	–	500,622
In foreign currencies	–	–	–
	500,622	–	500,622

Stage 1 includes loans and advances that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For Stage 1 loans, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the loan amount. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2 includes loans and advances where credit risk is higher since initiation or they have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these loans, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the loan amount. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the loans. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 1 comprises of EAD (principal plus markup) amounting to Rs. 19,405.159 million and ECL of Rs. 58.874 million and stage 2 comprises of EAD amounting to Rs. 434.833 million and ECL of Rs. 19.736 million.

Forced Sale Value (FSV) benefit amounting to Rs. 371.28 million (2022: Rs. 364.074 million) is available with the Company against certain mortgaged properties held as collateral against non-performing advances. However, the same has not been considered while computing credit loss allowance as at year end, as credit loss allowance has been computed under IFRS 9 - Financial Intruments.

9.6 Particulars of write offs:

	Note	2023	2022
		(Rupees in '000)	
9.6.1 Against credit loss allowance	9.5	**18,098**	–
Directly charged to profit and loss account	9.6.3	**–**	28,073
		18,098	28,073
9.6.2 Write offs of Rs. 500,000 and above			
- Domestic		**18,098**	28,073
- Overseas		**–**	–
Write offs of Below Rs. 500,000		**–**	–
		18,098	28,073

Details of loans written-off of Rs.500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2023 is given as Annexure 1.

10 PROPERTY AND EQUIPMENT

	Note	2023	2022
		(Rupees in '000)	
Property and equipment	10.1	**53,320**	16,037
Capital work in progress		**–**	–
		53,320	16,037

10.1 Property and equipment

(Rupees in '000)

2023	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Mobile phones	Total
At January 1, 2023							
Cost	46,942	17,553	16,380	28,935	42,244	409	152,463
Accumulated depreciation	(46,384)	(17,115)	(14,006)	(24,915)	(33,597)	(409)	(136,426)
Net book value	558	438	2,374	4,020	8,647	–	16,037
Year ended December 31, 2023							
Opening net book value	558	438	2,374	4,020	8,647	–	16,037
Additions	512	904	2,095	10,521	35,036	–	49,068
Disposals							
Cost	(3,294)	(1,548)	(938)	(3,440)	(20,700)	–	(29,920)
Accumulated depreciation	3,294	1,548	926	3,292	18,470	–	27,530
	(0)	–	(12)	(148)	(2,230)	–	(2,390)
Depreciation charge	(462)	(349)	(1,189)	(4,273)	(3,121)	–	(9,394)
Closing net book value	608	993	3,268	10,120	38,332	–	53,320
At December 31, 2023							
Cost	47,454	18,457	18,463	39,308	75,050	409	199,141
Accumulated depreciation	(46,846)	(17,464)	(15,195)	(29,188)	(36,718)	(409)	(145,820)
Net book value	608	993	3,268	10,120	38,332	–	53,320
Rate of depreciation (percentage)	20%	20%	20%	33%	25%	50%	–

(Rupees in '000)

2022	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Mobile phones	Total
At January 1, 2022							
Cost	46,924	17,333	15,884	27,251	36,734	409	144,535
Accumulated depreciation	(45,645)	(16,548)	(13,366)	(21,434)	(28,049)	(409)	(125,451)
Net book value	1,279	785	2,518	5,817	8,685	–	19,084
Year ended December 31, 2022							
Opening net book value	1,279	785	2,518	5,817	8,685	–	19,084
Additions	18	220	496	1,684	5,840	–	8,258
Disposals							
Cost	–	–	(1,402)	(360)	(3,173)	–	(4,935)
Accumulated depreciation	–	–	1,402	360	2,843	–	4,605
	–	–	–	–	(330)	–	(330)
Depreciation charge	(739)	(567)	(640)	(3,481)	(5,548)	–	(10,975)
Closing net book value	558	438	2,374	4,020	8,647	–	16,037
At December 31, 2022							
Cost	46,942	17,553	16,380	28,935	42,244	409	152,463
Accumulated depreciation	(46,384)	(17,115)	(14,006)	(24,915)	(33,597)	(409)	(136,426)
Net book value	558	438	2,374	4,020	8,647	–	16,037
Rate of depreciation (percentage)	20%	20%	20%	33%	25%	50%	–

10.1.1 Details of disposal made to related parties

(Rupees in '000)

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particular of purchaser
2023						
BMW 530W Car	19,350	17,260	2,090	2,090	As per the terms of employment	Ayesha Aziz (Ex Managing Director)
Laptop	280	156	124	124	As per the terms of employment	Ayesha Aziz (Ex Managing Director)
2022						
Electrical, office and computer equipment						
Laptop	303	303	–	0.10	As per the terms of employment	Ayesha Aziz (Ex Managing Director)
Laptop	58	58	–	0.10	As per the terms of employment	Rais Sheikh (Chief Information Officer)
	361	**361**	**–**	**0.20**		

10.1.2 The cost of fully depreciated fixed assets that are still in the Company's use is as follows:

	Note	2023	2022
		(Rupees in '000)	
Leasehold improvements		**43,167**	43,097
Furniture and fixtures		**15,116**	14,509
Electrical, office and computer equipment		**24,253**	23,978
Vehicles		**70**	1,361
		82,606	82,945

11 RIGHT-OF-USE ASSETS

	2023	2022
At January 01,		
Cost	**154,306**	127,060
Accumulated Depreciation	**(114,037)**	(91,600)
Net Carrying amount at January 01,	**40,269**	35,460
Additions / reassessment during the year	**2,465**	27,246
Deletions during the year	**–**	–
Depreciation Charge for the year	**(25,871)**	(22,437)
Net Carrying amount at December 31,	**16,863**	40,269

12 INTANGIBLE ASSETS

	Note	2023	2022
Intangible assets	12.1	**12,521**	3,267
Capital work-in-progress	12.2	**–**	–
		12,521	3,267

12.1 Intangible assets

(Rupees in '000)

	Note	2023	2022
		Computer software	
At January 1,			
Cost		**22,412**	19,050
Accumulated amortisation		**(19,145)**	(18,880)
Net book value		**3,267**	170
Year ended December 31,			
Opening net book value		**3,267**	170
Additions		**11,313**	3,362
Amortisation charge		**(2,059)**	(265)
Closing net book value		**12,521**	3,267
At December 31,			
Cost	12.1.1	**33,725**	22,412
Accumulated amortisation		**(21,204)**	(19,145)
Net book value		**12,521**	3,267
Rate of amortisation (percentage)		**33.33%**	33.33%
Useful life (in years)		**3**	3

12.1.1 The cost of fully amortised intangible assets still in use amounts to Rs. 18.99 million (2022: Rs. 19.053 million).

12.2 Capital work-in-progress

	2023	2022
	(Rupees in '000)	
Advance against software	**–**	–

13 DEFERRED TAX ASSETS

(Rupees in '000)

	2023					
	At January 1, 2023	Impact on Retained Earnings on Adoption of IFRS 9	Re-stated balance at January 1, 2023	Recognised in unconsolidated statement of profit and loss account	Recognised in OCI	At December 31, 2023
Deductible temporary differences on:						
- Lease liability	9,515	–	9,515	(8,437)	–	1,078
- Provision for Bonus	19,470	–	19,470	18,361	–	37,831
- Provision for diminution in the value of investments	94,761	–	94,761	4,891	–	99,652
- Provision against advances, other assets, etc.	165,205	118,811	284,016	133,737	–	417,753
- Deficit on revaluation of investments	633,259	–	633,259	–	50,964	684,223
- Unrealised loss on debt investment (FVPL)	–	–	–	4,848	–	4,848
- Payable against post retirement employee benefits	–	–	–	172	–	172
- Provision for off balance sheet obligations	–	3,194	3,194	1,992	–	5,186
	922,210	122,005	1,044,215	155,564	50,964	1,250,743
Taxable temporary differences on:						
- Net investment in finance lease	(48,524)	–	(48,524)	24,854	–	(23,670)
- Right-of-use assets	(13,289)	–	(13,289)	6,712	–	(6,577)
- Accelerated tax depreciation	2,602	–	2,602	(9,146)	–	(6,544)
- Unrealised loss / (gain) on equity investments	170	–	170	(170)	(72,502)	(72,502)
- Amortisation of Premium on investments	21,094	–	21,094	(30,365)	–	(9,271)
- Lease receivable against sub lease	–	–	–	(170)	–	(170)
- Post retirement employee benefits	(269)	–	(269)	–	(2,119)	(2,388)
	(38,216)	–	(38,216)	(8,285)	(74,621)	(121,122)
	883,994	122,005	1,005,999	147,278	(23,657)	1,129,621

(Rupees in '000)

	2022			
	At January 1, 2022	Recognised in unconsolidated statement of profit and loss account	Recognised in OCI	At December 31, 2022
Deductible temporary differences on:				
- Provision for diminution in the value of investments	82,663	12,098	–	94,761
- Provision against advances, other assets, etc.	158,637	6,568	–	165,205
- Deficit on revaluation of investments	377,197	–	256,062	633,259
- Accelerated tax depreciation	5,547	(2,945)	–	2,602
- Lease liability against right-of-use assets	803	8,712	–	9,515
- Carry forward of alternate corporate tax	49,910	(49,910)	–	–
- Unrealised loss on equity investments	–	170	–	170
- Provision for bonus	16,776	2,694	–	19,470
	691,533	(22,613)	256,062	924,982
Taxable temporary differences on:				
- Net investment in finance lease	(25,036)	(23,488)	–	(48,524)
- Post retirement employee benefits	(1,921)	–	1,652	(269)
- Right-of-use assets	(10,283)	(3,006)	–	(13,289)
- Amortisation of discount on investments	(105,280)	126,374	–	21,094
	(142,520)	99,880	1,652	(40,988)
	549,013	77,267	257,714	883,994

14 OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income / mark-up accrued in local currency		**5,493,259**	1,405,833
Advances, deposits, advance rent and other prepayments		**10,168**	17,472
Advance taxation (payments less provisions)		**1,694,173**	1,155,669
Dividend receivable		**1,353**	–
Advance against subscription of privately placed term finance certificates		**122,845**	–
Receivable against sale of shares		**27,261**	–
Receivable from related parties	14.1	**6,648**	4,985
Lease receivable under IFRS-16	14.1.1 & 14.1.2	**437**	606
Advance against investment in right shares -related party	14.2	**–**	40,000
Receivable from defined benefit plan - related party		**–**	3,260
		7,356,144	2,627,825
Less: Provision held against other assets		**–**	–
		7,356,144	2,627,825
14.1 Receivable from related parties			
Receivable from Awwal Corporate Restructuring Company Limited (subsidiary)		**985**	–
Receivable from other Modarabas managed by Awwal		**–**	1,124
Modaraba Management Limited (related parties)		**770**	810
Receivable from Primus Leasing Company Limited (subsidiary)		**3,050**	2,120
Receivable from Awwal Modaraba Management Limited (subsidiary)		**1,843**	931
		6,648	4,985

14.1.1 This represents lease receivable against sublease under IFRS-16 amounting to Rs. 0.437 million (2022: Rs. 0.606 million) from Primus Leasing Limited.

14.1.2 Particulars of lease receivable under finance lease

(Rupees in '000)

	2023				2022			
	Not later than one year	**Later than one year and less than five years**	**Over five years**	**Total**	Not later than one year	Later than one year and less than five years	Over five years	Total
Lease rentals receivable	**448**	**–**	**–**	**448**	406	244	–	650
Minimum lease payments	**448**	**–**	**–**	**448**	406	244	–	650
Financial charges for future periods	**(11)**	**–**	**–**	**(11)**	(38)	(6)	–	(44)
Present value of minimum lease payments	**437**	**–**	**–**	**437**	368	238	–	606

14.2 The Company has paid an advance against right issue to the Awwal Modaraba Management Limited (Subsidiary Company) amounting to Rs 40 million against which shares have not been issued as at December 31, 2023.

15 ASSETS CLASSIFIED AS HELD-FOR-SALE

	Note	2023	2022
		(Rupees in '000)	
Land, building and machinery acquired from:			
Sufi Steel Industries (Private) Limited		–	186,895
Lion Steel Industries (Private) Limited	15.1	**168,904**	168,904
Awwal Modaraba Management Limited-Investment	15.2	**105,000**	–
Advance against investment in right shares -related party	15.3	**40,000**	–
Impairment loss		**(21,625)**	–
		123,375	–
Total assets classified as held-for-sale		**292,279**	355,799

15.1 These represent land, building and machinery which have been classified as 'non-current assets as held for sale' as at December 31, 2021. The Company acquired these assets by settling total outstanding principal and mark-up of Rs 135 million and Rs 34 million respectively. It is expected that the process of sale of these assets will be completed in the near future.

15.2 The Board of Directors of the Company has decided to proceed with divestment of its total interest in Awwal Modarab Management Limited (AMML). Accordingly, the Board of Directors of AMML in their meeting held on September 30, 2023 directed to disseminate the significant development to relevant authorities and stakesholders in a timely and transparent manner.

The material information was sent to the Pakistan Stock Exchange (PSX) and Security Exchange Commission of Pakistan (SECP) of Pakistan on September 30, 2023.

On October 12, 2023, invitation for expression of Interest was published in the newspaper for complete acquisition of AMML including management rights of the modaraba.

On November 21, 2023, the Company informed the Registrar Modaraba, SECP about the receipt of bids from various parties. The SECP vide letter dated November 21, 2023, directed to apply to the Registrar Modaraba for the transfer of AMML shares and management rights of the modaraba to the proposed acquirer.

As of the reporting date, the process of evaluation / review of the bids, received by the PBICL, is in progress for selection of one party. After finalisation of the assessment process the matter shall be forwarded to the Registrar Modaraba to seek permission for transfer of AMML shares along with the management rights of the modaraba as advised by SECP.

During the year 2021, the Company has given an advance against right issue to AMML amounting to Rs 40 million.

The investment in AMML, shares and advance against issue of share, has been classified as assets held for sale. Impairment has been recorded against asset held for sale by comparing cost and estimated fair value.

15.3 The Company has paid an advance against right issue to the Awwal Modaraba Management Limited (Subsidiary Company) amounting to Rs 40 million against which shares have not been issued as at December 31, 2023.

15.4 Movement of assets classified as held for sale:

	Note	2023	2022
		(Rupees in '000)	
Opening		**355,799**	516,768
Additions		**145,000**	39,881
Disposals	15.4	**(186,895)**	(200,850)
Impairment loss		**(21,625)**	–
Closing		**292,279**	355,799

15.5 Gain on disposal of assets classified as held-for-sale

		2023	2022
Disposal proceed		**283,521**	200,850
Less: cost		**186,895**	200,850
		96,626	–

16 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from State Bank of Pakistan under:			
- Long-Term Finance Facility (LTFF) scheme	16.2	**3,163,088**	4,085,463
- Power Plants Using Renewable Energy (PPRE) scheme	16.3	**167,025**	170,662
- Temporary Economic Refinance Facility (TERF)	16.4	**743,556**	789,398
- Finance for Storage of Agriculture Produce (FSAP) scheme	16.5	**188,230**	89,302
- Credit Guarantee (CGS) Scheme	16.6	**152,265**	119,462
- Special Persons (SP) Scheme	16.7	**2,690**	3,710
- Working Capital (WCF) Scheme	16.8	**901,142**	750,046
- COVID - 19 Scheme		–	6,000
- Balancing, Modernisation & Replacement (BMR) scheme	16.9	**553,863**	363,649
		5,871,859	6,377,692
Repurchase agreement borrowings	16.10	**110,142,757**	13,876,732
Borrowings from banks	16.11	**32,496,667**	36,229,167
Total secured		**148,511,283**	56,483,591
Unsecured			
Letters of placement:	16.12	**26,082,715**	11,836,644
		174,593,998	68,320,235

16.1 Particulars of borrowings with respect to currencies

		2023	2022
In local currency		**174,593,998**	68,320,235
In foreign currencies		–	–
		174,593,998	68,320,235

16.2 The Company has entered into agreements for financing with the SBP for Long-Term Financing under export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the due date by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2% to 11% per annum (2022: 2% to 7% per annum). These are secured against demand promissory notes and are repayable within 8 years (2022: 9 years).

16.3 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 5.00% per annum (2022: 2.00% to 5.00% per annum) and are due to mature latest by June 30, 2029. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.4 These represent borrowings from the SBP under scheme for temporary economic refinance facility. The mark-up rate applicable on these facilities is 1% to 2% per annum (2022: 1% per annum) payable on quarterly basis, with maturities upto May, 2032 (2022: May 2032). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.5 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of 2% to 4% per annum (2022: 2.53% per annum) and are due to be matured by June 02, 2029.

16.6 These represent borrowings from the SBP under scheme for refinance and credit guarantee schemes. The mark-up rate applicable on these facilities is 0% per annum (2022: 0% per annum) payable on quarterly basis, with maturities upto November, 2028 (2022: November, 2027). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.7 These represent financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones and claim refinance from State Bank of Pakistan up to 100% of finance extended by them. The spread is capped at 5% per annum (2022: 5% per annum) by SBP whereas SBP's refinance rate for this facility is 0% per annum (2022: 0% per annum) with maturities upto September 2027. In case of default of the counterparty, upto 60% of principal is covered by SBP. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.8 These represent borrowings from the SBP under scheme for working capital facilities. The mark-up rate applicable on these facilities is 2% per annum (2022: 2% per annum) payable on quarterly basis, with maturities upto May 2028. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.9 These represent borrowings from the SBP under scheme for balancing, modernisation & replacement scheme. The mark-up rate applicable on these facilities is 1% to 2% per annum (2022: 1% to 2% per annum) payable on quarterly basis, with maturities upto June 2029 (2022: April 2028). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.10 These represent borrowings from various financial institutions at mark-up rates ranging from 22.07% to 22.11% per annum (2022: 16.09% to 16.10% per annum). Pakistan Investment Bonds and Market Treasury Bills having a face value of Rs. 111,600 million (2022: 10,000 million) and Rs. nil (2022: Rs. 4,000 million) have been given as collateral against these borrowings respectively.

16.11 These borrowings carry mark-up at rates ranging from 21.49% to 23.26% per annum (2022: 15.92% to 17.29% per annum) and are repayable within 4 years (2022: 5 years). These are secured against hypothecation of receivables, PIBs having a face value of Rs. 21.39 billion (2022: Rs. 24.98 billion) and floating charge over term finance certificates having a face value of Rs. 699.78 million (2022: 750 million).

16.12 Particulars of borrowings

	2023		
	Minimum (%)	Maximum (%)	Tenor
Letters of placement:			
- Others	20.70	22.35	5 months

	2022		
	Minimum (%)	Maximum (%)	Tenor
Letters of placement:			
- Others	7.10	16.50	5 months

17 DEPOSITS AND OTHER ACCOUNTS

(Rupees in '000)

	Note	2023 In local currency	2023 In foreign currencies	2023 Total	2022 In local currency	2022 In foreign currencies	2022 Total
Customers							
- Certificate of investments (COIs)	17.1	–	–	–	54,768	–	54,768
Financial institutions							
- Certificate of investments (COIs)		–	–	–	–	–	–
	17.2	–	–	–	54,768	–	54,768

17.1 These Certificate of Investments (COIs) carry mark-up rate of Nil per annum (2022: 15% per annum) with maturity on Nil (2022: December 22, 2023)

17.2 Composition of deposits

	Note	2023	2022
		(Rupees in '000)	
- Public sector entities		–	–
- Private sector		–	54,768
		–	54,768

18 LEASE LIABILITIES

	2023	2022
Outstanding amount at the start of the year	**28,834**	29,457
Addition / Reassessment of lease	**2,465**	27,246
Interest expense	**3,848**	3,041
Payments of lease rental	**(32,382)**	(30,910)
Closing balances	**2,765**	28,834
Contractual maturity of lease liabilities		
Short-term lease liabilities - within one year	**1,451**	28,180
Long-term lease liabilities		
- 1 to 5 years	**1,314**	654
- 5 to 10 years	**–**	–
- More than 10 years	**–**	–
	1,314	654
Total lease liabilities	**2,765**	28,834

19 OTHER LIABILITIES

	Note	2023	2022
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		**1,925,144**	797,888
Unearned commission and income on bills discounted		**32,359**	28,998
Accrued expenses		**126,275**	86,826
Brokerage / commission payable		**2,695**	1,584
Payable against purchase of shares		**–**	120,362
Payable to related party	19.1	**–**	28
Payable to defined benefit plan - related party	36	**443**	–
Security deposits against advances		**288,177**	295,565
Provision for Worker's Welfare Fund		**173,680**	148,995
Provision for off balance sheet obligations		**13,298**	–
Others		**72,419**	50,319
		2,634,490	1,530,565

19.1 Payable to related party

Payable to Primus Leasing Limited (subsidiary)		**–**	28

20 SHARE CAPITAL

20.1 Authorised capital

2023	2022		Note	2023	2022
(Number of shares)				(Rupees in '000)	
600,000,000	600,000,000	Ordinary shares of Rs.10 each		**6,000,000**	6,000,000

20.2 Issued, subscribed and paid-up capital

		Ordinary shares			
600,000,000	600,000,000	Fully paid in cash	20.2.1	**6,000,000**	6,000,000

20.2.1 As at December 31, 2023, the Ministry of Finance and Secretary Economic Affairs Division, Government of Pakistan, holds 299,995,999 and 4,001 shares (2022: 299,995,999 and 4,001 shares) respectively on behalf of the Government of Pakistan and remaining 300,000,000 shares (2022: 300,000,000 shares) are held by the Brunei Investment Agency.

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2023	2022
		(Rupees in '000)	
Surplus / (Deficit) on revaluation of			
- Securities measured at FVOCI-Debt	8.1	**(1,754,419)**	(1,703,081)
- Securities measured at FVOCI-Equity		**322,231**	(431,770)
		(1,432,188)	(2,134,851)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		**684,223**	562,017
- Securities measured at FVOCI-Equity		**(72,502)**	71,242
		(820,467)	(1,501,592)

21.1 Movement in revaluation of assets

Deficit on revaluation as at January 01		**(2,134,851)**	(1,450,496)
Revaluation deficit recognised during the year		**702,663**	(684,355)
Deficit on revaluation as at December 31		**(1,432,188)**	(2,134,851)
Less: related deferred tax asset on			
- Revaluation as at January 01		**633,259**	377,197
- Revaluation recognised during the year		**(21,538)**	256,062
		611,721	633,259
Deficit on revaluation of assets - net of tax		**(820,467)**	(1,501,592)

22 CONTINGENCIES AND COMMITMENTS

- Guarantees	22.1	**200,000**	1,330,000
- Commitments	22.2	**122,973,308**	23,342,227
- Other contingent liabilities	22.3	**–**	–
		123,173,308	24,672,227

22.1 Guarantees

Financial guarantees		**200,000**	1,330,000

22.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		**1,176,350**	4,103
Commitments in respect of:			
- forward lendings	22.2.1	**3,884,675**	2,485,027
- future purchase and sale transactions	22.2.2	**4,956,324**	120,362
- repo transactions	22.2.3	**112,955,959**	20,732,735
		122,973,308	23,342,227

22.2.1 Commitments in respect of forward lendings

Undrawn formal standby facilities, credit lines and other commitments to lend		**3,884,675**	2,485,027

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Company without the risk of incurring significant penalty or expense.

22.2.2 Commitments in respect of future transactions

	2023	2022
	(Rupees in '000)	
Purchase	**–**	120,362
Sale	**4,956,324**	–
	4,956,324	120,362

22.2.3 Commitments in respect of repo transactions

	2023	2022
Repurchase of government securities	**112,955,959**	14,157,761
Reverse repurchase of government securities	**–**	6,574,974
	112,955,959	20,732,735

22.3 Other contingent liabilities

22.3.1 In 2009, Burj Bank Limited (formerly Dawood Islamic Bank Limited) filed a legal suit amounting to Rs. 200 million for damages against the Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Company are of the opinion that the Company has a strong case and that the matter will most likely be decided in favor of the Company.

22.3.2 The returns of income of the Company from tax years 2008 to 2023 had been filed with the tax authorities. From tax year 2008 up to tax year 2020, these returns have been revised and additional tax demands have been raised of which Rs. 782.07 million are outstanding as at December 31, 2023. The matters which have been raised in these demands mainly included allocation of common expenses to dividend income, taxation of discount income, additions on account of concessional loans to employees and deletion of the charge pertaining to the Workers' Welfare Fund. The Company is contesting these demands and appeals have been filed by the Company against the same which are pending adjudication at various legal and appellate forums. The Company has made partial payments against some of these demands which are being shown as refundable from tax authorities (note 13). The management is confident that the matters will eventually be decided in favor of the Company and that the Company will be able to adjust amounts in respect of matters decided against the Company (if any) against the tax refunds currently being claimed by it.

23 MARK-UP / RETURN / INTEREST EARNED

	2023	2022
	(Rupees in '000)	
On:		
a) Loans and advances	**2,981,570**	2,126,930
b) Investments	**18,349,735**	4,622,325
c) Lendings to financial institutions	**793,312**	137,665
d) Sub-lease of premises	**563**	123
e) Balances with banks	**24,910**	12,271
	22,150,090	6,899,314

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

	2023	2022
Financial assets measured at amortised cost;	**3,799,792**	2,276,866
Financial assets measured at FVOCI	**14,580,249**	4,109,154
	18,380,041	6,386,020

24 MARK-UP / RETURN / INTEREST EXPENSED

	Note	2023	2022
		(Rupees in '000)	
Deposits		**6,685**	5,689
Interest expense on lease liability against right-of-use assets		**3,848**	2,601
Borrowings		**20,769,365**	6,101,647
		20,779,898	6,109,937

25 FEE AND COMMISSION INCOME

	2023	2022
Processing fee income	**25,158**	15,854
Advisory / participation fee	**23,514**	22,538
Commitment fee	**4,648**	10,843
Trustee fee	**62,271**	56,902
	115,591	106,137

26 GAIN ON SECURITIES

	Note	2023	2022
Realised gain / (loss)	26.1	**135,670**	(43,056)
Unrealised loss on securities classified as fair value through profit or loss - net		**(12,432)**	(4)
		123,238	(43,060)

26.1 Realised gain / (loss) on:

	2023	2022
Federal government securities	**46,709**	7,896
Shares	**88,629**	(49,560)
Non-government debt securities	**332**	(1,350)
Commercial paper	**–**	(42)
Units of mutual funds	**–**	–
	135,670	(43,056)

27 OTHER INCOME

	Note	2023	2022
Gain / (loss) on sale of assets classified as held-for-sale	15.7	**96,626**	–
Gain on sale of fixed assets - net		**1,906**	3,344
Others		**–**	97
		98,532	3,441

28 OPERATING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Total compensation expenses	28.1	**318,542**	247,638
Property expense			
Rent and taxes		**–**	–
Insurance		**6,958**	5,896
Utilities cost		**7,689**	5,699
Security (including guards)		**3,389**	2,281
Repairs and maintenance (including janitorial charges)		**12,682**	9,856
Depreciation	11	**25,871**	23,181
		56,589	46,913
Information technology expenses			
Software maintenance		**550**	4,340
Hardware maintenance		**989**	1,156
Depreciation	10.1	**4,273**	3,481
Amortisation	12.1	**2,059**	265
		7,871	9,242
Other operating expenses			
Directors' fees and allowances		**7,200**	3,600
Fees and subscription		**4,286**	2,867
Legal and professional charges		**28,283**	23,773
Travelling and conveyance		**48,175**	31,782
Brokerage commission		**27,753**	9,818
Depreciation	10.1	**5,122**	6,749
Training and development		**2,495**	1,094
Postage and courier charges		**363**	403
Communication		**3,809**	3,540
Stationery and printing		**2,277**	962
Marketing, advertisement and publicity		**193**	400
Donations	28.3	**2,000**	5,000
Auditors' remuneration	28.4	**3,280**	2,962
Expenses incurred in relation to assets held for sale		**42,954**	16,600
Service charges for lease rental recoveries		**5,852**	2,319
Others		**14,164**	4,417
		198,206	116,286
		581,208	420,079

28.1 Total compensation expenses

	Note	2023	2022
		(Rupees in '000)	
Fixed		**130,340**	118,023
Contractual Staff			
In-house		**33,367**	31,475
Salaried outsourced staff		**11,336**	8,524
		44,703	39,999
Other benefits			
Cash bonus / awards		**110,404**	63,582
Charge for defined benefit plan		**9,136**	5,742
Contribution to defined contribution plan		**8,574**	7,904
Medical		**6,840**	6,111
Vehicle allowance		**26,216**	20,276
Leave fare assistance		**7,329**	10,092
Leave encashment		**3,312**	1,576
Others		**604**	2,938
		172,415	118,221
Re-imbursement of salaries - subsidiaries		**(28,916)**	(28,605)
Total compensation expense		**318,542**	247,638

28.2 The Company does not have any material outsourcing arrangements.

28.3 Details of donations

	2023	2022
Donations individually not exceeding Rs 500,000		
Dawat-e-Hadiyah	**2,000**	–
Indus Hospital and Health Network	**–**	5,000
	2,000	5,000

28.4 Auditors' remuneration

	2023	2022
Audit fee for annual financial statements	**2,200**	1,100
Half yearly review fee	**450**	400
Special certifications and sundry advisory services	**550**	980
Out-of-pocket expenses	**80**	482
	3,280	2,962

29 OTHER CHARGES

	2023	2022
Penalties imposed by the State Bank of Pakistan	**–**	–

30 WORKERS' WELFARE FUND

	Note	2023	2022
		(Rupees in '000)	
Provision for Workers' Welfare Fund	30.1	**24,685**	14,102

30.1 As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter relating to payment of SWWF is pending before the Sindh High Court and an interim stay order has been granted to the Company. However, as a matter of abundant caution, the management has maintained a provision for SWWF in the unconsolidated financial statements amounting to Rs 173.682 million which includes a provision of Rs 24.687 million for the current year.

31 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

	Note	2023	2022
		(Rupees in '000)	
Credit loss allowance against balances with other banks	6	**2**	–
Credit loss allowance against lending to financial institutions		**–**	–
Reversal of provision against investments	8.1	**(12,801)**	(4,465)
Provisions against loans and advances	9.4	**253,276**	(58,948)
Credit loss allowance against off balance sheet obligations		**3,619**	–
Impairment on asset held for Sale		**21,625**	–
Advances written off directly		**–**	28,073
Recovery of advances written off		**(28,073)**	–
		237,648	(35,340)

32 TAXATION

	Note	2023	2022
Current		**447,079**	293,515
Prior years		**62,429**	24,597
Deferred	13	**(147,278)**	(77,267)
		362,230	240,845

32.1 Relationship between tax expense and accounting profit

	2023	2022
Accounting profit before tax	**1,209,584**	743,702
Tax rate	–	29%
Tax on accounting profit	–	215,674
Tax effect of:		
Income chargeable to tax at special rate	–	(69,276)
Permanent differences	–	831
Prior year charge	–	24,597
Super tax	–	41,518
Reversal of deferred tax asset	–	49,910
Others	–	(22,409)
	–	240,845

32.2 The relationship between tax expense and accounting profit has not been presented in these unconsolidated financial statements as the tax liability of the Company comprises of minimum tax at the rate of 1.25% on turnover of the Company in accordance with Section 113 of Income Tax Ordinance 2001.

33 BASIC EARNINGS PER SHARE

	2023	2022
	(Rupees in '000)	
Profit for the year	**847,354**	502,857
	Number of shares in '000	
Weighted average number of ordinary shares	**600,000**	600,000
	Rupees	
Basic earnings per share	**1.41**	0.84

33.1 Diluted earnings per share
Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue.

34 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Cash and balance with treasury banks		**688,559**	336,633
Balance with other banks		**239,927**	100,591
	34.1	**928,486**	437,224
34.1 Reconciliation of Cash and Cash Equivalents			
Cash and balance with treasury banks	5	**688,559**	336,633
Balance with other banks	6	**239,929**	100,591
Less: Credit loss allowance held against balances with other banks		**(2)**	–
		928,486	437,224

35 STAFF STRENGTH

	Note	2023	2022
Permanent		**69**	59
On Company's contract		**18**	19
Outsourced	35.1	**21**	20
		108	98

35.1 This includes 28 (2022: 26) employees of outsourcing services companies who were assigned to perform guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

As mentioned in note 4.13, the Company operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Company subject to a minimum qualifying period of service of five years. The plan assets and defined benefit obligations are based in Pakistan.

36.2 Number of employees under the defined benefit plan

	2023	2022
	(Number)	
The number of employees covered under the defined benefit plan as at December 31,	**79**	72

36.3 Principal actuarial assumptions

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

	Note	2023	2022
		(Per annum)	
Discount rate		**15.50%**	14.50%
Expected rate of salary increase		**15.50%**	14.50%
Morality rate		**SLIC 2001 - 2005**	SLIC 2001-2005
		Setback 1 Year	Setback 1 Year
Retirement assumption		**Age 60**	Age 60

36.4 Reconciliation of receivable from defined benefit plan

	Note	2023	2022
		(Rupees in '000)	
Present value of obligation	36.6	**50,968**	66,198
Fair value of plan assets	36.7	**(50,525)**	(69,458)
Receivable		**443**	(3,260)

36.5 Movement in defined benefit plan

	Note	2023	2022
At the beginning of the year		**(3,260)**	(7,820)
Current service cost	36.8.1	**9,136**	5,742
Actual contributions by the Company		**–**	(6,190)
Benefits paid by the Company		**–**	–
Re-measurement (gain) / loss	36.8.2	**(5,433)**	5,008
At the end of the year		**443**	(3,260)

36.6 Movement in payable under defined benefit plan

	Note	2023	2022
		(Rupees in '000)	
Opening balance		**66,198**	57,120
Current service cost	36.8.1	**7,954**	6,473
Past service cost		**1,655**	–
Interest cost on defined benefit obligation		**7,542**	6,199
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2	**(4,022)**	2,595
Benefits paid by the Company to outgoing members		**(28,359)**	(6,189)
Closing balance		**50,968**	66,198

36.7 Movement in fair value of plan assets

	Note	2023	2022
Fair value at the beginning of the year		**69,458**	64,940
Interest income on plan assets		**8,015**	6,930
Contribution by the Company - net		**–**	6,190
Actual benefits paid from the fund during the year		**(28,359)**	(6,189)
Re-measurement gain / (loss)	36.8.2	**1,411**	(2,413)
Fair value at the end of the year		**50,525**	69,458

36.8 Charge for defined benefit plan

36.8.1 Cost recognised in unconsolidated statement of profit and loss account

	2023	2022
Current service cost	**7,954**	6,473
Past service cost	**1,655**	–
Net interest income on plan	**(473)**	(731)
	9,136	5,742

36.8.2 Re-measurements recognised in OCI during the year

	2023	2022
Loss / (gain) on obligation		
- financial assumptions	**5,758**	257
- experience adjustments	**(9,780)**	2,338
	(4,022)	2,595
Return on plan assets over interest income	**(1,411)**	2,413
Total re-measurements recognised in OCI	**(5,433)**	5,008

36.9 Components of plan assets

	2023	2022
Equity	**–**	–
Cash and cash equivalents - net	**4,911**	2,874
Government securities	**45,614**	66,584
	50,525	69,458

36.9.1 Description of risks

The defined benefit plan exposes the Company to the following risks:

Withdrawal risks - This is 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.

Mortality risks - This is the risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks - This is the risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - This is the risk that the final salary at the time of cessation of service is greater than what was assumed.

36.10 Sensitivity analysis

A sensitivity analysis for each significant financial assumption as of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, is as follows:

	2023	2022
	(Rupees in '000)	
Increase / decrease in obligation		
1% increase in discount rate	**3,687**	4,736
1% decrease in discount rate	**(4,184)**	(5,309)
1% increase in expected rate of salary increase	**(4,179)**	(5,358)
1% decrease in expected rate of salary increase	**3,749**	4,864

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

	(Rupees in '000)
36.11 Expected contributions to be paid to the fund in the next financial year	**9,486**

The expected charge for the next financial year commencing January 1, 2024 works out to Rs 9.486 million (2022: 7.033 million).

36.12 Maturity profile

The weighted average duration of the obligation is 8 years (2022: 7.6 years).

36.13 Funding policy

An implicit, though not a formally expressed objective, is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

Accordingly the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Actuarial Cost Method employed.

37 DEFINED CONTRIBUTION PLAN

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 10% per annum (2022: 10% per annum) of basic salaries are made both by the Company and employees. Contributions made to the provident fund during the year are as follows:

	2023	2022
	(Rupees in '000)	
Contribution made by the Company	**8,574**	7,904
Contribution made by employees	**8,574**	7,904
	17,148	15,808

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

(Rupees in '000)

Items	2023					
	Directors					
	Chairman	Executives (other than CEO)	Non-Executive	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
Fees and Allowances etc.	2,400	–	4,800	–	–	–
Managerial Remuneration						
i) Fixed	–	–	–	25,216	62,698	85,094
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	18,502	15,866	26,150
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	2,187	836	1,861
Contribution to defined contribution plan	–	–	–	1,739	2,401	3,634
Rent & house maintenance	–	–	–	–	–	–
Utilities	–	–	–	–	–	–
Medical	–	–	–	25	1,604	2,847
Conveyance	–	–	–	–	–	–
Others						
- LFA	–	–	–	1,998	2,942	4,243
- TDA	–	–	–	426	600	621
- Fuel	–	–	–	890	6,736	11,598
- Leave encashment	–	–	–	3,312	–	–
- Mobile reimbursement	–	–	–	22	239	419
- Security & Vehicle Maintenance	–	–	–	738	–	–
- others	–	–	–	3,929	493	1,141
Total	2,400	–	4,800	58,983	94,415	137,608
Number of persons	2	–	2	2	14	22

(Rupees in '000)

Items	2022					
	Directors				Key	Other Material
	Chairman	Executives (other than CEO)	Non-Executive	President / CEO	Management Personnel	Risk Takers / Controllers
Fees and Allowances etc.	1,200	–	2,400	–	–	–
Managerial Remuneration						
i) Fixed	–	–	–	24,920	58,476	99,606
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	17,982	16,234	39,397
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	2,187	870	4,065
Contribution to defined contribution plan	–	–	–	1,719	2,219	4,808
Rent & house maintenance	–	–	–	–	–	–
Utilities	–	–	–	–	–	–
Medical	–	–	–	908	1,691	3,331
Conveyance	–	–	–	–	–	–
Others						
- LFA	–	–	–	–	1,191	2,349
- TDA	–	–	–	520	127	654
- Fuel	–	–	–	413	4,533	7,264
- Leave encashment	–	–	–	1,576	–	1,576
- Mobile reimbursement	–	–	–	95	201	403
- Security & Vehicle Maintenance	–	–	–	586	–	586
- others	–	–	–	44	505	748
Total	1,200	–	2,400	50,950	86,046	164,787
Number of persons	1	–	2	1	13	20

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

(Rupees in '000)

Sr. No.	Name of Director	2023				
		Meeting Fees and Allowances Paid				
		For Board Meetings	For Board Committees			Total Amount Paid
			Audit Committee	HR&RC Committee	Credit and Risk Management Committee	
1	Ms. Dk Noorul Hayati Julaihi	**2,400**	**–**	**–**	**–**	**2,400**
2	Mr. Nasir Mahmood Khosa	**2,400**	**–**	**–**	**–**	**2,400**
3	Ms. Norakerteni Muhammad	**2,400**	**–**	**–**	**–**	**2,400**
	Total Amount Paid	**7,200**	**–**	**–**	**–**	**7,200**

(Rupees in '000)

Sr. No.	Name of Director	2022				
		Meeting Fees and Allowances Paid				
		For Board Meetings	For Board Committees			Total Amount Paid
			Audit Committee	HR&RC Committee	Credit and Risk Management Committee	
1	Mr. Sofian Mohammad Jani	1,200	–	–	–	1,200
2	Mr. Arif Ahmed Khan	1,200	–	–	–	1,200
3	Mr. Edzwan Zukri Adanan	400	–	–	–	400
4	Ms. Dk Noorul Hayati Julaihi	800	–	–	–	800
	Total Amount Paid	**3,600**	**–**	**–**	**–**	**3,600**

39 FAIR VALUE MEASUREMENT

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

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

39.1 Fair value of financial assets

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates (FMA report).
Term finance / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.

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

(Rupees in '000)

On balance sheet financial instruments	2023			
	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value				
Investments				
Federal government securities	**–**	**153,327,875**	**–**	**153,327,875**
Ordinary shares	**961,316**	**–**	**–**	**961,316**
Non-government debt securities	**–**	**2,473,503**	**–**	**2,473,503**
Off-balance sheet financial instruments				
Commitments				
- future purchase and sale transactions	**–**	**4,956,324**	**–**	**4,956,324**

(Rupees in '000)

On balance sheet financial instruments	2022 Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value				
Investments				
Federal government securities	–	38,973,866	–	38,973,866
Ordinary shares	1,340,790	–	–	1,340,790
Non-government debt securities	–	2,477,356	–	2,477,356
Off-balance sheet financial instruments				
Commitments				
Forward shares	120,362	–	–	120,362

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

(Rupees in '000)

	2023 Corporate finance	Trading and sales	Commercial banking	Total
Unconsolidated statement of profit and loss account				
Net Mark-up / return / profit	–	1,194,928	175,264	1,370,192
Non mark-up / return / interest income	115,590	567,343	–	682,933
Total income	115,590	1,762,271	175,264	2,053,125
Total expenses	34,111	520,060	51,722	605,893
Provisions	–	37,666	199,982	237,648
Profit before tax	81,479	1,204,545	(76,440)	1,209,584
Unconsolidated Statement of Financial Position				
Cash and bank balances	52,273	796,953	79,260	928,486
Investments	–	158,671,066	–	158,671,066
Lendings to financial institutions	–	–	–	–
Advances - performing	–	1,254,440	18,201,941	19,456,381
Advances - non-performing	–	12,129	141,391	153,520
Others	4,656	8,054,978	801,114	8,860,748
Total assets	56,929	168,789,566	19,223,706	188,070,201
Borrowings	–	158,794,054	15,799,944	174,593,998
Deposits & other accounts	–	–	–	–
Lease liabilities	–	2,515	250	2,765
Others	–	2,396,183	238,307	2,634,490
Total liabilities	–	161,192,752	16,038,501	177,231,253
Equity	56,929	7,596,814	3,185,205	10,838,948
Total equity and liabilities	56,929	168,789,566	19,223,706	188,070,201
Contingencies and commitments	–	116,840,634	6,332,674	123,173,308

(Rupees in '000)

	2022 Corporate finance	Trading and sales	Commercial banking	Total
Unconsolidated statement of profit and loss account				
Net mark-up / return / profit	–	608,598	180,779	789,377
Non mark-up / return / interest income	106,137	247,029	–	353,166
Total income	106,137	855,627	180,779	1,142,543
Total expenses	40,334	325,149	68,698	434,181
Provisions	–	7,067	(42,407)	(35,340)
Profit before tax	65,803	523,411	154,488	743,702
Unconsolidated Statement of Financial Position				
Cash and bank balances	40,616	327,428	69,180	437,224
Investments	–	44,805,384	–	44,805,384
Lendings to financial institutions	–	6,559,967	–	6,559,967
Advances - performing	–	1,288,503	22,538,347	23,826,850
Advances - non-performing	–	11,249	369,764	381,013
Others	5,534	3,237,605	684,052	3,927,191
Total assets	46,150	56,230,136	23,661,343	79,937,629
Borrowings	–	56,403,229	11,917,006	68,320,235
Deposits and other accounts	–	45,215	9,553	54,768
Lease liabilities	–	26,226	2,608	28,834
Others	–	1,392,114	138,451	1,530,565
Total liabilities	–	57,866,784	12,067,618	69,934,402
Equity	46,150	(1,505,703)	11,462,780	10,003,227
Total equity and liabilities	46,150	56,361,081	23,530,398	79,937,629
Contingencies and commitments	–	–	24,672,227	24,672,227

40.2 Segment details with respect to geographical location

The operations of the Company are currently based only in Pakistan.

41 TRUST ACTIVITIES

The Company is acting as Debt Securities Trustee and Investment Agent to Issues of Term Finance Certificates (TFCs), Sukuk and Commercial Papers ("Debt Securities") and is holding Secured Properties in a fiduciary capacity for and on behalf of Investors. The Company is authorised to provide said services under Public Offering (Regulated Securities Activities Licensing) Regulations, 2017 (the "Regulations") of the Securities & Exchange Commission of Pakistan (SECP).

Presently, the Company is acting as Trustee and Investment Agent to 50 (fifty) debt securities issues by institutions namely Agha Steel Industries Limited, Agritech Limited, Azgard Nine Limited, Bank Alfalah Limited, Bank Al-Habib Limited, Bank Islami Pakistan Limited, Crescent Steel & Allied Product Limited, Dubai Islami Bank Pakistan Limited, Habib Bank Limited, Hub Power Company Limited, Hub Power Holding Pvt. Limited, JS Bank Limited, Kashf Foundation Limited, K-Electric Limited, Khushhali Microfinance Bank Limited, Neelum Jhelum Hydro Power Co. Limited, Pakistan Intermodals Limited, Pakistan Services Limited, Silk Bank Limited, Sindh Nooriabad Power Co. Ph. (II) Pvt. Limited (Phase-I & II), Soneri Bank Limited, Summit Bank Limited, Telecard Limited, The Bank of Punjab, U Microfinance Bank Limited, and WAPDA (Dasu Hydro Power Project). The combined value of debt securities as at December 31, 2023 amounted to Rs. 386,774 million (2022: Rs. 404,841 million).

42 RELATED PARTY TRANSACTIONS

The Company has related party relationship with subsidiary companies (namely Primus Leasing Limited, Awwal Modaraba, Awwal Modaraba Management Limited and Awwal Corporate Restructuring Company Limited), First Pak Modaraba, First Prudential Modaraba, KASB Modaraba, KSB Pumps Company Limited, Trade Development Authority of Pakistan, Engro Polymer and Chemicals Limited employees' defined benefit and defined contribution plan, its key management personnel and state controlled entities.

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Remuneration to executives is disclosed in note 36 to the unconsolidated financial statements. Transactions with owners have been disclosed in 'Unconsolidated Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment. However, we understand that there are several transaction with subsidiaries that are based on agreed terms. The details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

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

(Rupees in '000)

	2023				2022			
	Directors	**Key management personnel**	**Subsidiaries**	**Other related parties**	Directors	Key management personnel	Subsidiaries	Other related parties
Lendings								
Opening balance	–	–	–	26,000	–	–	–	–
Addition during the year	–	–	–	301,600	–	–	–	58,000
Repaid during the year	–	–	–	(327,600)	–	–	–	(32,000)
Closing balance	–	–	–	–	–	–	–	26,000
Investments								
Opening balance	–	–	2,013,372	–	–	–	2,003,372	–
Investment made during the year	–	–	–	–	–	–	10,000	–
Investment disposed off during the year	–	–	–	–	–	–	–	–
Classified as held-for-sale	–	–	(105,000)	–	–	–	–	–
Closing balance	–	–	1,908,372	–	–	–	2,013,372	–
Advances								
Opening balance	–	72,204	574,803	178,207	–	89,209	371,223	150,000
Addition during the year	–	19,558	395,540	300,000	–	46,336	570,095	150,000
Repaid during the year	–	(41,952)	(250,385)	(318,432)	–	(10,432)	(366,515)	(150,000)
Transfer in / (out) - net	–	–	–	–	–	(52,909)	–	28,207
Closing balance	–	49,810	719,959	159,775	–	72,204	574,803	178,207
Other assets								
Interest / mark-up accrued	–	–	49,595	288	–	–	13,613	423
Lease receivable under IFRS-16	–	–	437	–	–	–	606	–
Receivable from defined benefit plan	–	–	–	–	–	–	–	3,260
Preliminary expense	–	–	–	–	–	–	931	–
Advance against investments in right shares	–	–	–	–	–	–	40,000	–
Others	–	–	5,877	1,023	–	–	3,244	810
	–	–	55,909	1,311	–	–	58,394	4,493
Assets classified as held-for-sale								
Opening balance	–	–	–	–	–	–	–	–
Transfer during the year	–	–	145,000	–	–	–	–	–
Disposed off during the year	–	–	–	–	–	–	–	–
Closing balance	–	–	145,000	–	–	–	–	–

(Rupees in '000)

	2023				2022			
	Directors	**Key management personnel**	**Subsidiaries**	**Other related parties**	Directors	Key management personnel	Subsidiaries	Other related parties
Borrowings								
Opening balance	–	–	–	–	–	–	39,000	191,154
Borrowings during the year	–	–	–	73,156	–	–	–	28,444
Settled during the year	–	–	–	(68,329)	–	–	(39,000)	(219,598)
Closing balance	–	–	–	4,827	–	–	–	–
Deposits and other accounts								
Opening balance	–	–	–	–	–	–	–	–
Received during the year	–	–	–	–	–	–	–	–
Withdrawn during the year	–	–	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–	–	–
Other Liabilities								
Interest / mark-up payable	–	–	–	6	–	–	–	–
Payable to defined benefit plan	–	–	–	443	–	–	–	–
Other liabilities	–	–	–	–	–	–	28	–
	–	–	–	449	–	–	28	–
Income								
Mark-up / return / interest earned	–	3,268	109,785	43,865	–	2,542	56,602	23,173
Dividend income	–	–	120,000	–	–	–	119,752	–
Expense								
Mark-up / return / interest paid	6,400	137,696	–	–	–	–	46	7,864
Operating expenses	–	15,700	5,619	233	3,600	125,798	–	–
Reimbursement of expenses	–	–	23,589	9,290	–	11,198	2,319	–
Expenses charged (note 42.1)	–	2,214	–	–	–	–	21,083	9,806

42.1 These denote administrative expenses charged by the Company under the cost sharing agreement entered into between the Company and its subsidiaries (namely Primus Leasing Limited, Awwal Modaraba Management Limited and Awwal Modaraba).

42.2 During the year, the Company entered into transaction with Awwal Corporate Restructuring Company Limited (formerly Awwal Modaraba) for the buy back of advance portfolio amounting to Rs. 138 million against purchase consideration of Rs. 110 million. The remaining amount was written back in the books of Company from last year.

42.3 During the year, the Company entered into transaction with Primus Leasing Limited amounting to Rs. 55.156 million (2022: Rs. 245.83 million) against purchase of Loan and Lease receivables. The company incurred service charges for lease rental recoveries amounting to Rs. 5.852 million (2022: Rs. 2.319 million).

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,000,000**	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**8,225,128**	7,555,743
Eligible Additional Tier 1 (ADT 1) Capital	**–**	–
Total Eligible Tier 1 Capital	**8,225,128**	7,555,743
Eligible Tier 2 Capital	**–**	–
Total Eligible Capital (Tier 1 + Tier 2)	**8,225,128**	7,555,743
Risk Weighted Assets (RWAs):		
Credit Risk	**20,606,797**	25,209,260
Market Risk	**7,704,183**	5,629,213
Operational Risk	**2,634,080**	1,981,195
Total	**30,945,060**	32,819,668
Common Equity Tier 1 Capital Adequacy ratio	**26.58%**	23.02%
Tier 1 Capital Adequacy Ratio	**26.58%**	23.02%
Total Capital Adequacy Ratio	**26.58%**	23.02%

In order to strengthen the solvency of Banks / Development Financial Institutions (DFI), SBP through its BSD Circular No. 19 of 2008 dated September 05, 2008 has asked the DFIs to raise their minimum paid up capital to Rs.6 billion free of losses by the end of financial year 2009.

The paid-up capital and CAR of the Company stands at Rs. 6 billion and 26.58% of its risk weighted exposure as at December 31, 2023.

The Company uses Standardised approach for calculations of Credit and Market Risk Weighted Assets while Basic Indicator approach is used to calculate Operational Risk Weighted assets.

	2023	2022
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**11.50%**	11.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**8,225,128**	7,555,743
Total Exposures	**153,919,681**	78,312,993
Leverage Ratio	**5.34%**	9.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**17,914,626**	7,989,493
Total Net Cash Outflow	**17,581,217**	7,107,724
Liquidity Coverage Ratio	**101.90%**	112.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**24,490,814**	27,729,097
Total Required Stable Funding	**18,812,749**	23,794,119
Net Stable Funding Ratio	**130.18%**	116.54%

43.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at https://pakbrunei.com.pk/wp-content/uploads/2020/03/BaselIII2020Disclosure-Standalone.pdf

44 RISK MANAGEMENT

The Risk Management Framework (the Framework) of the Company provides principles for identifying, assessing and monitoring risk within the Company. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Categories of risk

The Company generates most of its revenues by accepting credit, liquidity and market risk. Effective management of these risks is the decisive factor in the profitability of the Company. In addition, the Company is subject to certain consequential risks that are common to all business undertakings. These risks are grouped under two headings: operational risk and reputational risk. The Framework is organised with reference to these five risk categories as detailed below:

Credit risk This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a counter party.

Market risk The risk of loss generated by adverse changes in the price of assets or contracts currently held by the Company.

Liquidity risk The risk that the Company is unable to meet its payment obligations or fund increases in assets when they fall due without incurring an unacceptable cost the consequences of which may be the failure to meet obligations to repay investors and fulfil commitments to lend.

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

Reputational risk The risk of failing to meet the standards of performance or behaviour required or expected by stakeholders in commercial activities or the way in which business is conducted.

Risk responsibilities

The Board of Directors (the Board) is accountable for the overall supervision of the risk management process. The Board is responsible for the approval of all risk policies and ensuring that these are properly implemented. Furthermore, the Board approves the appointment of senior management personnel who are capable of managing the risk activities conducted by the Company.

Risk Management comprises of two areas namely Credit Risk Management (CRM) and Middle Office and Operational Risk (MOOR). CRM oversees credit risk taken by the Company while MOOR function overviews market, liquidity and operational risks of the Company. The functions of both of these units are subject to the policies and manuals approved by the Board, Prudential Regulations and additional regulatory directives issued from time to time. These units are independent of business generation and risk taking. For all credit exposures taken by the Company, CRM prepares a comprehensive credit advice highlighting business, financial and structural risks for Credit Committee members. CRM monitors the credit portfolio of the Company on a regular basis to ensure prudent lending. Moreover, this department also sets parameters for various risks including I) sectoral concentration, ii) exposure limits for single and group exposures, and iii) monitoring watch list accounts and the entire portfolio. The risk management philosophy is to identify and monitor risk on a portfolio basis and assess the risk taking capacity of the statement of financial position as a whole. MOOR is responsible for monitoring and reporting of market and liquidity risk as it arises from our trading, investing and lending activities. MOOR also conducts Risk and Self Assessment exercises and maintains Company wide risk registers to monitor operational risks embedded in the Company operations and ensure that sufficient controls are in place against such risks.

Different Management Committees have been set up to review different kinds of risks; mainly being the Assets and Liabilities Committee (ALCO), Credit Committee (CC) and Risk Management Committee (RMC). Comprehensive risk management manuals have been designed which cover all significant risks including credit, liquidity, market and operational risks and provides guidance to management on risk controls, limits, risk measurement tools and a reporting framework.

44.1 Credit risk

Credit risk, i.e. the potential default of one or more debtors, is the largest source of risk for the Company. The Company is exposed to credit risk through its lending and investment activities. The credit risk arising from exposure to corporates 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 Basel II Accord.

The Company manages 3 principal sources of credit risk:

i) Sovereign credit risk

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

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. Two internal rating models are in use to rate (i) Corporate / Commercial customers (ii) SME customers. Frameworks of both these models have been duly approved by the Board.

iii) Counter party credit risk on interbank limits

In the normal course of its business, the Company's Treasury utilises products such as reverse repos and call lendings 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 to the Company.

Reflecting a preference for minimising the exposure to counterparty credit risk, the Company maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies. For example, the minimum rating for counterparties to be eligible for a financing relationship with the Company is BBB.

Credit administration

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

Risk analytics

To ensure a prudent distribution of asset portfolio, the Company manages its lendings and investment activities within a framework of Borrower, Group, Product, Geographical and Sector exposure limits and risk profile benchmarks.

Stress testing

The Company also conducts stress testing of its existing portfolio, which includes all assets, i.e., advances as well as investments. This exercise is conducted on a quarterly basis through assigning shocks to distressed / non-performing assets of the Company and assessing its resulting effect on capital adequacy.

Regular monitoring

Regular monitoring of the advances portfolio is carried out which focuses on early problem recognition and influences the front office to carry out an assessment of the borrower's ability to rectify the identified problem / weakness within a reasonable time-frame, consider tighter structuring of facilities, confirm that there are no critical deficiencies in the existing security position and, if possible, arrange for strengthening of the same through obtaining additional collateral. It should however, be noted that these actions are taken prior to incurring overdues on the facility.

Portfolio diversification

While expanding the advances and the investment (TFCs) portfolio, efficient portfolio diversification has been a key consideration despite the relatively small size of operations.

Particulars of the Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.1 Lendings to financial institutions

(Rupees in '000)

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
Credit risk by public / private sector						
Public / Government	–	–	–	–	–	–
Private	–	6,559,967	–	–	–	–
	–	6,559,967	–	–	–	–

44.1.2 Investment in debt securities

(Rupees in '000)

	Gross investments		Non-performing investments		Stage 1		Stage 2		Stage 3	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Credit risk by industry sector										
Textile	38,553	42,920	38,553	42,920	–	–	–	–	38,553	42,920
Chemical and Pharmaceuticals	122,845	–	53,460	–	–	–	–	–	53,460	–
Steel	–	–	–	–	–	–	–	–	–	–
Construction	–	–	–	–	–	–	–	–	–	–
Power (Electricity), Gas, Water, Sanitary	–	–	–	–	–	–	–	–	–	–
Transport, Storage and Communication	14,361	14,361	14,361	14,361	–	–	–	–	14,361	14,361
Financial	2,473,502	2,474,246	–	–	7	–	–	–	–	–
Food & Beverages	–	–	–	–	–	–	–	–	–	–
Others	90,957	216,877	149,141	206,051	–	–	–	–	149,134	206,051
	2,740,218	2,748,404	255,515	263,332	7	–	–	–	255,508	263,332
Credit risk by public / private sector										
Public / Government	–	–	–	–	–	–	–	–	–	–
Private	2,740,218	2,748,404	255,515	263,332	7	–	–	–	255,508	263,332
	2,740,218	2,748,404	255,515	263,332	7	–	–	–	255,508	263,332

44.1.3 Advances

(Rupees in '000)

	Gross advances		Non-performing advances		Stage 1		Stage 2		Stage 3	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Credit risk by industry sector										
Textile	**3,897,576**	4,251,533	**27,202**	28,901	**6,422**	–	**933**	–	**27,002**	28,227
Chemical and Pharmaceuticals	**3,588,466**	3,530,536	**4,028**	4,030	**5,593**	–	**–**	–	**4,028**	4,027
Cement	**–**	1,050,000	**–**	–	**–**	–	**–**	–	**–**	–
Sugar	**1,804,365**	1,375,448	**21,998**	21,998	**2,958**	–	**–**	–	**21,998**	–
Steel	**1,043,911**	892,653	**135,653**	7,760	**1,582**	–	**–**	–	**102,156**	7,013
Footwear and leather garments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Automobile and transportation equipment	**244,379**	262,831	**2,290**	3,180	**37**	–	**9,222**	–	**2,290**	3,183
Electronics and electrical appliances	**879,918**	782,813	**411,937**	411,938	**523**	–	**665**	–	**304,044**	69,860
Construction	**603,384**	859,263	**3,780**	4,975	**748**	–	**–**	–	**2,522**	2,245
Power (Electricity), Gas, Water, Sanitary	**2,503,330**	4,764,428	**138,073**	–	**9,965**	–	**–**	–	**138,073**	–
Retail	**59,479**	–	**10,791**	–	**486**	–	**388**	–	**10,791**	–
Exports/Imports	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Transport, Storage and Communication	**35,714**	78,152	**17,987**	58,883	**–**	–	**–**	–	**17,986**	58,881
Financial	**869,958**	724,803	**–**	–	**–**	–	**–**	–	**–**	–
Insurance	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Services	**66,881**	149,766	**–**	3,950	**1,128**	–	**–**	–	**5,920**	1,975
Individuals	**133,853**	191,174	**–**	–	**30**	–	**–**	–	**–**	–
Education	**13,000**	–	**3,750**	–	**185**	–	**–**	–	**2,502**	–
Food and beverages	**2,669,784**	2,409,140	**315,159**	309,795	**9,784**	–	**5,561**	–	**313,374**	309,795
Others	**2,245,439**	3,385,945	**31,798**	26,225	**19,433**	–	**2,967**	–	**18,240**	15,416
	20,659,437	24,708,485	**1,124,446**	881,635	**58,874**	–	**19,736**	–	**970,926**	500,622
Credit risk by public / private sector										
Public / Government	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Private	**20,659,437**	24,708,485	**1,124,446**	881,635	**58,874**	–	**19,736**	–	**970,926**	500,622
	20,659,437	24,708,485	**1,124,446**	881,635	**58,874**	–	**19,736**	–	**970,926**	500,622

44.1.4 Contingencies and Commitments

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	**95,000**	5,000
Textile	**100,006**	219,505
Chemical and Pharmaceuticals	**711,652**	211,548
Sugar	**250,000**	–
Power (Electricity), Gas, Water, Sanitary	**3,764,350**	2,716,632
Transport, Storage And Communication	**200,000**	–
Financial	**117,914,440**	20,883,529
Services	**50,000**	–
Packaging	**49,527**	10,000
Food and beverages	**15,000**	48,500
Electronics and electrical appliances	**–**	150,000
Leather & footwear	**2,000**	–
Others	**21,333**	427,513
	123,173,308	24,672,227
Credit risk by public / private sector		
Public / Government	**117,914,440**	19,259,020
Private	**5,258,868**	5,413,207
	123,173,308	24,672,227

44.1.5 Concentration of advances

The Company's top 10 exposures on the basis of total funded and non-funded exposures are as following:

	2023	2022
	(Rupees in '000)	
Funded	**5,774,765**	9,050,467
Non Funded	**3,749,549**	1,334,103
Total Exposure	**9,524,314**	10,384,570

The sanctioned limits against these top 10 exposures aggregated to Rs. 19,514 million (2022: Rs. 11,368 million).

44.1.6 Advances - Province / Region-wise Disbursement and Utilisation

(Rupees in '000)

	2023					
		Utilisation				
Province / Region	**Disbursements**	**Punjab**	**Sindh**	**Balochistan**	**Islamabad**	**KPK**
Punjab	**6,958,165**	**6,958,165**	**–**	**–**	**–**	**–**
Sindh	**10,719,095**	**–**	**10,719,095**	**–**	**–**	**–**
Balochistan	**901,500**	**–**	**–**	**901,500**	**–**	**–**
Islamabad	**–**	**–**	**–**	**–**	**–**	**–**
KPK	**3,000**	**–**	**–**	**–**	**–**	**3,000**
Total	**18,581,760**	**6,958,165**	**10,719,095**	**901,500**	**–**	**3,000**

(Rupees in '000)

	2022					
		Utilisation				
Province / Region	Disbursements	Punjab	Sindh	Balochistan	Islamabad	KPK
Punjab	6,300,335	6,300,335	–	–	–	–
Sindh	10,620,162	–	10,620,162	–	–	–
Balochistan	28,000	–	–	28,000	–	–
Islamabad	–	–	–	–	–	–
KPK	129,333	–	–	–	–	129,333
Total	17,077,830	6,300,335	10,620,162	28,000	–	129,333

44.2 Market risk

The market risk is the risk of reductions in earnings, value and / or reserves arising from changes in market rates (such as interest rates, exchange rates, credit spreads) and market prices (such as commodities, equities, property etc.) as well as their correlations and volatilities. The Company is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Capital market groups.

The Company classifies its assets in banking and trading books as per instructions from the SBP. The Company's trading book comprises positions in financial instruments held with trading intent or in order to hedge other elements of the trading book and free of any restrictive covenants on their tradability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively managed. The positions which do not fulfil the criteria of trading book falls under the banking book and are treated as per SBP requirements.

The Company's trading book consists of investments in government securities, listed equities and mutual funds. The Company actively measures, controls and manages market risk in its trading book on a day-to-day basis. Controls are applied to all investment portfolios by setting limits to the exposures taken. This includes stop loss limits on shares in 'Held-for-trading' portfolio, individual and sectoral concentration limits, volatility and value-at-risk limits, etc.

The Company measures market risk using various techniques like duration analysis for interest rate risk in banking book, Value-at-Risk for adverse price movement, sensitivity analysis for investment in government securities, stress testing, etc. The results are communicated to ALCO and Risk Management Committee on monthly and quarterly basis respectively. Results are also communicated to the Board of Directors every quarter and to Board's Risk Management Committee on a half-yearly basis. Market risk is effectively managed at the portfolio level. The Company has adopted Standardised Approach of Basel II Accord.

44.2.1 Unconsolidated Statement of Financial Position split by trading and banking books - Basel II Specific

(Rupees in '000)

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	688,559	–	688,559	336,633	–	336,633
Balances with other banks	239,927	–	239,927	100,591	–	100,591
Lendings to financial institutions	–	–	–	6,559,967	–	6,559,967
Investments	4,381,875	154,289,191	158,671,066	4,490,728	40,314,656	44,805,384
Advances	19,609,901	–	19,609,901	24,207,863	–	24,207,863
Property and equipment	53,320	–	53,320	16,037	–	16,037
Right-of-use assets	16,863	–	16,863	40,269	–	40,269
Intangible assets	12,521	–	12,521	3,267	–	3,267
Deferred tax assets	1,129,791	–	1,129,621	883,994	–	883,994
Other assets	7,356,144	–	7,356,144	2,627,825	–	2,627,825
Assets classified as held-for-sale	292,279	–	292,279	355,799	–	355,799
	33,781,180	154,289,191	188,070,201	39,622,973	40,314,656	79,937,629

44.2.2 Foreign exchange risk

Foreign exchange risk is the risk of loss arising from fluctuations of exchange rates. The Company is not exposed to any significant funded or non-funded foreign exchange exposure.

(Rupees in '000)

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Unconsolidated statement of profit and loss account	–	–	–	–

44.2.3 Equity position risk

Equity position risk is the risk that the fair value will fluctuate as a result of changes in prices of individual stocks or the levels of equity indices. The Company's equity investments are either classified as fair value through Other Comprehensive Income (FVOCI) or fair value through profit or loss account (FVPL). The objective of the fair value through OCI portfolio is to maintain a medium term view of capital gains and dividend income while the Company takes advantage of short-term capital gains through its fair value through profit or loss (FVPL) portfolio investments. It is managed by the Company through its internal investment policy which is duly approved by the Board. The policy defines various position limits, portfolio limits and stop loss limits for the equity desk. The Company also applies stress tests on the equity portfolio which is part of the Company's overall market risk exposure limit on the banking book.

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Unconsolidated statement of profit and loss account	–	–	–	–
- Other comprehensive income	–	(48,066)	–	(67,040)

44.2.4 Yield / interest rate risk in the banking book (IRRBB) - Basel II Specific

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity dates and for off-balance sheet instruments is based on settlement dates. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the Company also conducts interest rate sensitivity analysis in the banking book using the Duration Gap analysis based on its interest rate sensitive assets and interest rate sensitive liabilities. The Company also uses parallel shift in interest rates to determine the impact of adverse rate changes on investments in government securities.

- Interest rate sensitivity of assets and liabilities is measured based on actual re-pricing / maturity behaviour of all interest rate sensitive assets and liabilities.

- Duration GAP is calculated based on interest rate re-pricing of assets and liabilities and is used to determine impact of adverse interest rate movements on the Company's equity. Such an analysis is conducted every month and results are reported to the ALCO and RMC on a monthly and quarterly basis respectively.

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Unconsolidated statement of profit and loss account	(36,303)	–	(52,767)	–
- Other comprehensive income	–	(1,888,270)	–	(275,638)

44.2.5 Mismatch of interest rate sensitive assets and liabilities

(Rupees in '000)

			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												
Assets												
Cash and balances with treasury banks		**688,559**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**688,559**
Balances with other banks	**20.50% to 20.51%**	**239,927**	**239,927**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Lending to financial institutions		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Investments	**14.68% to 25.79%**	**156,762,694**	**64,979,855**	**38,635,150**	**30,753,019**	**15,885,743**	**–**	**923,447**	**2,636,741**	**1,774,866**	**212,557**	**961,316**
Advances	**2.7% to 29.67%**	**19,609,901**	**4,842,646**	**7,329,702**	**2,439,617**	**1,064,876**	**1,099,201**	**929,310**	**1,284,444**	**553,810**	**–**	**66,295**
Other assets		**5,650,450**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,650,450**
		182,951,531	**70,062,428**	**45,964,852**	**33,192,636**	**16,950,619**	**1,099,201**	**1,852,757**	**3,921,185**	**2,328,676**	**212,557**	**7,366,620**
Liabilities												
Borrowings	**0% to 23.26%**	**174,593,998**	**136,401,758**	**3,626,704**	**29,033,267**	**1,079,535**	**2,024,663**	**867,661**	**1,145,106**	**415,304**	**–**	**–**
Deposits and other accounts		**–**	**–**									
Other liabilities		**2,433,101**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,433,101**
		177,027,099	**136,401,758**	**3,626,704**	**29,033,267**	**1,079,535**	**2,024,663**	**867,661**	**1,145,106**	**415,304**	**–**	**2,433,101**
On-balance sheet gap		**5,924,432**	**(66,339,330)**	**42,338,148**	**4,159,369**	**15,871,084**	**(925,462)**	**985,095**	**2,776,079**	**1,913,372**	**212,557**	**4,933,519**
Non financial net assets		**4,914,516**										
Total net assets		**10,838,948**										
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,376,350	1,376,350	–	–	–	–	–	–	–	–	–
Commitments in respect of:												
– forward foreign exchange contracts		–	–	–	–	–	–	–	–	–	–	–
– forward lendings		3,884,675	3,884,675	–	–	–	–	–	–	–	–	–
– forward investments		4,956,324	4,956,324	–	–	–	–	–	–	–	–	–
– repo transactions		–	–	–	–	–	–	–	–	–	–	–
Other commitment		–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		10,217,349	10,217,349	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			(56,121,981)	42,338,148	4,159,369	15,871,084	(925,462)	985,095	2,776,079	1,913,372	212,557	4,933,519
Cumulative yield / interest risk sensitivity gap			(56,121,981)	(13,783,832)	(9,624,463)	6,246,621	5,321,159	6,306,255	9,082,335	10,995,707	11,208,264	16,141,783

(Rupees in '000)

			2022									
	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												
Asset												
Cash and balances with treasury banks		336,633	–	–	–	–	–	–	–	–	–	336,633
Balances with other banks	4.40% to 14.51%	100,591	100,591	–	–	–	–	–	–	–	–	–
Lending to financial institutions		6,559,967	6,559,967	–	–	–	–	–	–	–	–	–
Investments	7.00% to 16.97%	42,792,012	21,802,365	3,109,192	9,921,018	31,056	905,636	–	919,377	4,562,941	199,637	1,340,790
Advances	2.25% to 24.00%	24,207,863	7,926,340	8,014,603	2,802,658	1,028,155	1,105,235	929,673	1,468,841	830,815	44,523	57,021
Other assets		1,411,423	–	–	–	–	–	–	–	–	–	1,411,423
		75,408,490	36,389,263	11,123,795	12,723,676	1,059,211	2,010,871	929,673	2,388,218	5,393,756	244,160	3,145,867
Liabilities												
Borrowings	1.00% to 17.20%	68,320,235	25,557,521	19,103,762	13,245,871	4,991,381	1,150,977	1,991,757	1,465,160	813,806	–	–
Deposits and other accounts	15%	54,768	–	–	–	54,768	–	–	–	–	–	–
Other liabilities		1,085,313	–	–	–	–	–	–	–	–	–	1,085,313
		69,460,316	25,557,521	19,103,762	13,245,871	5,046,149	1,150,977	1,991,757	1,465,160	813,806	–	1,085,313
On-balance sheet gap		5,948,174	10,831,742	(7,979,967)	(522,195)	(3,986,938)	859,894	(1,062,084)	923,058	4,579,950	244,160	2,060,554
Net non- financial assets		4,055,053										
Net assets		10,003,227										
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,334,103	1,334,103	–	–	–	–	–	–	–	–	–
Commitments in respect of:												
- forward foreign exchange contracts		–	–	–	–	–	–	–	–	–	–	–
- forward lendings		2,485,027	2,485,027	–	–	–	–	–	–	–	–	–
- forward investment		120,362	120,362	–	–	–	–	–	–	–	–	–
- repo transactions		–	–	–	–	–	–	–	–	–	–	–
Other commitment		–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		3,939,492	3,939,492	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			14,771,234	(7,979,967)	(522,195)	(3,986,938)	859,894	(1,062,084)	923,058	4,579,950	244,160	2,060,554
Cumulative yield / interest risk sensitivity gap			14,771,234	6,791,267	6,269,072	2,282,134	3,142,028	2,079,943	3,003,001	7,582,951	7,827,111	9,887,666

44.3 Operational risk

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

The Company, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

The Company maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Company's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry's best practices. The Company also gathers operational risk losses to determine strengths and sufficiency of its internal controls.

The Company has developed a Business Continuity Plan applicable to all its functional areas and the plan is rehearsed at least twice in a year.

Furthermore, the Company's operations are relatively simple as compared to a large scale commercial bank. The Company only operates with its head office in Karachi with a liaison office in Lahore. Given simple operations and small scale, Company uses Basic Indicator Approach (BIA) to determine capital charge under Basel II.

44.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to fund its current obligations and operations in the most cost efficient manner. ALCO is the forum to oversee liquidity management.

Liquidity risk can arise from the Company's activities and can be grouped into three categories:

- Inflows / outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

The Company's main funding source is the inter-bank money market. Changes in the government monetary policy and market expectations of interest rate are all important factors that can adversely affect our key funding sources. Efficient and accurate planning plays a critical role in liquidity management. The Company's MIS provides information on expected cash inflows / outflows which allows the Company to take timely decisions based on future requirements. The Company monitors all the possible sources from which liquidity risk can emanate including market reputation, borrowing terms, deterioration in quality of credit portfolio, etc. Other sources are also identified for which early warning indicators have been created and are being monitored for early intervention of management sensing a potential liquidity crunch.

Gap analysis and stress testing is done on a periodic basis to capture any adverse effect of market movements on liquidity position. Based on the results produced, ALCO devises the liquidity management strategy to maintain sufficient liquidity to deal with any related catastrophe.

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

(Rupees in '000)

(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
Assets														
Cash and balances with treasury banks	688,559	448,559	–	–	–	–	–	–	–	–	–	–	–	240,000
Balances with other banks	239,927	–	–	–	140,203	–	–	–	–	99,724	–	–	–	–
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	158,671,066	–	1,448,115	–	378,368	99,277	96,132	2,876,321	13,766,883	24,712,901	47,665,276	34,846,480	22,013,994	10,767,319
Advances	19,609,901	247,864	1,090,552	25,508	817,088	1,409,823	1,894,236	2,335,856	1,014,961	3,317,671	2,511,481	1,809,686	2,006,890	1,128,285
Property and equipment	53,320	–	–	–	3,401	2,935	2,935	2,078	3,888	11,270	16,719	9,392	702	–
Right-of-use assets	16,863	–	–	–	2,202	2,058	2,202	6,463	2,335	202	803	598	–	–
Intangible assets	12,521	–	–	–	1,251	1,251	1,251	3,111	–	1,885	3,772	–	–	–
Deferred tax assets	1,129,621	4,875	61,575	3,353	21,496	43,069	68,001	116,453	79,668	155,514	228,201	161,159	122,814	63,443
Other assets	7,356,144	144,538	1,716,817	144,111	319,242	828,365	1,218,606	923,788	168,933	–	–	1,848,407	43,337	–
Assets classified as held-for-sale	292,279	–	–	–	–	–	–	123,375	–	168,904	–	–	–	–
	188,070,201	845,836	4,317,059	172,972	1,683,251	2,386,778	3,283,363	6,387,445	15,036,668	28,468,071	50,426,252	38,675,722	24,187,737	12,199,047
Liabilities														
Borrowings	174,593,998	–	56,017,806	43,072,284	37,248,615	371,059	459,665	22,764,815	1,194,142	2,893,415	5,775,255	2,864,646	1,458,020	474,276
Deposits and other accounts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lease liabilities	2,765	–	–	–	27	519	98	109	431	77	930	574	–	–
Other liabilities	2,634,490	90,721	183,662	460,429	482,815	68,917	72,635	816,580	36,911	115,230	33,525	260,892	12,173	–
	177,231,253	90,721	56,201,468	43,532,713	37,731,457	440,495	532,398	23,581,504	1,231,484	3,008,722	5,809,710	3,126,112	1,470,193	474,276
Net assets	10,838,948	755,115	(51,884,409)	(43,359,741)	(36,048,205)	1,946,283	2,750,965	(17,194,059)	13,805,184	25,459,349	44,616,542	35,549,610	22,717,544	11,724,771
Share capital	6,000,000													
Reserves	2,390,092													
Unappropriated profit	3,269,323													
Deficit on revaluation of assets	(820,467)													
	10,838,948													

(Rupees in '000)

(2022)	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	336,633	201,633	–	–	–	–	–	–	–	–	–	–	–	135,000
Balances with other banks	100,591	–	30,000	–	1,704	–	–	–	–	68,888	–	–	–	–
Lendings to financial institutions	6,559,967	–	6,553,967	–	6,000	–	–	–	–	–	–	–	–	–
Investments	44,805,384	–	–	–	262,754	131,377	131,377	1,039,784	7,600,403	6,004,018	5,797,059	7,327,358	10,125,802	6,385,452
Advances	24,207,863	493,030	523,078	48,545	2,687,656	1,365,482	1,911,607	3,276,472	1,175,479	3,772,720	2,965,985	2,147,528	2,237,275	1,603,006
Property and equipment	16,037	–	–	–	84	82	651	2,241	1,893	1,159	8,817	24	1,086	–
Right-of-use assets	40,269	–	–	–	1,807	1,632	1,806	5,731	5,782	6,509	14,804	800	1,398	–
Intangible assets	3,267	–	–	–	3,267	–	–	–	–	–	–	–	–	–
Deferred tax assets	883,994	–	–	–	–	–	–	–	–	883,994	–	–	–	–
Other assets	2,627,825	270,445	109,885	145,892	62,452	116,041	338,567	1,477,765	97	22,484	–	–	84,197	–
Assets classified as held-for-sale	355,799	–	–	–	–	–	–	–	355,799	–	–	–	–	–
	79,937,629	965,108	7,216,930	194,437	3,025,724	1,614,614	2,384,008	5,801,993	9,139,453	10,759,772	8,786,665	9,475,710	12,449,758	8,123,458
Liabilities														
Borrowings	68,320,235	–	7,485,233	6,023,652	12,057,404	12,520,002	3,907,898	8,703,334	791,898	2,644,172	5,881,711	4,774,290	2,717,410	813,231
Deposits and other accounts	54,768	–	–	–	–	–	–	–	–	54,768	–	–	–	–
Lease Liability	28,834	–	–	–	598	60	405	194	24,931	80	1,062	930	574	–
Other liabilities	1,530,565	160,465	16,807	25,057	223,212	211,279	179,493	473,104	2,870	22,432	93,940	33,727	88,179	–
	69,934,402	160,465	7,502,040	6,048,709	12,281,212	12,731,341	4,087,796	9,176,632	819,699	2,721,452	5,976,713	4,808,947	2,806,163	813,231
Net assets	10,003,227	804,643	(285,110)	(5,854,272)	(9,255,489)	(11,116,727)	(1,703,788)	(3,374,639)	8,319,754	8,038,320	2,809,952	4,666,763	9,643,595	7,310,227
Share capital	6,000,000													
Reserves	2,120,621													
Unappropriated profit	3,384,198													
Deficit on revaluation of assets	(1,501,592)													
	10,003,227													

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

(Rupees in '000)

(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
Assets										
Cash and balances with treasury banks	688,559	448,559	–	–	–	–	–	–	240,000	–
Balances with other banks	239,927	140,203	–	–	99,724	–	–	–	–	–
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–
Investments	158,671,066	1,826,483	195,409	2,876,321	38,479,784	47,665,276	34,846,480	22,013,994	10,767,319	–
Advances	19,609,901	2,181,012	3,304,059	2,335,856	4,332,632	2,511,481	1,809,686	2,006,890	1,128,285	–
Property and equipment	53,320	3,401	5,870	2,078	15,158	16,719	9,392	702	–	–
Right-of-use assets	16,863	2,202	4,260	6,463	2,537	803	598	–	–	–
Intangible assets	12,521	1,251	2,502	3,111	1,885	3,772	–	–	–	–
Deferred tax assets	1,129,621	91,299	111,070	116,453	235,182	228,201	161,159	122,814	63,443	–
Other assets	7,356,144	2,324,708	2,046,971	923,788	168,933	–	1,848,407	43,337	–	–
Assets classified as held-for-sale	292,279	–	–	123,375	168,904	–	–	–	–	–
	188,070,201	7,019,119	5,670,140	6,387,444	43,504,739	50,426,252	38,675,722	24,187,737	12,199,047	–
Liabilities										
Borrowings	174,593,998	136,338,705	830,724	22,764,815	4,087,557	5,775,255	2,864,646	1,458,020	474,276	–
Deposits and other accounts	–	–	–	–	–	–	–	–	–	–
Lease liability	2,765	27	617	109	508	930	574	–	–	–
Other liabilities	2,634,490	1,217,627	141,552	816,580	152,141	33,525	260,892	12,173	–	–
	177,231,253	137,556,359	972,893	23,581,504	4,240,206	5,809,710	3,126,112	1,470,193	474,276	–
Net assets	10,838,948	(130,537,240)	4,697,247	(17,194,060)	39,264,533	44,616,542	35,549,610	22,717,544	11,724,771	–
Share capital	6,000,000									
Reserves	2,390,092									
Unappropriated profit	3,269,323									
Deficit on revaluation of assets	(820,467)									
	10,838,948									

(Rupees in '000)

(2022)	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	336,633	201,633	–	–	–	–	–	–	135,000	–
Balances with other banks	100,591	31,704	–	–	68,888	–	–	–	–	–
Lendings to financial institutions	6,559,967	6,559,967	–	–	–	–	–	–	–	–
Investments	44,805,384	262,754	262,754	1,039,783	13,604,421	5,797,059	7,327,358	10,125,802	6,385,452	–
Advances	24,207,863	3,752,308	3,277,089	3,276,472	4,948,199	2,965,985	2,147,528	2,237,275	1,603,006	–
Fixed assets	16,037	84	733	2,241	3,052	8,817	24	1,086	–	–
Right of use assets	40,269	1,806	3,438	5,731	12,292	14,803	800	1,399	–	–
Intangible assets	3,267	3,267	–	–	–	–	–	–	–	–
Deferred tax assets	883,994	–	–	–	883,994	–	–	–	–	–
Other assets	2,627,825	588,674	454,607	1,477,765	22,581	–	–	84,197	–	–
Assets classified as held-for-sale	355,799	–	–	–	355,799	–	–	–	–	–
	79,937,629	11,402,197	3,998,622	5,801,993	19,899,226	8,786,664	9,475,710	12,449,759	8,123,458	–
Liabilities										
Borrowings	68,320,235	25,566,289	16,427,900	8,703,334	3,436,070	5,881,711	4,774,290	2,717,410	813,231	–
Deposits and other accounts	54,768	–	–	–	54,768	–	–	–	–	–
Lease liability	28,834	598	465	194	25,011	1,062	930	574	–	–
Other liabilities	1,530,565	425,541	390,772	473,104	25,302	93,940	33,727	88,179	–	–
	69,934,402	25,992,428	16,819,137	9,176,632	3,541,151	5,976,713	4,808,947	2,806,163	813,231	–
Net assets	10,003,227	(14,590,231)	(12,820,515)	(3,374,639)	16,358,075	2,809,951	4,666,763	9,643,596	7,310,227	–
Share capital	6,000,000									
Reserves	2,120,621									
Unappropriated profit	3,384,198									
Deficit on revaluation of assets	(1,501,592)									
	10,003,227									

45 EVENTS AFTER THE REPORTING DATE

The Board of Directors have proposed a final dividend for the year ended December 31, 2023 of Re. **0.5** per share (2022: Re. nil per share), amounting to Rs. **300** million (2022: Rs. nil) at their meeting held on **March 27, 2024,** for approval of the members at the annual general meeting to be held on **April 15, 2024**. The unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024.

46 GENERAL

46.1 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.

46.2 **Date of authorisation**
These financial statements were authorised for issue on **March 27, 2024** by the Board of Directors of the Company.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Annexure - I

As referred in note 9.6 of the unconsolidated financial statements.

Statement showing written-off loans or any other financial relief of Rs. 500,000/- or above provided

During the year ended December 31, 2023

(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)
				Principal	Interest/ mark-up	Other than Interest/ mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	M/s. WATEEN TELECOM (PVT) LTD. Main Walton Road, Opp. Bab-e-Pakistan, Walton Cantt, Lahore.	Khaled Jamal Abdul Rahman Khanfer 0809000 Osman Sultan 17FV26925 Maan EL Amine EP611018 Syed Zahoor Hassan 35201-8293118-3 Nahayan Mabarak AL Nahayan JYNH14441	Jamal Abdul Rehman Khanfer Ahmed Fouad EL Syed Fouad Syed Sibt ul Hassan Shah H.H Sheikh Mubarak Mohd Khalifa Al Nuhayan	38,913	76,991	–	115,904	18,098	81,123	–	99,221
2	WATEEN WIMAX (PVT) LIMITED. Main Walton Road, Opp. Bab-e-Pakistan, Walton Cantt, Lahore.	Muhammad Shahbaz Khan 61101-0863730-9 Abdul Rashid 37405-0223625-3 Ghulam Mustafa 35202-2664518-5	Muhammad Shabbir Khan Azmat Rashid Ghulam Rasool	–	1,811	–	1,811	–	1,811	–	1,811

Consolidated Financial Statements

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314
www.yousufadil.com

Independent Auditor's Report

To the members of Pak Brunei Investment Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pak Brunei Investment Company Limited (the Holding Company), and its subsidiaries (the Group),** which comprise the consolidated statement of financial position as at **December 31, 2023,** and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies 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 consolidated statement of financial position, consolidated statement of profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Group's affairs as at December 31, 2023 and of the profit, the 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 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 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 consolidated and unconsolidated 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 or 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 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 regards.

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Responsibilities of Management and 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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.

Other Matter
The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another firm of Chartered Accountants who through their report dated April 13, 2023 expressed an unqualified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is **Hena Sadiq**.

Yousuf adil

Chartered Accountants

Place: Karachi
Dated: March 29, 2024
UDIN: AR202310057PYN0Txh56

Consolidated
Statement of Financial Position

As at December 31, 2023

2023	2022		Note	2023	Restated 2022
(US Dollars in '000)				(Rupees in '000)	
		ASSETS			
2,444	1,195	Cash and balances with treasury banks	5	**688,559**	336,633
2,028	1,775	Balances with other banks	6	**571,384**	499,996
–	23,386	Lendings to financial and other institutions	7	**–**	6,588,721
556,409	151,970	Investments	8	**156,762,694**	42,816,258
79,145	95,344	Advances	9	**22,298,274**	26,862,165
422	66	Property and equipment	10	**118,852**	18,511
86	167	Right-of-use assets	11	**24,160**	46,929
44	12	Intangible assets	12	**12,799**	3,659
4,391	3,359	Deferred tax assets	13	**1,237,193**	946,494
26,238	9,485	Other assets	14	**7,392,212**	2,672,319
694	1,263	Assets classified as held-for-sale	15	**195,387**	355,799
671,901	288,022	**Total Assets**		**189,301,514**	81,147,483
		LIABILITIES			
–	–	Bills payable		**–**	–
621,024	244,505	Borrowings	16	**174,967,331**	68,886,902
44	194	Deposits and other accounts	17	**12,400**	54,768
34	127	Lease liabilities	18	**9,527**	35,718
–	–	Liabilities against assets subject to finance lease		**–**	–
–	–	Subordinated debt		**–**	–
–	–	Deferred tax liabilties		**–**	–
12,082	7,847	Other liabilities	19	**3,404,000**	2,210,760
633,184	252,673	**Total Liabilities**		**178,393,258**	71,188,148
38,717	35,349	**NET ASSETS**		**10,908,256**	9,959,335
		REPRESENTED BY			
21,296	21,296	Share capital	20	**6,000,000**	6,000,000
8,483	7,527	Reserves		**2,390,092**	2,120,621
11,894	11,901	Unappropriated profit		**3,350,949**	3,353,115
(2,964)	(5,383)	Deficit on revaluation of assets	21	**(835,029)**	(1,516,622)
38,709	35,341	Total equity attributable to the equity holders of the Holding Company		**10,906,012**	9,957,114
8	8	Non-controlling interest		**2,244**	2,221
38,717	35,349			**10,908,256**	9,959,335
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 46 and annexure I form an integral part of these consolidated financial statements.

President/Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Director**

Consolidated
Statement of Profit and Loss Account

For the Year ended December 31, 2023

2023	2022		Note	2023	Restated 2022
(US Dollars in '000)				(Rupees in '000)	
80,614	25,748	Mark-up / return / interest earned	23	**22,711,946**	7,254,172
74,134	21,788	Mark-up / return / interest expensed	24	**20,886,411**	6,138,653
6,480	3,960	Net mark-up / interest income		**1,825,535**	1,115,519
		Non mark-up / interest income			
428	405	Fee and commission income	25	**120,583**	114,015
801	592	Dividend income		**225,572**	166,896
–	–	Foreign exchange income		**–**	–
–	–	Income / (loss) from derivatives		**–**	–
438	(153)	Gain / (loss) on securities	26	**123,238**	(43,060)
360	17	Other income	27	**101,311**	4,830
2,027	861	Total non-markup / interest income / expense		**570,704**	242,681
8,507	4,821	Total income		**2,396,239**	1,358,200
		Non mark-up / interest expenses			
2,521	1,783	Operating expenses	28	**710,492**	502,350
–	–	Other charges	29	**–**	–
114	67	Workers' Welfare Fund	30	**32,057**	18,806
2,635	1,850	Total non mark-up / interest expenses		**742,549**	521,156
5,872	2,971	Profit before credit loss allowance		**1,653,690**	837,044
831	681	Credit loss allowance and write offs - net	31	**233,987**	191,890
5,041	2,290	**Profit before taxation from continuing operations**		**1,419,703**	645,154
1,550	835	Taxation	32	**436,587**	235,392
3,491	1,455	**Profit for the year from continuing operations**		**983,116**	409,762
		Discontinued Operations			
(82)	(87)	Loss after tax for the year from discontinued operations	15.2	**(22,979)**	(24,551)
3,409	1,368	Profit for the year		**960,137**	385,211
		Attributable to:			
3,408	1,367	Equity holders of the Holding Company		**960,114**	385,201
1	1	Non-controlling interest		**23**	10
3,409	1,368			**960,137**	385,211
(US Dollars)				(Rupees)	
0.00568	0.00228	Basic and diluted earnings per share	33	**1.60**	0.64

The annexed notes 1 to 46 and annexure I form an integral part of these consolidated financial statements.

President/Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Director**

Consolidated
Statement of Comprehensive Income

For the year ended December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
		Profit after taxation for the year attributable to:			
3,408	1,367	Equity holders of the Holding Company		**960,114**	386,442
1	1	Non-controlling interest		**23**	10
3,409	1,368			**960,137**	386,452
		Other comprehensive loss			
		Items that may be reclassified to consolidated profit and loss account in subsequent periods:			
251	(1,062)	Movement in surplus / (deficit) on revaluation of debt 'investments through FVOCI - net of tax	21.1	**70,868**	(299,352)
2	(499)	Movement in surplus / (deficit) on revaluation of equity investments - net of tax		**468**	(140,659)
		Items that will not be reclassified to consolidated profit and loss account in subsequent periods:			
19	(18)	- Remeasurement loss on defined benefit plan		**5,361**	(5,450)
(8)	7	- Deferred tax on remeasurement loss on defined benefit plan		**(2,098)**	1,653
11	(11)			**3,263**	(3,797)
2,166	–	Movement in surplus / (deficit) on revaluation of equity investments - net of tax		**610,257**	–
(1,592)	–	Loss on disposal of securities classified as fair value through other comprehensive income - net of tax		**(448,365)**	–
4,247	(204)	**Total comprehensive income / (loss)**		**1,196,628**	(57,356)

The annexed notes 1 to 46 and annexure I form an integral part of these consolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Consolidated
Statement of Changes in Equity

For the year ended December 31, 2023

		Capital reserve	Revenue reserve				
	Share capital	Statutory reserve*	General reserve**	(Deficit) / surplus on revaluation of assets	Unappropriated profit	Non-controlling interest	Total
	(Rupees in '000)						
As at January 1, 2022	6,000,000	1,720,050	200,000	(1,076,611)	3,472,236	2,305	10,317,980
Total comprehensive income for the year							
Profit after taxation for the year ended December 31, 2022	–	–	–	–	385,201	10	385,211
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	–	–	–	–	(3,751)	(46)	(3,797)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	–	–	–	(299,352)	–	–	(299,352)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	–	–	–	(140,659)	–	–	(140,659)
	–	–	–	(440,011)	381,450	(36)	(58,597)
Transfer to statutory reserve	–	100,571	–	–	(100,571)	–	–
Transfer to general reserve	–	–	100,000	–	(100,000)	–	–
Transactions with owners, recorded directly in equity							
Final cash dividend paid for the year ended December 31, 2021 @ Re.0.50 per share	–	–	–	–	(300,000)	–	(300,000)
Dividend payout by Awwal Modaraba @ Rs. 0.80 per certificate	–	–	–	–	–	(48)	(48)
Balance as at December 31, 2022	6,000,000	1,820,621	300,000	(1,516,622)	3,353,115	2,221	9,959,335
Impact of first time adoption of IFRS 9 (note 4.2)	–	–	–	–	(247,707)	–	(247,707)
Total comprehensive income for the year							
Profit after taxation for the year ended December 31, 2023	–	–	–	–	960,114	23	960,137
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	–	–	–	–	3,263	–	3,263
- Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	–	–	–	–	(448,365)	–	(448,365)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	–	–	–	70,868	–	–	70,868
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	–	–	–	610,725	–	–	610,725
	–	–	–	681,593	515,012	23	1,196,628
Transfer to statutory reserve	–	169,471	–	–	(169,471)	–	–
Transfer to general reserve	–	–	100,000	–	(100,000)	–	–
Balance as at December 31, 2023	6,000,000	1,990,092	400,000	(835,029)	3,350,949	2,244	10,908,256

* This reserve is created under the requirement of section of 42(2) of SBP Act, 1956.
** This reserve is created under the requirement of Companies Act, 2017 for future losses and other contingencies.

The annexed notes 1 to 46 and annexure I form an integral part of these consolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Consolidated
Cash Flow Statement

For the Year ended December 31, 2023

2023	2022		Note	2023	2022
(US Dollars in '000)				(Rupees in '000)	
		CASH FLOWS FROM OPERATING ACTIVITIES			
5,039	2,290	Profit before taxation from continuing operations		**1,419,703**	645,154
(69)	(82)	Loss before taxation from discontinued operations		**(19,569)**	(23,214)
801	592	Less: Dividend income		**225,572**	166,896
4,169	1,616			**1,174,562**	455,044
		Adjustments:			
192	162	Depreciation	28	**54,319**	45,423
9	2	Amortisation	28	**2,415**	572
18	13	Interest expense - lease liability against right-of-use assets	23	**4,986**	3,585
114	67	Provision for Workers' Welfare Fund	30	**32,057**	18,806
830	682	Provision and write-offs	31	**233,987**	191,890
(343)	–	Gain on sale of assets classified as held-for-sale	27	**(96,626)**	–
(13)	(12)	Gain on sale of fixed assets	27	**(3,672)**	(3,344)
807	914			**227,467**	256,932
4,976	2,530			**1,402,029**	711,976
		(Increase) / decrease in operating assets			
23,386	(23,108)	Lendings to financial institutions		**6,588,721**	(6,510,234)
(11,353)	–	Net investments in securities held at fair value as classified through profit or loss		**(3,198,495)**	–
14,131	(17,349)	Advances		**3,981,301**	(4,887,894)
(14,951)	(2,366)	Others assets (excluding advance taxation)		**(4,212,424)**	(666,691)
11,213	(42,823)			**3,159,103**	(12,064,819)
		Increase/ (decrease) in operating liabilities			
376,519	101,658	Borrowings from financial institutions		**106,080,429**	28,641,078
(150)	17	Deposits		**(42,368)**	4,768
4,084	3,210	Other liabilities (excluding current taxation, lease liability and WWF)		**1,150,544**	904,498
380,453	104,885			**107,188,605**	29,550,344
(5)	–	Workers' Welfare Fund paid		**(1,315)**	–
(3,910)	(2,621)	Taxes paid		**(1,101,568)**	(738,442)
392,727	61,971	Net cash generated from operating activities		**110,646,855**	17,459,059
		CASH FLOWS FROM INVESTING ACTIVITIES			
(392,346)	(67,822)	Net investments in securities classified as fair value through other comprehensive income		**(110,539,058)**	(19,107,999)
–	177	Net divestments / (investments)in held-to-maturity securities		**–**	49,858
796	608	Dividends received		**224,219**	171,185
(480)	(34)	Investments in operating fixed assets		**(135,028)**	(9,382)
(41)	(4)	Investments in operating intangible assets		**(11,556)**	(1,156)
39	–	Proceeds from sale of fixed assets		**10,879**	–
1,007	713	Proceeds from sale of assets classified as held for sale		**283,521**	200,850
(391,025)	(66,362)	Net cash used in investing activities		**(110,167,023)**	(18,696,644)
		CASH FLOWS FROM FINANCING ACTIVITIES			
–	(1,065)	Dividend paid to equity shareholders of the Holding Company		**–**	(300,000)
–	(1)	Dividend paid to non-controlling interests		**–**	(48)
(154)	(143)	Rentals paid during the year		**(43,427)**	(40,304)
(154)	(1,209)	Net cash used in financing activities		**(43,427)**	(340,352)
1,548	(5,600)	Increase in cash and cash equivalents		**436,405**	(1,577,937)
2,970	8,570	Cash and cash equivalents at beginning of the year		**836,629**	2,414,566
4,518	2,970	Cash and cash equivalents at end of the year	34	**1,273,034**	836,629

The annexed notes 1 to 46 and annexure I form an integral part of these consolidated financial statements.

President/Chief Executive **Chief Financial Officer** **Director** **Director** **Director**

Notes, Comprising Material Accounting Policy and Other Explanatory Information

For the Year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company
Pak Brunei Investment Company Limited (the Holding Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited Company on November 28, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Holding Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Holding Company's objectives interalia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out industrial and agro-based industrial projects and marketing of their products in Pakistan and abroad and to undertake other feasible business and to establish and acquire companies to conduct various businesses. The registered office of the Holding Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Holding Company is in operation with 2 offices (2022: 2) one located in Karachi and the other in Lahore.

Subsidiaries

Awwal Modaraba Management Limited (AMML) - 100% holding
Awwal Modaraba Management Limited (AMML) was incorporated in Pakistan on June 05, 2014 as an unlisted public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently, it was registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. AMML is a wholly owned subsidiary of Pak Brunei Investment Company Limited (the Holding Company) with its registered office situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi, Pakistan.

The principal activity of the Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Management Company within the meaning of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The Company floated Awwal Modaraba on January 4, 2016 and was managing Awwal Modaraba since then. The Securities and Exchange Commission of Pakistan (SECP) via order no. SC/M/PRDD/KASB/2019/36 dated January 31, 2020, appointed Awwal Modaraba Management Limited as the Management Company of KASB Modaraba, First Prudential Modaraba and First Pak Modaraba with effect from February 3, 2020.

These Modarabas are perpetual in nature and are engaged in providing working capital, term finance, ijarah, musharaka, morabaha and other shariah compliant instruments to credit worthy customers and investment in securities. These Modarabas are listed on the Pakistan Stock Exchange Limited.

As part of the business plan, the Board of Directors of Holding Company in their meeting held on March 11, 2022 approved to merge the Awwal Modaraba with and into Awwal Corporate Restructuring Company Limited (ACRCL) and KASB Modaraba, First Pak Modaraba with and into First Prudential Modaraba. The proposed schemes of arrangement for the mergers were approved / sanctioned by the Sindh High Court on March 02, 2023, effective from December 31, 2021. Consequently, the surviving Modaraba i.e. First Prudential Modaraba is being managed by the Company.

The Board of Directors of Holding Company has decided to proceed with divestment of its total interest in AMML. Accordingly, the Board of Directors in their meeting held on September 30, 2023 directed to disseminate the significant development to relevant authorities and stakeholders in a timely and transparent manner.

The material information was sent to the PSX and SECP of Pakistan on September 30, 2023.

On October 12, 2023, invitation for Expression of Interest was published in the newspaper for complete acquisition of AMML including management rights of the modaraba.

On November 21, 2023, the Holding Company informed the Registrar Modaraba, SECP about the receipt of bids from various parties. The SECP vide letter dated November 21, 2023, directed to apply to the Registrar Modaraba for the transfer of AMML shares and management rights of the modaraba to the proposed acquirer.

As of the reporting date, the process of evaluation / review of the bids, received by the Holding Company, is in progress for selection of successful party. After finalisation of the assessment process the matter shall be forwarded to the Registrar Modaraba to seek permission for transfer of AMML shares along with the management rights of the modaraba as advised by SECP.

Standalone financial statements of AMML have been prepared on a going concern basis as the Modaraba under the Management company is in profitable operations and Holding company's (PBICL) financial support exists at the reporting date. Holding Company would continue it's financial support to the Company till divestment of its total interest, however assets and liabilities have been classified under held for sale in these consolidated financial statement. Bids received by the Holding Company indicate that no impairment is required in the assets of the Company.

Primus Leasing Limited (PLL) - 100% holding
Primus Leasing Limited ("PLL") was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of PLL is situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi. The PLL is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). PLL has two offices with one located in Karachi and the other in Lahore.

The principal objective of PLL is to carry on and undertake the business of leasing of movable property for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

Awwal Corporate Restructuring Company Limited - 99.78% holding
Awwal Corporate Restructuring Company Limited (ACRCL) is an unlisted public limited company incorporated, under the Companies Act 2017, on December 24, 2021. The registered office of Awwal Corporate Restructuring Company Limited is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The principal activity of ACRCL is to conduct business as per Corporate Restructuring Act 2016 and Corporate Restructuring Rules 2019 notified by the Securities & Exchange Commission of Pakistan (SECP).

Standalone financial statements of ACRCL were prepared for extended period from December 24, 2021 to December 31, 2022. These financial statements were used for the purpose of consolidation.

The Board of Directors of Holding Company in their meeting held on March 11, 2022 approved the scheme of arrangement entailing the merger of Awwal Modaraba (AM) with and into ACRCL. Subsequently on March 02, 2023, High Court of Sindh approved / sanctioned the merger scheme by way of amalgamation of AM with and into ACRCL effective from December 31, 2021. The entire undertaking comprising of all of assets, liabilities and obligations of AM stands transferred to and be vested in and assumed by ACRCL, leading to the dissolution of AM without winding-up, therefore it has been excluded from comprative. ACRCL standalone financial statements have been restated to incorporate the effect of effect of IFRS - 9, on assets and liabilities of AM which are now merge in ACRCL, therefore comparatives of consolidated financial statements have been restated to incorporate the effect of amalgamation as detailed in note 4.22.3.

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 of 2023 dated February 09, 2023 effective from the accounting year ending December 31, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of these consolidated financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the consolidated statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no financial impact of this change on these consolidated financial statements.

Further SBP vide through BPRD Circular letter No.7 of 2023 dated April 13, 2023 deferred the implementation of IFRS-09 and format of financial statements till January 01, 2024 with option of early adoption. The Holding Company has opted to adopt IFRS- 09 in the current year and therefore has also opted to prepare these consolidated financial statements in the revised format.

2.2 Statement of compliance
These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These 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 (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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 IFRSs or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.3 The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. The Holding Company has adopted IFRS 9 'Financial Instruments' from January 01, 2023 however other entities of the group have adopted IFRS - 9 in the prior year(s). The detail of the first time adoption for Holding Company is disclosed in note 4. Moreover adoption of IFRS 9 and new format has included IFRS 7 disclosures in these consolidated financial statements therefore the Group has also adopted IFRS 7 from January 01, 2023.

2.4 Standard and amendments to IFRS that are effective for the year ended December 31, 2023
There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Group operations and, therefore, not detailed in these consolidated financial statements, other than IFRS- 09 impact of which have been disclosed in note 4.

- IFRS 9 'Financial Instruments'.
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies.
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules.

2.5 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 'Insurance Contracts' (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Other than the aforesaid, the International Accounting Standards Board (IASB) has also issued the following standard which has not been adopted locally by the Securities and Exchange Commission of Pakistan:

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – 'First time adoption of International Financial Reporting Standards'	01 July 2009

2.6 Critical accounting estimates and judgments

The preparation of the 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 the 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the consolidated financial statements are in respect of the following:

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

i) classification, valuation and provisioning of investments (notes 4.5 and 8);
ii) classification and expected credit loss against non performing loans and advances (notes 4.7 and 9);
iii) provision for defined benefit plan (notes 4.15 and 36);
iv) lease liability and right-of-use assets (notes 4.8.3, 18 and 11);
v) taxation (notes 4.13 and 32) ;
vi) assets classified as held-for-sale (notes 4.11 and 15); and
vii) provision against off balance sheet obligations and contingent liabilities (note 22 and 31).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

- Non-current assets classified as held for sale are valued at lower of carrying amount and fair value less cost to sell;
- Certain investments are marked to market and carried at fair value;
- Obligation in respect of staff retirement benefit is carried at present value of defined benefit obligation; and
- Lease liability against right-of-use assets is carried at present value of rentals.

3.2 US Dollar equivalent

The US dollar amounts shown 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 provided as additional information solely for the convenience of users of the consolidated financial statements. For the purpose of conversion to US Dollars, the rate of Rs. 281.74 to US Dollars has been used for 2023 and 2022 as it was the prevalent rate on December 31, 2023.

3.3 Functional and presentation currency

Items included in the 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 Pakistan Rupee which is the Group's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except for those mentioned in note 4.1.1.

The material accounting policies applied in the preparation of these financial statements are set out below. In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

4.1 Material accounting policy and financial risk management

4.1.1 Adoption of new forms for the preparation of consolidated financial statements

During the period, the SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of financial statements of the Banks / DFIs which are applicable for the periods beginning on or after January 01, 2023 which was subsequently deferred to January 1 ,2024. Adoption of new format has been detailed in note 2.1

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

4.1.2 Basis of consolidation

Subsidiary is an entity which is controlled by the Holding Company. Control is said to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements of the Group incorporate the financial statements of the Holding Company and those of the subsidiaries from the date the control of the subsidiary by the Group commences until the date the control ceases to exist. The assets, liabilities, income and expenses of the subsidiaries have been consolidated with those of the Holding Company on a line by line basis and the carrying values of the Group's investments in subsidiaries are eliminated against the subsidiaries' share capital and pre-acquisition reserves in these consolidated financial statements.

Non-Controlling Interest (NCI) represents that part of the net results of operations and net assets of the subsidiaries that is not owned by the Group and is measured at the proportionate share of net assets of the acquiree.

The financial statements of subsidiaries are prepared for the same reporting period as that of the Holding Company using accounting policies which are consistent with those applied by the Holding Company in the preparation of its consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

4.2 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

4.2.1 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortised cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortised cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Group did not have any financial liability measured at FVTPL.

4.2.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

I) Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
iii) Other Business Models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

4.2.4 Application to the Group's financial assets

Debt based financial assets

Debt based financial assets held by the Group (including; advances, lending to financial institutions, investment in federal government securities, term finance certificates, other private sukuk, cash and balances with treasury banks, balances with other banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

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

The Group's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are / is made, the Group assess whether and how the sales are consistent with the HTC objective. This assessment include the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in reclassifications and consequent remeasurements of certain amount of investments in PIBs and T-bills held under available for sale portfolio as of December 31, 2022 based on the business model embodied in the Group's pool management practices. Moreover, the Group's investment in sukuk / TFC under available for sale portfolio as of December 31, 2022 have been reclassified as FVOCI if they fail SPPI criteria they should be classified as FVTPL. The following table reconciles their carrying amounts as reported on December 31, 2022 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2023.

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Group has decided to classify its available for sale equity investment portfolio as of December 31, 2022 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, unlisted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 under the SBP's instructions. Accordingly the Group has reversed impairment of Rs. 73.460 million on listed equity investment held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2023.

4.2.5 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchase or sell the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is completed when underlying asset is purchased. The Group will recognise, due to customer and financial institution balances when these funds reach the Group.

Amortised cost

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction costs. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit and loss. Interest income / expense on these assets / liabilities are recognised in the consolidated statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the consolidated statement of profit and loss account.

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction costs. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for these financial assets in the consolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the other comprehensive income.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs are directly recorded in the profit or loss. These are subsequently measured at fair value with changes recorded in the consolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated statement of profit and loss account. On derecognition of these financial assets, capital gain / loss is recognised in the consolidated statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

The Group's revenue recognition policy is consistent with the annual consolidated financial statements for the year ended December 31, 2022.

4.2.6 Restructured Loan

All non-performing restructured exposure shall be subject to a cooling-off period of 6 months from the first date of becoming regular in payment. The status of such loans shall be first upgraded to Stage 2 following the same cooling-off period of 6 months before upgrading to Stage 1.

4.2.7 Interest free / below market rate loans to employees

Initial recognition

The Group recognise interest free/ below market rate loan to employee at its fair value by discounting the future loan repayments using the rate that the employee would pay to an unrelated lender for a loan with similar conditions and accordingly charging differential to the consolidated statement of profit and loss account between nominal value and fair value of loan.

Subsequent measurement

The Group calculates and recognises imputed interest on these loans. Imputed interest represents the forgone interest that employees would have paid if they had borrowed funds from external sources at prevailing market rates. The difference between the actual interest charged, if any and the imputed interest is recognised as interest income by the Group over the term of the loan.

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit and loss account.

4.2.8 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its 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 recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the consolidate statement of profit and loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit 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.

4.2.9 Off setting

Financial assets and financial liabilities are only offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.2.10 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specific in the contract discharge, cancel or expire. Any gain or loss on derecognition of the financial asset and liability is recognised in the consolidated statement of profit and loss account of the current year.

4.2.11 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of derivative financial instruments is taken to the consolidated statement of profit and loss account.

4.2.12 Overview of the ECL principles

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". 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.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne.

Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Group may rebut 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original effective interest rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but probability of defaults (PDs) are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective interest rate (EIR).

Stage 3: For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses for these instruments. The Group uses a probability of default (PD) of 100% and loss given default (LGD) as computed for each portfolio or as prescribed by the SBP under the Prudential Regulations which ever is higher.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financing and an undrawn commitment, ECLs are calculated and presented within other liabilities.

Guarantee and letters of credit contracts The Group estimates ECLs based on the BASEL driven credit conversion factor (CCF) for Guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liability.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Markov's Chain Process – Transition Matrix Approach which are based on the Group's internal risk ratings (i.e. from 1 to 12). PDs for Non advances portfolio, the Group has used PDs prescribed by Standard and Poor's (S&Ps) against each risk rating. PDs are then adjusted using Vasicek Model for IFRS 9 ECL calculations to incorporate forward looking information.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. The Group's product offering includes a variety of corporate facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The Group considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information

In its ECL models, the Group relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index

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 customer is more than 90 days past due on its contractual payments.

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

- 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, and
- 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.

4.2.13 Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

4.2.14 The Holding Company has adopted IFRS 9 effective from January 01, 2023 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of IFRS-9 is Rs. 247.707 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

(Rupees in '000)

		Impact due to:									
	Balances as of December 31, 2022 (Restated)	Recognition of expected credit losses (ECL)	Adoption of revised classifi-cations under IFRS 9	Reclassifi-cations due to business model and SPPI assessments	Remeasure-ments	Reversal of provisions held	Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	**Balances as of January 01, 2023**	IFRS 9 Category
ASSETS											
Cash and balances with treasury banks	**336,633**	–	–	–	–	–	–	–	–	**336,633**	Amortised cost
Balances with other banks	**499,996**	–	–	–	–	–	–	–	–	**499,996**	Amortised cost
Lendings to financial institutions	**6,588,721**	–	–	–	–	–	–	–	–	**6,588,721**	Amortised cost
Investments											
Previously;											
- Classified as held for trading	–	–	–	–	–	–	–	–	–	–	FVTPL
- Classified as available for sale	42,816,258	–	(42,816,258)	–	–	–	(42,816,258)	–	(42,816,258)	–	FVOCI
- Classified as held to maturity	–	–	–	–	–	–	–	–	–	–	Amortised cost
As per IFRS 9;	–	–	–	–	–	–	–	–	–	–	
- Classified as fair value through profit or loss	–	–	–	–	–	–	–	–	–	–	FVTPL
- Classified as fair value through other comprehensive income	–	–	42,816,258	–	–	–	42,816,258	–	42,816,258	42,816,258	FVOCI
- Classified as amortised cost	–	–	–	–	–	–	–	–	–	–	Amortised cost
	42,816,258	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42,816,258**	
Advances											
- Gross	27,616,686	–	–	–	–	–	–	–	–	27,616,686	
- Provisions	(754,521)	(313,736)	–	–	(46,296)	–	(360,032)	118,811	(241,221)	(995,742)	
	26,862,165	**(313,736)**	**–**	**–**	**(46,296)**	**–**	**(360,032)**	**118,811**	**(241,221)**	**26,620,944**	Amortised cost
Property and equipment	**18,511**	–	–	–	–	–	–	–	–	**18,511**	Non-financial asset
Right-of-use assets	**46,929**	–	–	–	–	–	–	–	–	**46,929**	Non-financial asset
Intangible assets	**3,659**	–	–	–	–	–	–	–	–	**3,659**	Non-financial asset
Deferred tax asset	**946,494**	–	–	–	–	–	–	–	–	**946,494**	Non-financial asset
Other assets - financial assets	**2,672,319**	–	–	–	–	–	–	–	–	**2,672,319**	Amortised cost
Assets classified as held-for-sale	**355,799**	–	–	–	–	–	–	–	–	**355,799**	Non-financial asset
	81,147,483	**(313,736)**	**–**	**–**	**(46,296)**	**–**	**(360,032)**	**118,811**	**(241,221)**	**80,906,262**	
LIABILITIES											
Bills payable	**–**	–	–	–	–	–	–	–	–	**–**	Amortised cost
Borrowings	**68,886,902**	–	–	–	–	–	–	–	–	**68,886,902**	Amortised cost
Deposits and other accounts	**54,768**	–	–	–	–	–	–	–	–	**54,768**	Amortised cost
Lease liabilities	**35,718**	–	–	–	–	–	–	–	–	**35,718**	Amortised cost
Subordinated loans	**–**	–	–	–	–	–	–	–	–	**–**	Amortised cost
Deferred tax liabilities	**–**	–	–	–	–	–	–	–	–	**–**	Outside the scope of IFRS-9
Other liabilities - financial assets	**2,210,760**	9,680	–	–	–	–	9,680	(3,194)	6,486	**2,217,246**	Amortised cost
Other liabilities - non financial assets	**–**	–	–	–	–	–	–	–	–	**–**	Outside the scope of IFRS-9
	71,188,148	**9,680**	**–**	**–**	**–**	**–**	**9,680**	**(3,194)**	**6,486**	**71,194,634**	
NET ASSETS	**9,959,335**	**(323,416)**	**–**	**–**	**(46,296)**	**–**	**(369,712)**	**122,005**	**(247,707)**	**9,711,628**	
REPRESENTED BY											
Share capital	**6,000,000**	–	–	–	–	–	–	–	–	**6,000,000**	Outside the scope of IFRS-9
Reserves	**2,120,621**	–	–	–	–	–	–	–	–	**2,120,621**	Outside the scope of IFRS-9
Surplus / (Deficit) on revaluation of assets	**(1,516,622)**	–	–	–	–	–	–	–	–	**(1,516,622)**	Outside the scope of IFRS-9
Non-controlling interest	**2,221**	–	–	–	–	–	–	–	–	**2,221**	
Unappropriated profit	**3,353,115**	(323,416)	–	–	(46,296)	–	(369,712)	122,005	(247,707)	3,105,408	Outside the scope of IFRS-9
	9,959,335	**(323,416)**	**–**	**–**	**(46,296)**	**–**	**(369,712)**	**122,005**	**(247,707)**	**9,711,628**	

4.3 **Cash and cash equivalents**

Cash and cash equivalents for the purpose of consolidated cash flow statement represent cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts and short-term highly liquid investments with original maturities of three months or less.

4.4 **Lendings to / borrowings from financial and other institutions**

The Group enters into repurchase agreements (repo) and reverse repurchase agreements (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

(a) **Sale of securities under repurchase agreements**

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated financial statements and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective interest method.

(b) **Purchase of securities under resale agreements**

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the consolidated financial statements as the Group does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective interest method.

4.5 **Investments (for comparatives)**

4.5.1 **Classification**

The Group classifies its investment portfolio, other than investments in associates, into the following categories:

Held-for-trading

These represent securities which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, interest rates or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit making exists and are intended to be sold within 90 days of acquisition.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments (other than those in associates) that do not fall under the held-for-trading or held-to-maturity categories.

4.5.2 **Initial measurement**

All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profit and loss account. Investments, other than those categorised as held-for-trading, are initially recognised at fair value which includes transaction costs associated with the investments.

4.5.3 **Subsequent measurement**

Held-for-trading

These are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is taken to the consolidated statement of profit and loss account.

Held-to-maturity

These are carried at amortised cost using the effective interest method, less any impairment recognised to reflect irrecoverable amounts.

Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair values. Any surplus or deficit arising thereon is taken to 'consolidated statement of comprehensive income' and is taken to the consolidated statement of profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee Group as per the latest available audited financial statements. The cost of investment is determined on a weighted average basis. A decline in the carrying value is charged to the consolidated statement of profit and loss account. Investments in other unquoted securities are valued using the rates issued by Mutual Fund Association of Pakistan (MUFAP). However, for those securities whose market value is not readily available from MUFAP are carried at cost. Any surplus or deficit arising as a result of revaluation is taken to 'consolidated statement of comprehensive income'.

4.6 **Investments in associates**

Associates are entities over which the Group has a significant influence but over which control does not exist.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investments in associates are initially recognised at cost plus investor's share of the profit or loss of the investees subsequent to the date of acquisition less impairment in value (if any). The investor's share of profit or loss of associates is recognised in the consolidated consolidate statement of profit and loss account.

4.7 **Advances (for comparatives)**

Advances are stated net of specific and general provisions which are charged to the consolidated statement of profit and loss account. Specific provisions are made in accordance with the requirements of the Prudential Regulations issued by the SBP which prescribe an age-based criteria for classification of non-performing loans and advances and computing provision / allowance there against. The Group also performs a subjective evaluation of its advances which is based on various factors including the historical repayment pattern, past dues, delinquency in the account, financial position of the borrowers, etc. as prescribed under the Prudential Regulations. General provision is maintained where required as per the requirements of the Prudential Regulations. Advances are written-off where there are no realistic prospects of recovery. Provision against loans, leases and Musharakah financing relating to subsidiaries are made as per the respective regulatory and financial reporting requirements applicable on subsidiaries.

Leases are classified as finance leases when the Group transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. A receivable is recognised at an amount equal to the present value of minimum lease payments, including guaranteed residual value, if any. The net investment in finance lease is included in advances to customers.

Diminishing Musharakah is a partnership agreement between the Group and its customers for financing plant and machinery. The receivable is recorded to the extent of the Group's share in the purchase of assets.

4.8 **Fixed assets and depreciation**

4.8.1 **Tangible assets - owned**

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the consolidated statement of profit and loss account using the straight line method at the rates stated in note 10.1 after taking into account residual values, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged from the date when the asset is available for use while no depreciation is charged on the date the asset is disposed of.

Subsequent costs are included in the asset's carrying amount 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 reliably measured. All other repair and maintenance expenditure are charged to the consolidated statement of profit and loss account as and when incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain / loss on disposal of fixed assets is recognised in the consolidated statement of profit and loss account in the period in which disposal is made.

4.8.2 Ijarah assets

Ijarah assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of ijarah lease.

4.8.3 Lease liability and right-of-use assets

On initial recognition, right-of-use assets is measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets is subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets is depreciated over the expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the consolidated statement of profit and loss account as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.8.4 Capital work-in-progress

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

4.9 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method at the rate stated in 12.1. The residual values, useful lives and amortisation methods are reviewed and adjusted, if

appropriate, at each reporting date. Amortisation is charged from the date the asset is available for use while no amortisation is charged on the date the asset is disposed of.

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.

Gains and losses on disposals, if any, are taken to the consolidated statement of profit and loss account in the period in which these arise.

4.10 Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets from Prudential Regulations issued by SBP with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECL for all financial assets other than debt instruments classified as FVTPL and equity instruments classified as FVTPL or FVOCI.

4.10.1 Impairment of investments in associates

The Group considers that a decline in the recoverable value of its investments in associates below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable amount falls below the carrying value and is charged to the consolidated statement of profit and loss account. Any subsequent reversal of an impairment loss, up to the cost of the investment in associates is credited to the consolidated statement of profit and loss account.

4.10.2 Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists and where the carrying value exceeds the estimated recoverable amounts, assets are written down to their recoverable amounts and any resultant impairment losses are recognised immediately in the consolidated statement of profit and loss account.

Impairment losses are reversed if there has been a change in the estimate used to determine the recoverable amounts. Such reversals are only made to the extent that the assets' carrying amounts do not exceed the amounts that would have been determined had no impairment loss been recognised.

4.11 Assets classified as held-for-sale

The Group classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the consolidated statement of profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.12 Assets acquired in satisfaction of claims

The Group occasionally acquires assets in settlement of certain advances. These are stated at the lower of the net realisable value of the related advances or the fair value of such assets.

4.13 Taxation

Income tax expense comprises charge for current and prior years and deferred tax. Income tax expense is recognised in the consolidated statement of profit and loss account except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

4.13.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

4.13.2 Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts attributed to the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when these reverse based on the tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax relating to items recognised in other comprehensive income (OCI) is charged / credited to OCI.

4.14 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised as an expense in the period in which it is incurred. Any difference between the proceeds and the redemption value is recognised in the consolidated statement of profit and loss account over the period of the borrowings / deposits using the effective interest method.

4.15 Staff retirement benefits

4.15.1 Defined benefit plan - Holding Company

The Holding Company operates a funded gratuity scheme for its eligible permanent employees. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation as at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations using the Projected Unit Credit Method under which the cost of providing gratuity is charged to the consolidated statement of profit and loss account so as to spread the cost over the service lives of the employees. Valuations are conducted by an independent actuary with the last valuation conducted on December 31, 2023.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Past service cost is the change in the present value of defined benefit obligation resulting from a plan amendment or curtailment and is recognised as an expense in the consolidated statement of profit and loss account when the plan amendment or curtailment occurs. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the consolidated statement of profit and loss account.

Defined contribution plan - Holding Company

The Holding Company operates a provident fund scheme for its employees. Equal monthly contributions are made into the Fund both by the Holding Company and the employees at the rate of 10% of basic salary.

4.15.2 Staff retirement benefits of the subsidiaries

Staff gratuity scheme - subsidiaries

AMML and ACRCL operates a funded gratuity scheme where as PLL operates unfunded gratuity scheme for their employees. The liability recognised in the consolidated statement of financial position in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation as at the reporting date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations using the Projected Unit Credit Method under which the cost of providing gratuity is charged to the consolidated statement of profit and loss account so as to spread the cost over the service lives of the employees.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Past service cost is the change in the present value of defined benefit obligation resulting from a plan amendment or curtailment and is recognised as an expense in the consolidated statement of profit and loss account when the plan amendment or curtailment occurs. Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the consolidated statement of profit and loss account.

Staff provident fund - subsidiaries

The Group provides provident fund benefits to its eligible employees. Equal monthly contributions are made to the Fund by the Group and the employees in accordance with the rules of the Fund. The Fund is governed under the Trust Act 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, Income Tax Ordinance, 2001 and Income Tax Rules, 2002. The Group has no further payment obligation once the contributions have been paid. The contributions either made or due by the Group are recognised as employee benefit expense.

4.16 Provisions, contingent assets and contingent liabilities

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 of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

4.17 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the consolidated financial statements at committed amounts.

4.18 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably.

- Mark-up / return / interest income on advances and investments is recognised on a time proportion basis taking into account effective yield on the instruments except in case of advances and investments classified as non-performing under the SBP's Prudential Regulations on which mark-up / return / interest is recognised on a receipt basis.
- Dividend income is recognised when the Group's right to receive dividend is established.
- Fee, commission and brokerage income and remuneration for trustee and advisory services are recognised when services are rendered.
- Premium or discount on debt securities is amortised using the effective interest method.
- Income from Diminishing Musharakah is recognised on an accrual basis.
- Gains and losses on disposal of assets are recognised in the period in which these arise.
- Return on bank deposits is recognised on a time proportion basis using the effective interest method.
- Rental income is recognised on accrual basis.

4.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.20 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss account.

4.21 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

4.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product 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 Chief Executive Officer of the Holding Company has been identified as the chief operating decision-maker who is responsible for allocating resources and assessing the performance of the operating segments.

4.22.1 Business segments

Corporate finance

Corporate finance includes services provided in connection with mergers and acquisitions, underwriting, privatisation, securitisation, research, debts (government, high yield corporate bonds, etc.), equity, syndication, initial public offering (IPO) and secondary private placements.

Trading and sales

This includes fixed income, equity, foreign exchange, commodities, credit, funding, lending, repos and brokerage activities.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bill of exchange and deposits.

4.22.2 Geographical segments

The operations of the Group are currently based only in Pakistan.

4.22.3 Scheme of Arrangement

During the period between the effective date (i.e. December 31, 2021) and the order of the High Court of Sindh (i.e. March 02, 2023), the management of the Awwal Modaraba and ACRCL had also issued separate periodic financial statements of each entity to the respective certificate holders / shareholders in compliance of statutory provisions. However, in order to implement the order of the High Court of Sindh (SHC), particularly the effective date of merger, comparative of ACRCL standalone financial statements have been restated to incorporate the effect of merger. Assets and liabilities of Awwal Modaraba merged into ACRCL were subject to their applicable accounting and reporting framework. On merger those assets and liabilities were also subject to International Financial Reporting Standards - 9 'Financial Instruments' (IFRS - 9). The impact of IFRS 9 on these assets and liabilities have been incorporated during the period December 24, 2021 to December 31, 2022 in ACRCL standalone financial statement. The amalgamation is a business combination of entities under common control and therefore scoped out of IFRS-03 'Business Combinations'. Accordingly, predecessor method accounting has been applied from the effective date. Since, assets and liabilities of Awwal Modaraba were already part of group's assets and liabilities, therefore impact on Groups consolidated financial statements due to this merger is impact of IFRS - 9 on assets and liabilities of Awwal Modaraba. Comparatives restated due to this impact have been disclosed below.

(Rupees in '000)

	Amount previously reported	Impact of restatement	Restated amount
Statement of financial position			
Advances	27,074,496	(212,331)	26,862,165
Deferred tax assets	884,825	61,669	946,494
Other assets	2,677,834	(5,515)	2,672,319
Net impact on equity		(156,178)	
Statement of profit and loss account			
Mark-up / return / interest earned	7,248,657	5,515	7,254,172
Credit loss allowance and write offs - net	(20,441)	212,331	191,890
Taxation - Deferred taxation	76,656	(61,669)	138,325
Net impact on equity		156,178	

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2023	2022
		(Rupees in '000)	
With State Bank of Pakistan in:			
Local currency current account	5.1	**688,559**	336,633
Less: Credit loss allowance held against cash and balances with treasury banks		**–**	–
Cash and balances with treasury banks - net of credit loss allowance		**688,559**	336,633

5.1 This includes Rs. 225.825 million (2022: Rs. 121.465 million) held as minimum cash reserve required to be maintained with the SBP in accordance with the requirements issued from time to time.

6 BALANCES WITH OTHER BANKS

	Note	2023	2022
		(Rupees in '000)	
In Pakistan			
Cash in hand		**3**	–
In current accounts		**14,225**	7,215
In deposit accounts	6.1	**557,158**	492,781
Less: Credit loss allowance held against balances with other banks		**(2)**	–
Balances with other banks - net of credit loss allowance		**571,384**	499,996

6.1 These carry mark-up rates of 5.50% to 20.51% per annum (2022: 4.40% to 14.51% per annum).

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
		(Rupees in '000)	
Repurchase agreement lendings (reverse repo)	7.1	–	6,588,721
Term deposit receipts (TDRs)		–	–
		–	6,588,721
Less: Credit loss allowance held against lending to financial institutions			
Lendings to financial institutions - net of credit loss allowance		–	6,588,721

7.1 These carry mark-up at rates ranging from Nil (2022: 15.50% to 16.20%) and are due to mature latest by Nil (2022: January 16, 2023).

7.2 Particulars of lending

	2023	2022
	(Rupees in '000)	
In local currency	–	6,588,721
In foreign currencies	–	–
	–	6,588,721

7.3 Securities held as collateral against lendings to financial institutions

(Rupees in '000)

	2023			2022		
	Held by the Group	Further given as collateral	Total	Held by the Group	Further given as collateral	Total
Pakistan Investment Bonds	–	–	–	2,489,398	–	2,489,398
Market Treasury Bills	–	–	–	4,070,569	(3,883,572)	186,997
Total	–	–	–	6,559,967	(3,883,572)	2,676,395

8 INVESTMENTS

8.1 Investments by type:

(Rupees in '000)

		2023				2022			
	Note	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
DEBT INSTRUMENTS									
- Classified / Measured at FVPL									
Federal government securities									
Pakistan Investment Bonds - Floating Rate		999,932	–	(1,232)	998,700	–	–	–	–
Non-government debt securities									
Listed companies		948,375	–	(11,200)	937,175				
Unlisted companies	8.1.1	1,250,188	–	–	1,250,188	–	–	–	–
		3,198,495	–	(12,432)	3,186,063	–	–	–	–
- Classified / Measured at FVOCI									
Previously AFS									
Federal government securities									
Market Treasury Bills		17,728,104	–	3,417	17,731,521	–	–	–	–
Pakistan Investment Bonds - Fixed Rate		8,261,346	–	(1,789,356)	6,471,990	8,314,870	–	(1,704,313)	6,610,558
Pakistan Investment Bonds - Floating Rate		128,094,144	–	31,520	128,125,664	32,354,361	–	8,948	32,363,308
Non-government debt securities									
Listed companies	8.1.1	300,466	(14,361)	–	286,105	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted companies	8.1.1	241,189	(241,154)	–	35	1,599,563	(248,971)	–	1,350,592
Modaraba certificates		–	–	–	–	39,277	–	(15,031)	24,246
		154,625,249	(255,515)	(1,754,419)	152,615,315	43,456,912	(263,332)	(1,718,112)	41,475,468
		157,823,744	(255,515)	(1,766,851)	155,801,378	43,456,912	(263,332)	(1,718,112)	41,475,468
EQUITY INSTRUMENTS									
- Classified / Measured at FVOCI (Non -Reclassifiable)									
Ordinary shares									
Listed companies		639,085	–	322,231	961,316	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies *		–	–	–	–	21,331	(21,331)	–	–
		639,085	–	322,231	961,316	1,798,875	(26,315)	(431,770)	1,340,790
Total investments		158,462,829	(255,515)	(1,444,620)	156,762,694	45,255,787	(289,647)	(2,149,882)	42,816,258

* The Company has shares of Pakistan Mercantile Exchange Limited which were acquired at a cost of Rs. 21.3 million were fully provided as at December 31, 2022, On adoption of IFRS 9, the cost has been net off by provision.

8.1.1 This includes privately placed Corporate Sukuks and Term Finance Certificates (TFCs) amounting to Rs. 1,791.84 million (2022: Rs. 1,278.15 million) which are carried at cost as their market value is not readily available from Mutual Fund Association of Pakistan (MUFAP).

8.2 Investments by segments:

(Rupees in '000)

	2023				2022			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	Fair Value / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
Federal government securities								
Market Treasury Bills	17,728,104	–	3,417	17,731,521	–	–	–	–
- Pakistan Investment Bonds - Fixed Rate	8,261,346	–	(1,789,356)	6,471,990	8,314,870	–	(1,704,313)	6,610,558
- Pakistan Investment Bonds - Floater	129,094,076	–	30,288	129,124,364	32,354,361	–	8,948	32,363,308
	155,083,526	–	(1,755,651)	153,327,875	40,669,231	–	(1,695,365)	38,973,866
Ordinary shares								
Listed companies	639,085	–	322,231	961,316	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies	–	–	–	–	21,331	(21,331)	–	–
	639,085	–	322,231	961,316	1,798,875	(26,315)	(431,770)	1,340,790
Non-government debt securities								
Listed	1,248,841	(14,361)	(11,200)	1,223,280	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted	1,491,377	(241,154)	–	1,250,223	1,599,563	(248,971)	–	1,350,592
	2,740,218	(255,515)	(11,200)	2,473,503	2,748,404	(263,332)	(7,716)	2,477,356
Modaraba certificates	–	–	–	–	39,277	–	(15,031)	24,246
Total investments	158,462,829	(255,515)	(1,444,620)	156,762,694	45,255,787	(289,647)	(2,149,882)	42,816,258

*Investment in First Prudential Modaraba is classified as asset held for sale refer note 15.2.

8.2.1 Investments given as collateral

(Rupees in '000)

	2023			2022		
	Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value
Pakistan Investment Bonds	131,100,838	(1,671,341)	129,429,497	34,512,294	(1,306,329)	33,205,965
Market Treasury Bills	–	–	–	–	–	–
Term finance certificates / sukuks certificates	699,826,000	(49,213)	699,776,787	759,760	(7,715)	752,045
Ordinary shares	73,718	43,372	117,090	118,576	(31,420)	87,156
	831,000,556	(1,677,182)	829,323,374	35,390,630	(1,345,464)	34,045,166

Above debt securities are pledged against the repurchase borrowings, while shares are pledged with National Clearing Company Pakistan Limited (NCCPL) against ready market exposure.

Market Treasury Bills carry effective yield of 17.69% to 23.10% (2022: Nil) per annum and will mature on 12 months. (2022: Nil). Pakistan Investment Bonds carry mark-up ranging between 8.75% to 24.79% (2022: 7.00% to 16.97%) per annum on a semi-annual basis and will mature within 16 years (2022: 17 years). Certain government securities are kept with the SBP to meet the statutory liquidity requirement calculated on the basis of demand and time liabilities.

8.3 Provision for diminution in value of investments

	2023	2022
	(Rupees in '000)	
Opening balance	289,647	294,112
Adjustment of provision against shares	(21,331)	–
Charge / (reversals)		
Charge for the year	–	14,972
Reversals for the year	(12,801)	(19,437)
	(12,801)	(4,465)
Closing balance	255,515	289,647

8.4 Credit loss allowance for diminution in value of investments

8.4.1 Investments - exposure

(Rupees in '000)

	2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	44,861,667	–	394,120	25,620,529	–	312,114
New investments	393,250,797	–	–	161,020,171	–	84,895
Investments derecognised or repaid	(280,055,767)	–	(7,818)	(141,779,033)	–	(2,889)
Transfer to stage 1	–	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–	–
Amounts written off / charged Off	–	–	(45,893)	–	–	–
Closing balance	158,122,420	–	340,409	44,861,667	–	394,120

8.4.2 Investments - Credit loss allowance

(Rupees in '000)

	2023			2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying amount - Current year	–	–	289,647	–	–	294,112
Impact of Adoption of IFRS 9	–	–	–	–	–	–
New investments	7	–	–	–	–	–
Investments derecognised or repaid	–	–	(7,818)	–	–	(4,465)
Transfer to stage 1	–	–	–	–	–	–
Transfer to stage 2	–	–	–	–	–	–
Transfer to stage 3	–	–	–	–	–	–
Amounts written off / charged off	–	–	(26,321)	–	–	–
Closing balance - Current year	7	–	255,508	–	–	289,647

8.4.3 Particulars of credit loss allowance against debt securities

(Rupees in '000)

		2023		2022	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
Performing	Stage 1	157,483,335	7	–	–
Underperforming	Stage 2	–	–	–	–
Non-Performing	Stage 3				
Substandard		–	–	–	–
Doubtful		–	–	–	–
Loss		340,409	255,508	348,227	263,332
		157,823,744	255,515	348,227	263,332

8.5 Quality of securities

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

(Rupees in '000)

	2023	2022
	Cost	
8.5.1 Federal government securities - Government guaranteed		
Market Treasury Bills	**17,728,104**	–
Pakistan Investment Bonds	**136,355,490**	40,669,231
	154,083,594	40,669,231

	2023	2022
8.5.2 Ordinary shares		
Listed companies		
Oil and gas marketing / exploration companies	–	148,834
Commercial banks	**48,977**	–
Power generation and distribution	**590,108**	742,546
Cement	–	607,437
Engineering	–	172,031
Textile composite	–	106,696
	639,085	1,777,544

All shares are ordinary shares of Rs. 10.

(Rupees in '000)

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
Unlisted companies				
Pakistan Mercantile Exchange Limited*	–	–	21,331	6,844

* This investment has been fully provided.

(Rupees in '000)

	2023	2022
	Cost	
8.5.3 Non-government debt securities		
Listed		
- AAA	**286,105**	186,105
- AA+, AA, AA-	**948,375**	948,375
- A+, A, A-	–	–
- CCC and below	**14,361**	14,361
	1,248,841	1,148,841
Unlisted		
- AAA	–	100,339
- AA+, AA, AA-	**1,099,765**	1,099,840
- A+, A, A-	**150,422**	150,412
- CCC and below	**135,690**	143,472
- Unrated	**105,500**	105,500
	1,491,377	1,599,563

(Rupees in '000)

	2023	2022
	Cost	
8.5.4 Equity securities		
Listed		
Oil and gas marketing / exploration companies		
Oil and Gas Development Company Limited	–	46,542
Sui Northern Gas Pipelines Limited	–	62,928
Sui Southern Gas Company Limited	–	39,364
Commercial banks		
Meezan Bank Limited	**14,575**	–
BankIslami Pakistan Limited	**34,402**	–
Power generation and distribution		
The Hub Power Company Limited	**234,875**	184,294
K-Electric Limited	–	11,734
Kot Addu Power Company Limited	**148,659**	240,486
Nishat Power Limited	**206,574**	306,032
Cement		
D.G. Khan Cement Company Limited	–	102,691
Fauji Cement Company Limited	–	–
Lucky Cement Limited	–	169,505
Maple Leaf Cement Factory Limited	–	178,119
Power Cement Limited	–	157,122
Engineering		
International Industries Limited	–	172,031
Textile composite		
Nishat Mills Limited	–	106,696
	639,085	1,777,544
Unlisted		
Pakistan Mercantile Exchange Limited	–	21,331

9 ADVANCES

(Rupees in '000)

	Note	Performing		Non-performing		Total	
		2023	2022	2023	2022	2023	2022
Loans, cash credits, running finances, etc.	9.1	**22,174,618**	26,435,051	**1,424,446**	1,181,635	**23,599,064**	27,616,686
Advances - gross		**22,174,618**	26,435,051	**1,424,446**	1,181,635	**23,599,064**	27,616,686
Credit loss allowance against advances							
- Stage 1		**81,284**	22,528	–	–	**81,284**	22,528
- Stage 2		**24,770**	7,562	–	–	**24,770**	7,562
- Stage 3		–	–	**1,194,736**	724,431	**1,194,736**	724,431
		106,054	30,090	**1,194,736**	724,431	**1,300,790**	754,521
Advances - net of credit loss allowance		**22,068,564**	26,404,961	**229,710**	457,204	**22,298,274**	26,862,165

9.1 This includes net investment in finance lease as disclosed below:

(Rupees in '000)

	2023				2022			
	Not later than one year	Later than one year and less than five years	Over five years	Total	Not later than one year	Later than one year and less than five years	Over five years	Total
Lease rentals receivable	1,231,847	1,019,198	–	2,251,045	1,185,877	1,405,203	–	2,591,080
Residual value	345,288	610,445	–	955,733	68,670	211,276	–	279,946
Minimum lease payments	1,577,135	1,629,643	–	3,206,778	1,254,547	1,616,479	–	2,871,026
Financial charges for future periods	(324,306)	(181,028)	–	(505,334)	(325,647)	(218,090)	–	(543,737)
Present value of minimum lease payments	1,252,829	1,448,615	–	2,701,444	928,900	1,398,389	–	2,327,289

9.1.1 These leases are executed for a term of 1 to 5 years. Security deposits have been obtained within a range of 10% to 50% (2022: 10% to 30%) of the cost of investment at the time of disbursement and have been recorded in other liabilities. The rate of return ranges from 9.22% to 29.08% per annum (2022: 9.43% to 24% per annum). Lease rentals are receivable in monthly / quarterly / half yearly instalments. The assets are pledged in favour of the Group.

9.2 Particulars of advances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	23,599,064	27,616,686
In foreign currencies	–	–
	23,599,064	27,616,686

9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure

(Rupees in '000)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening	25,921,643	513,408	1,181,635	27,616,686	–	–	–	–
New advances	4,544,407	118,569	140,483	4,803,460	–	–	–	–
Advances derecognised or repaid	(8,581,660)	(145,693)	(75,632)	(8,802,984)	–	–	–	–
Transfer to stage 1	266,466	(266,466)	–	–	–	–	–	–
Transfer to stage 2	(441,305)	441,305	–	–	–	–	–	–
Transfer to stage 3	(52,820)	(143,237)	196,057	–	–	–	–	–
	(4,264,912)	4,479	260,909	(3,999,524)	–	–	–	–
Amounts written off / charged off	–	–	(18,098)	(18,098)	–	–	–	–
Closing balance	21,656,731	517,887	1,424,446	23,599,064	25,921,643	513,408	1,181,635	27,616,686

9.3.2 Advances - Credit loss allowance

(Rupees in '000)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	22,528	7,562	724,431	754,521	–	–	–	–
Impact of Adoption of IFRS 9	76,434	14,018	223,284	313,736	–	–	–	–
New Advances	14,545	4,497	138,149	157,191	–	–	–	–
Advances derecognised or repaid	(9,988)	(6,982)	(98,977)	(115,947)	–	–	–	–
Transfer to stage 1	1,003	(1,003)	–	–	–	–	–	–
Transfer to stage 2	(1,050)	1,278	(228	–	–	–	–	–
Transfer to stage 3	(276)	(4,463)	4,739	–	–	–	–	–
	4,234	(6,672)	43,683	41,244	–	–	–	–
Amounts written off / charged off	–	–	–	–	–	–	–	–
Changes in risk parameters (PDs/LGDs/EADs)	(21,912)	9,862	203,338	191,289	–	–	–	–
Closing balance	81,284	24,770	1,194,736	1,300,790	22,528	7,562	724,431	754,521

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

(Rupees in '000)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure								
Performing - Stage 1	21,656,731	–	–	21,656,731	25,921,642	–	–	25,921,642
Under Performing - Stage 2	–	517,887	–	517,887	–	513,408	–	513,408
Non-performing - Stage 3								
Other Assets Especially Mentioned	–	–	600	600	–	–	7,175	7,175
Substandard	–	–	29,967	29,967	–	–	3,528	3,528
Doubtful	–	–	233,776	233,776	–	–	115,220	115,220
Loss	–	–	1,160,103	1,160,103	–	–	1,055,712	1,055,712
	–	–	1,424,446	1,424,446	–	–	1,181,635	1,181,635
Total	21,656,731	517,887	1,424,446	23,599,064	25,921,642	513,408	1,181,635	27,616,685
Corresponding ECL								
Stage 1 and stage 2	81,284	24,770	–	106,054	–	–	–	–
Stage 3	–	–	1,194,736	1,194,736	–	–	–	–
	21,575,447	493,117	229,710	22,298,274	25,921,642	513,408	1,181,635	27,616,685

9.3.3.1 Category of classification in stage 3

(Rupees in '000)

Category of classification	2023		2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	600	400	7,175	717
Substandard	29,967	19,995	3,528	882
Doubtful	233,776	172,131	115,220	81,195
Loss	1,160,103	1,002,210	1,055,712	461,637
Total	1,424,446	1,194,736	1,181,635	724,431

Advances include Rs. 1,124.446 million (2022: Rs. 1181.635 million) which have been placed under the non-performing status.

9.4 Particulars of Credit loss allowance against advances

(Rupees in '000)

	Note	31 December 2023 Stage 1	Stage 2	Stage 3	Total
Opening balance		22,528	7,562	724,432	754,522
Impact of Adoption of IFRS 9		76,434	14,018	223,284	313,736
Charge for the year		–	5,718	292,776	298,494
Reversals		(17,678)	(2,528)	(27,658)	(47,864)
		(17,678)	3,190	265,118	250,630
Amounts written off	9.6	–	–	(18,098)	(18,098)
Closing balance		81,284	24,770	1,194,736	1,300,790

(Rupees in '000)

	31 December 2022 Specific	General	Total
Opening balance	497,025	79,278	576,303
Charge for the year	326,713	11,522	338,235
Reversals	(110,075)	(62,487)	(172,562)
	216,638	(50,965)	165,673
Amounts written off	–	–	–
Provision due to conversion of investment	12,545	–	12,545
Closing balance	726,208	28,313	754,521

9.5 Particulars of provision against advances

(Rupees in '000)

	2023 Stage 1 & 2	Stage 3	Total
In local currency	**106,054**	**1,194,736**	**1,300,790**
In foreign currencies	–	–	–
	106,054	**1,194,736**	**1,300,790**

(Rupees in '000)

	2022 Specific	General	Total
In local currency	754,521	–	754,521
In foreign currencies	–	–	–
	754,521	–	754,521

Stage 1 includes loans and advances that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For Stage 1 loans, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the loan amount. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2 includes loans and advances where credit risk is higher since initiation or they have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these loans, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the loan amount. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the loans. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 1 comprises of EAD (principal plus markup) amounting to Rs. 22,628.780 million and ECL of Rs. 81.284 million and stage 2 comprises of EAD amounting to Rs. 568.230 million and ECL of Rs. 24.770 million.

Forced Sale Value (FSV) benefit amounting to Rs. 371.28 million (2022: Rs. 364.074 million) is available with the Group against certain mortgaged properties held as collateral against non-performing advances. However, the same has not been considered while computing credit loss allowance as at year end, as credit loss allowance has been computed under IFRS 9 - Financial Instruments.

9.6 Particulars of write offs:

	Note	2023	2022
		(Rupees in '000)	
9.6.1 Against credit loss allowance	9.5	**18,098**	–
Directly charged to profit and loss account	9.6.3	**–**	28,073
		18,098	28,073
9.6.2 Write offs of Rs. 500,000 and above			
- Domestic		**18,098**	28,073
- Overseas		**–**	–
Write offs of Below Rs. 500,000		**–**	–
		18,098	28,073

Details of loans written-off of Rs.500,000 and above
In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2023 is given as Annexure 1.

10 PROPERTY AND EQUIPMENT

	Note	2023	2022
		(Rupees in '000)	
Property and equipment	10.1	**118,852**	18,511
Capital work in progress		**–**	–
		118,852	18,511

10.1 Property and equipment

(Rupees in '000)

	2023							
	Ijara Asset	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Mobile phones	Total
At January 1, 2023								
Cost	–	51,674	24,275	20,168	31,479	50,880	519	178,995
Accumulated depreciation	–	(51,045)	(23,585)	(16,872)	(27,092)	(41,395)	(495)	(160,484)
Net book value	–	629	690	3,296	4,387	9,485	24	18,511
Year ended December 31, 2023								
Opening net book value	–	629	690	3,296	4,387	9,485	24	18,511
Reclassified to asset held for sale								
Cost	–	–	–	–	–	–	(49)	(49)
Accumulated depreciation	–	–	–	–	–	–	25	25
	–	–	–	–	–	–	(24)	(24)
Additions	62,000	512	1,025	2,587	10,549	43,995	–	120,668
Disposals								
Cost	–	(3,294)	(1,548)	(1,097)	(3,440)	(25,412)	–	(34,791)
Accumulated depreciation	–	3,294	1,548	1,038	3,292	22,711	–	31,883
	–	–	–	(59)	(148)	(2,701)	–	(2,908)
Depreciation charge	(5,787)	(481)	(515)	(1,571)	(4,471)	(4,570)	–	(17,395)
Closing net book value	56,213	660	1,200	4,253	10,317	46,209	–	118,852
At December 31, 2023								
Cost	62,000	52,186	25,300	22,696	41,880	92,174	470	296,706
Accumulated depreciation	(5,787)	(51,526)	(24,100)	(18,443)	(31,563)	(45,965)	(470)	(177,854)
Net book value	56,213	660	1,200	4,253	10,317	46,210	–	118,852
Rate of depreciation (percentage)	20%	20%	20%	20%	33%	25%	50%	–

(Rupees in '000)

	2022						
	Leasehold improvements	Furniture and fixtures	Electrical and office equipment	Computer equipment	Vehicles	Mobile phones	Total
Year ended December 31, 2022							
Cost	51,656	24,055	18,994	29,522	45,459	519	170,205
Accumulated depreciation	(49,359)	(22,152)	(15,969)	(23,408)	(34,840)	(471)	(146,199)
Net book value	2,297	1,903	3,025	6,114	10,619	48	24,006
Year ended December 31, 2022							
Opening net book value	2,297	1,903	3,025	6,114	10,619	48	24,006
Additions	18	220	1,174	1,957	6,013	–	9,382
Disposals							
Cost	–	–	(1,402)	(413)	(5,782)	–	(7,597)
Accumulated depreciation	–	–	1,402	413	5,190	–	7,005
	–	–	–	–	(592)	–	(592)
Depreciation charge	(1,686)	(1,433)	(903)	(3,684)	(6,555)	(24)	(14,285)
Closing net book value	629	690	3,296	4,387	9,485	24	18,511
At December 31, 2022							
Cost	51,674	24,275	20,168	31,479	50,880	519	178,995
Accumulated depreciation	(51,045)	(23,585)	(16,872)	(27,092)	(41,395)	(495)	(160,484)
Net book value	629	690	3,296	4,387	9,485	24	18,511
Rate of depreciation (percentage)	20%	20%	20%	33%	25%	50%	–

10.1.1 Details of disposal made to related parties

(Rupees in '000)

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particular of purchaser
2023						
BMW 530W Car	19,350	17,260	2,090	2,090	As per the terms of employment	Ayesha Aziz (Ex Managing Director)
Laptop	280	156	124	124	As per the terms of employment	Ayesha Aziz (Ex Managing Director)
2022						
Electrical, office and computer equipment						
Laptop	303	303	–	0.10	As per the terms of employment	Ayesha Aziz (Ex Managing Director)"
Laptop	58	58	–	0.10	As per the terms of employment	Rais Sheikh (Chief Information Officer)
	361	**361**	**–**	**0.20**		

10.1.2 The cost of fully depreciated fixed assets that are still in the Company's use is as follows:

	Note	2023	2022
		(Rupees in '000)	
Leasehold improvements		**43,167**	43,097
Furniture and fixtures		**17,156**	14,509
Electrical, office and computer equipment		**35,344**	23,978
Vehicles		**70**	1,361
		95,737	82,945

11 RIGHT-OF-USE ASSETS

	2023	2022
At January 01,		
Cost	**188,198**	149,773
Accumulated Depreciation	**(141,269)**	(98,259)
Net Carrying amount at January 01,	**46,929**	51,514
Additions / reassessment during the year	**9,798**	27,246
Deletions during the year	**–**	(691)
Reclassified to asset held for sale	**(4,197)**	–
Depreciation Charge for the year	**(28,370)**	(31,145)
Net Carrying amount at December 31,	**24,160**	46,929

12 INTANGIBLE ASSETS

	Note	2023	2022
Intangible assets	12.1	**12,799**	3,659
Capital work-in-progress	12.2	**–**	–
		12,799	3,659

12.1 Intangible assets

	Note	2023	2022
		(Rupees in '000)	
		Computer software	
At January 1,			
Cost		**31,471**	27,962
Accumulated amortisation		**(27,812)**	(27,241)
Net book value		**3,659**	721
Year ended December 31,			
Opening net book value		**3,659**	721
Additions		**11,555**	3,509
Amortisation charge		**(2,415)**	(571)
Closing net book value		**12,799**	3,659
At December 31,			
Cost	12.1.1	**43,026**	31,471
Accumulated amortisation		**(30,227)**	(27,812)
Net book value		**12,799**	3,659
Rate of amortisation (percentage)		**33.33%**	33.33%
Useful life (in years)		**3**	3

12.1.1 The cost of fully amortised intangible assets still in use amounts to Rs. 27.16 million (2022: Rs. 27.16 million).

12.2 Capital work-in-progress

	2023	2022
	(Rupees in '000)	
Advance against software	**–**	–

13 DEFERRED TAX ASSETS

(Rupees in '000)

2023	At January 1, 2023	Impact on Retained Earnings on Adoption of IFRS 9	Re-stated balance at January 1, 2023	Recognised in unconsolidated statement of profit and loss account	Recognised in OCI	At December 31, 2023
Deductible temporary differences on:						
- Lease liability	**10,200**	**–**	**10,200**	**(7,161)**	**–**	**3,039**
- Provision for bonus	**19,470**	**–**	**19,470**	**18,361**	**–**	**37,831**
- Provision for diminution in the value of investments	**94,761**	**–**	**94,761**	**4,891**	**–**	**99,652**
- Provision against advances, other assets, etc.	**240,349**	**118,811**	**359,160**	**137,434**	**–**	**496,594**
- Deficit on revaluation of investments	**633,259**	**–**	**633,259**	**–**	**50,964**	**684,223**
- Unrealised loss on debt investment (FVPL)	**–**	**–**	**–**	**4,848**	**–**	**4,848**
- Payable against post retirement employee benefits	**–**	**–**	**–**	**172**	**–**	**172**
- Provision for off balance sheet obligations	**–**	**3,194**	**3,194**	**1,992**	**–**	**5,186**
	998,039	**122,005**	**1,120,044**	**160,537**	**50,964**	**1,331,545**
Taxable temporary differences on:						
- Net investment in finance lease	**(62,613)**	**–**	**(62,613)**	**65,039**	**–**	**2,426**
- Right-of-use assets	**(14,002)**	**–**	**(14,002)**	**4,290**	**–**	**(9,712)**
- Accelerated tax depreciation	**4,075**	**–**	**4,075**	**(10,131)**	**–**	**(6,055)**
- Unrealised loss / (gain) on equity investments	**170**	**–**	**170**	**(170)**	**(72,502)**	**(72,502)**
- Amortisation of Premium on investments	**21,094**	**–**	**21,094**	**(30,365)**	**–**	**(9,271)**
- Lease receivable against sub lease	**–**	**–**	**–**	**(170)**	**–**	**(170)**
- Post retirement employee benefits	**(269)**	**–**	**(269)**	**3,300**	**(2,098)**	**933**
	(51,545)	**–**	**(51,545)**	**31,793**	**(74,600)**	**(94,352)**
	946,494	**122,005**	**1,068,499**	**192,330**	**(23,636)**	**1,237,193**

2022	At January 1, 2022	Recognised in unconsolidated statement of profit and loss account	Recognised in OCI	At December 31, 2022
Deductible temporary differences on:				
- Provision for diminution in the value of investments	82,569	12,192	–	94,761
- Provision against advances, other assets, etc.	167,971	72,378	–	240,349
- Deficit on revaluation of investments	377,197	–	256,062	633,259
- Amortisation of discount on investments	(165,803)	186,897	–	21,094
- Accelerated tax depreciation	(144)	4,219	–	4,075
- Tax losses carried forward	1,058	(1,058)	–	–
- Lease liability against right-of-use assets	2,636	7,564	–	10,200
- Carry forward of alternate corporate tax	49,910	(49,910)	–	–
- Unrealised loss on equity investments	–	170	–	170
- Provision for bonus	16,807	2,663	–	19,470
	532,201	235,115	256,062	1,023,378
Taxable temporary differences on:				
- Net investment in finance lease	32,180	(94,793)	–	(62,613)
- Post retirement employee benefits	(1,921)	–	1,652	(269)
- Right-of-use assets	(12,005)	(1,997)	–	(14,002)
	18,254	(96,790)	1,652	(76,884)
	550,455	138,325	257,714	946,494

14 OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income / mark-up accrued in local currency		5,519,040	1,455,096
Advances, deposits, advance rent and other prepayments		14,628	25,378
Advance taxation (payments less provisions)		1,695,305	1,164,267
Dividend receivable		1,353	–
Advance against subscription of privately placed term finance certificates		122,845	–
Receivable against sale of shares		27,261	–
Receivable against advisory fee		27,480	27,505
Receivable from related parties		9,674	3,273
Receivable from defined benefit plan - related party		–	2,019
Others		456	–
		7,418,042	2,677,539
Less: Provision held against other assets		(25,830)	(5,220)
		7,392,212	2,672,319

15 ASSETS CLASSIFIED AS HELD-FOR-SALE

Land, building and machinery acquired from:			
Sufi Steel Industries (Private) Limited		–	186,895
Lion Steel Industries (Private) Limited	15.1	168,904	168,904
Subsidiary held for sale	15.2	26,483	–
Total assets classified as held-for-sale		195,387	355,799

15.1 These represent land, building and machinery which have been classified as 'non-current assets as held for sale' as at December 31, 2021. The Company acquired these assets by settling total outstanding principal and mark-up of Rs. 135 million and Rs. 34 million respectively. It is expected that the process of sale of these assets will be completed in the near future.

15.2 Asset Held For Sale Discontinued Operation

On September 30, 2023, the Group publicly announced the decision of its Board of Directors to sell AMML, a wholly owned subsidiary. The sale of AMML is expected to be completed within a year from the reporting date. At December 31, 2023, AMML was classified as a disposal group held for sale and as a discontinued operation. The results of AMML for the year are presented below:

The major classes of assets and liabilities of AMML classified as held for sale as at 31 December are, as follows:

	Note	2023
		(Rupees in '000)
Assets		
Bank balances		13,089
Right-of-use assets	15.2.1	4,569
Property and equipment	15.2.1	5,460
Investments		24,714
Accrued profit		68
Prepayments & other receivables		57
Taxation - net		632
Receivable from Modarabas under management - related parties		2,166
Assets held for sale		50,755
Liabilities		
Lease liability under IFRS-16	15.2.2	(4,740)
Accrued expenses and other liabilities		(19,532)
Liabilities directly associated with assets held for sale		(24,272)
Net assets directly associated with disposal group		26,483

	2023	2022
	(Rupees in '000)	
INCOME		
Profit on bank deposits	145	113
Management Company's remuneration from Modarabas - net	9,629	3,164
Dividend income	3,882	4,289
	13,656	7,566
EXPENSES		
Financial charges		
Interest expense on lease liability - IFRS 16	(566)	(837)
Deposits	(3)	(6)
	(569)	(843)
ADMINISTRATIVE EXPENSES		
Total compensation expense	(17,129)	(17,034)
Insurance	(259)	(89)
Depreciation on property	(6,814)	(6,303)
Directors' fees and allowances	(4,513)	(3,983)
Fees and subscription	(75)	(89)
Legal and professional charges	(353)	(581)
Travelling and conveyance	(871)	(1,378)
Depreciation	(1,740)	(24)
Communication	(62)	(72)
Auditors' remuneration	(819)	(378)
Others - admin	(20)	(5)
	(32,656)	(29,937)
Loss before tax from discontinued operations	(19,569)	(23,214)
TAXATION		
For the year		
Current	(3,410)	(1,337)
Loss after taxation for the year from discontinued operation	(22,979)	(24,551)

15.2.1 The following is a statement of operating fixed assets:

	2023			
	Right-of-use asset	Vehicle	Mobile phone	Total
As at January 1, 2023				
Cost	11,553	–	49	11,602
Less: accumulated depreciation	(7,357)	–	(25)	(7,382)
Net book value	4,197	–	24	4,220
Year ended December 31, 2023				
Opening net book value	4,197	–	24	4,220
Additions	7,186	7,180	–	14,366
Disposals				
Cost	–	–	49	49
Less: accumulated depreciation	–	–	(45)	(45)
Net book value	–	–	(3)	(3)
Depreciation charge	(6,814)	(1,720)	(20)	(8,554)
Closing net book value	4,569	5,460	–	10,029
As at December 31, 2023				
Cost	18,740	7,180	–	
Less: accumulated depreciation	(14,170)	(1,720)	–	
Net book value	4,569	5,460	–	
Depreciation rate	55%	25%	50%	

	Note	2023
		(Rupees in '000)
15.2.2 Lease liability against right-of-use asset		
Lease liability against right-of-use asset	15.2.2.1	4,740
Present value of minimum lease payments		4,740
Less: current portion		(4,740)
		–

	2023
15.2.2.1 Movement of Lease Liability	
Opening Balance	5,128
Add: Reassessment of Lease	7,186
Interest Expense	566
Less: Payment of Lease Rental	(8,140)
Closing Balance	4,740

15.3 Movement of assets classified as held for sale:

	Note	2023	2022
		(Rupees in '000)	
Opening		355,799	516,768
Additions		26,483	39,881
Disposals	15.4	(186,895)	(200,850)
Closing		195,387	355,799
15.4 Gain on disposal of assets classified as held-for-sale			
Disposal proceed		283,521	200,850
Less: cost		186,895	200,850
	27	96,626	–

16 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from State Bank of Pakistan under:			
- Long-Term Finance Facility (LTFF) scheme	16.2	3,163,088	4,085,463
- Power Plants Using Renewable Energy (PPRE) scheme	16.3	167,025	170,662
- Temporary Economic Refinance Facility (TERF)	16.4	743,556	789,398
- Finance for Storage of Agriculture Produce (FSAP) scheme	16.5	188,230	89,302
- Credit Guarantee (CGS) Scheme	16.6	152,265	119,462
- Special Persons (SP) Scheme	16.7	2,690	3,710
- Working Capital (WCF) Scheme	16.8	901,142	750,046
- COVID - 19 Scheme		–	6,000
- Balancing, Modernisation & Replacement (BMR) scheme	16.9	553,863	363,649
		5,871,859	6,377,692
Repurchase agreement borrowings	16.10	110,142,757	13,876,732
Borrowings from banks	16.11	32,870,000	36,795,834
Total secured		148,884,616	57,050,258
Unsecured			
Letters of placement:	16.12	26,082,715	11,836,644
		174,967,331	68,886,902
16.1 Particulars of borrowings with respect to currencies			
In local currency		174,967,331	68,886,902
In foreign currencies		–	–
		174,967,331	68,886,902

16.2 The Company has entered into agreements for financing with the SBP for Long-Term Financing under export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the due date by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2% to 11% per annum (2022: 2% to 7% per annum). These are secured against demand promissory notes and are repayable within 8 years (2022: 9 years).

16.3 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 5.00% per annum (2022: 2.00% to 5.00% per annum) and are due to mature latest by June 30, 2029. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.4 These represent borrowings from the SBP under scheme for temporary economic refinance facility. The mark-up rate applicable on these facilities is 1% to 2% per annum (2022: 1% per annum) payable on quarterly basis, with maturities up to May, 2032 (2022: May 2032). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.5 These funds have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of 2% to 4% per annum (2022: 2.53% per annum) and are due to be matured by June 02, 2029.

16.6 These represent borrowings from the SBP under scheme for refinance and credit guarantee schemes. The mark-up rate applicable on these facilities is 0% per annum (2022: 0% per annum) payable on quarterly basis, with maturities up to November, 2028 (2022: November, 2027). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.7 These represent financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones and claim refinance from State Bank of Pakistan up to 100% of finance extended by them. The spread is capped at 5% per annum (2022: 5% per annum) by SBP whereas SBP's refinance rate for this facility is 0% per annum (2022: 0% per annum) with maturities up to September 2027. In case of default of the counterparty, up to 60% of principal is covered by SBP. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.8 These represent borrowings from the SBP under scheme for working capital facilities. The mark-up rate applicable on these facilities is 2% per annum (2022: 2% per annum) payable on quarterly basis, with maturities up to May 2028. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.9 These represent borrowings from the SBP under scheme for balancing, modernisation & replacement scheme. The mark-up rate applicable on these facilities is 1% to 2% per annum (2022: 1% to 2% per annum) payable on quarterly basis, with maturities upto June 2029 (2022: April 2028). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

16.10 These represent borrowings from various financial institutions at mark-up rates ranging from 22.07% to 22.11% per annum (2022: 16.09% to 16.10% per annum). Pakistan Investment Bonds and Market Treasury Bills having a face value of Rs. 111,600 million (2022: 10,000 million) and Rs. nil (2022: Rs. 4,000 million) have been given as collateral against these borrowings respectively.

16.11 These borrowings carry mark-up at rates ranging from 21.49% to 23.26% per annum (2022: 15.92% to 17.29% per annum) and are repayable within 4 years (2022: 5 years). These are secured against hypothecation of receivables, PIBs having a face value of Rs. 21.39 billion (2022: Rs. 24.98 billion) and floating charge over term finance certificates having a face value of Rs. 699.78 million (2022: 750 million).

16.12 Particulars of borrowings

	2023		
	Minimum (%)	**Maximum (%)**	**Tenor**
Letters of placement:			
- Others	**20.70**	**22.35**	**5 months**

	2022		
	Minimum (%)	Maximum (%)	Tenor
Letters of placement:			
- Others	7.10	16.50	5 months

17 DEPOSITS AND OTHER ACCOUNTS

(Rupees in '000)

	Note	2023			2022		
		In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
Customers							
- Certificate of investments (COIs)	17.1	**12,400**	**–**	**12,400**	54,768	–	54,768
Financial institutions							
- Certificate of investments (COIs)		**–**	**–**	**–**	–	–	–
	17.2	**12,400**	**–**	**12,400**	54,768	–	54,768

17.1 These Certificate of Investments (COIs) carry mark-up rate of Nil per annum (2022: 15% per annum) with maturity on Nil (2022: December 22, 2023).

17.2 Composition of deposits

	2023	2022
	(Rupees in '000)	
- Public sector entities	**–**	–
- Private sector	**12,400**	54,768
	12,400	54,768

18 LEASE LIABILITIES

Outstanding amount at the start of the year	**35,718**	40,497
Addition / Reassessment of lease	**9,804**	27,246
Classified to held for sale	**(5,128)**	–
Interest expense	**4,420**	4,025
Payments of lease rental	**(35,287)**	(36,050)
Closing balances	**9,527**	35,718
Contractual maturity of lease liabilities		
Short-term lease liabilities - within one year	**3,526**	34,406
Long-term lease liabilities		
- 1 to 5 years	**6,001**	1,312
- 5 to 10 years	**–**	–
- More than 10 years	**–**	–
	6,001	1,312
Total lease liabilities	**9,527**	35,718

19 OTHER LIABILITIES

	Note	2023	2022
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		**1,929,378**	803,153
Unearned commission and income on bills discounted		**32,359**	28,998
Accrued expenses		**140,229**	102,460
Brokerage / commission payable		**2,695**	1,584
Sindh sales tax payable on management fee		**–**	–
Payable against purchase of shares		**–**	120,362
Payable to related party		**4,417**	12,972
Payable to defined benefit plan - related party	36	**12,462**	–
Security deposits against advances		**972,380**	904,503
Provision for Worker's Welfare Fund		**195,727**	164,985
Provision for off balance sheet obligations		**13,298**	–
Unclaimed dividends		**189**	3,506
Tax payable		**24,128**	16,405
Advance from customers		**751**	–
Others		**75,987**	51,832
		3,404,000	2,210,760

20 SHARE CAPITAL

20.1 Authorised capital

2023	2022		Note	2023	2022
(Number of shares)				(Rupees in '000)	
600,000,000	600,000,000	Ordinary shares of Rs.10 each		**6,000,000**	6,000,000

20.2 Issued, subscribed and paid-up capital

		Ordinary shares			
600,000,000	600,000,000	Fully paid in cash	20.2.1	**6,000,000**	6,000,000

20.2.1 As at December 31, 2023, the Ministry of Finance and Secretary Economic Affairs Division, Government of Pakistan, holds 299,995,999 and 4,001 shares (2022: 299,995,999 and 4,001 shares) respectively on behalf of the Government of Pakistan and remaining 300,000,000 shares (2022: 300,000,000 shares) are held by the Brunei Investment Agency.

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2023	2022
		(Rupees in '000)	
Surplus / (Deficit) on revaluation of			
- Securities measured at FVOCI-Debt	8.1	**(1,754,419)**	(1,718,112)
- Securities measured at FVOCI-Equity		**307,669**	(431,770)
		(1,446,750)	(2,149,882)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		**684,223**	562,018
- Securities measured at FVOCI-Equity		**(72,502)**	71,242
		(835,029)	(1,516,622)

21.1 Movement in revaluation of assets

	2023	2022
Deficit on revaluation as at January 01	**(2,149,881)**	(1,453,808)
Revaluation deficit recognised during the year	**703,131**	(696,073)
Deficit on revaluation as at December 31	**(1,446,750)**	(2,149,881)
Less: related deferred tax asset on		
- Revaluation as at January 01	**633,259**	377,197
- Revaluation recognised during the year	**(21,538)**	256,062
	611,721	633,259
Deficit on revaluation of assets - net of tax	**(835,029)**	(1,516,622)

22 CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
- Guarantees	22.1	**200,000**	1,330,000
- Commitments	22.2	**122,973,308**	23,342,227
- Other contingent liabilities	22.3	**–**	–
		123,173,308	24,672,227

22.1 Guarantees

	2023	2022
Financial guarantees	**200,000**	1,330,000

22.2 Commitments

	Note	2023	2022
Documentary credits and short-term trade-related transactions			
- letters of credit		**1,176,350**	4,103
Commitments in respect of:			
- forward lendings	22.2.1	**3,884,675**	2,485,027
- future purchase and sale transactions	22.2.2	**4,956,324**	120,362
- repo transactions	22.2.3	**112,955,959**	20,732,735
		122,973,308	23,342,227

22.2.1 **Commitments in respect of forward lendings**

	2023	2022
	(Rupees in '000)	
Undrawn formal standby facilities, credit lines and other commitments to lend	**3,884,675**	2,485,027

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Company without the risk of incurring significant penalty or expense.

22.2.2 **Commitments in respect of future transactions**

	2023	2022
	(Rupees in '000)	
Purchase	**–**	120,362
Sale	**4,956,324**	–
	4,956,324	120,362

	2023	2022
22.2.3 Commitments in respect of repo transactions		
Repurchase of government securities	**112,955,959**	14,157,761
Reverse repurchase of government securities	**–**	6,574,974
	112,955,959	20,732,735

22.3 Other contingent liabilities

22.3.1 In 2009, Burj Bank Limited (formerly Dawood Islamic Bank Limited) filed a legal suit amounting to Rs. 200 million for damages against the Holding Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Holding Company are of the opinion that the Holding Company has a strong case and that the matter will most likely be decided in favour of the Holding Company.

22.3.2 The returns of income of the Holding Company from tax years 2008 to 2023 had been filed with the tax authorities. From tax year 2008 upto tax year 2020, these returns have been revised and additional tax demands have been raised of which Rs. 782.07 million are outstanding as at December 31, 2023. The matters which have been raised in these demands mainly included allocation of common expenses to dividend income, taxation of discount income, additions on account of concessional loans to employees and deletion of the charge pertaining to the Workers' Welfare Fund. The Holding Company is contesting these demands and appeals have been filed by the Holding Company against the same which are pending adjudication at various legal and appellate forums. The Holding Company has made partial payments against some of these demands which are being shown as refundable from tax authorities (note 13). The management is confident that the matters will eventually be decided in favour of the Holding Company and that the Holding Company will be able to adjust amounts in respect of matters decided against the Holding Company (if any) against the tax refunds currently being claimed by it.

23 MARK-UP / RETURN / INTEREST EARNED

	Note	2023	2022
		(Rupees in '000)	
On:			
a) Loans and advances		**3,520,803**	2,255,134
b) Investments		**18,349,735**	4,823,902
c) Lendings to financial institutions		**793,312**	137,665
d) Sub-lease of premises		**563**	123
e) Balances with banks		**47,533**	37,348
		22,711,946	7,254,172
23.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost;		**4,361,648**	2,430,147
Financial assets measured at FVOCI		**14,580,249**	4,109,154
		18,941,897	6,539,301

24 MARK-UP / RETURN / INTEREST EXPENSED

	2023	2022
Deposits	**7,025**	5,922
Interest expense on lease liability against right-of-use assets	**4,420**	3,585
Borrowings	**20,874,966**	6,129,146
	20,886,411	6,138,653

25 FEE AND COMMISSION INCOME

	2023	2022
Processing fee income	**30,150**	22,780
Advisory / participation fee / management fee	**23,514**	23,490
Commitment fee	**4,648**	10,843
Trustee fee	**62,271**	56,902
	120,583	114,015

26 GAIN ON SECURITIES

	Note	2023	2022
Realised gain / (loss)	26.1	**135,670**	(43,056)
Unrealised loss on securities classified as fair value through profit or loss - net		**(12,432)**	(4)
		123,238	(43,060)
26.1 Realised gain / (loss) on:			
Federal government securities		**46,709**	7,896
Shares		**88,629**	(49,560)
Non-government debt securities		**332**	(1,350)
Commercial paper		**–**	(42)
		135,670	(43,056)

27 OTHER INCOME

	Note	2023	2022
		(Rupees in '000)	
Gain / (loss) on sale of assets classified as held-for-sale	15.7	**96,626**	–
Gain on sale of fixed assets - net		**3,672**	3,344
Others		**1,013**	1,486
		101,311	4,830

28 OPERATING EXPENSES

	Note	2023	2022
Total compensation expenses	28.1	**406,621**	292,561
Property expense			
Rent and taxes		**–**	–
Insurance		**8,051**	7,052
Utilities cost		**8,403**	6,275
Security (including guards)		**4,080**	2,281
Repairs and maintenance (including janitorial charges)		**15,113**	11,918
Depreciation	11	**28,370**	24,841
		64,017	52,367
Information technology expenses			
Software maintenance		**550**	4,340
Hardware maintenance		**989**	1,156
Depreciation	10.1	**4,853**	7,133
Amortisation	12.1	**2,415**	571
		8,807	13,200
Other operating expenses			
Directors' fees and allowances		**7,800**	4,200
Fees and subscription		**9,930**	5,735
Legal and professional charges		**33,719**	28,227
Travelling and conveyance		**54,012**	35,853
Brokerage commission		**27,753**	9,818
Depreciation	10.1	**12,542**	7,121
Training and development		**2,495**	1,094
Postage and courier charges		**420**	420
Communication		**5,846**	5,296
Stationery and printing		**2,905**	1,790
Marketing, advertisement and publicity		**995**	944
Donations	28.3	**2,000**	5,000
Auditors' remuneration	28.4	**5,638**	5,446
Expenses incurred in relation to assets held for sale		**42,954**	16,600
Service charges for lease rental recoveries		**3,380**	1,539
Others		**18,658**	15,139
		231,047	144,222
		710,492	502,350

28.1 Total compensation expenses

	2023	2022
	(Rupees in '000)	
Fixed	**161,279**	128,333
Contractual Staff		
In-house	**31,872**	28,792
Salaried outsourced staff	**9,842**	7,299
	41,714	36,091
Other benefits		
Cash bonus / awards	**125,473**	72,317
Charge for defined benefit plan	**20,961**	6,990
Contribution to defined contribution plan	**11,778**	9,565
Medical	**7,425**	6,068
Vehicle allowance	**24,800**	18,657
Leave fare assistance	**8,710**	10,048
Leave encashment	**2,875**	1,349
Others	**1,800**	3,143
	203,822	128,137
Total compensation expense	**406,815**	292,561

28.2 The Company does not have any material outsourcing arrangements.

28.3 Details of donations

	2023	2022
Donations individually not exceeding Rs 500,000		
Dawat-e-Hadiyah	**2,000**	–
Indus Hospital and Health Network	**–**	5,000
	2,000	5,000

	2023	2022
28.4 Auditors' remuneration		
Audit fee for annual financial statements	**3,550**	2,306
Half yearly review fee	**600**	468
Special certifications and sundry advisory services	**878**	2,063
Out-of-pocket expenses	**610**	609
	5,638	5,446

29 OTHER CHARGES

	2023	2022
Penalties imposed by the State Bank of Pakistan	**–**	–

30 WORKERS' WELFARE FUND

	Note	2023	2022
		(Rupees in '000)	
Provision for Workers' Welfare Fund	30.1	**32,057**	18,806

30.1 As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs. 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter relating to payment of SWWF is pending before the Sindh High Court and an interim stay order has been obtained by the Holding Company and Primus Leasing Limited. However, as a matter of abundant caution, the management has maintained a provision for SWWF in the consolidated financial statements amounting to Rs. 195.882 million which includes a provision of Rs. 32.057 million for the current year.

31 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

	Note	2023	2022
		(Rupees in '000)	
Credit loss allowance against balances with other banks	6	**2**	–
Credit loss allowance against lending to financial institutions		**–**	–
Reversal of provision against investments	8.3	**(12,801)**	(4,465)
Provisions against loans and advances	9.4	**250,630**	165,671
Provision held against other assets		**20,610**	–
Credit loss allowance against off balance sheet obligations		**3,619**	–
Impairment on asset held for Sale		**–**	–
Provisions against income / mark-up accrued in local currency		**–**	2,611
Advances written off directly		**–**	28,073
Recovery of advances written off		**(28,073)**	–
		233,987	191,890

32 TAXATION

	Note	2023	2022
Current		**566,488**	349,689
Prior years		**62,429**	24,028
Deferred	13	**(192,330)**	(138,325)
		436,587	235,392

32.1 The relationship between tax expense and accounting profit has not been presented in these consolidated financial statements as the tax liability of the Holding Company and AMML is based on minimum tax, ACRCL tax liability computation is based on normal tax regime (NTR) and PLL tax liability is based on Alternate Corporate Tax (ACT).

33 BASIC EARNINGS PER SHARE

	2023	2022
	(Rupees in '000)	
Profit for the year	**960,114**	385,201
	Number of shares in '000	
Weighted average number of ordinary shares	**600,000**	600,000
	Rupees	
Basic earnings per share	**1.60**	0.64

33.1 Diluted earnings per share

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue.

34 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Cash and balance with treasury banks		**688,559**	336,633
Balance with other banks		**571,384**	499,996
Asset classified as held for sale		**13,089**	–
		1,273,032	836,629
34.1 Reconciliation of Cash and Cash Equivalents			
Cash and balance with treasury banks	5	**688,559**	336,633
Balance with other banks	6	**571,386**	499,996
Asset classified as held for sale		**13,089**	–
Less: Credit loss allowance held against balances with other banks		**(2)**	–
		1,273,032	836,629

35 STAFF STRENGTH

	Note	2023	2022
Permanent		**80**	81
On Company's contract		**21**	23
Outsourced	35.1	**25**	26
		126	130

35.1 This includes 25 (2022: 26) employees of outsourcing services companies who were assigned to perform guarding and janitorial services.

36 DEFINED BENEFIT PLAN

36.1 General description

As mentioned in note 4.15, the Group operates a funded gratuity scheme whereas PLL operates unfunded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Group subject to a minimum qualifying period of service of five years. The plan assets and defined benefit obligations are based in Pakistan.

36.2 Number of employees under the defined benefit plan

	2023	2022
	(Number)	
The number of employees covered under the defined benefit plan as at December 31,	**79**	72

36.3 Principal actuarial assumptions

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

	Note	2023	2022
		(Per annum)	
Discount rate		**15.50%**	14.50%
Expected rate of salary increase		**15.50%**	14.50%
Morality rate		**SLIC 2001 - 2005**	SLIC 2001-2005
		Setback 1 Year	Setback 1 Year
Retirement assumption		**Age 60**	Age 60

36.4 Reconciliation of receivable from defined benefit plan

	Note	2023	2022
		(Rupees in '000)	
Present value of obligation	36.6	**69,078**	80,505
Fair value of plan assets	36.7	**(56,616)**	(82,524)
Receivable		**12,462**	(2,019)

36.5 Movement in defined benefit plan

	Note	2023	2022
At the beginning of the year		**(2,019)**	(8,897)
Classified held for sale		**(1,119)**	–
Current service cost	36.8.1	**20,961**	6,990
Actual contributions by the Group		**–**	(6,703)
Benefits paid by the Group		**–**	–
Re-measurement (gain) / loss	36.8.2	**(5,361)**	6,591
At the end of the year		**12,462**	(2,019)

36.6 Movement in payable under defined benefit plan

	Note	2023	2022
		(Rupees in '000)	
Opening balance		**80,505**	67,402
Classified held for sale		**(9,151)**	–
Current service cost	36.8.1	**10,351**	7,847
Past service cost		**11,065**	–
Interest cost on defined benefit obligation		**8,290**	7,407
Re-measurement (gain) / loss recognised in OCI during the year	36.8.2	**(3,623)**	4,038
Benefits paid by the Group to outgoing members		**(28,359)**	(6,189)
Closing balance		**69,078**	80,505

36.7 Movement in fair value of plan assets

	Note	2023	2022
Fair value at the beginning of the year		**82,524**	76,299
Classified held for sale		**(8,032)**	–
Interest income on plan assets		**8,745**	8,265
Contribution by the Company - net		**–**	6,702
Actual benefits paid from the fund during the year		**(28,359)**	(6,189)
Re-measurement gain / (loss)	36.8.2	**1,738**	(2,553)
Fair value at the end of the year		**56,616**	82,524

36.8 Charge for defined benefit plan

36.8.1 Cost recognised in unconsolidated profit and loss account

	2023	2022
Current service cost	**10,351**	7,848
Past service cost	**11,065**	–
Net interest income on plan	**(455)**	(858)
	20,961	6,990

36.8.2 Re-measurements recognised in OCI during the year

	2023	2022
Loss / (gain) on obligation		
- financial assumptions	**5,769**	490
- experience adjustments	**(9,392)**	3,548
	(3,623)	4,038
Return on plan assets over interest income	**(1,738)**	2,553
Total re-measurements recognised in OCI	**(5,361)**	6,591

36.9 Components of plan assets

	2023	2022
Equity	**–**	–
Cash and cash equivalents - net	**8,327**	13,729
Government securities	**45,614**	66,584
Others	**2,675**	2,211
	56,616	82,524

36.9.1 Description of risks
The defined benefit plan exposes the Group to the following risks:

Withdrawal risks - This is 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.

Mortality risks - This is the risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks - This is the risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - This is the risk that the final salary at the time of cessation of service is greater than what was assumed.

36.10 Sensitivity analysis
A sensitivity analysis for each significant financial assumption as of the reporting date, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, is as follows:

	2023	2022
	(Rupees in '000)	
Increase / decrease in obligation		
1% increase in discount rate	**20,649**	17,114
1% decrease in discount rate	**15,234**	(18,324)
1% increase in expected rate of salary increase	**15,279**	18,378
1% decrease in expected rate of salary increase	**20,657**	7,504

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

	(Rupees in '000)
36.11 Expected contributions to be paid to the fund in the next financial year	**9,486**

The expected charge for the next financial year commencing January 1, 2024 works out to Rs 9.486 million (2022: 7.033 million).

36.12 Maturity profile
The weighted average duration of the obligation is 8 years (2022: 7.6 years).

36.13 Funding policy
An implicit, though not a formally expressed objective, is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

Accordingly the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Actuarial Cost Method employed.

37 DEFINED CONTRIBUTION PLAN

The Group operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 10% per annum (2022: 10% per annum) of basic salaries are made both by the Group and employees. Contributions made to the provident fund during the year are as follows:

	2023	2022
	(Rupees in '000)	
Contribution made by the Group	**11,778**	9,565
Contribution made by employees	**11,778**	9,565
	23,556	19,130

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

(Rupees in '000)

Items	2023					
	Directors				Key	Other Material
	Chairman	Executives (other than CEO)	Non-Executive	President / CEO	Management Personnel	Risk Takers / Controllers
Fees and Allowances etc.	2,400	4,703	4,800	–	–	–
Managerial Remuneration						
i) Fixed	–	18,447	–	25,216	62,698	86,396
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	4,147	–	18,502	15,866	26,150
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	491	–	2,187	836	1,861
Contribution to defined contribution plan	–	452	–	1,739	2,401	3,635
Rent & house maintenance	–	–	–	–	–	–
Utilities	–	–	–	–	–	–
Medical	–	–	–	25	1,604	2,847
Conveyance	–	–	–	–	–	–
Others						
- LFA	–	–	–	1,998	2,942	4,243
- TDA	–	–	–	426	600	621
- Fuel	–	–	–	890	6,736	11,598
- Leave encashment	–	–	–	3,312	–	–
- Mobile reimbursement	–	–	–	22	239	419
- Security & Vehicle Maintenance	–	–	–	738	–	–
- others	–	2,122	–	3,929	493	1,145
Total	2,400	30,362	4,800	58,983	94,415	138,915
Number of persons	2	11	2	2	14	26

(Rupees in '000)

Items	Directors: Chairman	Directors: Executives (other than CEO)	Directors: Non-Executive	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	2022					
Fees and Allowances etc.	1,200	4,067	2,400	–	–	–
Managerial Remuneration						
i) Fixed	–	6,158	–	24,920	58,476	99,946
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	3,396	–	17,982	16,234	39,397
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	2,187	870	4,065
Contribution to defined contribution plan	–	409	–	1,719	2,219	4,810
Rent & house maintenance	–	–	–	–	–	–
Utilities	–	–	–	–	–	–
Medical	–	–	–	908	1,691	3,331
Conveyance	–	–	–	–	–	–
Others						
- LFA	–	–	–	–	1,191	2,349
- TDA	–	–	–	520	127	654
- Fuel	–	–	–	413	4,532	7,264
- Leave encashment	–	–	–	1,576	–	1,576
- Mobile reimbursement	–	–	–	95	201	403
- Security & Vehicle Maintenance	–	–	–	586	–	586
- others	–	898	–	44	505	1,039
Total	1,200	14,928	2,400	50,950	86,046	165,419
Number of persons	1	11	2	1	13	22

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

(Rupees in '000)

Sr. No.	Name of Director	For Board Meetings	Audit Committee	HR&RC Committee	Credit and Risk Management Committee	Total Amount Paid
		2023 – Meeting Fees and Allowances Paid	For Board Committees			
1	Ms. Dk Noorul Hayati Julaihi	**2,400**	**–**	**–**	**–**	**2,400**
2	Mr. Nasir Mahmood Khosa	**2,400**	**–**	**–**	**–**	**2,400**
3	Ms. Norakerteni Muhammad	**2,400**	**–**	**–**	**–**	**2,400**
	Total Amount Paid	**7,200**	**–**	**–**	**–**	**7,200**

(Rupees in '000)

Sr. No.	Name of Director	For Board Meetings	Audit Committee	HR&RC Committee	Credit and Risk Management Committee	Total Amount Paid
		2022 – Meeting Fees and Allowances Paid	For Board Committees			
1	Mr. Sofian Mohammad Jani	1,200	–	–	–	1,200
2	Mr. Arif Ahmed Khan	1,200	–	–	–	1,200
3	Mr. Edzwan Zukri Adanan	400	–	–	–	400
4	Ms. Dk Noorul Hayati Julaihi	800	–	–	–	800
	Total Amount Paid	**3,600**	**–**	**–**	**–**	**3,600**

39 FAIR VALUE MEASUREMENT

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

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

39.1 Fair value of financial assets

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (FMA report).
Term finance / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.

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

(Rupees in '000)

On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
	2023			
Financial assets - measured at fair value				
Investments				
Federal government securities	**–**	**153,327,875**	**–**	**153,327,875**
Ordinary shares	**961,316**	**–**	**–**	**961,316**
Non-government debt securities	**–**	**2,473,503**	**–**	**2,473,503**
Off-balance sheet financial instruments				
Commitments				
- future purchase and sale transactions	**–**	**4,956,324**	**–**	**4,956,324**

(Rupees in '000)

On balance sheet financial instruments	2022 Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value				
Investments				
Federal government securities	–	38,973,866	–	38,973,866
Ordinary shares	1,340,790	–	–	1,340,790
Non-government debt securities	–	2,477,356	–	2,477,356
Off-balance sheet financial instruments				
Commitments				
Forward shares	–	–	–	–

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

(Rupees in '000)

	2023 Corporate finance	Trading and sales	Commercial banking	Total
Consolidated statement of Profit and Loss Account				
Net Mark-up / return / profit	–	1,558,055	267,480	1,825,535
Non mark-up / return / interest income	125,833	444,871	–	570,704
Total income	125,833	2,002,926	267,480	2,396,239
Total expenses	39,059	621,700	81,790	742,549
Provisions	–	16,040	217,947	233,987
Profit before tax from continuing operations	86,774	1,365,186	(32,257)	1,419,703
Income from discontinuing operations	1,244	7,307	5,105	13,656
Expenses from discontinuing opertions	3,026	17,778	12,421	33,225
Profit before tax from discontinuing opertion	(1,782)	(10,471)	(7,316)	(19,569)
Consolidated Statement of Financial Position				
Cash and bank balances	66,163	1,053,139	140,641	1,259,943
Investments	–	156,762,694	–	156,762,694
Lendings to financial institutions	–	–	–	–
Advances - performing	–	1,597,763	20,470,801	22,068,564
Advances - non-performing	–	12,129	217,581	229,710
Others	8,182	7,915,518	1,056,903	8,980,603
Total assets	74,345	167,341,243	21,885,926	189,301,514
Borrowings	–	154,354,160	20,613,171	174,967,331
Deposits & other accounts	–	10,939	1,461	12,400
Lease liabilities	–	8,405	1,122	9,527
Others	–	3,002,970	401,030	3,404,000
Total liabilities	–	157,376,473	21,016,785	178,393,258
Equity	74,345	9,964,770	869,142	10,908,256
Total equity and liabilities	74,345	167,341,243	21,885,926	189,301,514
Contingencies and commitments	–	116,840,634	6,332,674	123,173,308

(Rupees in '000)

	2022 Corporate finance	Trading and sales	Commercial banking	Total
Consolidated statement of Profit and Loss Account				
Net mark-up / return / profit	–	608,598	506,921	1,115,519
Non mark-up / return / interest income	123,712	118,141	828	242,681
Total income	123,712	726,739	507,749	1,358,200
Total expenses	40,334	366,981	113,841	521,156
Provisions	–	7,067	184,823	191,890
Profit before tax from continuing operations	83,378	352,691	209,085	645,154
Income from discontinuing operations	612	3,597	2,513	6,722
Expenses from discontinuing opertions	2,727	16,018	11,191	29,936
Profit before tax from discontinuing opertions	(2,114)	(12,421)	(8,678)	(23,214)
Consolidated Statement of Financial Position				
Cash and bank balances	76,205	447,659	312,765	836,629
Investments	–	42,816,258	–	42,816,258
Lendings to financial institutions	–	6,588,721	–	6,588,721
Advances - performing	–	2,049,452	24,355,509	26,404,961
Advances - non-performing	–	11,249	445,955	457,204
Others	368,322	2,163,689	1,511,699	4,043,710
Total assets	444,527	54,077,028	26,625,928	81,147,483
Borrowings	–	56,403,229	12,483,673	68,886,902
Deposits and other accounts	–	45,215	9,553	54,768
Lease liabilities	–	22,365	13,353	35,718
Others	–	1,384,291	826,470	2,210,761
Total liabilities	–	57,855,100	13,333,049	71,188,149
Equity	444,527	(3,778,072)	13,292,879	9,959,334
Total equity and liabilities	444,527	54,077,028	26,625,928	81,147,483
Contingencies and commitments	–	–	24,672,227	24,672,227

40.2 Segment details with respect to geographical location

The operations of the Company are currently based only in Pakistan.

41 TRUST ACTIVITIES

The Holding Company has assumed the role of Trustee to various Term Finance Certificates (TFCs) / sukuk issues and is holding trust properties in fiduciary capacity for and on behalf of the trust beneficiaries. The Holding Company is registered as a Debt Securities Trustee (DST) under the Debt Securities Trustee Regulations, 2017 (DST Regulations, 2017) issued by the SECP.

Presently, the Holding Company is acting as Trustee and/or Investment Agent to 52 (fifty-two) debt securities issues of entities, including Agha Steel Industries Limited, Agritech Limited, Azgard Nine Limited, Bank Alfalah Limited, Bank Al-Habib Limited, Bank Islami Pakistan Limited, Crescent Steel & Allied Product Limited, Dubai Islamic Bank Pakistan Limited, Habib Bank Limited, Hub Power Company Limited, Hub Power Holding Pvt. Limited, Jahangir Siddiqui & Co. Limited, JS Bank Limited, K-Electric Limited, Khushhali Microfinance Bank Limited, Neelum Jhelum Hydro Power Co. Limited, Pakistan Intermodals Limited, Pakistan Services Limited, Silk Bank Limited, Sindh Nooriabad Power Co. Limited (Phase-I & II), Soneri Bank Limited, Summit Bank Limited, Telecard Limited, The Bank of Punjab, U Microfinance Bank Limited, and WAPDA (Dasu Hydro Power Project). The combined value of debt securities as at December 31, 2023 amounted to Rs. 386,774 million (2022: Rs. 404,841 million).

42 RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employees' defined benefit and defined contribution plans, its key management personnel and state controlled entities.

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are disclosed in notes 36 and 37 to these consolidated financial statements and are made in accordance with the actuarial valuations / terms of scheme. Remuneration to chief executive, directors and executives is disclosed in note 38 to the consolidated financial statements. Transactions with owners have been disclosed in 'Consolidated Statement of Changes in Equity'. All other transactions between the Group and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment. The details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

(Rupees in '000)

	2023			2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Lendings						
Opening balance	–	–	26,000	–	–	–
Addition during the year	–	–	301,600	–	–	58,000
Repaid during the year	–	–	(327,600)	–	–	(32,000)
Closing balance	–	–	–	–	–	26,000
Investments						
Opening balance	–	–	–	–	–	–
Investment made during the year	–	–	–	–	–	–
Investment disposed off during the year	–	–	–	–	–	–
Classified as held-for-sale	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
Advances						
Opening balance	–	72,204	178,207	–	89,209	150,000
Addition during the year	–	19,558	300,000	–	46,336	150,000
Repaid during the year	–	(41,952)	(318,432)	–	(10,432)	(150,000)
Transfer in / (out) - net	–	–	–	–	(52,909)	28,207
Closing balance	–	49,810	159,775	–	72,204	178,207
Other assets						
Interest / mark-up accrued	–	–	288	–	–	423
Lease receivable under IFRS-16	–	–	–	–	–	–
Receivable from defined benefit plan	–	–	–	–	–	3,260
Preliminary expense	–	–	–	–	–	–
Advance against investments in right shares	–	–	–	–	–	–
Others	–	–	1,023	–	–	810
	–	–	1,311	–	–	4,493
Assets classified as held-for-sale						
Opening balance	–	–	–	–	–	–
Transfer during the year	–	–	–	–	–	–
Disposed off during the year	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
Borrowings						
Opening balance	–	–	–	–	–	191,154
Borrowings during the year	–	–	73,156	–	–	28,444
Settled during the year	–	–	(68,329)	–	–	(219,598)
Closing balance	–	–	4,827	–	–	–

(Rupees in '000)

	2023			2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Deposits and other accounts						
Opening balance	–	–	–	–	–	–
Received during the year	–	–	–	–	–	–
Withdrawn during the year	–	–	–	–	–	–
Closing balance	–	–	–	–	–	–
Other Liabilities						
Interest / mark-up payable	–	–	6	–	–	–
Payable to defined benefit plan	–	–	12,462	–	–	–
Other liabilities	–	–	–	–	–	–
	–	–	12,468	–	–	–
Income						
Mark-up / return / interest earned	–	3,268	43,865	–	2,542	23,173
Dividend income	–	–	–	–	–	–
Expense	–	–	442	–	–	–
Mark-up / return / interest paid	6,400	137,696	–	–	–	7,864
Operating expenses	–	15,700	233	3,600	127,374	–
Reimbursement of expenses	–	–	9,290	–	9,622	–
Expenses charged (note 42.1)	–	2,214	–	–	–	9,806

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	9,441,917	8,638,896
Eligible Additional Tier 1 (ADT 1) Capital	–	–
Total Eligible Tier 1 Capital	9,441,917	8,638,896
Eligible Tier 2 Capital	–	–
Total Eligible Capital (Tier 1 + Tier 2)	9,441,917	8,638,896
Risk Weighted Assets (RWAs):		
Credit Risk	21,701,609	26,430,044
Market Risk	7,704,487	5,650,058
Operational Risk	3,131,354	2,361,186
Total	32,537,450	34,441,288
Common Equity Tier 1 Capital Adequacy ratio	29.02%	25.08%
Tier 1 Capital Adequacy Ratio	29.02%	25.08%
Total Capital Adequacy Ratio	29.02%	25.08%

In order to strengthen the solvency of Banks / Development Financial Institutions (DFI), SBP through its BSD Circular No. 19 of 2008 dated September 05, 2008 has asked the DFIs to raise their minimum paid up capital to Rs.6 billion free of losses by the end of financial year 2009.

The paid-up capital and CAR of the Group stands at Rs. 6 billion and 26.58% of its risk weighted exposure as at December 31, 2023.

The Group uses Standardised approach for calculations of Credit and Market Risk Weighted Assets while Basic Indicator approach is used to calculate Operational Risk Weighted assets.

	2023	2022
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**11.50%**	11.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**9,441,917**	8,638,896
Total Exposures	**156,629,925**	80,969,375
Leverage Ratio	**6.03%**	10.67%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**17,914,626**	7,989,493
Total Net Cash Outflow	**17,581,217**	7,107,724
Liquidity Coverage Ratio	**101.90%**	112.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**24,490,814**	27,729,097
Total Required Stable Funding	**18,812,749**	23,794,119
Net Stable Funding Ratio	**130.18%**	116.54%

43.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at https://pakbrunei.com.pk/wp-content/uploads/2023/03/BaselIII2023Disclosure-Consolidated.pdf

44 RISK MANAGEMENT

The Risk Management Framework (the Framework) of the Group provides principles for identifying, assessing and monitoring risk within the Group. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Categories of risk

The Group generates most of its revenues by accepting credit, liquidity and market risk. Effective management of these risks is the decisive factor in the profitability of the Group. In addition, the Group is subject to certain consequential risks that are common to all business undertakings. These risks are grouped under two headings: operational risk and reputational risk. The Framework is organised with reference to these five risk categories as detailed below:

Credit risk This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a counter party.

Market risk The risk of loss generated by adverse changes in the price of assets or contracts currently held by the Group.

Liquidity risk The risk that the Group is unable to meet its payment obligations or fund increases in assets when they fall due without incurring an unacceptable cost the consequences of which may be the failure to meet obligations to repay investors and fulfil commitments to lend.

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

Reputational risk The risk of failing to meet the standards of performance or behaviour required or expected by stakeholders in commercial activities or the way in which business is conducted.

Risk responsibilities

The Board of Directors (the Board) is accountable for the overall supervision of the risk management process. The Board is responsible for the approval of all risk policies and ensuring that these are properly implemented. Furthermore, the Board approves the appointment of senior management personnel who are capable of managing the risk activities conducted by the Group.

Risk Management comprises of two areas namely Credit Risk Management (CRM) and Middle Office and Operational Risk (MOOR). CRM oversees credit risk taken by the Group while MOOR function overviews market, liquidity and operational risks of the Group. The functions of both of these units are subject to the policies and manuals approved by the Board, Prudential Regulations and additional regulatory directives issued from time to time. These units are independent of business generation and risk taking. For all credit exposures taken by the Group, CRM prepares a comprehensive credit advice highlighting business, financial and structural risks for Credit Committee members. CRM monitors the credit portfolio of the Group on a regular basis to ensure prudent lending. Moreover, this department also sets parameters for various risks including i) sectoral concentration, ii) exposure limits for single and group exposures, and iii) monitoring watch list accounts and the entire portfolio. The risk management philosophy is to identify and monitor risk on a portfolio basis and assess the risk taking capacity of the statement of financial position as a whole. MOOR is responsible for monitoring and reporting of market and liquidity risk as it arises from our trading, investing and lending activities. MOOR also conducts Risk and Self Assessment exercises and maintains Group wide risk registers to monitor operational risks embedded in the Group operations and ensure that sufficient controls are in place against such risks.

Different Management Committees have been set up to review different kinds of risks; mainly being the Assets and Liabilities Committee (ALCO), Credit Committee (CC) and Risk Management Committee (RMC). Comprehensive risk management manuals have been designed which cover all significant risks including credit, liquidity, market and operational risks and provides guidance to management on risk controls, limits, risk measurement tools and a reporting framework.

44.1 Credit risk

Credit risk, i.e. the potential default of one or more debtors, is the largest source of risk for the Group. The Group is exposed to credit risk through its lending and investment activities. The credit risk arising from exposure to corporates 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 Basel II Accord.

The Group manages 3 principal sources of credit risk:

i) Sovereign credit risk

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

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. Two internal rating models are in use to rate (i) Corporate / Commercial customers (ii) SME customers. Frameworks of both these models have been duly approved by the Board.

iii) **Counter party credit risk on interbank limits**

In the normal course of its business, the Group's Treasury utilises products such as reverse repos and call lendings 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 to the Group.

Reflecting a preference for minimising the exposure to counterparty credit risk, the Group maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies. For example, the minimum rating for counterparties to be eligible for a financing relationship with the Group is BBB.

Credit administration

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

Risk analytics

To ensure a prudent distribution of asset portfolio, the Group manages its lendings and investment activities within a framework of Borrower, Group, Product, Geographical and Sector exposure limits and risk profile benchmarks.

Stress testing

The Group also conducts stress testing of its existing portfolio, which includes all assets, i.e., advances as well as investments. This exercise is conducted on a quarterly basis through assigning shocks to distressed / non-performing assets of the Group and assessing its resulting effect on capital adequacy.

Regular monitoring

Regular monitoring of the advances portfolio is carried out which focuses on early problem recognition and influences the front office to carry out an assessment of the borrower's ability to rectify the identified problem / weakness within a reasonable time-frame, consider tighter structuring of facilities, confirm that there are no critical deficiencies in the existing security position and, if possible, arrange for strengthening of the same through obtaining additional collateral. It should however, be noted that these actions are taken prior to incurring overdues on the facility.

Portfolio diversification

While expanding the advances and the investment (TFCs) portfolio, efficient portfolio diversification has been a key consideration despite the relatively small size of operations.

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.1 Lendings to financial institutions

(Rupees in '000)

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
Credit risk by public / private sector						
Public / Government	–	–	–	–	–	–
Private	–	6,559,967	–	–	–	–
	–	6,559,967	–	–	–	–

44.1.2 Investment in debt securities

(Rupees in '000)

	Gross investments		Non-performing investments		Stage 1		Stage 2		Stage 3	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Credit risk by industry sector										
Textile	38,553	42,919	38,553	42,920	–	–	–	–	38,553	42,920
Chemical and Pharmaceuticals	122,845	–	53,460	–	–	–	–	–	53,460	–
Steel	–	–	–	–	–	–	–	–	–	–
Construction	–	–	–	–	–	–	–	–	–	–
Power (Electricity), Gas, Water, Sanitary	–	–	–	–	–	–	–	–	–	–
Transport, Storage and Communication	14,361	14,361	14,361	14,361	–	–	–	–	14,361	14,361
Financial	2,473,502	2,474,246	–	–	7	–	–	–	–	–
Food & Beverages	–	–	–	–	–	–	–	–	–	–
Others	90,957	216,877	149,141	206,051	–	–	–	–	149,134	206,051
	2,740,218	2,748,403	255,515	263,332	7	–	–	–	255,508	263,332
Credit risk by public / private sector										
Public / Government	–	–	–	–	–	–	–	–	–	–
Private	2,740,218	2,748,403	255,515	263,332	7	–	–	–	255,508	263,332
	2,740,218	2,748,403	255,515	263,332	7	–	–	–	255,508	263,332

44.1.3 Advances

(Rupees in '000)

	Gross investments		Non-performing investments		Stage 1		Stage 2		Stage 3	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Credit risk by industry sector										
Textile	4,294,388	4,672,788	27,202	28,901	6,422	–	933	–	27,002	28,227
Chemical and Pharmaceuticals	4,126,088	3,993,880	4,645	4,947	5,593	–	–	–	4,645	4,944
Cement	–	1,050,000	–	–	–	–	–	–	–	–
Sugar	1,804,365	1,375,448	21,998	21,998	2,958	–	–	–	21,998	–
Steel	1,193,638	1,034,886	209,453	81,560	1,582	–	–	–	322,848	80,813
Footwear and leather garments	–	–	–	–	–	–	–	–	–	–
Automobile and transportation equipment	380,790	432,987	2,290	3,180	37	6,127	9,222	–	2,290	3,183
Electronics and electrical appliances	1,109,696	1,027,150	411,937	419,500	523	–	665	–	304,044	77,422
Construction	783,833	1,057,846	3,780	5,458	748	–	–	–	2,522	2,728
Power (Electricity), Gas, Water, Sanitary	2,580,978	4,908,617	138,073	110,000	9,965	–	–	–	138,073	110,000
Retail	163,268	54,469	10,791	–	486	–	388	–	10,791	–
Exports/Imports	–	–	–	–	–	–	–	–	–	–
Transport, Storage and Communication	354,401	426,501	18,379	59,985	–	4,532	–	–	18,378	59,982
Financial	869,958	724,803	–	–	–	–	–	–	–	–
Insurance	–	–	–	–	–	–	–	–	–	–
Services	242,245	241,457	519	3,950	1,128	–	–	–	6,439	1,975
Individuals	133,853	191,174	–	–	30	2,214	–	–	–	–
Education	13,000	–	3,750	–	185	–	–	–	2,502	–
Food and beverages	3,030,296	2,661,686	315,159	309,795	9,784	–	5,561	–	313,374	309,795
Others	1,093,821	2,581,359	256,470	132,361	41,843	9,655	8,001	7,562	19,830	45,362
	22,174,618	26,435,051	1,424,446	1,181,635	81,284	22,528	24,770	7,562	1,194,736	724,431
Credit risk by public / private sector										
Public / Government	–	–	–	–	–	–	–	–	–	–
Private	22,174,618	26,435,051	1,424,446	1,181,635	81,284	22,528	24,770	7,562	1,194,736	724,431
	22,174,618	26,435,051	1,424,446	1,181,635	81,284	22,528	24,770	7,562	1,194,736	724,431

44.1.4 Contingencies and Commitments

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	**95,000**	5,000
Textile	**100,006**	219,505
Chemical and Pharmaceuticals	**711,652**	211,548
Sugar	**250,000**	–
Power (Electricity), Gas, Water, Sanitary	**3,764,350**	2,716,632
Transport, Storage and Communication	**200,000**	–
Financial	**117,914,439**	20,883,529
Services	**50,000**	–
Packaging	**49,528**	10,000
Food and beverages	**15,000**	48,500
Electronics and electrical appliances	**–**	150,000
Leather & footwear	**2,000**	–
Others	**21,333**	427,513
	123,173,308	24,672,227
Credit risk by public / private sector		
Public / Government	**117,914,439**	19,262,635
Private	**5,258,869**	5,413,207
	123,173,308	24,675,842

44.1.5 Concentration of advances

The Group's top 10 exposures on the basis of total funded and non-funded exposures are as following:

	2023	2022
	(Rupees in '000)	
Funded	**5,774,765**	9,050,467
Non Funded	**3,749,549**	1,334,103
Total Exposure	**9,524,314**	10,384,570

The sanctioned limits against these top 10 exposures aggregated to Rs. 19,514 million (2022: Rs. 11,368 million).

44.1.6 Advances - Province / Region-wise Disbursement and Utilisation

(Rupees in '000)

Province / Region	2023					
	Disbursements	Utilisation				
		Punjab	Sindh	Balochistan	Islamabad	KPK
Punjab	**8,112,767**	**8,112,767**	**–**	**–**	**–**	**–**
Sindh	**11,136,227**	**246,571**	**10,889,656**	**–**	**–**	**–**
Balochistan	**901,500**	**–**	**–**	**901,500**	**–**	**–**
Islamabad	**–**	**–**	**–**	**–**	**–**	**–**
KPK	**3,000**	**–**	**–**	**–**	**–**	**3,000**
Total	**20,153,494**	**8,359,338**	**10,889,656**	**901,500**	**–**	**3,000**

(Rupees in '000)

Province / Region	2022					
	Disbursements	Utilisation				
		Punjab	Sindh	Balochistan	Islamabad	KPK
Punjab	8,414,439	6,756,835	–	–	–	–
Sindh	11,090,061	–	10,911,668	–	–	–
Balochistan	28,000	–	–	28,000	–	–
Islamabad	–	–	–	–	–	–
KPK	129,333	–	–	–	–	129,333
Total	19,661,833	6,756,835	10,911,668	28,000	–	129,333

44.2 Market risk

The market risk is the risk of reductions in earnings, value and / or reserves arising from changes in market rates (such as interest rates, exchange rates, credit spreads) and market prices (such as commodities, equities, property etc.) as well as their correlations and volatilities. The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Capital market groups.

The Group classifies its assets in banking and trading books as per instructions from the SBP. The Group's trading book comprises positions in financial instruments held with trading intent or in order to hedge other elements of the trading book and free of any restrictive covenants on their tradability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively managed. The positions which do not fulfil the criteria of trading book falls under the banking book and are treated as per SBP requirements.

The Group's trading book consists of investments in government securities, listed equities and mutual funds. The Group actively measures, controls and manages market risk in its trading book on a day-to-day basis. Controls are applied to all investment portfolios by setting limits to the exposures taken. This includes stop loss limits on shares in 'Held-for-trading' portfolio, individual and sectoral concentration limits, volatility and value-at-risk limits, etc.

The Group measures market risk using various techniques like duration analysis for interest rate risk in banking book, Value-at-Risk for adverse price movement, sensitivity analysis for investment in government securities, stress testing, etc. The results are communicated to ALCO and Risk Management Committee on monthly and quarterly basis respectively. Results are also communicated to the Board of Directors every quarter and to Board's Risk Management Committee on a half-yearly basis. Market risk is effectively managed at the portfolio level. The Group has adopted Standardised Approach of Basel II Accord.

44.2.1 Consolidated Statement of Financial Position split by trading and banking books - Basel II Specific

(Rupees in '000)

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	688,559	–	688,559	336,633	–	336,633
Balances with other banks	571,384	–	571,384	499,996	–	499,996
Lendings to financial institutions	–	–	–	6,588,721	–	6,588,721
Investments	1,040,083	155,722,611	156,762,694	348,152	42,468,106	42,816,258
Advances	22,298,274	–	22,298,274	26,862,165	–	26,862,165
Property and equipment	118,852	–	118,852	18,511	–	18,511
Right-of-use assets	24,160	–	24,160	46,929	–	46,929
Intangible assets	12,799	–	12,799	3,659	–	3,659
Deferred tax assets	1,237,193	–	1,237,193	946,494	–	946,494
Other assets	7,392,212	–	7,392,212	2,672,319	–	2,672,319
Assets classified as held-for-sale	195,387	–	195,387	355,799	–	355,799
	33,578,903	155,722,611	189,301,514	38,679,377	42,468,106	81,147,483

44.2.2 Foreign exchange risk

Foreign exchange risk is the risk of loss arising from fluctuations of exchange rates. The Group is not exposed to any significant funded or non-funded foreign exchange exposure.

(Rupees in '000)

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	–	–	–	–	–	–	–	–

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Consolidated statement of profit and loss account	–	–	–	–

44.2.3 Equity position risk

Equity position risk is the risk that the fair value will fluctuate as a result of changes in prices of individual stocks or the levels of equity indices. The Group's equity investments are either classified as fair value through Other Comprehensive Income (FVOCI) or fair value through profit or loss account (FVPL). The objective of the fair value through OCI portfolio is to maintain a medium term view of capital gains and dividend income while the Group takes advantage of short-term capital gains through its fair value through profit or loss (FVPL) portfolio investments. It is managed by the Group through its internal investment policy which is duly approved by the Board. The policy defines various position limits, portfolio limits and stop loss limits for the equity desk. The Group also applies stress tests on the equity portfolio which is part of the Group's overall market risk exposure limit on the banking book.

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Consolidated statement profit and loss account	–	–	–	–
- Other comprehensive income	–	(48,055)	–	(67,040)

44.2.4 Yield / interest rate risk in the banking book (IRRBB) - Basel II Specific

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity dates and for off-balance sheet instruments is based on settlement dates. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the Group also conducts interest rate sensitivity analysis in the banking book using the Duration Gap analysis based on its interest rate sensitive assets and interest rate sensitive liabilities. The Group also uses parallel shift in interest rates to determine the impact of adverse rate changes on investments in government securities.

- Interest rate sensitivity of assets and liabilities is measured based on actual re-pricing / maturity behaviour of all interest rate sensitive assets and liabilities.
- Duration GAP is calculated based on interest rate re-pricing of assets and liabilities and is used to determine impact of adverse interest rate movements on the Group's equity. Such an analysis is conducted every month and results are reported to the ALCO and RMC on a monthly and quarterly basis respectively.

(Rupees in '000)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Unconsolidated profit and loss account	(36,303)	–	(52,767)	–
- Other comprehensive income	–	(1,888,270)	–	(275,638)

44.2.5 Mismatch of interest rate sensitive assets and liabilities

(Rupees in '000)

2023	Effective yield/ interest rate %	Total	Exposed to yield/interest risk: Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest Bearing Financial Instruments
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		688,559	–	–	–	–	–	–	–	–	–	688,559
Balances with other banks	20.50% to 20.51%	571,384	557,348	–	–	–	–	–	–	–	–	14,036
Lending to financial institutions		–	–	–	–	–	–	–	–	–	–	–
Investments	14.68% to 25.79%	156,762,694	64,979,855	38,635,150	30,753,019	15,885,743	–	923,447	2,636,741	1,774,866	212,557	961,316
Advances	2.7% to 29.67%	22,298,274	4,941,913	6,913,847	2,784,415	1,766,925	1,684,009	1,436,112	2,143,299	553,810	–	73,944
Other assets		5,998,016	–	–	–	–	–	–	–	–	–	5,998,016
		186,318,927	70,479,116	45,548,997	33,537,434	17,652,668	1,684,009	2,359,559	4,780,040	2,328,676	212,557	7,735,871
Liabilities												
Borrowings	0% to 23.26%	174,967,331	136,418,424	3,643,370	29,086,600	1,132,869	2,077,997	1,047,661	1,145,106	415,304	–	–
Deposits and other accounts		12,400	–	–	–	–	–	–	12,400	–	–	–
Other liabilities		3,413,527	–	–	–	–	–	–	–	–	–	3,413,527
		178,393,258	136,418,424	3,643,370	29,086,600	1,132,869	2,077,997	1,047,661	1,157,506	415,304	–	3,413,527
On-balance sheet gap		7,925,669	(65,939,308)	41,905,627	4,450,834	16,519,799	(393,988)	1,311,897	3,622,534	1,913,372	212,557	4,322,344
Non financial net assets		2,982,587										
Total net assets		10,908,256										
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,376,350	1,376,350	–	–	–	–	–	–	–	–	–
Commitments in respect of:												
– forward foreign exchange contracts		–	–	–	–	–	–	–	–	–	–	–
– forward lendings		3,884,675	3,884,675	–	–	–	–	–	–	–	–	–
– forward investments		4,956,324	4,956,324	–	–	–	–	–	–	–	–	–
– repo transactions		–	–	–	–	–	–	–	–	–	–	–
Other commitment		–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		10,217,349	10,217,349	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			(55,721,959)	41,905,627	4,450,834	16,519,799	(393,988)	1,311,897	3,622,534	1,913,372	212,557	4,322,344
Cumulative yield / interest risk sensitivity gap			(55,721,959)	(13,816,331)	(9,365,497)	7,154,302	6,760,314	8,072,211	11,694,746	13,608,118	13,820,675	18,143,019

(Rupees in '000)

2022	Effective yield/ interest rate %	Total	Exposed to yield/interest risk: Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest Bearing Financial Instruments
On-balance sheet financial instruments												
Asset												
Cash and balances with treasury banks		336,633	–	–	–	–	–	–	–	–	–	336,633
Balances with other banks	4.40% to 14.51%	499,996	499,996	–	–	–	–	–	–	–	–	–
Lending to financial institutions	11.25% to 14%	6,588,721	6,588,721	–	–	–	–	–	–	–	–	–
Investments	7.00% to 16.97%	42,816,258	21,802,365	3,109,192	9,921,018	31,056	905,636	–	943,623	4,562,941	199,637	1,340,790
Advances	2.25% to 24.00%	26,862,165	7,926,340	10,668,904	2,802,658	1,028,155	1,105,235	929,673	1,468,841	830,815	44,523	57,021
Other assets		1,411,423	–	–	–	–	–	–	–	–	–	1,411,423
		78,515,196	36,817,422	13,778,096	12,723,676	1,059,211	2,010,871	929,673	2,412,464	5,393,756	244,160	3,145,867
Liabilities												
Borrowings	1.00% to 17.20%	68,886,902	25,557,521	19,103,762	13,245,871	4,991,381	1,717,644	1,991,757	1,465,160	813,806	–	–
Deposits and other accounts	15%	54,768	–	–	–	54,768	–	–	–	–	–	–
Other liabilities		2,210,760	–	–	–	–	–	–	–	–	–	2,210,760
		71,152,430	25,557,521	19,103,762	13,245,871	5,046,149	1,717,644	1,991,757	1,465,160	813,806	–	2,210,760
On-balance sheet gap		7,362,766	11,259,901	(5,325,666)	(522,195)	(3,986,938)	293,227	(1,062,084)	947,304	4,579,950	244,160	935,107
Net non- financial assets		3,545,490										
Net assets		10,908,256										
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		1,334,103	1,334,103	–	–	–	–	–	–	–	–	–
Commitments in respect of:												
- forward foreign exchange contracts		–	–	–	–	–	–	–	–	–	–	–
- forward lendings		2,485,027	2,485,027	–	–	–	–	–	–	–	–	–
- forward investment		120,362	120,362	–	–	–	–	–	–	–	–	–
- repo transactions		–	–	–	–	–	–	–	–	–	–	–
Other commitment		–	–	–	–	–	–	–	–	–	–	–
Off-balance sheet gap		3,939,492	3,939,492	–	–	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			15,199,393	(5,325,666)	(522,195)	(3,986,938)	293,227	(1,062,084)	947,304	4,579,950	244,160	935,107
Cumulative yield / interest risk sensitivity gap			15,199,393	9,873,727	9,351,532	5,364,594	5,657,821	4,595,737	5,543,041	10,122,991	10,367,151	11,302,258

44.3 Operational risk

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

The Group, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry's best practices. The Group also gathers operational risk losses to determine strengths and sufficiency of its internal controls.

The Group has developed a Business Continuity Plan applicable to all its functional areas and the plan is rehearsed at least twice in a year.

Furthermore, the Group's operations are relatively simple as compared to a large scale commercial bank. The Group only operates with its head office in Karachi with a liaison office in Lahore. Given simple operations and small scale, Group uses Basic Indicator Approach (BIA) to determine capital charge under Basel II.

44.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to fund its current obligations and operations in the most cost efficient manner. ALCO is the forum to oversee liquidity management.

Liquidity risk can arise from the Group's activities and can be grouped into three categories:

- Inflows / outflows from on-balance sheet items (other than marketable securities and wholesale borrowings) and off-balance sheet items;
- Marketability of trading securities; and
- Capacity to borrow from the wholesale markets for funding as well as trading activities.

The Group's main funding source is the inter-bank money market. Changes in the government monetary policy and market expectations of interest rate are all important factors that can adversely affect our key funding sources. Efficient and accurate planning plays a critical role in liquidity management. The Group's MIS provides information on expected cash inflows / outflows which allows the Group to take timely decisions based on future requirements. The Group monitors all the possible sources from which liquidity risk can emanate including market reputation, borrowing terms, deterioration in quality of credit portfolio, etc. Other sources are also identified for which early warning indicators have been created and are being monitored for early intervention of management sensing a potential liquidity crunch.

Gap analysis and stress testing is done on a periodic basis to capture any adverse effect of market movements on liquidity position. Based on the results produced, ALCO devises the liquidity management strategy to maintain sufficient liquidity to deal with any related catastrophe.

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

(Rupees in '000)

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
Assets														
Cash and balances with treasury banks	688,559	448,559	–	–	–	–	–	–	–	–	–	–	–	240,000
Balances with other banks	571,384	–	–	–	380,591	91,069	–	–	–	99,724	–	–	–	–
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	156,762,694	–	1,448,115	–	378,368	99,277	96,132	2,876,321	13,766,883	24,712,901	47,665,276	34,846,480	22,013,994	8,858,947
Advances	22,298,274	247,864	1,093,343	28,299	571,399	1,352,898	1,876,455	2,681,719	1,366,607	3,671,270	3,097,906	2,316,488	2,865,742	1,128,285
Property and equipment	118,852	–	–	–	4,550	4,085	4,085	5,526	7,336	14,718	30,511	23,184	24,858	–
Right-of-use assets	24,160	–	–	–	2,400	2,256	2,400	7,057	2,929	796	3,179	3,143	–	–
Intangible assets	12,799	–	–	–	1,277	1,277	1,277	3,189	78	1,929	3,772	–	–	–
Deferred tax assets	1,237,193	4,875	61,575	3,353	21,496	43,069	68,001	116,453	79,668	155,514	239,903	184,562	122,644	136,080
Other assets	7,392,212	144,538	1,716,817	144,111	356,750	812,872	1,218,606	931,866	168,933	5,975	–	1,848,407	43,337	–
Assets classified as held-for-sale	195,387	–	–	–	–	–	–	26,485	–	168,902	–	–	–	–
	189,301,515	845,836	4,319,850	175,763	1,716,831	2,406,803	3,266,955	6,648,616	15,392,434	28,831,729	51,040,547	39,222,264	25,070,575	10,363,312
Liabilities														
Borrowings	174,967,331	–	56,017,806	43,072,284	37,248,615	387,725	476,332	22,818,148	1,247,475	2,946,748	5,955,255	2,864,646	1,458,020	474,276
Deposits and other accounts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Lease liabilities	9,527	–	–	–	27	706	474	673	995	641	3,186	2,826	–	–
Other liabilities	3,404,000	90,721	183,662	460,429	499,091	84,866	88,584	881,969	95,126	165,352	245,764	427,440	178,721	2,275
	178,393,257	90,721	56,201,468	43,532,713	37,747,733	473,297	565,390	23,700,790	1,343,596	3,112,741	6,204,205	3,294,912	1,649,141	476,551
Net assets	10,908,257	755,115	(51,881,618)	(43,356,950)	(36,030,901)	1,933,506	2,701,565	(17,052,174)	14,048,838	25,718,988	44,836,342	35,927,352	23,421,434	9,886,761
Share capital	6,000,000													
Reserves	2,390,092													
Unappropriated profit	3,350,949													
Non-controlling interest	2,244													
Deficit on revaluation of assets	(835,029)													
	10,908,256													

(Rupees in '000)

2022	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	336,633	201,633	–	–	–	–	–	–	–	–	–	–	–	135,000
Balances with other banks	499,996	–	30,000	–	101,108	–	–	–	–	368,888	–	–	–	–
Lendings to financial institutions	6,588,721	–	6,553,967	–	6,000	–	–	28,754	–	–	–	–	–	–
Investments	42,816,258	–	–	–	262,754	131,377	131,377	1,039,783	7,600,403	6,004,018	5,797,059	7,327,358	10,125,802	4,396,327
Advances	26,862,165	559,912	524,094	52,961	2,455,896	1,374,710	1,922,387	3,499,465	1,098,848	4,054,289	3,770,904	2,736,574	3,209,119	1,603,006
Property and equipment	18,511	–	–	–	558	582	2,151	2,241	1,893	1,159	8,817	24	1,086	–
Right-of-use assets	46,929	–	–	–	1,807	2,632	3,806	5,731	7,782	8,169	14,804	800	1,398	–
Intangible assets	3,659	–	–	–	3,659	–	–	–	–	–	–	–	–	–
Deferred tax assets	946,494	–	–	–	–	–	–	–	–	946,494	–	–	–	–
Other assets	2,672,318	270,446	109,885	145,893	62,451	116,041	338,567	1,477,765	44,096	22,977	–	–	84,197	–
Assets classified as held-for-sale	355,799	–	–	–	–	–	–	–	355,799	–	–	–	–	–
	81,147,483	1,031,991	7,217,946	198,854	2,894,233	1,625,342	2,398,288	6,053,739	9,108,821	11,405,994	9,591,584	10,064,756	13,421,602	6,134,333
Liabilities														
Borrowings	68,886,902	–	7,485,234	6,023,652	12,057,404	12,536,668	3,924,564	8,756,668	845,232	2,697,505	5,975,044	4,867,623	2,904,077	813,231
Deposits and other accounts	54,768	–	–	–	–	–	–	–	–	54,768	–	–	–	–
Lease Liability	35,718	–	–	–	598	60	405	194	24,931	6,964	1,062	930	574	–
Other liabilities	2,210,760	160,464	16,807	125,056	503,408	211,279	179,493	473,105	302,870	22,432	93,940	33,727	88,179	–
	71,188,148	160,464	7,502,041	6,148,708	12,561,410	12,748,007	4,104,462	9,229,967	1,173,033	2,781,669	6,070,046	4,902,280	2,992,830	813,231
Net assets	9,959,335	871,527	(284,095)	(5,949,854)	(9,667,177)	(11,122,665)	(1,706,174)	(3,176,228)	7,935,788	8,624,325	3,521,538	5,162,476	10,428,772	5,321,102
Share capital	6,000,000													
Reserves	2,120,621													
Unappropriated profit	3,353,115													
Non-controlling interest	2,221													
Deficit on revaluation of assets	(1,516,622)													
	9,959,335													

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

(Rupees in '000)

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
Assets										
Cash and balances with treasury banks	688,559	448,559	–	–	–	–	–	–	240,000	–
Balances with other banks	571,384	380,591	91,069	–	99,724	–	–	–	–	–
Lendings to financial institutions	–	–	–	–	–	–	–	–	–	–
Investments	156,762,694	1,826,483	195,409	2,876,321	38,479,784	47,665,276	34,846,480	22,013,994	8,858,947	–
Advances	22,298,274	1,940,904	3,229,353	2,681,719	5,037,877	3,097,906	2,316,488	2,865,742	1,128,285	–
Property and equipment	118,852	4,550	8,169	5,526	22,054	30,511	23,184	24,858	–	–
Right-of-use assets	24,160	2,400	4,656	7,057	3,725	3,179	3,143	–	–	–
Intangible assets	12,799	1,277	2,554	3,189	2,007	3,772	–	–	–	–
Deferred tax assets	1,237,193	91,299	111,070	116,453	235,182	239,903	184,562	122,644	136,080	–
Other assets	7,392,212	2,362,216	2,031,478	931,866	174,908	–	1,848,407	43,337	–	–
Assets classified as held-for-sale	195,387	–	–	26,485	168,902	–	–	–	–	–
	189,301,514	7,058,279	5,673,758	6,648,616	44,224,163	51,040,547	39,222,264	25,070,575	10,363,312	–
Liabilities										
Borrowings	174,967,331	136,338,705	864,057	22,818,148	4,194,223	5,955,255	2,864,646	1,458,020	474,277	–
Deposits and other accounts	12,400	–	–	–	–	–	–	12,400	–	–
Lease liability	9,527	27	1,180	673	1,635	3,186	2,826	–	–	–
Other liabilities	3,404,000	1,233,903	173,450	881,969	260,478	245,764	427,440	178,721	2,275	–
	178,393,258	137,572,635	1,038,687	23,700,790	4,456,336	6,204,205	3,294,912	1,649,141	476,552	–
Net assets	10,908,256	(130,514,356)	4,635,071	(17,052,174)	39,767,827	44,836,342	35,927,352	23,421,434	9,886,761	–
Share capital	6,000,000									
Reserves	2,390,092									
Unappropriated profit	3,350,949									
Non-controlling interest	2,244									
Deficit on revaluation of assets	(835,029)									
	10,908,256									

(Rupees in '000)

2022	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	336,633	201,633	–	–	–	–	–	–	135,000	–
Balances with other banks	499,996	131,108	–	–	368,888	–	–	–	–	–
Lendings to financial institutions	6,588,721	6,559,967	–	28,754	–	–	–	–	–	–
Investments	42,816,258	262,754	262,754	1,039,783	13,604,421	5,797,059	7,327,358	10,125,802	4,396,327	–
Advances	26,862,165	3,592,863	3,297,097	3,499,465	5,153,137	3,770,904	2,736,574	3,209,119	1,603,006	–
Fixed assets	18,511	558	2,733	2,241	3,052	8,817	24	1,086	–	–
Right of use assets	46,929	1,807	6,438	5,731	15,951	14,804	800	1,398	–	–
Intangible assets	3,659	3,659	–	–	–	–	–	–	–	–
Deferred tax assets	946,494	–	–	–	946,494	–	–	–	–	–
Other assets	2,672,318	588,675	454,608	1,477,765	67,073	–	–	84,197	–	–
Assets classified as held-for-sale	355,799	–	–	–	355,799	–	–	–	–	–
	81,147,483	11,343,024	4,023,630	6,053,739	20,514,815	9,591,584	10,064,756	13,421,602	6,134,333	–
Liabilities										
Borrowings	68,886,902	25,566,290	16,461,232	8,756,668	3,542,737	5,975,044	4,867,623	2,904,077	813,231	–
Deposits and other accounts	54,768	–	–	–	54,768	–	–	–	–	–
Lease liability	35,718	598	465	194	31,895	1,062	930	574	–	–
Other liabilities	2,210,760	805,735	390,772	473,105	325,302	93,940	33,727	88,179	–	–
	71,188,148	26,372,623	16,852,469	9,229,967	3,954,702	6,070,046	4,902,280	2,992,830	813,231	–
Net assets	9,959,335	(15,029,599)	(12,828,839)	(3,176,228)	16,560,113	3,521,538	5,162,476	10,428,772	5,321,102	–
Share capital	6,000,000									
Reserves	2,120,621									
Unappropriated profit	3,353,115									
Non-controlling interest	2,221									
Deficit on revaluation of assets	(1,516,622)									
	9,959,335									

45 EVENTS AFTER THE REPORTING DATE

The Board of Directors of Holding Company have proposed a final dividend for the year ended December 31, 2023 of Re. **0.5** per share (2022: Re. nil per share), amounting to Rs. **300** million (2022: Rs. nil) at their meeting held on **March 27, 2024,** for approval of the members at the annual general meeting to be held on **April 15, 2024**. The consolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

46 GENERAL

46.1 Figures in these consolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.

46.2 **Date of authorisation**

These financial statements were authorised for issue on **March 27, 2024** by the Board of Directors of the Holding Company.

President/Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

As referred in note 9.6 of the consolidated financial statements.

Statement showing written-off loans or any other financial relief of Rs. 500,000/- or above provided

During the year ended December 31, 2023

(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)
				Principal	Interest/ mark-up	Other than Interest/ mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	M/s. WATEEN TELECOM (PVT) LTD. Main Walton Road, Opp. Bab-e-Pakistan, Walton Cantt, Lahore.	Khaled Jamal Abdul Rahman Khanfer 0809000 Osman Sultan 17FV26925 Maan EL Amine EP611018 Syed Zahoor Hassan 35201-8293118-3 Nahayan Mabarak AL Nahayan JYNH14441	Jamal Abdul Rehman Khanfer Ahmed Fouad EL Syed Fouad Syed Sibt ul Hassan Shah H.H Sheikh Mubarak Mohd Khalifa Al Nuhayan	38,913	76,991	–	115,904	18,098	81,123	–	99,221
2	WATEEN WIMAX (PVT) LIMITED. Main Walton Road, Opp. Bab-e-Pakistan, Walton Cantt, Lahore.	Muhammad Shahbaz Khan 61101-0863730-9 Abdul Rashid 37405-0223625-3 Ghulam Mustafa 35202-2664518-5	Muhammad Shabbir Khan Azmat Rashid Ghulam Rasool	–	1,811	–	1,811	–	1,811	–	1,811