PAK OMAN

ANNUAL REPORT 2021

PAK OMAN INVESTMENT COMPANY LIMITED

Vision

To make a tangible contribution to economic development in both sponsoring countries by supporting the industrial sector including agro-based, Infrastructure projects and the service sector, along with emphasis on promoting financial inclusion of small & medium enterprises in Pakistan.

Mission

Pak Oman will endeavor to provide cutting edge financial solutions to meet the requirements of its target customer base, with emphasis on customer satisfaction. Our focus will remain on supporting economic development in both sponsoring countries and on maximizing returns to all stakeholders. We will aim to be the employer of choice.

Code of Ethics / Business Practices

Pak Oman Investment Company Limited operates on the basis of honesty, integrity and fair play. All employees are strictly directed to adhere to the Company's Code of Business Practices and ensure that at all dealings be open and transparent. Management and employees are pledged to:

- Be an ethical role model
- Treat colleagues with respect and dignity
- Protect and enhance the Company's assets and reputation
- Make only factual and truthful statements about the Company's product
- Understand and comply with Company Laws, regulations and policies wherever applicable
- Comply with health, safety and environmental laws and policies
- Provide a work environment free from intimidation and harassment
- Comply with the Company's employees service rules
- Safeguard the privacy and confidentiality of customer data
- Protect confidential information and trade secrets

Board and Sub Committees

Board of Directors

H.H. Sayyid Juland Jaifar Salim Al Said
Chairman

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Director

Mr. Faisal Ali Ibrahim Al Siyabi
Director

Mr. Omar Hamid Khan
Director

Mr. Bahauddin Khan
Managing Director & Chief Executive Officer

Audit Committee

Mr. Omar Hamid Khan
Chairman

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Risk Committee

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Mr. Omar Hamid Khan
Member

Executive Committee

H.H. Sayyid Juland Jaifar Salim Al Said
Chairman

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Mr. Omar Hamid Khan
Member

Mr. Bahauddin Khan
Member

Remuneration & Compensation Committee

H.H. Sayyid Juland Jaifar Salim Al Said
Chairman

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Omar Hamid Khan
Member

Chairman’s Review

It is an honour and a privilege to deliver my first review, as Chairman of the Board of Directors’ of Pak Oman Investment Company.

I am pleased to report that your Company has again posted good results.

Our continued excellence in performance shows the tenacity and commitment of the senior management and the Board. The Company is following effective strategy to deliver consistent profitability and has enhanced value to our shareholders.

The salient features of 2021 results are as follows:

- Alhamdulillah, your Company has recorded a profit before tax of Rs 651 million (US$ 3.7 million) in an environment where interest rate on risk free government securities for the three months was measured at 7.7% in twelve months 2021 as against 9% in 2020, which impacted the overall interest income profile of the DFIs besides challenges to economy due to domestic and external factors. As at December 31, 2021, Company’s Total Assets stood at Rs 128,260 million (US$ 727 million).

- Advance portfolio stood at Rs 19,720 million (US$ 111.7 million) compared to Rs 20,935 million (US$ 118.6 million) in 2020. The Company remains cautious / conservative in terms of building its loan book as the economy transitions slowly out of the pandemic. Our loan growth strategy continues to focus on acquisition of quality advances and maintaining an efficient risk weighted assets profile.

- Robust risk management systems of the Company contained infection ratio at 9.4%, well above the September 2021’s DFIs average of 13%.

- Deposit reached to Rs 14,354 million (US$ 81.3 million) largest portfolio amongst the peer group. Deposit mobilization from the retail sector stands at Rs 1,926 million (US$ 10.9 million).

- The Company maintained its Credit Rating of AA+ and Corporate Governance Rating of CGR 9 by VIS Credit Rating Company.

Overview of Operations

Corporate Banking

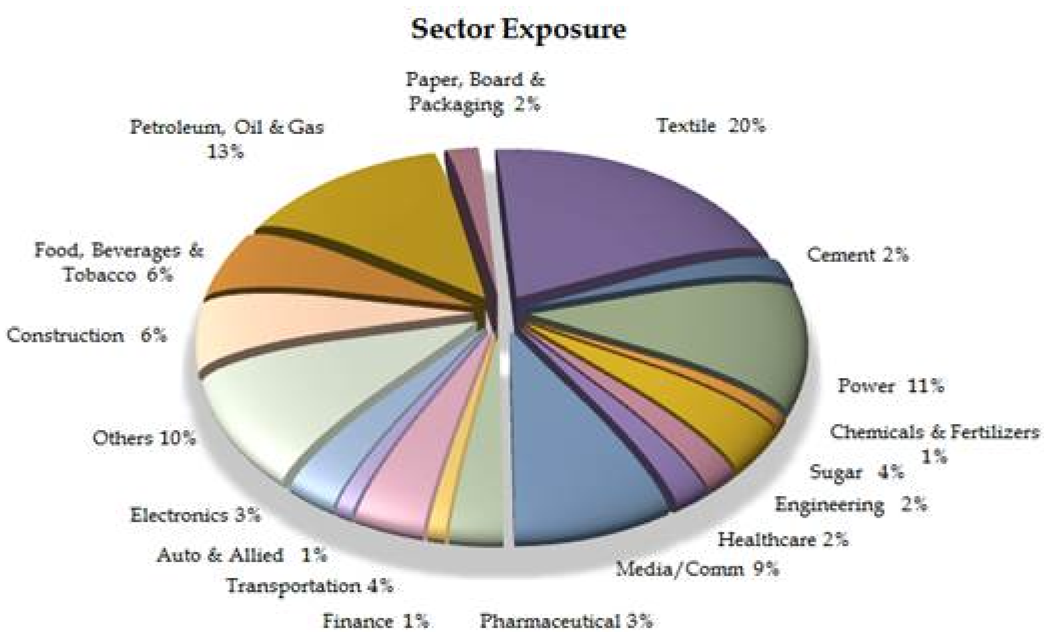
In 2021, Corporate Banking Department rolled out disbursements of Rs 4,798 million, compared to Rs 3,608 million in 2020. The disbursements included contribution of the SME unit to the tune of Rs 459 million during the year (2020: Rs 152 million).

Overall, the Corporate Banking portfolio shrunk by 3.81% during 2021 primarily on account of higher repayments after deferments in principal repayments under the State Bank of Pakistan's COVID-19 relief scheme were granted in 2020, thereby retaining its position as the largest advances portfolio amongst DFIs.

Corporate Banking managed to maintain a well-diversified portfolio with Textile sector having the largest share in the advances portfolio at 20%, followed by Oil & Gas sector at 13%, Power sector at 11%, Communications & Media sector at 9% and Construction/Housing sector at 6%.

In 2021, majority of the portfolio comprised of long term finance, followed by medium term finance and lease finance with smaller shares.

A snapshot of Corporate Banking's advances portfolio mix is as follows:



Investment Banking

During 2021, Pak Oman participated in various issues namely Rated and Privately Placed Sukuk Issue of TPL Trakker Limited to the extent of Rs 25 million, Rated and Privately Placed Tier II TFC Issue of NRSP Microfinance Bank Limited to the extent of Rs 70 million, Rated and Privately Placed Commercial Paper Issue of Waves Singer Pakistan Limited to the extent of Rs 50 million, and Rated and Privately Placed Tier II TFC Issue of JS Bank Limited to the extent of Rs 350 million.

In addition to the above transactions, Pak Oman has acted as Trustee/Security Agent for various Term Finance Certificates, Sukuks and Commercial Papers issued by Askari Bank Limited, NRSP Microfinance Bank Limited, Orix Leasing Pakistan Limited, Pakistan Mortgage Refinance Company Limited, Samba Bank Limited, K-Electric Limited, Waves Singer Pakistan Limited, Mughal Iron & Steel Industries Limited, Hubco Power Company Limited, Pak Arab Fertilizers Limited, Shakarganj Food Products Limited, United Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Sadaqat Limited, and TPL Trakker Limited.

Treasury

The year under review remained very challenging due to pandemic across the globe and Pakistan's economy is no exception to the global situation.

Despite difficult economic conditions, portfolio management remained challenging as increasing interest rate trend witnessed in market and cumulatively 275 basis points increased in key policy rate compelling portfolio decision making even more difficult.

Treasury department kept watchful of changing trends and economic conditions. During the year Treasury department successfully managed to increase portfolio size by 46%. Treasury team efficiently worked in difficult times and contributed significantly in contributing to bottom line of the company.

Enthusiastic and committed treasury team took efficient measures resulting in increased book size and accumulating floating rate securities to remain aligned with increasing interest rates scenario, resultantly realizing handsome capital gains of Rs 62 million and Rs 1,010 million as net interest income.

Corporate Sales Desk remained active throughout the year in marketing and selling of Government and corporate debt securities along with customer advisory.

Pak Oman Investment Company appointed as designated Market Maker for Debt Securities.

Primary Dealership of Pak Oman Investment Company also renewed by State Bank of Pakistan, acknowledging contribution in development of secondary markets of Government securities.

Risk Management

Risk is an inherent part of all banking business activities. Effective risk management is a shared responsibility with supervision from Board of Directors through its Board Risk Management Committee (BRMC). The Board approves the Risk Management Framework, including risk appetite statement, by which the entire process of risk management is defined. BRMC assesses effectiveness of risk controls through periodic reporting.

The management has constituted Risk Management Committee (RMC), Credit Committee (CC), Asset Liability Committee (ALCO) and IT Steering Committee (ITSC) which monitors various risks being undertaken by the company on an ongoing basis so that no risk is left unaddressed.

Pak Oman continues to strengthen its risk infrastructure through development and acquisition of risk automation solutions and information technology security tools in order to bring efficiency in risk processes and be at par with our peers in industry.

After the business functions, Risk Management Department (RMD) acts as a second line of defence. RMD is organized into the functions of Market & Liquidity Risk, Financial Institution Risk, Credit Policy & Research, Credit Risk Management, Operational Risk, Basel Reporting and Compliance.

Support Operations

Finance, Information Technology, Human Resources and Administration played their role in supporting core operations of the Company. Information Technology Department placed special emphasis on the re-development of existing application systems in order to bring necessary improvements. The company's IT infrastructure was upgraded in order to improve system availability and performance. Human Resources on the other hand worked on managing turnover rate and facilitated training and development of all employees.

Management Committees

To implement prudent practices, foster joint decision making and bring into play participation from all areas, the following Management Committees functioned actively during the year:

(i) Credit Committee
(ii) Assets & Liabilities Committee (ALCO)
(iii) Risk Management Committee
(iv) Coordination Committee
(v) Purchase & Works Committee
(vi) Information Technology Committee
(vii) Capital Market Review Committee (CMRC)
(viii) Performance Evaluation Committee
(ix) Control & Compliance Committee

Contribution to Social Responsibility

As a responsible corporate citizen, it has been the vision of your Company to empower the community through socio-economic development of underprivileged and weaker sections. Pak Oman acknowledges its responsibility in a manner that its activities influence its customers, employees and stake holders. Your Company strives to proactively encourage community growth and development, thereby contributing in building a sustainable future.

2022 and Beyond

We will continue to remain cautious on the economic outlook.

The growth in advances will be prudent due to rising interest rates scenario and potential upswing in NPLs. Further, devaluation and increase in tariff will increase the cost of doing business significantly.

Your Company's comfortable position with respect to capital and liquidity, strong system of credit origination and monitoring, provides sufficient confidence that the Company will continue to perform very well.

During the year PACRA (Credit Rating Agency) improved Pak Oman Asset Management Company Limited's (POAMCL) rating from AM3+ to AM3++. The rating reflects stable outlook with asset manager meets investment management industry standards and benchmarks. In December 2021 POAMCL launched a new fund Pak Oman Daily Dividend Fund. Due to effective strategic planning, it is expected the performance of POAMCL will further improve going forward.

During the year, the Board of Pak Oman approved sale of its entire shareholding in Pak Oman Microfinance Bank Limited. Subsequent to the year end the transaction has been successfully completed.

Acknowledgement

In the end, I would like to express my gratitude to our stakeholders, the respective Governments of Sultanate of Oman and the Islamic Republic of Pakistan, customers for their valuable support & cooperation and the regulatory bodies for their guidance. I also take this opportunity to convey my gratitude to my fellow Board members for their valuable contribution.

On behalf of the Board of Directors of the Company and myself, I take this opportunity to recognise the hard work and dedication of the employees of the Company. I feel delighted to say that the Board takes great pride in our team, who are motivated, committed and focused towards a collective goal. It is a pleasure to see such productive diversification within the organisation. We are an equal opportunity employer and encourage people from all walks of life to apply.

Pak Oman's key strength remains its highly qualified, experienced and professional management, which under the able guidance of the Managing Director has created and sustained a leading position in an increasingly competitive environment.

Sayyid Juland Jaifar Salim Al Said
Chairman
Dubai: March 01, 2022

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Twentieth Annual Report and Financial Statements of your Company, along with the Consolidated Audited Financial Statements for the year ended December 31, 2021, together with Auditors' Report thereon.

Economy

Economy continues to move on its recovery path with momentum. Business conducive environment has supported resumption of industrial activity across the country. However, in the fourth quarter of 2021 economy experienced slower pace due to high energy cost and weakening of currency.

Pakistan is in the midst of finalization of IMF program which has placed tough conditionalities that may affect the growth oriented measures taken by the Government.

Increase in current account deficit due to improvement in domestic demand, depreciation of PKR against US$, rising inflation due to increase in utilities, fuel and global commodity prices are the major economic impediments being faced by the Government.

In order to manage the trajectory of economic growth, to keep inflation and current account deficit under control, SBP after gap of 15 months increased the policy rate by 2.75% which now stands at 9.75%.

The Government recent actions to increase revenues through elimination of certain tax exemptions and reduce current and development expenditure would help moderate domestic demand, improve the current account outlook, may however increase pressure on inflation.

Pakistan foreign exchange reserves have shown improvement with placement of US$ 3 billion with SBP and US$ 1.2 billion deferred oil facility under financial package from Saudi Arabia. Further, GOP recently raised US$ 1 billion through issuance of Sukkuk. IMF has also approved much waited tranche of US$ 1 billion under the extended fund facility of

US$ 6 billion. Moreover, SBP has recently taken few measures to reduce pressure on foreign exchange outflow.

The changing regional geo political situation, specifically Afghanistan may directly affect Pakistan.

The short term economic performance would depend on revenue generation, current account deficit management and in controlling inflation.

In the medium term the economic future of the country remains positive.

Continuation of Government policies for stabilizing fiscal imbalances, broadening of direct tax base, controlling inflation, increasing FDI, restructuring / privatization of State Owned Enterprises and divert funds to more productive developments will remains major challenges for 2022.

Financial Highlights

As at			As at	
Dec 31, 2021	**Dec 31, 2020**		**Dec 31, 2021**	**Dec 31, 2020**
US $ in million			**Rs in million**	
3.7	7.6	Profit before taxation	651	1,337
2.7	5.5	Profit after taxation	478	972
US$ 0.0044	US$ 0.0090	Earning per Share (basic & diluted) of Rs 10/- each	Re 0.78	Re 1.58
111.7	118.6	Advances	19,721	20,935
576.7	386.5	Investments	101,788	68,217
726.6	548.4	Total Assets	128,260	96,806

Operational Review

The financial sector of Pakistan continues to face manifold challenges emanating from measured economic activity coupled with short-term compression of net interest margins on temporary mismatch in asset and liability repricing after 2.75bps upward movement in policy rate.

Even under these challenging conditions, your Company's performance remained resilient.

Your Company has recorded profit before tax of Rs 651 million (US $ 3.7 million) compared to Rs 1,337 million (US $ 7.6 million). The decrease in profit is due to reduction in net interest income, as the average interest rate on risk free government securities for the three months was measured at 7.7% in 2021 as against 9% last year. This impacted the overall interest income profile of the DFIs along with non-availability of opportunity to earn capital gain in the secondary market.

In these challenging times, robust risk management systems of your Company contained infection ratio at 9.4%, well above the September 2021's DFIs average of 13%.

Advance portfolio stood at Rs 19,720 million (US$ 111.7 million) compared to Rs 20,935 million (US$ 118.6 million) in 2020. The Company remains cautious in terms of building its loan book as the economy transitions slowly out of the pandemic. Our loan growth strategy continues to focus on acquisition of quality advances and maintaining an efficient risk weighted assets profile.

In view of future interest rate scenario, your Company has readjusted its assets portfolio and increased exposure in Government securities. Resultantly, investments has increased to Rs 101,788 million (US$ 576.7 million) compared to Rs 68,217 million (US$ 386.5 million) in 2020. The portfolio is well diversified across treasury bills as well as fixed and floating rate Pakistan investment bonds, term finance certificates and sukuk instrument, which will maintain the company's healthy mark-up returns and interest margins, going forward.

Due to well-planned and prudent strategy, deposits of your Company grew to Rs 14,354 million (US$ 81.3 million). The Company continues to hold one of the largest deposit portfolio amongst its peer group.

As on December 31, 2021 retail deposits stood at Rs 1,926 million (US$ 10.9 million).

Company's total assets increased to Rs 128,260 million (US$ 726.6 million) compared to Rs 96,806 million (US$ 548.4 million) as at December 31, 2020, depicting a growth of 33% over the corresponding period. This increase in total assets is the result of readjustment in assets combination owing to future interest rate scenario.

Your Company's capital adequacy ratio (CAR) stood at 16.47% as of December 31, 2021, well above the minimum domestic regulatory benchmark of 11.50% and the global standard of 10.50%, whereas consolidated CAR stood at 16.23%, showing a well-capitalized position of the Company.

Appropriations

The Board has recommended following appropriations:

	For the Year ended 2021	
	Rs million	***US$ million***
To Statutory Reserve	95.540	0.54
Cash Dividend @ Rs 0.60 per share	369.000	2.10

Credit Rating

Your Company has been assigned a medium to long-term rating of AA+ (Double A Plus) and short-term rating of A1+ (A one Plus) by VIS Credit Rating Company Limited.

The assigned ratings reflects the Company's diversified operations, healthy financial risk profile, strong sponsors, existing market presence and its relative position amongst peer group institutions. These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments in the long term and the highest capacity for timely repayment in the short term.

Corporate Governance Rating

Your Company has also been assigned a corporate governance rating of CGR-9 by VIS Credit Rating Company Limited.

The assigned rating denotes a very high level of corporate governance and is the result of adoption of best practices within the Company.

Primary Dealer of State Bank of Pakistan

Acknowledging Pak Oman's role in the development of the primary and secondary markets for Government Bonds, the State Bank of Pakistan has reappointed Pak Oman as a Primary Dealer for the financial year 2021-2022.

Pak Oman Microfinance Bank Limited

During the year, the Board of Pak Oman approved sale of its entire shareholding in Pak Oman Microfinance Bank Limited. Subsequent to the year end the transaction has been successfully completed.

Pak Oman Asset Management Company Limited

As at December 31, 2021 assets under management (AUMs) of Pak Oman Asset Management Company Limited (POAMCL) stood at Rs 8 billion. During the year PACRA (Credit Rating Agency) has improved POAMCL rating from AM3+ to AM3++. The rating reflects stable outlook with asset manager meets investment management industry standards and benchmarks. In December 2021 POAMCL launched a new fund Pak Oman Daily Dividend Fund in order to have complete basket of investment solutions for present and potential investor. The Company has strong existence across the country with retail offices in Karachi, Lahore and Islamabad. Due to effective strategic planning, it is expected the performance of POAMCL will further improve going forward.

Risk Management Framework

Risk Management Framework drives the process of risk management at Pak Oman. Assessing and measuring risks being undertaken as part of business activities and routine operations and ensuring those risks remain within defined parameters is the main objective of the framework.

Our risk management structure is broadly based on following principles:

- Maximizing risk-adjusted return in line with the business strategy
- Establishing risk ownership
- Prudent risk assessment through approved policies and procedures
- Risk control and reporting
- Validation of framework and process.

From identifying and prioritizing risks to their mitigation and monitoring as an overall part of risk governance, management's focus is on creating a culture of risk awareness across the organization.

Internal Control

The Directors endorsed the management's evaluation related to internal control over financial reporting and also endorsed the statement made by management relating to internal controls.

Corporate Governance & Financial Reporting

The Directors declare that:

- These financial statements, prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.

- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure from them has been appropriately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no doubts regarding the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance.

Number of board and its sub-committees meetings held and attendance by each Director:

Name	Board of Directors Meetings Held 7	Board's Executive Committee Meetings Held 5	Board's Audit Committee Meetings Held 4	Board's Remuneration & Compensation Committee Meetings Held 3	Board's Risk Committee Meetings Held 4
H.H. Sayyid Juland Jaifar Salim Al Said	7	4	1**	3	1**
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	1**	1**	*	1**	*
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	6**	*	3**	2**	3**
Mr. Faisal Ali Ibrahim Al Siyabi	6**	4**	3**	*	3**
Mr. M. Zubair Motiwala	6***	4***	4***	2***	4***
Mr. Omar Hamid Khan	5	5	4	1****	4
Mr. Haitham Yousuf Juma Al Zadjali	1**	1**	1**	*	1**
Mr. Bahauddin Khan	5	5	*	2*****	*

*Not member.

During the year Board of Directors has elected H.H. Sayyid Juland Jaifar Salim Al Said as chairman of the Board of Directors of Pak Oman

Investment Company in place of outgoing chairman H.E. Yahya Bin Said Bin Abdullah Al-Jabri

**Further, during the year Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi joined as a nominee of the Government of Sultanate of Oman in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali. Accordingly, Board has recomposed the Boards' Executive Committee, Audit Committee, Remuneration & Compensation Committee and Risk Committee in line of these changes.

***In November 2021, Government of Pakistan de-notify the nomination of Mr. M. Zubair Motiwala from the Board of Directors of Pak Oman Investment Company Limited. Accordingly he left the Board and its sub-committees.

****w.e.f. December 01, 2021 Mr. Omar Hamid Khan joined the Board's Remuneration & Compensation Committee in place of Mr. M. Zubair Motiwala due to his retirement from the Board of the Company.

*****Subsequent to the issuance of Corporate Governance Regulatory Framework by SBP vide BPRD Circular No. 05, dated November 22, 2021, Mr. Bahauddin Khan has ceased to be the member of the Board's Remuneration & Compensation Committee.

1. **Corporate Governance culture and standards followed by the Pak Oman, the governance values aspires for and steps taken to achieve them.**

   Pak Oman Investment Company Limited views high standards of corporate governance as a critical component for its long term success and for the economic health and stability of the market in Pakistan. As part of the Company's approach to corporate governance, the Board also fully recognizes that the success of the company ultimately depends upon the capacity of Directors to provide the vision and direction needed not only to survive but to develop and prosper. The Board endeavoured to maintain and strengthen the high level of corporate governance, continuously improving corporate transparency, ensuring the healthy development of the company and endeavouring to enhance corporate values.

The board performs its statutory roles and fulfils its objectives by ensuring that the company has a competitive leadership and an effective executive management. The board then establishes significant policies/frameworks and the code of conduct and delegates the authorities and responsibilities down the line for the company's smooth operations.

2. Process of nomination and selection of Board members (including executive directors)

a. Process of appointment and nomination of Directors.

Pak Oman has two directors and the Chairman nominated by the (ministry of Finance) Government of Sultanate of Oman while two directors and the Managing Director are nominated by the (ministry of Finance) Government of Pakistan. These nomination letters confirm the appointment of the respective Director on the board of Pak Oman.

b. Profile of each of the director

His Highness Sayyid Juland Jaifar Salim Al Said
Chairman, Pak Oman Investment Company Limited

His Highness Sayyid Juland Jaifar Al Said has over 15 years of experience at the Oman Investment Authority (OIA) (Previously known as State General Reserve Fund), the largest sovereign wealth fund of the Sultanate of Oman in the areas of Private Equity, Real Estate, and Risk Management. He currently heads the Investment Risk & Assurance function at OIA and has played a significant role in the establishment of the Risk and Compliance function at SGRF in 2013, embedding a risk-based approach to all investment decisions and global risk standards to the investment process and management of the sovereign wealth. The royal decree by His Majesty Sultan Haitham Bin Tarik dated June 8th, 2020, stipulated that all sovereign investments be under the ambit of OIA, inclusive of Pak Oman Investment Company Limited

("POICL").

His Highness has served on the board of POICL and some of its subsidiaries since 2017. He has been appointed as Chairman of the Board of Directors of the Company in 2021.

Mr. Faisal Ali Ibrahim Al Siyabi
Director, Pak Oman Investment Company Limited

Mr. Faisal Ali Ibrahim Al Siyabi has 18 years of professional experience both in the government and private sector with a majority of career in the banking sector of Sultanate of Oman, where he remained affiliated with various positions at Bank Muscat. After a profound banking experience, he moved to the government sector and joined the ministry of finance. In the Ministry of Finance, he remained affiliated with the Directorate General (DG) of Revenue and DG of Treasury and Accounts of the Ministry of Finance of the Sultanate of Oman. During his term in DG of Revenue, he was responsible for improving the efficiency of revenue collection. Currently, he is working as the Project Manager of the Treasury Single Account Project. He is also representing the Ministry of Finance in several private sector projects.

Mr. Bahauddin Khan
Managing Director & CEO

Mr. Bahauddin Khan has 35 years of Banking experience in both Multinational and local banks. He commenced his career with Standard Chartered Bank and has been associated with Deutsche Bank, Union Bank and UBL in senior positions. He joined Pak Oman Investment Company Limited from Bank Al Falah where he was serving as Chief Operating Officer.

A Master in Business Administration, Mr. Khan comes with a diverse enterprise background possessing strong Operations and Technology acumen. His proven proficiency includes all areas of Operations, Compliance, Information Technology, Trade Finance and Treasury along with broad spectrum expertise in other support services.

Mr. Bahauddin Khan is a Director of Pak Oman Microfinance Bank and Chairman of its Advisory Committee and a Director of Pak Oman Asset Management Company Limited.

Beside the above he is also nominee Director of Oman Oil Company on the Board of Orient Power Company Limited, a 212 MW IPP located at Balloki, Punjab.

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Director, Pak Oman Investment Company Limited

Mr. Ayham Al Ghassani has over 12 years' diversified experience varied from Oil downstream counter to financial & banking Services field. His academic qualification is extensively thought in the areas of Oil & Gas Engineering and Business Economics studies. He started his career journey at Shell Oman Marketing over a span of 3 years, managing the logistics activities through a full circle of supply chain operations. Then, he played a major role over the optimization of planning & execution orders related to the consumers side. After that, He worked in Bank Dhofar for a total of 9 years mainly in the corporate finance department.

He contributed to numerous number of national financed projects led by local & international banks, focusing at the big scale of infrastructure projects. Also, he did a lending part at the small & medium enterprises projects and walked though their difficulties and challenges. Currently, Mr. Ayham Al Ghassani is working in the Economic Diversification Investments looking after the national assets launched by government in order to thrive the local economy and meet the national objectives.

Mr. Omar Hamid Khan
Director, Pak Oman Investment Company Limited

Mr. Omar Hamid Khan has versatile experience in Public Development, Policy Formulation, Strategic Management and Implementation at federal/ executive7 levels being a career civil servant. He served as Secretary Ministry of National Food Security & Research and Special Secretary in Finance Division. He also served as Secretary Benazir Income Support Program (October 17 – 28, January, 2019), Additional Finance Secretary (Expenditure) in the Finance Division, Additional Secretary, Economic Affairs Division, Senior Joint Secretary/Spokesman in Ministry of Interior, Senior Joint Secretary in the Cabinet Division, Joint Secretary/Principal Staff Officer to the Principal Secretary to Prime Minister, including various stints as Deputy Secretary Prime Minister's Secretariat, Establishment Division and Deputy Director Federal Investigation Agency. He has officially travelled in China, Mexico, Brazil, Nepal, USA, UK, France, Spain, Switzerland and Thailand.

Mr. Khan is a MSc. (Zool) from the University of Punjab; with Post Graduate 1 year Diploma in International Relations. He is also a graduate of National Defence University (National Security Course 2010-11) as well as Senior Management Course (2nd SMC) from National School of Public Policy.

c. Details of Membership on the Board(s) of other companies

Table – 1 Disclosure on Board of Directors					
Sr. No.	**Name of Directors**	**Date of Joining / Leaving the Board**	**Status of Director (Independent, Non-Executive, Executive)***	**Member of Board Committees**	**Number of other Board Memberships along with name of company(ies)**
1	H.H. Sayyid Juland Jaifar Salim Al Said	28/12/2016	Non-Executive Director	1. Executive Committee 2. Remuneration & Compensation Committee	1. Pak Oman Asset Management Company
2	Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	09/02/2021	Non-Executive Director	1. Audit Committee 2. Remuneration & Compensation Committee 3. Risk Committee	NIL
3	Mr. Faisal Ali Ibrahim Al Siyabi	09/02/2021	Non-Executive Director	1. Audit Committee 2. Executive Committee 3. Risk Committee	NIL
4	Mr. Omar Hamid	03/08/2018	Non-Executive Director	1. Audit Committee 2. Risk Committee 3. Executive Committee 4. Remuneration & Compensation Committee	NIL
5	Mr. Bahauddin Khan	01/10/2015	Executive Director	1. Executive Committee	1. Pak Oman Asset Management Company limited 2. Orient Power Company Limited
*** As defined in Prudential Regulations for Corporate & Commercial Banking**					

d. The Institutions having Shariah Board shall also disclose the details mentioned in (a), (b) and (c) above, for all the

members of Shariah Board.

N/A

3. **Detailed separate disclosure for each of the Board Committees (containing, at the minimum, following information)**
   a. **Composition and membership of each of the Board Committees; Number of Board and Committee meetings held during the year and attended by each member of the Board and Committees.**

Name	**Board of Directors** Meetings Held 7	**Board's Executive Committee** Meetings Held 5	**Board's Audit Committee** Meetings Held 4	**Board's Remuneration & Compensation Committee** Meetings Held 3	**Board's Risk Committee** Meetings Held 4
H.H. Sayyid Juland Jaifar Salim Al Said	7	4	1**	3	1**
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	1**	1**	*	1**	*
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	6**	*	3**	2**	3**
Mr. Faisal Ali Ibrahim Al Siyabi	6**	4**	3**	*	3**
Mr. M. Zubair Motiwala	6***	4***	4***	2***	4***
Mr. Omar Hamid Khan	5	5	4	1****	4
Mr. Haitham Yousuf Juma Al Zadjali	1**	1**	1**	*	1**
Mr. Bahauddin Khan	5	5	*	2*****	*

*Not member.

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**Further, during the year Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi joined as a nominee of the Government of Sultanate of Oman in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali. Accordingly, Board has recomposed the Boards' Executive Committee, Audit Committee, Remuneration & Compensation Committee and Risk Committee in line of these changes.

***In November 2021, Government of Pakistan de-notify the nomination of Mr. M. Zubair Motiwala from the Board of Directors of Pak Oman Investment Company Limited. Accordingly he left the Board and its sub-committees.

****w.e.f. December 01, 2021 Mr. Omar Hamid Khan joined the Board's Remuneration & Compensation Committee in place of Mr. M. Zubair Motiwala due to his retirement from the Board of the Company.

*****Subsequent to the issuance of Corporate Governance Regulatory Framework by SBP vide BPRD Circular No. 05, dated November 22, 2021, Mr. Bahauddin Khan has ceased the member of the Board's Remuneration & Compensation Committee.

b. TORs of Board committees

Annexure "A"

c. Key achievements of Board Committees during the year that institution may like to highlight

- During the year 2021, 04 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held to provide an oversight of risk management function including risk management policies, procedures and practices relating to the management of credit, financial, liquidity, market, operational and other types of risk faced by the institution. BRMC regularly reviews risk management performance relative to current and potential future risk exposures of the institution and future risk strategy, including approval of risk appetite and tolerance.

  The Committee ensures that an organizational culture that places a high priority required for effective risk management is established by promoting a risk awareness culture. Besides maintaining regular oversight about implementation of IFRS-9 as per the regulatory requirements; it also validates that resources allocated to risk management are adequate given the size, nature and volume of the business and have sufficient knowledge and expertise. The Committee also monitors the development of appropriate financial models and the system used to calculate each category of risk and ensures that overall exposure to Credit, Market, Liquidity and Operational Risk is maintained at prudent levels and consistent with the available capital under rigorous stress tests.

- The Audit Committee met four times in 2021. The Audit Committee supported the company, in monitoring the financial reporting process and was instrumental in appropriate presentation of the Annual Financial Statements, Consolidated Financial Statements, and the interim reports as well as the Annual Report. Within the context of the financial reporting process, it supported the company in monitoring the implementation of the new International Financial Reporting Standard 9 as well as the recognition of provisions. The Audit Committee also dealt with the valuation of various departments of the company. The Audit Committee was kept up-to-date on the work of the Internal Audit Department, its audit plan and its resources. The committee addressed measures taken by the Management to remediate deficiencies identified by the Internal Auditor, External Auditor and the Regulatory Authorities. It also regularly received updates on the status and progress in this context and in the remediation of findings. On Management's request the mandate for external audit was issued to E&Y – Charetered Accountants, as the independent auditor and, with the recommendation of the Audit Committee, set the amount of the auditor’s remuneration.

- The Remuneration & Compensation Committee met three times in 2021. It monitored the appropriate structuring of the compensation systems for the Board, Management, and employees, along with the compensation for the heads of control functions and material risk-takers. It also dealt with the Compensation Report, which concluded the company's compensation system is appropriately structured and is as per the requirements of the law. The RCC concurred with this assessment.

- The Executive Committee met 5 times in 2021.

a. TORs of Shariah Board, number of meetings held and attended by each member. (for institutions required to have Shariah Board)

N/A

4. Disclosure related to appointment and scope of work of external expert(s) (if any) for formulation and implementation of remuneration policy and Assessment of Board performance. The Chairman to certify that the experts hired are independent and no conflict of interest exists with any Board member or any key executive.

No external expert appointed.

<u>Compensation Governance</u>

Pak Oman Investment Company Limited has a robust governance structure enabling it to operate within the clear parameters of the Compensation Strategy and the Compensation Policies. The Board of Directors governs the compensation of the CEO and other Key Executives, while the CEO oversees compensation matters for all other employees in the Company. Both the Board of Directors and the CEO are supported by specific committees and functions, in particular, the Remuneration and Compensation Committee and the Internal HR Committee respectively.

In line with their responsibilities, the company's control functions are involved in the design and application of the company's remuneration systems, in the identification of MRTs, and in determining the total amount of VC. This includes assessing the impact of employees' behaviour and business-related risks, performance criteria, etc.

Remuneration & Compensation Committee (RCC)

The Board of Directors has set up the RCC to support in establishing and monitoring the structure of the compensation system for the CEO of Pak Oman Investment Company Limited, considering, in particular, the effects on the risks and risk management following the regulator. Furthermore, the RCC monitors the appropriateness of the compensation system for the employees of Pak Oman Investment Company Limited, as established by the CEO & IHRC. The RCC checks regularly whether the total amount of variable compensation is affordable and set under the regulatory criteria. Furthermore, the RCC supports the Board of Directors in monitoring the MRT identification process and whether the internal control functions and the other relevant areas are properly involved in the structuring of the compensation systems.

The RCC consists of the Chairperson of the Board of Directors and three further Board Members including the CEO. The Committee held three meetings in the calendar year 2020. In October & December, two members of the Board's Audit Committee attended the Remuneration & Compensation Committee meeting as guests.

COMPENSATION POLICY

Compensation Philosophy

Compensation plays an integral role in the successful delivery of POICL's strategic objectives. Attracting and retaining the most capable employees is central to our compensation strategy. The cornerstone of this is the concept of pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values. As we seek to align compensation to evolving internal and external expectations, reward structures are reviewed, and enhanced as needed, regularly.

Compensation Structure

The policy is driven primarily by a performance-based culture that aligns employee interests with those of the Company. The aim is to provide a competitive level of compensation to attract and retain qualified and competent employees. The total compensation paid to all the employees will comprise of Fixed and Variable components.

1. **Fixed Compensation**

Fixed remuneration is that part of the compensation which remains unaffected by the performance of the institution or individual employee. It includes items such as base pay, allowances, and monitory value of other benefits, etc. that are part of the total compensation package of individual employee

2. **Variable Compensation**

Variable remuneration is that part of the total compensation package of an employee that is linked with some pre -determined performance/target achievement or profitability etc. The variable component of remuneration means cash bonuses, stock bonuses, awards, other incentive pays or allowances, etc.

The variable compensation of the employees is subject to the allocation of funds in the bonus pool as approved by the Board.

The variable compensation of MRTs and MRCs of the Company is subject to appropriate risk adjustments, intending to limit performance-based variable compensation for excessive risk-taking.

Risk Based Compensation for MRTs and MRCs

The variable compensation of MRTs and MRCs is devised based on the following steps:

A. Risk Profiling;
B. Risk Takers and Risk Controllers;
C. Materiality Assessment;
D. Performance Appraisal; and
E. Risk Adjustment.

A. Risk Profiling

In establishing a risk-based compensation, the basis is an assessment of POIC’s risk profile and its risk appetite. Risk adjustments are designed to reflect the risk appetite of the Company. This assessment takes into account all material risks and differentiates between risks which affect the Company as a whole and those that affect individual business lines. It identifies the risk characteristics of POIC’s main business lines and the risk tolerance limits for smooth operations.

POIC encourage and dissuade employees from taking actions outside POIC risk appetite/ tolerance.

B. Risk Takers (RTs) and Risk Controllers (RCs)

Head HR&A in consultation with Head Risk Management identifies and reviews the functions/employees as Risk Takers and Risk Controllers annually. The classification is conducted on the below criteria:

Risk-taker is a function/employee of POIC who takes, or is willing to take, the risk that may result in financial losses as circumstances may change, but might also present an opportunity for a rewarding outcome for POIC.

Risk Controller is a function/employee of POIC positioned to proactively identify risks associated with the business of POIC and may advise the mitigation thereof.

RC should be independent of the business and support units it monitors and controls.

Others include all those departments/employees of POIC which are not classified as Risk Takers or Risk Controllers.

C. Materiality Assessment

All the identified RTs and RCs do not necessarily have a material impact on the risk profile of POIC. Therefore, the impact of materiality on the company’s risk profile is assessed and MRTs / MRCs are approved by the board accordingly.

According to the size, nature, and complexities of POIC’s operations, the following criteria are taken into account to identify MRTs and MRCs:

Criteria for Material Risk Takers:

- Managing Director(MD) / Chief Executive Officer(CEO) or any other equivalent position or MD/CEO of fully owned local subsidiaries;
- Member of senior management who are categorized as RTs i.e. direct report to the MD/CEO or any other equivalent position;
- Country Head(s) of the overseas branch(es) / operations unless the related branch/operation is subject to similar remuneration regulations in the host country;
- All Material Business Unit heads managing aggregate assets, in their respective business lines which represents 2% of tier 1 capital;
- The staff member has managerial responsibility in the *Critical Function* as determined by Board Remuneration & Compensation Committee (BRCC) and directly reports to the Head of that Critical Function;
- Concerning credit risk transactions, employee:
  a. is responsible for proposing credit proposals, or structuring credit products; or
  b. has the authority to take or approve a decision on such credit risk exposures; or
  c. is a member of a Credit committee or any other committee which has the authority to take the decisions referred to in point (a) or (b); of a nominal amount per transaction which represents 0.7% of tier 1 capital;
- Concerning the treasury portfolio, the employee is the head of a treasury desk, including the money market, equities or is a direct report to such head. This will not include dealers without the authority to undertake positions on their own; and
- Concerning decisions to approve the introduction of new products subjecting the bank to significant risks, the employee:

a. has the authority to take such decisions; or
b. is a member of an ALCO committee or any other committee which has the authority to take such decisions.

Criteria for Material Risk Controllers:

- The staff member is responsible for, or is a member of, a committee responsible for risk management or accountable for the activities of the independent risk management function, compliance function, and internal audit function; and
- The staff member heads a function responsible for legal affairs, finance including taxation and budgeting, human resource, information technology, etc.

D. Performance Appraisal

POIC promotes a sound dynamic performance-based compensation system as a means for achieving long-term success and encourages performance and the right behaviour.

Performance Evaluation Matrix (PEM) for MRTs and MRCs is developed in line with the Company strategy, their job roles and responsibilities, and risk-taking behaviour. The development of KPIs is followed as per the defined procedures mentioned in the Annual Evaluation.

Performance appraisal impacts the performance bonuses, annual increment and/or promotion of the employees enabling a performance-based compensation system.

E. Risk Adjustments

A risk-adjusted compensation mechanism for MRTs and MRCs is developed to limit performance-based variable compensation for excessive risk-taking. An incentive to take risk is constrained by incentives to manage risk. The best way to achieve this outcome is to vary performance-based variable compensation according to risks taken (ex-ante) and risks realized (ex-post).

- **Ex-ante** - by adjusting remuneration for risk as it is accrued and awarded, to take into account potential adverse developments in the future; or
- **Ex post** - by adjusting accrued remuneration during (e.g. through a malus clause) a deferral period in the light of experience and observations of risk and performance outcome made.

The mechanism establishes a relationship between employees' compensation structure and their risk-taking behaviour and leverages a balance between fixed and variable components to ensure the levels of compensation are appropriately balanced between fixed, short- and long-term variable compensation.

The actual variable pay-out depends upon the performance appraisal subject to risk adjustments to influence the risk-taking behaviour of MRTs and MRCs. However, it can vary for each category of employee. The variable compensation is flexible and can even be reduced to zero depending upon the achievement of objectives and performance. The Board reserves the power to accord the bonuses (variable pay) of employees.

To align risk and compensation, MRTs and MRCs variable compensation shall subject to the following risk adjustments.

A. Deferment

The performance bonus of MRTs and MRCs will subject to deferment to reflect the time horizon during which risks are likely to materialize and the results of poor performance, poor risk management, or misconduct identified.

The performance bonus of MRTs and MRCs will subject to deferment base on the below criteria:

Rating/ Scoring	Performance Category	Performance Description with respect to risk adjustment	Basis of Deferment	Deferment Outcome

A	Exceptional	Significantly and consistently exceeds standards and expectations	VC up to 70% of FC	No
			VC is greater than 70% of FC	Yes
B	Exceed Expectations	Consistently exceeds standards and expectations	VC up to 60% of FC	No
			VC is greater than 60% of FC	Yes
C	Meet Expectations	Meets standards and expectations	VC up to 50% of FC	No
			VC is greater than 50% of FC	Yes
D	Below Expectations	Does not meet standards and expectations	Employee shall not be eligible for variable compensation	
E	Unsatisfactory	Significantly below standard and expectations		

As per the aforementioned scenarios, the deferred performance bonus shall be paid on pro-rata, through yearly instalments over the deferment period of three years and one year for MRTs and MRCs respectively, while the remaining performance bonus shall be paid upfront in the form of cash.

Upfront cash	It shall be awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred cash	It shall be awarded and paid in cash on a pro-rata basis over a period of one or three year(s) as applicable

Deferral Arrangements

Variable compensation of MRTs & MRCs categorized in A category shall as follows:

Components of Variable	Deferral	Deferral Period	Malus

Compensation				
Upfront cash	Amount of VC up to 70% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 70% of FC	3 years	MRT	Yes
		1 year	MRC	

Variable compensation of MRTs & MRCs categorized in B category shall as follows:

Components of Variable Compensation	Deferral	Deferral Period		Malus
Upfront cash	Amount of VC up to 60% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 60% of FC	3 years	MRT	Yes
		1 year	MRC	

Variable compensation of MRTs & MRCs categorized in C category shall as follows:

Components of Variable Compensation	Deferral	Deferral Period		Malus
Upfront cash	Amount of VC up to 50% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 50% of FC	3 years	MRT	Yes
		1 year	MRC	

B. Malus

Malus allows cancellation/reduction of unvested variable compensation under certain circumstances. The compensation will subject to malus provision if a reasonable evidence of wilful misbehaviour, material error, negligence or incompetence of the employee causing the Company/

business unit to suffer material loss in its financial performance, material misstatement of the Company’s financial performance, material risk management failure or reputational loss or risk during the concerned performance year.

In addition, the Board reserves the right to cancel (while respecting labor laws and regulation) the disbursement of sums accrued in the past in case of:

- Significant capitalization problems for the Company; and
- Materialization of significant risks generated in the years when bonuses had been accrued.

The deferred bonus pool may be managed using either of the following schemes/options with detailed analysis of all the related aspects:

- Management of deferred bonus pool within the Company; and/or
- Setting up of a new scheme along with a management function and governance mechanism for such deferred bonus pools.

<u>Compensation for Non- Executive Directors (NEDs)</u>

Non-Executive Directors (NEDs) are compensated transparently and measurably linking their compensation with the actual number of board and/or committee meetings attended by an individual director. NED’s compensation does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or retirement benefits.

<u>Employee Stock Option Scheme (ESOS)</u>

The company does not offer any ESOS.

Statement of Investments of Provident & Gratuity funds

Investments of Provident & Gratuity funds as at December 31, 2021 according to their un-audited financial statements were Rs 297 million and Rs 195 million respectively.

Auditors

The present Auditors, M/s EY Ford Rhodes & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The audit committee has noted that M/s EY Ford Rhodes, has been the auditors of POICL for last 3-years and recommends to the Board to change the auditors in order to ensure a fresh external assessment of POICL's financial statements. Accordingly, the Board of Directors, on the recommendation of the Audit Committee, recommend the appointment of M/s BDO Ebrahim & Co., Chartered Accountants, as auditors of the Company for the year ending December 31, 2022.

Pattern of Shareholding

Government of Pakistan:	Ministry of Finance	49.99%
	Secretary - Economic Affairs Division	0.01%
Sultanate of Oman:	Oman Investment Authority*	49.99%
	Ministry of Commerce & Industry	0.01%

*Subsequent to the issuance of Royal Degree of Sultanate of Oman for better management of Sultanate assets, during the year 307,495,900 shares in the name of Ministry of Finance, Sultanate of Oman has been transferred in the name of Oman Investment Authority, Sultanate of Oman on October 04, 2021. The shareholding of Pak Oman Investment Company Limited remains equal to 50:50 between Government of Pakistan and Government of the Sultanate of Oman.

Acknowledgements

Sponsors

The Board is grateful to the respective Governments of Sultanate of Oman and the Islamic Republic of Pakistan for their commitment and support to the Company.

Regulators

The Board also takes this opportunity to express its gratitude to the State Bank of Pakistan for its continued guidance and support. In these unprecedented times, it have stepped up with policies and measures that are prudent, and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrating and soundness of the banking industry.

Management

The Board is pleased to extend its appreciation to the management and employees for their exemplary hard work, passion and relentless dedication. The Board also acknowledges the staff for their exceptional efforts in positioning the Company as a strong player in the financial sector. This is the result of collective team work, commitment and dedication towards achieving the Company’s objectives.

Bahauddin Khan
Managing Director
& Chief Executive

Sayyid Juland Jaifar Salim Al Said
Chairman

Dubai: March 01, 2022

Annexure “A”

TERMS OF REFERENCE
EXECUTIVE COMMITTEE

COMPOSITION:

The Committee will be comprised of following directors:

• H.H. Sayyid Juland Jaifar Salim Al Said	Chairman
• Mr. Faisal Ali Ibrahim Al Siyabi	Member
• Mr. Omar Hamid Khan	Member
• Mr. Bahauddin Khan	Member

Member(s) who may not be able to attend may give a proxy in favour of other member of the same committee. In absence of any Member another director will be co-opted into the Committee.

QUORUM:

Meeting:	Three Committee Members.
Decision Making:	Simple Majority

MEETINGS:

Meeting shall be held as appropriate but at least with each Board Meeting.

SECRETARY:

The Company Secretary will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

TERMS OF REFERENCE:

The Board of Directors may from time to time, delegate all or part of its powers to an Executive Committee upon such terms and conditions as it may deem fit and shall have the right at its sole discretion to revoke, withdraw or vary such powers. All decisions of

the Executive Committee are ratified in the following Board Meeting. Any and all proposals can also be sent to, and approved by the Executive Committee Members through circulation, via simple majority. Furthermore, if a proposal has been sent by circulation to the Members and a response has not been given by two weeks, the proposal will be deemed to have been accepted by the said Member(s).
The powers delegated to the Executive Committee by the Board of Directors are detailed as follows:

(i) to review and approve all business proposals (funded or non-funded) above Rs 350 million, including
   a. credit &
   b. investments in shares, and mutual funds

(ii) To review and approve lines/ limit of over Rs. 350 million
   a. Banks
   b. Financial institutions
   c. Other corporate entities

   For treasury and capital market transactions;

(iii) To review and approve overall limit of Capital Market Operations including lending under CFS;

(iv) to review and approve overall limit of debt instruments but not limited to Term Finance Certificates, Mutual Funds, Commercial Papers and /or Sukuk Certificates;

(v) To review and approve minimum rating for investment in Term Finance Certificates, Mutual Funds, Commercial Papers and/or Sukuk Certificates;

(vi) To decide upon the cases of rescheduling and waiver of penal interest in respect of the financial projects;

(vii) To decide upon the case of write-off for final recommendation to the Board

(viii) To consider any other issue advised by the Board.

Any and all proposals can also be sent to, and approved by the Executive Committee Members through circulation.

TERMS OF REFERENCE
AUDIT COMMITTEE
(AUDIT COMMITTEE CHARTER)

Objective

The objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities related to financial reporting practices, quality and integrity of financial reports, internal control environment, regulatory compliance, risk management, governance and business Ethics.

Composition
The committee will be comprised of the following directors:

- Mr. Omar Hamid Khan — Chairman
- Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani — Member
- Mr. Faisal Ali Ibrahim Al Siyabi — Member

The Managing Director can be invited to the committee meeting (as and when required).

QUORUM:

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

Frequency of meetings; Frequency & mechanism of reporting to Board. (MEETINGS)

Meetings shall be held as appropriate but not less than four times a year. Synopsis of the proceedings of Audit Committee Meeting shall be presented by the Chairman Audit Committee to the Board including comments on significant matters identified by Internal Audit function along with quarterly, half- yearly and annual financial statements of the Company prior to their approval by the Board of Directors.

Frequency of review of ACC & Mechanism of Performance Evaluation of ACC

The Board shall, on an annual basis, review the performance & effectiveness of BAC against the roles & responsibilities set forth in the charter through its Board Evaluation which is done annually (in-house/PICG)

SECRETARY

The Company Secretary will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

Authority

BAC shall have complete authority & independence to perform its roles & responsibilities by either utilizing internal or external resources (if need arises).

Frequency & channel of communication with management.

BAC in order to discharge its role and responsibilities may direct and requisite any information, whenever required, either through the Secretary of the Committee or Chief Internal Auditor or directly from the management.

Roles & Responsibilities (TERMS OF REFERENCE)

The Terms and Reference of the Audit Committee shall include the following:

I. The BAC shall regularly receive and review the summary of significant violations/observations, internal and external frauds, internal control deficiencies, organizational and personal material conflicts of interest as identified during the audit activities along with follow-up actions taken by management to ensure that audit observations/recommendations receive proper and timely attention by senior management through time bound action points/indicators to monitor improvements.

II. Review of quarterly, half- yearly and annual financial statements of the Company prior to their approval by the Board of Directors. The review will focus on:
   a. Major judgemental areas;
   b. Significant adjustments resulting from the audit;
   c. The going-concern assumption;
   d. Any changes in accounting policies and practices;
   e. Compliance with applicable accounting standards; and
   f. Compliance with listing regulations and other statutory and regulatory requirements

III. Review of preliminary announcements of results prior to publication;

IV. Review of the company's statement on internal control systems prior to endorsement by the Board of Directors;

V. Facilitating the external audit and discussion with external auditors regarding major observations arising from interim and final audits and any matter that the auditor may wish to highlight;

VI. Review of management letter issued by the external auditors and management's response thereto;

VII. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

VIII. Monitoring compliance with the best practices of corporate governance and identification of significant variation thereof;

IX. Determination of compliance with relevant statutory requirements

X. Responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision of any service to the Company in addition to audit of its financial statements;

XI. Review of the scope and extent of internal audit and ensuring that the internal audit function is independent has no restrictions on access to people, information, processes, properties, records, and systems to perform their audit activities with objectivity.

XII. The BAC/board shall approve budget for IAF and adequate resources; that is sufficient to carry out the planned audit activities which shall be periodically reviewed against its status and if required provide additional resources (financial, human, operational, physical, technological and necessary trainings) to IAF to perform its activities.

XIII. The BAC shall review and approve 'Internal Audit Charter' (IAC) and annual 'Risk Based Audit Plan' (RBAP) as and when required.

XIV. BAC shall review 'Internal Audit Strategy' (IAS) and recommend approval by the board.

XV. BAC shall approve the appointment/re-hiring/renewal of contract and removal of CIA; and approve other terms of employment including his/her remuneration, allied benefits, promotion/demotion and determination of any performance-based bonuses, increments, cash awards or other financial and non-financial benefits.

XVI. The BAC shall approve 'Key Performance Indicators' (KPIs) for CIA and shall evaluate his/her performance against set KPIs on annual basis.

XVII. The BAC should ensure independence of any investigations/disciplinary actions against CIA & internal auditors.

XVIII. The BAC shall annually obtain from CIA an independent assessment/opinion on the state of FI's internal controls based on the audits conducted over the period.

XIX. Report to board any significant matters identified by IAF/external auditors that warrant board's immediate attention.

XX. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive to consider remittance of any matter to external auditor and to any other external body.

XXI. Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc.

XXII. The BAC must ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever.

XXIII. Consideration of any other issue or matter as may be assigned by the Board of Directors

TERMS OF REFERENCE
REMUNERATION & COMPENSATION COMMITTEE

TITLE
The Committee is known as the Remuneration & Compensation Committee

COMPOSITION

The Committee is comprised of the following:

• H.H. Sayyid Juland Jaifar Salim Al Said	Chairman
• Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	Member
• Mr. Omar Hamid Khan	Member

The Managing Director can be invited to the committee meeting (as and when required).

MEETINGS

Meeting shall be held as appropriate, but not less than once a year.

QUORUM

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

SECRETARY

The Company Secretary will be the Secretary of the Committee. The Secretary is responsible for drawing up the agenda and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

In the absence of the Secretary the Chairman of the Committee may nominate a Secretary for the given period.

AUTHORITY & DUTIES

1. To ratify the appointments, compensation of Heads of Departments except DMD COO, CFO, Company Secretary and Head Internal Audit, as recommended by the Managing Director.

2. To recommend to the Board the selection, evaluation, compensation DMD, COO, CFO, Company Secretary and Head of Internal Audit.

3. To review and approve the terminations, promotions, salary increments and other benefits of Departmental Heads as recommended by the Managing Director.

4. To review (and approve) the annual evaluation reports of the departmental heads as recommended by the Managing Director.

5. To review and recommend to the Board of Directors, the performance bonuses payment criteria for the departmental heads, executives and other employees of the Company.

6. To review and recommend to the Board any changes in the HR Policy Manual & Employee Service Rules of the Company.

7. To periodically review and recommend to the BOD enhancements in the salary, allowances and perquisites of the MD including performance bonus.

8. To review and recommend to the Board any changes to the directors' fees.

9. To consider any other issues, topics, as defined by the Board.

The Committee is authorized by the Board to obtain outside Human Resource, legal or other independent professional advice if considered necessary.

TERMS OF REFERENCE
BOARD RISK MANAGEMENT COMMITTEE

COMPOSITION:
The Committee will be comprised of following directors:

• Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	Member
• Mr. Faisal Ali Ibrahim Al Siyabi	Member
• Mr. Omar Hamid Khan	Member

The Managing Director can be invited to the committee meeting (as and when required).

In absence of the Chairman, the committee will be chaired by a member of the committee nominated by the Chairman.

QUORUM:

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

MEETINGS:
Meeting shall be held at least once every quarter with each Board Meeting.

SECRETARY:

The Head Risk Management will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

TERMS OF REFERENCE:

The powers delegated to the Risk Management Committee by the Board of Directors are detailed as follows:

<u>Authorities and Responsibilities</u>

General:
The Committee shall be responsible for establishing and maintaining a risk management framework with an enterprise wide approach built to identify and prioritize risks and to evaluate the alignment and effectiveness of risk management activities. In achieving

these objectives the functions of the Committee include, but these are not limited to the following:

- Reviewing the Company wide strategy from risk perspective and ensuring that it is prepared in accordance with Company's policies and regulatory requirements.
- Recommending the Company's overall risk appetite as well as risk tolerance in relation to credit, market, liquidity and operational activities.
- Reviewing periodically the credit risk management and other policies and making appropriate changes to keep them in line with any development and environmental changes. However, in the absence of any such circumstances it is expected that the committee shall re-evaluate these policies at least once in three years.
- Reviewing / revising new product / program of lending / investment and or new line of business and recommending them to the Board.
- Reviewing the Company's desired capital adequacy ratio and monitoring any significant fluctuations and exceptions to the minimum regulatory capital requirements and seeking necessary Board approval.
- Material exceptions to the risk management policies and tolerances related to risk limits and remedial actions and ratifications of the same.
- Any new risk and control framework / best practices / new legislation regime.
- Review of risk appetite variance.
- Review of Basel II / III – ICAAP / Stress testing.
- Evaluating that the Company's overall risk exposure is maintained at prudent levels and consistent with the available capital.
- Submission of any other statement for review in accordance with SBP guidelines / Company policy.

Credit:

- Approving TOR's of Credit Committee.
- To review and recommend annual credit plan to the Board.
- To approve / ratify / recommend / waive / relax applicable regulatory / policy requirements wherever it is permissible for the Board / BRMC.
- To review and approve all related part exposures for approval to the Board.
- Portfolio and sector analysis.
- Analyze country risk where applicable.

Market Risk:

- Review and recommend counterparty / FI Limits
- Review and recommend Annual Treasury Plan
- Ratification of treasury limit breaches for Board Approved limits

- Review variance in Treasury, equity plans.
- Review stress testing.
- Review exception reports.

Liquidity Risk:

- Review maturity / repricing gaps.
- Review and recommend the Contingency Funding Plan (CFP).
- Monitor funding gap

Operational Risk Management:

- Review and recommend tolerance limit for operational risk.
- Approval of Internal Risk Assessment Methodology i.e. Risk and Control Self assessment (RCSA) or any other methodology for monitoring risk.
- Review Operational Loss Tolerance variance (report of significant risk / loss incidents).
- Review any significant operational risk that BRMS needs to ne made aware of.
- Review the report on key incidents and indicators submitted to determine the adequacy of proposed / executed action and direct any alternative action or implementation of proposed action.

Information Technology Security Risk Management:

- Review and recommend I.T. Security strategy.
- Recommend to Board IT security policy / amendments
- Review status reports on information security policy implementation
- Review any significant change in a business process, system or activity as presented by the Secretary –BRMC to highlight any risks that may be incurred.
- Review that the Company has a business continuity / comprehensive contingency plan in place duly approved by the Board of Directors.

Compliance Risk Management:

- BRMC shall approve compliance risk strategy and annual Compliance program;
- BRMC shall ensure existence of a comprehensive Compliance function, compatible with POICL's overall risk management strategy:
- BRMC shall discuss compliance issues regularly, ensuring that adequate time & priority is provided:
- BRMC shall evaluate POICL's overall management of compliance risk, on an annual basis;
- BRMC shall ensure that CCO has the appropriate stature, authority, resources (financial and human) and support to fulfill the duties;

- BRMC will engage with CCO on half yearly basis to provide him the opportunity to discuss issues;
- BRMC shall review minutes of Compliance Committee of Management (CCM) meetings;
- BRMC shall review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness;

ڈائریکٹرز کی رپورٹ

ہم بورڈ کے ڈائریکٹرز کی جانب سے کمپنی کی بیسوی سالانہ رپورٹ معہ، 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے مالیاتی گوشوارے بمع کنسولیڈیٹڈ شدہ مالیاتی گوشوارے بمع محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معیشت

معیشت تیزی کے ساتھ اپنی بحالی کے راستے پر گامزن ہے۔ کاروبار کے لیے سازگار ماحول نے ملک بھر میں صنعتی سرگرمیوں کی بحالی میں معاونت کی ہے۔ تاہم، 2021 کی چوتھی سہ ماہی میں توانائی کی اعلیٰ قیمت اور کرنسی کے کمزور ہونے کی وجہ سے معیشت نے سست رفتاری کا تجربہ کیا۔

پاکستان آئی ایم ایف پروگرام کو حتمی شکل دینے کے درمیان ہے جس نے سخت شرائط رکھی ہیں جو حکومت کی طرف سے کیے گئے ترقی پر مبنی اقدامات کو متاثر کر سکتی ہیں۔

ملکی طلب میں بہتری کی وجہ سے کرنٹ اکاؤنٹ خسارے میں اضافہ، امریکی ڈالر کے مقابلے PKR کی قدر میں کمی، یوٹیلیٹیز میں اضافے کی وجہ سے مہنگائی میں اضافہ، ایندھن اور اشیاء کی عالمی قیمتیں حکومت کو درپیش بڑی اقتصادی رکاوٹیں ہیں۔

معاشی ترقی کی رفتار کو منظم کرنے کے لیے، افراط زر اور کرنٹ اکاؤنٹ خسارے کو کنٹرول میں رکھنے کے لیے، اسٹیٹ بینک نے 15 ماہ کے وقفے کے بعد پالیسی ریٹ میں 2.75 فیصد اضافہ کیا جو اب 9.75 فیصد ہے۔

بعض ٹیکس چھوٹ کے خاتمے اور موجودہ اور ترقیاتی اخراجات کو کم کرنے کے ذریعے محصولات میں اضافے کے لیے حکومت کے حالیہ اقدامات سے ملکی طلب کو معتدل کرنے، کرنٹ اکاؤنٹ آؤٹ لک کو بہتر بنانے میں مدد ملے گی، تاہم افراط زر پر دباؤ بڑھ سکتا ہے۔

پاکستان کے زرمبادلہ کے ذخائر میں بہتری آئی ہے جس میں اسٹیٹ بینک کے ساتھ 3 بلین امریکی ڈالر اور سعودی عرب سے مالیاتی پیکج کے تحت 1.2 بلین امریکی ڈالر کی موخر تیل کی سہولت موجود ہے۔ مزید، GOP نے حال ہی میں سکک کے اجراء کے ذریعے US$1 بلین اکٹھا کیا۔ آئی ایم ایف نے 6 بلین امریکی ڈالر کی توسیعی فنڈ سہولت کے تحت 1 بلین امریکی ڈالر کی انتہائی انتظار شدہ قسط کی منظوری بھی دی ہے۔ مزید برآں، اسٹیٹ بینک نے حال ہی میں زرمبادلہ کے اخراج پر دباؤ کو کم کرنے کے لیے چند اقدامات کیے ہیں۔

بدلتی ہوئی علاقائی جغرافیائی سیاسی صورتحال بالخصوص افغانستان پاکستان پر براہ راست اثرانداز ہو سکتی ہے۔

قلیل مدتی اقتصادی کارکردگی کا انحصار ریونیو جنریشن، کرنٹ اکاؤنٹ خسارے کے انتظام اور مہنگائی کو کنٹرول کرنے پر ہوگا۔

درمیانی مدت میں ملک کا معاشی مستقبل مثبت رہتا ہے۔

مالیاتی عدم توازن کو مستحکم کرنے، براہ راست ٹیکس کی بنیاد کو وسیع کرنے، مہنگائی کو کنٹرول کرنے، ایف ڈی آئی میں اضافہ، ریاستی ملکیتی اداروں کی تنظیم نو/نجکاری اور فنڈز کو مزید پیداواری پیش رفت کی طرف موڑنے کے لیے حکومتی پالیسیوں کا تسلسل 2022 کے لیے بڑے چیلنجز رہے گا۔

جھلکیاں

	31 دسمبر پر		31 دسمبر پر	
	2021	2020	2021	2020
	ملین امریکی ڈالر		ملین پاکستانی روپے	
منافع قبل از محصول	3.7	7.6	651	1,337
منافع بعد از محصول	2.7	5.5	478	972
ہر 10 روپے کے حصص (بنیادی اور گھٹا ہوئے) پر آمدنی فی حصص	US$ 0.0044	US$ 0.0090	Re 0.78	Re 1.58
قرضہ جات	111.7	118.6	19,721	20,935
سرمایہ کاری	576.7	386.5	101,788	68,217
کل اثاثہ جات	726.6	548.4	128,260	96,806

آپریشن کا جائزہ

پاکستان کے مالیاتی شعبے کو پالیسی کی شرح میں 2.75bps اضافے کے بعد اثاثوں اور ذمہ داری کی دوبارہ قیمت میں عارضی عدم مطابقت پر خالص سود کے مارجن کے قلیل مدتی کمپریشن کے ساتھ ناپے گئے معاشی سرگرمیوں سے پیدا ہونے والے کئی گنا چیلنجوں کا سامنا ہے۔

ان مشکل حالات میں بھی، آپ کی کمپنی کی کارکردگی مستحکم رہی۔

آپ کی کمپنی نے 1,337 ملین روپے (7.6 ملین امریکی ڈالر) کے مقابلے میں 651 ملین روپے (US $ 3.7 ملین) کا ٹیکس سے پہلے منافع ریکارڈ کیا ہے۔ منافع میں کمی خالص سود کی آمدنی میں کمی کی وجہ سے ہوئی ہے، کیونکہ تین مہینوں کے لیے خطرے سے پاک سرکاری سیکیورٹیز پر اوسط سود کی شرح 2021 میں 7.7 فیصد تھی جو گزشتہ سال 9 فیصد تھی۔ اس نے ثانوی مارکیٹ میں سرمایہ حاصل کرنے کے مواقع کی عدم دستیابی کے ساتھ ساتھ DFIs کی مجموعی سود کی آمدنی پر اثر ڈالا۔

اس مشکل وقت میں، آپ کی کمپنی کے مضبوط رسک مینجمنٹ سسٹمز میں انفیکشن کا تناسب 9.4% تھا، جو ستمبر 2021 کے DFIs کی اوسط 13% سے کافی زیادہ ہے۔

ایڈوانس پورٹ فولیو 2020 میں 20935 ملین (US $ 118.6 ملین) کے مقابلے میں 19720 ملین (US $ 111.7 ملین) رہا۔ ہماری قرض میں اضافے کی حکمت عملی معیاری پیشرفتوں کے حصول اور موثر رسک وزن والے اثاثوں کی پروفائل کو برقرار رکھنے پر مرکوز ہے۔

مستقبل کی شرح سود کے منظر نامے کے پیش نظر، آپ کی کمپنی نے اپنے اثاثوں کے پورٹ فولیو کو دوبارہ ترتیب دیا ہے اور سرکاری سیکیورٹیز میں نمائش میں اضافہ کیا ہے۔ نتیجتاً، سرمایہ کاری 2020 میں 68,217 ملین روپے (US$386.5 ملین) کے مقابلے میں بڑھ کر 101,788 ملین روپے (576.7 ملین امریکی ڈالر) ہو گئی ہے۔ پورٹ فولیو ٹریژری بلز کے ساتھ ساتھ فکسڈ اور فلوٹنگ ریٹ پاکستان انویسٹمنٹ بانڈز، ٹرم فنانس بانڈز میں بھی متنوع ہے۔ سرٹیفکیٹ اور سکوک انسٹرومنٹ، جو آگے بڑھتے ہوئے کمپنی کے صحت مند مارک اپ ریٹرن اور سود کے مارجن کو برقرار رکھے گا۔

بہتر منصوبہ بند منصوبہ بندی اور عملدرآمد کی حکمت عملی کی وجہ سے، آپ کی کمپنی کے ڈیپوزٹ 14354 ملین روپے (81.3 ملین امریکی ڈالر) تک بڑھ گئے۔ کمپنی ہم مرتبہ کمپنیوں کے درمیان سب سے بڑے ڈیپوزٹ کی مالک ہے۔

31 دسمبر 2021 کو خوردہ ڈیپوزٹ 1926 ملین روپے (10.9 ملین امریکی ڈالر) کے رہے۔

کمپنی کے کل اثاثہ جات میں 31 دسمبر 2020 کے 96806 ملین روپے (548.4 ملین امریکی ڈالر) کے مقابلے میں بڑھ کر 128260 ملین روپے (726.6 ملین امریکی ڈالر) ہو گئے۔، جس میں اسی عرصے کے دوران 33% کا اضافہ دکھایا گیا ہے۔

31 دسمبر 2021 پر آپ کی کمپنی کا کیپیٹل اڈیکیسی تناسب (CAR) 16.47 فیصد رہا، جو 11.50 فیصد کے کم از کم گھریلو ریگولیٹری بینچ مارک اور 10.50 فیصد کے عالمی معیار سے بہت اوپر ہے، جبکہ انضمام شدہ کا کیپیٹل اڈیکیسی تناسب (CAR) 16.23 فیصد رہا جو کمپنی کی بہتر کیپیٹلائزڈ پوزیشن ظاہر کرتی ہے۔

مختص

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل رقوم مختص کیں ہیں؛

	برائے سال 2021	
	ملین پاکستانی روپے	ملین امریکی ڈالر
دستوری ذخائر کی مد میں	95.540	0.54
کیش ڈیویڈینڈ @0.60 روپیہ فی حصص	369.000	2.10

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹیڈ نے کمپنی کی درمیانی تا طویل المدتی ریٹنگ "ڈبل اے پلس" اور قلیل المدتی ریٹنگ "اے ون پلس" برقرار رکھی ہے ۔

تفویض کردہ درجہ بندی کمپنی کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز، موجودہ مارکیٹ میں موجودگی اور ہم مرتبہ گروپ کے اداروں میں اس کی متعلقہ پوزیشن کی عکاسی کرتی ہے۔ یہ درجہ بندی کریڈٹ رسک کی بہت کم توقع، طویل مدت میں مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی اعلیٰ صلاحیت کی نشاندہی کرتی ہے۔

کارپوریٹ گورننس کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹیڈ کی جانب سے کمپنی کو ادارے کی کارپوریٹ گورننس ریٹنگ سی جی آر-9 تفویض کی ہے۔ مختص شدہ ریٹنگ اعلیٰ معیار کی کارپوریٹ گورننس کی نشاندہی کرتی ہے جو کمپنی میں کام کرنے کے بہترین طور طریقے استعمال کرنے کا نتیجہ ہے۔

بینک دولت پاکستان کی پرائمری ڈیلر شپ

حکومتی بانڈز کی پرائمری اور ثانوی مارکیٹ کی ترقی/ترویج میں پاک عُمان کے کردار کو سراہتے ہوئے بینک دولت پاکستان نے پاک عُمان کو سال 2022-2021 کے لیے دوبارہ بطور پرائمری ڈیلر منتخب کر چکا ہے۔

پاک عُمان مائکروفنانس بینک

سال کے دوران، بورڈ آف پاک عمان نے پاک عمان مائیکروفنانس بینک لمیٹڈ میں اپنے پورے شیئر ہولڈنگ کی فروخت کی منظوری دی۔ سال کے اختتام کے بعد لین دین کامیابی سے مکمل ہو گیا ہے۔

پاک عُمان اسیٹ مینجمنٹ کمپنی لمیٹڈ

31 دسمبر 2021 تک پاک عمان ایسٹ مینجمنٹ کمپنی لمیٹڈ (POAMCL) کے زیر انتظام اثاثے 8 ارب روپے تھے۔ سال کے دوران PACRA (کریڈٹ ریٹنگ ایجنسی) نے POAMCL کی درجہ بندی کو AM3+ سے AM3++ تک بہتر کیا ہے۔ درجہ بندی مستحکم آؤٹ لک کی عکاسی کرتی ہے جس میں اثاثہ مینیجر سرمایہ کاری کے انتظامی صنعت کے معیارات اور بینچ مارکس پر پورا اترتا ہے۔ دسمبر 2021 میں POAMCL نے ایک نیا فنڈ پاک عمان ڈیلی ڈیویڈنڈ فنڈ شروع کیا تاکہ موجودہ اور ممکنہ سرمایہ کاروں کے لیے سرمایہ کاری کے حل کی مکمل ٹوکری ہو۔ کمپنی کراچی، لاہور اور اسلام آباد میں خوردہ دفاتر کے ساتھ ملک بھر میں مضبوط وجود رکھتی ہے۔ موثر اسٹریٹجک منصوبہ بندی کی وجہ سے، امید ہے کہ پی او اے ایم سی ایل کی کارکردگی میں مزید بہتری آئے گی۔

کاروباری خطرے کے انتظام کا ڈھانچہ

رسک مینجمنٹ فریم ورک پاک عمان میں رسک مینجمنٹ کے عمل کو آگے بڑھاتا ہے۔ کاروباری سرگرمیوں اور معمول کی کارروائیوں کے حصے کے طور پر اٹھائے جانے والے خطرات کا اندازہ لگانا اور ان کی پیمائش کرنا اور ان خطرات کو متعین پیرامیٹرز کے اندر رہنے کو یقینی بنانا فریم ورک کا بنیادی مقصد ہے۔

ہمارا رسک مینجمنٹ ڈھانچہ بڑے پیمانے پر درج ذیل اصولوں پر مبنی ہے:

- کاروباری حکمت عملی کے مطابق رسک ایڈجسٹ شدہ واپسی کو زیادہ سے زیادہ کرنا
- خطرے کی ملکیت کا قیام
- منظور شدہ پالیسیوں اور طریقہ کار کے ذریعے خطرے کی محتاط تشخیص

- رسک کنڑول اور رپورٹنگ
- فریم ورک اور عمل کی توثیق۔

رسک گورننس کے مجموعی حصے کے طور پر خطرات کی نشاندہی کرنے اوران کے تخفیف اور نگرانی تک ترجیح دینے سے لے کر،انتظامیہ کی توجہ پوری تنظیم میں خطرے سے متعلق آگاہی کا کلچر بنانے پر ہے۔

اندرونی نگرانی کا نظام

ڈائریکٹرز انتظامیہ کی اندرونی نگرانی کے انتظام کے بارے میں قدر اوراس سے متعلق دیے گئے بیان کی بھی تصدیق کرتے ہیں۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ

ڈائریکٹرز اعلان کرتے ہیں کہ ؛

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت ، عملی امور کے نتائج، کیش فلو اور ملکیت میں تبدیلی بہتر طور پر پیش کرتے ہیں۔
- کمپنی نے موزوں کھاتوں کی کتابیں قائم رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب حکمتِ عملی یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر کھ پر ہے۔
- پاکستان میں قابلِ اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں اوران سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنڑول کا نظام کا ڈیزائن پائیدار بنیادوں پر تیار کیا گیا ہے اور اسکا موثر نفاذ اور نگرانی کی گئی ہے۔
- کمپنی کے کاروبار کے جاری رکھنے کی صلاحیت میں کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کی بہترین پریکٹسز پر عملدرآمد سے کوئی غیر معمولی انحراف نہیں کیا گیا ہے۔

بورڈ اور ذیلی کمیٹیوں کے منعقدہ اجلاس اور ہر ڈائریکٹر کی حاضری

	بورڈ آف ڈائریکٹرز	بورڈ کی			
		ایگزیکیوٹو کمیٹی	آڈٹ کمیٹی	مشاہرہ اور معاوضہ کمیٹی	رسک کمیٹی
منعقدہ اجلاس کی تعداد	7	5	4	3	4
ایچ۔ایچ- سید جلند جیفر سلم آل سعید	7	4	1**	3	1**
ایچ۔ای۔ یحییٰ بن سعید بن عبداللہ الجابری	1**	1**	*	1**	*
جناب ایہام عبدالعزیز عبدالقادر الغاسانی	6**	*	3**	2**	3**
جناب فیصل علی ابراہیم السیابي	6**	4**	3**	*	3**
جناب ایم زبیر موتی والا	6***	4***	4***	2***	4***
جناب عمر جناب عمر حامد خان	5	5	4	1****	4
جناب ھیثم یوسف جمعة الزدجالي	1**	1**	1**	*	1**
جناب بہاؤالدین خان	5	5	*	2*****	*

* رکن نہیں ہیں

ایچ۔ایچ- سید جلند جیفر سلم آل سعید کو بورڈ آف ڈائریکٹرز نے سبکدوش ہونے والے چیئرمین ایچ۔ای۔ یحییٰ بن سعید بن عبداللہ الجابری کی جگہ پاک عمان انویسٹمنٹ کمپنی کا بورڈ آف ڈائریکٹرز کا چیئرمین منتخب کیا ہے۔

**مزید برآں، سال کے دوران جناب ایہام عبدالعزیز عبدالقادر الغسانی اور جناب فیصل علی ابراہیم السیابي نے سلطنت عمان کی حکومت کے نامزد امیدوار کے طور پر H.E کی جگہ شمولیت اختیار کی۔ یحییٰ بن سعید بن عبداللہ الجابری اور جناب ہیثم یوسف جمعہ الزادجلی۔ اس کے مطابق، بورڈ نے ان تبدیلیوں کے سلسلے میں بورڈز کی ایگزیکٹو کمیٹی، آڈٹ کمیٹی، معاوضہ اور معاوضہ کمیٹی اور رسک کمیٹی کو دوبارہ تشکیل دیا ہے۔

***نومبر 2021 میں، حکومت پاکستان نے پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز سے مسٹر ایم زبیر موتی والا کی نامزدگی کو ڈی نوٹیفائی کر دیا۔ اس کے مطابق انہوں نے بورڈ اور اس کی ذیلی کمیٹیوں کو چھوڑ دیا۔

**** w.e.f. 01 دسمبر 2021 جناب عمر حامد خان نے کمپنی کے بورڈ سے ریٹائرمنٹ کے باعث مسٹر ایم زبیر موتی والا کی جگہ بورڈ کی معاوضہ اور معاوضہ کمیٹی میں شمولیت اختیار کی۔

***** SBP کی طرف سے BPRD سرکلر نمبر 05، مورخہ 22 نومبر 2021 کے ذریعے کارپوریٹ گورننس ریگولیٹری فریم ورک کے اجراء کے بعد، جناب بہاؤالدین خان نے بورڈ کی معاوضہ اور معاوضہ کمیٹی کا رکن رہنا چھوڑ دیا ہے۔

1. اداراتی نظم وضبط کلچر اور پاک اومان کی معیار کی پیروی کرنا، نظم وضبط کی اقدار کے حصول کے لیے لیے جانے ولاے اقدامات کی خواہشات

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ اپنی طویل المدت کامیابی اور پاکستان کی منڈی کی معاشی صحت اور استحکام کے لیے اس کے نقطہ نظر کا لازمی جز، اداراتی نظم وضبط کے بلند معیار ہیں۔ کمپنی کے اداراتی نظم وضبط کے لائحہ عمل کے حصے کے طور پر، بورڈ کو بھی اس بات کو پوری طرح احساس کہ کمپنی کی نہ صرف بقاء، ترقی اور فروغ اور حتمی کامیابی کے لیے ناظمین کی کمپنی کے نصب العین (vision) اور سمت کے تعین کرن اور سمت کے تعین کرنے کی صلاحیت ضروری ہے۔ بورڈ کی کوشش ہے کہ بلند سطح کی اداراتی نظم وضبط کو برقرار اور مستحکم، اداراتی شفافیت میں مسلسل بہری، کمپنی کی صحت مند ترقی کو یقینی بنانے کے لیے کوشش کی ہے اور اداراتی اقدار میں اضافہ کرنے کی کوش کر رہی ہے۔

بورڈ اپنا دستوری کردار ادا کرتی ہے اور اپنے مقاصد کے حصول کے لیے کمپنی اس بات کو یقینی بناتی ہے کہ اس کے پاس مسابقتی قیادت اور عملدرآمد کا ایک مؤثر نظام ہو۔ اس کے بعد بورڈ اہم پالیسوں/ڈھانچوں ور ضابطہ اخلاق کی تشکیل کرتا ہے اور کمپنی کے آپریشن کی روانی کے لیے نچلی سطح تک ذمہ داریاں اور اختیارات تفویض کرتا ہے۔

2. بورڈ کے ارکان کی نامزدگی اور انتخاب کا طریقہ کار

a. بورڈ کے ارکان کی نامزدگی اور انتخاب کا طریقہ کار (بشمول ایگزیکیٹیو ناظمین)

پاک اومان کے پاس،، سلطنت اومان (وزارت مالیات) کے نامزد کردہ دو ناظمین اور چیئرمین جبکہ حکومت پاکستان (وزارت مالیات) کے نامزد کردہ دو ناظمین اور مینجنگ ڈائریکٹر ہیں۔ یہ نامزدگیوں کے خطوط پاک اومان میں متعلقہ ناظم کی انتخاب کی توثیق کرتے ہیں۔

b. ہر ناظم کا پیشہ ورانہ شخصی خاکہ

ایچ۔ایچ- سید جلند جیفر سلم آل سعید

چیئرمین، پاک اومان انویسٹمنٹ کمپنی لمیٹڈ

ایچ۔ایچ- سید جلند جیفر سلم آل سعید کو عمان انویسٹمنٹ اتھارٹی (OIA) (پہلے اسٹیٹ جنرل ریزرو فنڈ کے نام سے جانا جاتا تھا) میں 15 سال سے زیادہ کا تجربہ ہے، جو پرائیویٹ ایکویٹی، رئیل اسٹیٹ اور رسک مینجمنٹ کے شعبوں میں سلطنت عمان کا سب سے بڑا خود مختار دولت فنڈ ہے۔ وہ فی الحال OIA میں انوسٹمنٹ رسک اینڈ ایشورنس فنکشن کے سربراہ ہیں اور انہوں نے 2013 میں SGRF میں رسک اینڈ کمپلائنس فنکشن کے قیام میں اہم کردار ادا کیا ہے، جس میں سرمایہ کاری کے تمام فیصلوں اور سرمایہ کاری کے عمل کے لیے عالمی خطرے کے معیارات کے لیے رسک پر مبنی نقطہ نظر کو سرایت کیا گیا ہے۔ 8 جون 2020 کو عالی مرتبت سلطان ہیثم بن طارق کے شاہی فرمان میں کہا گیا ہے کہ تمام خود مختار سرمایہ کاری OIA کے دائرہ کار میں ہو گی، بشمول پاک اومان انویسٹمنٹ کمپنی لمیٹڈ ("POICL")۔

ہز ہائینیس 2017 سے POICL کے بورڈ اور اس کے کچھ ذیلی اداروں میں خدمات انجام دے رہے ہیں۔ انہیں 2021 میں کمپنی کے بورڈ آف ڈائریکٹرز کا چیئرمین مقرر کیا گیا ہے۔

جناب فیصل علی ابراہیم السیابی

ڈائریکٹر، پاک اومان انویسٹمنٹ کمپنی لمیٹڈ

جناب فیصل علی ابراہیم السیابی کے پاس سرکاری اور نجی دونوں شعبوں میں 18 سال کا پیشہ ورانہ تجربہ ہے جس کا زیادہ تر کیریئر سلطنت عمان کے بینکنگ سیکٹر میں ہے، جہاں وہ بینک مسقط میں مختلف عہدوں سے وابستہ رہے۔ بینکنگ کے گہرے تجربے کے بعد، وہ سرکاری شعبے میں چلے گئے اور وزارت خزانہ میں شامل ہوئے۔ وزارت خزانہ میں، وہ سلطنت عمان کی وزارت خزانہ کے ڈائریکٹوریٹ جنرل (ڈی جی) ریونیو اور ڈی جی آف ٹریژری اینڈ اکاؤنٹس سے وابستہ رہے۔ ڈی جی آف ریونیو میں اپنی مدت کے دوران، وہ محصولات کی وصولی کی کارکردگی کو بہتر بنانے کے ذمہ دار تھے۔ فی الحال، وہ ٹریژری سنگل اکاؤنٹ پروجیکٹ کے پروجیکٹ مینیجر کے طور پر کام کر رہا ہے۔ وہ نجی شعبے کے کئی منصوبوں میں وزارت خزانہ کی نمائندگی بھی کر رہے ہیں۔

جناب بہاؤالدین خان

منیجنگ ڈائریکٹر اور سی ای او

جناب بہاؤالدین خان کو ملٹی نیشنل اور مقامی دونوں بینکوں میں بینکنگ کا 35 سال کا تجربہ ہے۔ انہوں نے اپنے کیریئر کا آغاز اسٹینڈرڈ چارٹرڈ بینک سے کیا اور وہ ڈوئچے بینک، یونین بینک اور یو بی ایل کے ساتھ سینئر عہدوں پر وابستہ رہے۔ انہوں نے بینک الفلاح سے پاک اومان انویسٹمنٹ کمپنی لمیٹڈ میں شمولیت اختیار کی جہاں وہ چیف آپریٹنگ آفیسر کے طور پر خدمات انجام دے رہے تھے۔

بزنس ایڈمنسٹریشن میں ماسٹر، مسٹر خان ایک متنوع انٹرپرائز پس منظر کے ساتھ رہے ہیں جو مضبوط آپریشنز اور ٹیکنالوجی کی مہارت رکھتے ہیں۔ اس کی ثابت شدہ مہارت میں آپریشنز، تعمیل، انفارمیشن ٹکنالوجی، ٹریڈ فنانس اور ٹریژری کے تمام شعبوں کے ساتھ ساتھ دیگر معاون خدمات میں وسیع اسپیکٹرم مہارت شامل ہے۔

جناب بہاؤالدین خان پاک عمان مائیکرو فنانس بینک کے ڈائریکٹر اور اس کی ایڈوائزری کمیٹی کے چیئرمین اور پاک اومان ایسٹ مینجمنٹ کمپنی لمیٹڈ کے ڈائریکٹر ہیں۔

مذکورہ بالا کے علاوہ وہ اورینٹ پاور کمپنی لمیٹڈ کے بورڈ پر عمان آئل کمپنی کے نامزد ڈائریکٹر بھی ہیں، جو بلوکی، پنجاب میں واقع 212 میگاواٹ کا آئی پی پی ہے۔

جناب ایہام عبدالعزیز عبدالقادر الغاسانی

ڈائریکٹر، پاک اومان انویسٹمنٹ کمپنی لمیٹڈ

جناب ایہام الغسانی کے پاس آئل ڈاون اسٹریم کاؤنٹر سے لے کر مالیاتی اور بینکنگ خدمات کے شعبے تک 12 سال سے زیادہ کا متنوع تجربہ ہے۔ آئل اینڈ گیس انجینئرنگ اور بزنس اکنامکس اسٹڈیز کے شعبوں میں اس کی تعلیمی قابلیت کو بڑے پیمانے پر سمجھا جاتا ہے۔ اس نے اپنے کیریئر کا سفر شیل عمان مارکیٹنگ میں 3 سال کے عرصے میں شروع کیا، سپلائی چین آپریشنز کے ایک مکمل دائرے کے ذریعے لاجسٹک سرگرمیوں کا انتظام کیا۔ اس کے بعد، اس نے صارفین کی طرف سے متعلق منصوبہ بندی اور عملدرآمد کے احکامات کی اصلاح میں اہم کردار ادا کیا۔ اس کے بعد، انہوں نے بینک دھوفر میں مجموعی طور پر 9 سال کارپوریٹ فنانس ڈیپارٹمنٹ میں کام کیا۔

انہوں نے بنیادی ڈھانچے کے منصوبوں کے بڑے پیمانے پر توجہ مرکوز کرتے ہوئے مقامی اور بین الاقوامی بینکوں کی قیادت میں متعدد قومی مالیاتی منصوبوں میں تعاون کیا۔ اس کے علاوہ، اس نے چھوٹے اور درمیانے درجے کے کاروباری منصوبوں میں قرض دینے کا حصہ بھی کیا اور ان کی مشکلات اور چیلنجوں کے باوجود چل دیا۔ فی الحال، جناب ایہام الغسانی مقامی معیشت کو پروان چڑھانے اور قومی مقاصد کو پورا کرنے کے لیے حکومت کی طرف سے شروع کیے گئے قومی اثاثوں کی دیکھ بھال کے لیے اقتصادی تنوع کی سرمایہ کاری میں کام کر رہے ہیں۔

جناب عمر جناب عمر حامد خان

ڈائریکٹر، پاک اومان انویسٹمنٹ کمپنی لمیٹڈ

جناب عمر حامد خان ایک کیریئر سول سرونٹ ہونے کے ناطے وفاقی / ایگزیکٹو 7 کی سطحوں پر عوامی ترقی، پالیسی سازی، اسٹریٹجک مینجمنٹ اور نفاذ میں ورسٹائل تجربہ رکھتے ہیں۔ انہوں نے سیکرٹری وزارت نیشنل فوڈ سیکورٹی اینڈ ریسرچ اور سپیشل سیکرٹری فنانس ڈویژن کے طور پر کام کیا۔ انہوں نے سیکرٹری بینظیر انکم سپورٹ پروگرام (اکتوبر 17 سے 28 جنوری 2019)، فنانس ڈویژن میں ایڈیشنل فنانس سیکرٹری (اخراجات)، ایڈیشنل سیکرٹری اقتصادی امور ڈویژن، وزارت داخلہ میں سینئر جوائنٹ سیکرٹری / ترجمان، سینئر جوائنٹ کے طور پر بھی خدمات انجام دیں۔ کابینہ ڈویژن میں سیکرٹری، وزیر اعظم کے پرنسپل سیکرٹری کے جوائنٹ سیکرٹری / پرنسپل سٹاف آفیسر، بشمول ڈپٹی سیکرٹری پرائم منسٹر سیکرٹریٹ، اسٹیبلشمنٹ ڈویژن اور ڈپٹی ڈائریکٹر فیڈرل انویسٹی گیشن ایجنسی کے مختلف عہدوں پر۔ اس نے سرکاری طور پر چین، میکسیکو، برازیل، نیپال، امریکہ، برطانیہ، فرانس، اسپین، سوئٹزرلینڈ اور تھائی لینڈ کا سفر کیا ہے۔

خان صاحب ایم ایس سی ہیں۔ (زول) پنجاب یونیورسٹی سے؛ بین الاقوامی تعلقات میں پوسٹ گریجویٹ 1 سالہ ڈپلومہ کے ساتھ۔ وہ نیشنل ڈیفنس یونیورسٹی (نیشنل سیکیورٹی کورس 2010-11) کے ساتھ ساتھ نیشنل اسکول آف پبلک پالیسی سے سینئر مینجمنٹ کورس (دوسرا ایس ایم سی) کا گریجویٹ بھی ہے۔

c. دیگر کمپنیوں کے بورڈ میں رکنیت کی تفصیلات

ٹیبل-1: بورڈ کے ناظمین کی تفصیلات کا انکشاف

نمبر شمار	ناظمین کے نام	بورڈ سے وابستگی/علحدگی کی تاریخ	حیثیت(آزاد/نان ایگزیکیٹیو)	بورڈ کی کمیٹیوں کی رکنیت	دیگر کمپنیوں کے نام جن کے بورڈ میں رکنیت ہے
1	ایچ۔ایچ- سید جلند جیفر سلم آل سعید	28/12/2016	نان ایگزیکیٹیو	1. ایگزیکیٹیو کمیٹی 2. مشاہراہ اور معاوضہ کمیٹی	• پاک اومان ایسیٹ مینجمنٹ کمپنی لمیٹڈ
2	جناب ایہام عبد العزیز عبد القادر الغاسانی	09/02/2021	نان ایگزیکیٹیو	1. آڈٹ کمیٹی 2. مشاہراہ اور معاوضہ کمیٹی 3. رسک کمیٹی	NIL
3	جناب فیصل علی ابراہیم ا لسیابي	09/02/2021	نان ایگزیکیٹیو	1. آڈٹ کمیٹی 2. ایگزیکیٹیو کمیٹی 3. رسک کمیٹی	NIL
4	جناب عمر جناب عمر حامد خان	03/08/2018	نان ایگزیکیٹیو	1. آڈٹ کمیٹی 2. رسک کمیٹی 3. ایگزیکیٹیو کمیٹی 4. مشاہراہ اور معاوضہ کمیٹی	NIL
5	جناب بہاؤالدین خان	01/10/2015	ایگزیکٹو ڈائریکٹر	1. ایگزیکیٹیو کمیٹی	• پاک اومان ایسیٹ مینجمنٹ کمپنی لمیٹڈ • اورینٹ پاور کمپنی لمیٹڈ

*جیسا کہ پروڈینشل ریگولیشنس برائے اداراتی اور تجارتی بینکاری میں تعریف کی گئی ہے۔

d. وہ ادارے جن کے پاس شریعہ بورڈ ہے، ان کو مذکورہ بالا (a)، (b) اور (c) میں دی گئی تفصیلات کے مطابق شریعہ بورڈ کے ارکان کی تفصیلات فراہم کرنا ہوگی

یہ شرائط پاک اومان پر لاگو نہیں ہیں۔

3. علحدہ سے بورڈ کی ہر کمیٹی کی تفصیلات افشاں کرنا (جو کم سے کم درج ذیل معلومات شامل ہوں)

a. ہر بورڈ کمیٹی کی ساخت اور اس کی رکنیت, بورڈ اور اس کی کمیٹیوں کی سال کے دوران منعقدہ اجلاس کی تعداد اور اس میں حاضری کی تفصیلات.

بورڈ اور ذیلی کمیٹیوں کے منعقدہ اجلاس اور ہر ڈائریکٹر کی حاضری

	بورڈ آف ڈائریکٹرز	بورڈ کی			
		ایکزیکیوٹو کمیٹی	آڈٹ کمیٹی	مشاہرہ اور معاوضہ کمیٹی	رسک کمیٹی
منعقدہ اجلاس کی تعداد	7	5	4	3	4
ایچ۔ایچ- سید جلند جیفر سلم آل سعید	7	4	1**	3	1**
ایچ۔ای۔یحییٰ بن سعید بن عبداللہ الجابری	1**	1**	*	1**	*
جناب ایہام عبدالعزیز عبدالقادر الغاسانی	6**	*	3**	2**	3**
جناب فیصل علی ابراہیم السیابي	6**	4**	3**	*	3**
جناب ایم زبیر موتی والا	6***	4***	4***	2***	4***
جناب عمر جناب عمر حامد خان	5	5	4	1****	4
جناب هیثم یوسف جمعة الزدجالي	1**	1**	1**	*	1**
جناب بہاؤالدین خان	5	5	*	2*****	*

* رکن نہیں ہیں

ایچ۔ایچ- سید جلند جیفر سلم آل سعید کو بورڈ آف ڈائریکٹرز نے سبکدوش ہونے والے چیئرمین ایچ۔ای۔یحییٰ بن سعید بن عبداللہ الجابری کی جگہ پاک عمان انویسٹمنٹ کمپنی کا بورڈ آف ڈائریکٹرز کا چیئرمین منتخب کیا ہے۔

**مزید برآں، سال کے دوران جناب ایہام عبدالعزیز عبدالقادر الغسانی اور جناب فیصل علی ابراہیم السیابی نے سلطنت عمان کی حکومت کے نامزد امیدوار کے طور پر H.E کی جگہ شمولیت اختیار کی۔یحییٰ بن سعید بن عبداللہ الجابری اور جناب ہیثم یوسف جمعہ الزاد جلی۔اس کے مطابق، بورڈ نے ان تبدیلیوں کے سلسلے میں بورڈز کی ایگزیکٹو کمیٹی، آڈٹ کمیٹی، معاوضہ اور معاوضہ کمیٹی اور رسک کمیٹی کو دوبارہ تشکیل دیا ہے۔

***نومبر 2021 میں، حکومت پاکستان نے پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز سے مسٹر ایم زبیر موتی والا کی نامزدگی کو ڈی نوٹیفائی کر دیا۔اس کے مطابق انہوں نے بورڈ اور اس کی ذیلی کمیٹیوں کو چھوڑ دیا۔

**** w.e.f. 01 دسمبر 2021 جناب عمر حامد خان نے کمپنی کے بورڈ سے ریٹائرمنٹ کے باعث مسٹر ایم زبیر موتی والا کی جگہ بورڈ کی معاوضہ اور معاوضہ کمیٹی میں شمولیت اختیار کی۔

***** SBP کی طرف سے BPRD سرکلر نمبر 05، مورخہ 22 نومبر 2021 کے ذریعے کارپوریٹ گورننس ریگولیٹری فریم ورک کے اجراء کے بعد، جناب بہاؤالدین خان نے بورڈ کی معاوضہ اور معاوضہ کمیٹی کا رکن رہنا چھوڑ دیا ہے۔

b. بورڈ کے ہر کمیٹی کی شرائط و قوابط و مقاصد(TOR)

منسلک ہے "A"

c. سال کے دوران بورڈ کی کمیٹیوں کے امتیازی کاموں کی تفصیلات جو ادارہ نمایاں کرنا چاہتا ہے

- سال 2021 کے دوران، بورڈ آف ڈائریکٹرز کی بورڈ رسک مینجمنٹ کمیٹی (بی آر ایم سی) کی 04 میٹنگز کا انعقاد کیا گیا تا کہ رسک مینجمنٹ کی پالیسیوں، کریڈٹ، مالیاتی، لیکویڈیٹی، مارکیٹ، اور انتظامیہ سے متعلق طریقوں اور طریقوں کو شامل کیا جا سکے۔ آپریشنل اور دیگر قسم کے خطرات جو ادارے کو در پیش ہیں۔ بی آر ایم سی مستقل طور پر ادارہ کے موجودہ اور ممکنہ مستقبل کے رسک نمائشوں اور مستقبل کے خطرے کی حکمت عملی سے وابستہ خطرے کے انتظام کی کارکردگی کا جائزہ لیتے ہیں، بشمول رسک بھوک اور رواداری کی منظوری۔

کمیٹی اس بات کو یقینی بناتی ہے کہ ایک تنظیمی ثقافت جو مؤثر رسک مینجمنٹ کے لئے ایک اعلی ترجیح رکھتا ہے، خطرے سے آگاہی کی ثقافت کو فروغ دے کر قائم کیا جائے۔ انضباطی تقاضوں کے مطابق IFRS-9 کے نفاذ کے بارے میں باقاعدہ نگرانی کو برقرار رکھنے کے علاوہ۔ اس سے یہ بھی توثیق ہوتا ہے کہ خطرے کے انتظام کے لئے مختص وسائل کاروبار کے سائز، نوعیت اور حجم کے لحاظ سے کافی ہیں اور ان کے پاس کافی علم اور مہارت ہے۔ کمیٹی مناسب مالیاتی ماڈلز کی ترقی پر بھی نظر رکھتی ہے اور جو نظام ہر خطرہ کا حساب کتاب کرنے کے لئے استعمال ہوتا ہے اور اس بات کو یقینی بناتا ہے کہ کریڈٹ، مارکیٹ، لیکویڈیٹی اور آپریشنل رسک کے لئے مجموعی طور پر نمائش کو سمجھدار سطح پر برقرار رکھا جائے اور سخت تناؤ کے ٹیسٹوں کے تحت دستیاب سرمایہ کے مطابق ہو۔

- آڈٹ کمیٹی نے 2021 میں چار بار ملاقات کی۔ آڈٹ کمیٹی نے مالی رپورٹنگ کے عمل کی نگرانی میں، کمپنی کی حمایت کی اور سالانہ مالیاتی بیانات، مستحکم مالی بیانات، اور عبوری رپورٹس کے ساتھ ساتھ سالانہ رپورٹ کی مناسب پیش کش میں اہم کردار ادا کیا۔ مالیاتی رپورٹنگ کے عمل کے تناظر میں، اس نے نئے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ 9 کے نفاذ کے ساتھ ساتھ دفعات کے اعتراف کی نگرانی میں کمپنی کی مدد کی۔ آڈٹ کمیٹی نے کمپنی کے مختلف محکموں کی قیمت کا معاملہ بھی کیا۔ آڈٹ کمیٹی کو محکمہ داخلی آڈٹ کے کام، اس کے آڈٹ پلان اور اس کے وسائل پر تازہ ترین رکھا گیا تھا۔ کمیٹی نے اندرونی آڈیٹر، بیرونی آڈیٹر اور ریگولیٹری اتھارٹی کے ذریعہ نشاندہی کی گئی کمیوں کو دور کرنے کے لئے انتظامیہ کے اقدامات کو حل کیا۔ اس کو باقاعدگی سے اس تناظر میں اور دریافتوں کے تدارک میں حیثیت اور پیشرفت کے بارے میں بھی تازہ ترین اطلاعات موصول ہوتی ہیں۔ مینجمنٹ کی درخواست پر بیرونی آڈٹ کا مینڈیٹ آزادانہ آڈیٹر کی حیثیت سے ای اینڈ وائی- چیریٹر ڈاکاؤنٹنٹس کو جاری کیا گیا تھا، اور آڈٹ کمیٹی کی سفارش کے ساتھ، آڈیٹر کے معاوضے کی رقم مقرر کی گئی تھی۔

- معاوضے اور معاوضہ کمیٹی کا 2021 میں تین بار اجلاس ہوا۔ اس نے بورڈ، مینجمنٹ، اور ملازمین کے معاوضے کے نظام کے مناسب ڈھانچے کی نگرانی کے ساتھ ساتھ، کنٹرول افعال کے سربراہان اور مادی رسک لینے والوں کے معاوضے کے ساتھ ساتھ معاوضہ بھی دیا۔ اس نے معاوضہ کی رپورٹ کے ساتھ بھی نمٹا، جس نے یہ نتیجہ اخذ کیا کہ کمپنی کا معاوضہ سسٹم مناسب طور پر تشکیل دیا گیا ہے اور یہ قانون کی ضروریات کے مطابق ہے۔ آر سی سی نے اس تشخیص سے اتفاق کیا۔
- ایگزیکٹو کمیٹی کا 2021 میں 5 بار اجلاس ہوا۔

d. شریعہ بورڈ کے شرائط و قواعد و مقاصد (TOR)، منعقدہ اجلاس کی تعداد اور ہر رکن کی حاضری کی تفصیلات (ان اداروں کے لیے جن کے لیے شریعہ بورڈ ہونا ضروری ہے)

یہ شرائط پاک اومان پر لاگو نہیں ہیں۔

4. مشاہراہ پالیسی کی تیاری اور نفاذ اور بورڈ کی کارکردگی کے جائزے کے لیے بیرونی ماہر یا ماہرین (اگر کوئی ہے تو) کا انتخاب اور کام کا دائرہ کار سے متعلق معلومات کو ظاہر کرنا۔ چیئرمین کو اس بات کی تصدیق کرنا ہوگی کی منتخب ماہر یا ماہرین آزاد ہیں اور اس عمل میں نہ تو بورڈ کے کسی رکن یا کسی اہم عہدے دار کے درمیان مفاد کا ٹکراؤ نہیں ہے۔

کوئی بیرونی ماہر مقرر نہیں کیا گیا۔

معاوضہ کا نظم وضبط

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ میں اک مضبوط نظم وضبط کا ڈھانچہ موجود ہے جو معاوضہ کی حکمت عملی اور پالیسی کے واضح عوامل (parameters) کے تحت کام کرتا ہے۔ سی ای او (CEO) اور دیگر شعبہ جات کے سربراہان کے معاوضے کا معاملہ بورڈ کے ناظمین دیکھتے ہیں اور سی ای او (CEO) کمپنی کے دیگر تمام ملازمین کے معاملات دیکھتے ہیں۔ بورڈ کے ناظمین اور سی ای او (CEO)، دونوں کی، معاونت مخصوص کمیٹیاں، خاص طور پر مشاہراہ اور معاوضہ کمیٹی، متعلقہ فنکشنز اور سماجی وسائل کی اندرونی کمیٹی کرتے ہیں۔
اپنی متعلقہ ذمہ داریوں کے ساتھ، مشاہراہ کے نظام کے ڈیزائن، MRTs کی شناخت اور VC کی کل مالیت کا تعین اور نفاذ کے کے لیے کمپنی کے نگرانی کے فنکشنز شامل ہوتے ہیں۔ اس میں ملازمین کے رویے پر اثرات اور کاروبار سے متعلق خطرات اور کارکردگی وغیرہ کا اندازہ لگانا شامل ہوتے ہیں۔

مشاہراہ اور معاوضہ کمیٹی (RCC)

بورڈ آف ڈائریکٹرز نے پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے RCC معاوضے کے نظام کے ڈھانچے کے قیام اور نگرانی میں معاونت کے لئے آر سی سی کا قیام عمل میں لایا ہے، خاص طور پر، ریگولیٹر کے بعد خطرات اور رسک مینجمنٹ پر اثرات پر غور کیا جائے۔ مزید برآں، آر سی سی پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے ملازمین کے لئے معاوضے کے نظام کی عظمت پر نظر رکھتا ہے، جیسا کہ سی ای او اور آئی ایچ آر سی نے قائم کیا ہے۔ آر سی سی باقاعدگی سے جانچ پڑتال کرتا

ہے کہ آیا متغیر معاوضے کی کل رقم سستی ہے اور ریگولیٹری معیار کے تحت مقرر کی گئی ہے۔ مزید برآں، آر سی ایم آر ٹی کی شناخت کے عمل کی نگرانی میں بورڈ آف ڈائریکٹرز کی حمایت کرتا ہے اور آیا اندرونی کنٹرول کے افعال اور دیگر متعلقہ شعبے معاوضے کے نظام کی تشکیل میں مناسب طور پر شامل ہیں۔

آر سی سی بورڈ آف ڈائریکٹرز کی چیئرپرسن اور سی ای او سمیت مزید تین بورڈ ممبروں پر مشتمل ہے۔ کمیٹی نے کیلنڈر سال 2021 میں تین میٹنگیں کیں۔ اکتوبر اور دسمبر میں، بورڈ کی آڈٹ کمیٹی کے دو ممبران بطور مہمانان معاوضہ اور معاوضہ کمیٹی کے اجلاس میں شریک ہوئے۔

معاوضہ پالیسی

معاوضہ کا فلسفہ

کے تزویراتی مقاصد کے کامیاب حصول کے لیے معاوضہ ایک اہم کردار ادا کرتا ہے۔ انتہائی صلاحیت کے حامل ملازمین کو متاثر کرنا ان کا ادارے کے ساتھ جڑے رکھنا ہماری معاوضہ کی حکمت عملی مرکزی جز ہے۔ اس فلسفہ کے بنیاد مستحکم کاروباری خطرے اور نظم وضبط کے ڈھانچے کے انتظام میں رہتے ہوئے کارکردگی کی بنیاد پر ادائیگی کے اس عمل میں منڈی کے عوامل اور سماجی اقدار کو مد نظر رکھا جائے۔ ہم یہ چاہتے ہیں کی معاوضہ بدلتی ہوئی اندرونی اور بیرونی توقعات، فائدے کا ڈھانچہ سے ہم آہنگ کریں اور اس کا تواتر سے بہتری کے جائزہ لیتے رہیں۔

معاوضہ کا ڈھانچہ

پالیسی کا محرک بنیادی طور پر کارکردگی کی بنیاد کا سماج ہے جو ملازم کے مفادات کو کمپنی سے ہم آہنگ کرتا ہے۔ اس کا مقصد معاوضہ کا ایک مسابقتی سطح فراہم کرنا ہوتا ہے جس سے کے ذریعے تعلیم یافتہ اور اہل اشخاص کو کمپنی کی میں ملازمت کے لیئے متوجہ کریں اور ان کو کام کرتے رہنے پر آمادہ کئے رکھیں۔ کل ادا کردہ معاوضہ متغیر اور غیر متغیر اجزاء پر مشتمل ہے۔

1. **غیر متغیر معاوضہ**

مقررہ معاوضہ معاوضے کا وہ حصہ ہے جو ادارہ یا فرد ملازم کی کارکردگی سے متاثر نہیں ہوتا ہے۔ اس میں بیس پے، الاؤنسز، اور دیگر فوائد کی مانیٹری ویلیو وغیرہ جیسی اشیاء شامل ہیں جو فرد ملازم کے کل معاوضے کے پیکیج کا حصہ ہیں۔

2. **متغیر معاوضہ**

متغیر معاوضہ یہ ہے کہ کسی ملازم کے کل معاوضے کے پیکیج کا وہ حصہ جو کارکردگی / ہدف کے حصول یا منافع وغیرہ کے پہلے سے طے شدہ اقدام سے منسلک ہوتا ہے۔ معاوضے کے متغیر جزو کا مطلب ہے نقد بونس، اسٹاک بونس، ایوارڈز، دیگر مراعات یا ادائیگیاں، وغیرہ

ملازمین کا متغیر معاوضہ بونس پول میں فنڈز مختص کرنے سے مشروط ہے جیسا کہ بورڈ نے منظور کیا ہے۔

کمپنی کے ایم آر ٹی اور ایم آر سی کا متغیر معاوضہ مناسب رسک ایڈ جسٹمنٹ کے ساتھ مشروط ہے، جو ضرورت سے زیادہ خطرہ لینے کے لperformance کارکردگی پر مبنی متغیر معاوضہ کو محدود کرنے کا ارادہ رکھتا ہے۔

MRTs اور MRCs کے لیے کاروباری خطرے کی بنیاد پر معاوضہ

MRTs اور MRCs کا متغیر معاوضہ کی تشکیل مندرجہ ذیل اقدامات پر کی بنیاد پر کی گئی ہے:

A. کاروباری خطرے کا تعارفی خاکہ

B. خطرہ لینے والا اور خطرے کا کنڑول کرنے والا

C. مادیت تخمینہ

D. کارکردگی کا جائزہ (اندازہ)

E. خطرے میں ترمیم

A. کاروباری خطرے کا تعارفی خاکہ

کاروباری خطرے کی بنیاد پر معاوضہ میں کی بنیاد دراصل میں POIC کے خطے کے پروفائل کا اندازہ لگانا ہے اور خطرے کے لیے رغبت (**appetite**) کے عوامل کیا ہیں۔ خطرے میں ترامیم اس طرح سے ڈیزائن کی گئی ہیں کہ وہ کمپنی کے لئے خطرے کے عوامل کیا ہیں۔ اس اندازے میں تمام کاروباری خطرات کو مد نظر رکھا جاتا ہے اور تفریق کرتا ہے کہ کون سا خطرہ کمپنی کو مجموعی طور پر متاثر کرتا ہے اور کون سا انفرادی کاروبار کی لائن کو متاثر کرتا ہے۔ یہ POIC کے مرکزی کاروبار کی لائن کو درپیش خطرے کی خصوصیات کو شناخت کرتا ہے اور اس کے رواں آپریشنز کی برداشت کی حدود کیا ہیں۔

POIC ملازمین حوصلہ دیتی ہے اور ان کو اس بات سے باز رکھتی کہ وہ کوئی ایسا عمل نہ کریں جو خطرے کی رغبت / برداشت سے باہر ہو

B. خطرہ لینے والا (RTs) اور خطرے کا کنٹرول کرنے والا (RCs)

HR&A کے سربراہ رسک مینجمنٹ کے سربراہ سے مشاورت سے فنکشنز۔ ملازمین کو بطور خطرہ لینے والا اور خطرے کو کنڑول کرنے ولے کے طور پر سالانہ کی بنیاد پر شناخت کرتا ہے اور اس کا جائزہ لیتا ہے۔ ان کی درجہ بندی درج ذیل معیار پر کی جاتی ہے:

خطرہ لینے والا POIC کا ایک فنکشن / ملازم ہے جو خطرہ مول لیتا ہے یا لینے کا ارادہ ہے، ایسا خطرہ جس کی نتیجہ POIC کو مالی نقصان ہو سکتا ہے اگر حالات میں تبدیلی آجائے لیکن وہ POIC کے لئے ایک فائدہ مند موقع بھی ثابت ہو سکتا ہے۔

خطرے کو کنڑول کرنے والا (RC) POIC کا ایک فنکشن / ملازم ہے ایسی مقام پر ہے جو فعال طور پر POIC کے کاروبار سے منسلک خطرے کو شناخت اور اس کے اثرات کو ختم یا کم کرنے کے لیے مشورہ دے سکتا ہے۔

RC کو کاروباری معاملات سے ازاد ہونا چاہیے اور یو تتص کی نگرانی اور کنڑول کرنا چاہیے۔

دیگر میں شامل ہیں POIC کے وہ شعبہ جات / ملازمین جن کی درجہ بندی بطور خطرے لینے والے اور خطرہ کے کنڑول کرنے والے سے نہیں ہے۔

C. مادیت تخمینہ

ضروری نہیں ہے کہ POIC کی خطرے کی پروفائل پر تمام شناخت شدہ RTs اور RCs کے مادی اثرات ہوں۔اس لئیے مادیت کے اثرات کا کمپنی کے خطرے کے پروفائل کا تخمینہ لگایا جاتا ہے اور اسی طرح سے MRC/MRTs کی بورڈ کی منظوری دیتا ہے۔

POIC کے آپریشن کے سائز، نیچر اور پیچیدگیوں کے مطابق MRC/MRTs کی شناخت کے لیے درج ذیل معیار کا خیال رکھا جاتا ہے۔

مادی خطرہ لینے والے کے لیے معیار

- مینیجنگ ڈائریکٹر (MD)/ چیف ایگزیکیٹیو آفیسر (CEO) یا دیگر کوئی مساوی عہدہ یا مقامی کلی ملکیت کا ذیلی ادارے کا CEO/MD ۔
- اعلیٰ انتظامیہ کارکن جس کا درجہ بطور RTs یعنی وہ MD/CEO کو براہ راست جواب دہ ہے یا کوئی دیگر کوئی مساوی عہدہ۔
- سمندر پار شاخ (وں)/آپریشنز کے ملکی سربراہ (سربراہان) تاوقتیکہ شاخ/آپریشن میزبان ملک میں اس کے وہی مشاہراہ کے ریگولیشنز ہونے سے مشروط ہے۔
- تمام مادی کاروبار کا یونٹ کے سربراہ مجموعی اپنے متعلقہ کاروبار کے اثاثہ جات کا انتظام کرتا ہے جو ٹائر-1 (tier 1) کیپیٹل کا 2 فیصد ہے۔
- عملے کے ارکان کی انتہائی اہم فنکشنز میں بطور مینجر ذمہ داریاں ہوتی ہیں جس کا تعین بورڈ کی مشاہراہ اور معاوضہ کمیٹی کرتی ہے اور ہر مینجر اپنے متعلقہ فنکشنز کے سربراہ کو رپورٹ کرتا ہے۔
- کاروباری قرضہ کے لین دین سے متعلق خطرے میں، ملازم؛
  - a. کی ذمہ داری ہے کہ قرضہ کی درخواست کی بنیاد پر یا قرضے کی مصنوع کے ڈھانچے کے بارے میں پروپوزل تیار کرے یا؛
  - b. کے پاس اختیار ہے کی اس طرح کے قرضہ سے منسلک خطرے پر فیصلہ یا اس کی منظوری دے یا؛
  - c. اگر کریڈٹ کمیٹی یا دیگر کسی کمیٹی کا رکن ہے، جس کے پاس اختیار ہے کہ وہ ان نکات پر فیصلہ کرے جو اوپر درج (a) یا (b) پیرا میں بیان کیا گیا ہے؛ ہر لین دین پر ایک معمولی رقم جو ٹائر-1 (tier 1) کیپیٹل کا 0.7 فیصد ہے۔
- خزانہ (treasury) پورٹ فولیو سے متعلق، ملازم خزانہ ڈیسک کا سربراہ ہے بشمول منی کی منڈی، ملکیتی سرمایہ یا یا وہ اس کے سربراہ کو براہ راست رپورٹ کرتا ہو۔اس میں ڈیلرز شامل نہیں ہیں بغیر کسی اختیار کے کہ وہ اپنے طور پر کوئی پوزیشن لے سکیں اور
- نئی مصنوعات کے متعارف کرنے کے فیصلے کی منظوری جس کی وجہ سے بینک (ادارے) کو خاصہ کاروباری خطرے سے دوچار کر سکتا ہے؛ ایسی صورت میں ملازم؛
  - a. کے پاس ختیار ہے کہ وہ اس سلسلے میں فیصلہ کرے؛ یا
  - b. ALCO کمیٹی کیا کسی دیگر کمیٹی کا رکن ہے جس کے پاس اختیار ہے کہ وہ فیصلے کرے۔

مادی خطرہ کنٹرول کرنے والے کے لیے معیار

- عملہ کارکن یا کسی کمیٹی کارکن خطرے کا انتظام ذمہ دار ہے یا آزاد خطرے کے انتظام فنکشن کی سرگرمیوں، تعمیل فنکشن اور اندرونی آڈٹ فنکشن کا جواب دہ ہوگا؛ یا
- عملہ کارکن جو کسی فنکشن کا سربراہ کی ذمہ داری قانونی معاملات، مالیات بشمول محصولات اور بجٹنگ، انسانی وسائل یا انفارمیشن ٹیکنالوجی شامل ہیں۔

D. کارکردگی کا جائزہ (اندازہ)

POIC ایک مضبوط متحرک کارکردگی کی بنیاد کے معاوضے کا نظام کو فروغ دیتی ہے جو طویل المدت کامیابی کے حصول کا ذریعہ کے ساتھ کارکردگی اور درست رویے کی حوصلہ افزائی کرتی ہے۔ کارکردگی کے جانچنے کا میٹرکس (PEM) کو MRTs اور MRCs کے لیے کمپنی کے حکمت عملی، ان کے کام سے متعلق کردار اور ذمہ داریوں اور خطرہ لینے کے رویہ کی مناسبت سے تیار کیا گیا ہے۔ KPIs پر عمل سالانہ ایوالیشن میں دیے گئے طریقہ کار میں دی گئی تعریف کے مطابق بنایا گیا ہے۔

کارکردگی کا جانچ کے اثرات کارکردگی کے بونس، تنخواہ میں سالانہ اضافہ اور/یا ملازمین کی ترقی کو متاثر کرے گا اور کارکردگی کی بنیاد کے معاوضے کو تشکیل دینے میں مدد دے گا۔

E. خطرے میں ترمیم

MRTs اور MRCs کے لیے خطرے میں ردوبدل والا معاوضہ کا میکنزم تیار کیا گیا ہے جو کارکردگی کی بنیاد پر متغیر معاوضہ کو زیادہ خطرے لینے کے اقدامات کو محدود کیا جائے۔ خطرے لینے کی ترغیب کو خطرے کا انتظام کا مالی ترغیبات اس کو خطرہ لینے سے باز رکھے گی۔ اس نتیجے کا حصول کے لیے بہترین طریقہ بدلی ہوئی کارکردگی کی بنیاد پر متغیر معاوضہ کے لیے لیا ہوا خطرہ سے پہلے کا عمل (ex-ante) اور خطرہ حقیقت بنے کے بعد کا عمل (ex-post)

- **خطرہ سے پہلے کا عمل (ex-ante)** – خطرے کے سلسلے میں جمع شدہ یا عطا کردہ مشاہراہ میں ردوبدل کرتے وقت مستقبل میں ممکنہ خرابی کے امکان کو مد نظر رکھا جائے؛ یا
- **خطرہ حقیقت بنے کے بعد کا عمل (ex-post)**۔ التواکی مدت کے دوران (بذریعہ مالس شق) تجربے اور خطرے کے مشاہدات اور کارکردگی کے پیدا کردہ نتائج کی روشنی میں جمع شدہ مشاہراہ میں ردوبدل کے زریعے سے۔

یہ میکنزم ملازمین کے معاوضہ کے ڈھانچے اور ان کے خطرہ لینے کے رویہ کے درمیان میں تعلق قائم کرتا ہے اور لچکدار اور غیر لچکدار اجزاء میں توازن کو طاقت دیتا ہے تاکہ مالی تلافی کے درجوں میں غیر لچکدار، قلیل المدت اور طویل المدت متغیر مالی تلافی میں مناسب توازن کو یقینی بنایا جائے۔

اصل متغیر ادائیگی کا انحصار کارکردگی کے جائزے پر ہوتا ہے جو MRTs اور MRCs کے خطرہ لینے کے رویے کے متاثر کرنے کے لیے خطرے کے ردوبدل سے مشروط ہے۔ تاہم یہ ملازم کی ہر قسم کے بدل سکتا ہے۔ متغیر معاوضہ لچکدار ہے اور یہ مقاصد کے حصول اور کارکردگی کی بنیاد پر کم ہو کر صفر بھی ہو سکتا ہے۔ بورڈ اس بات ک اختیار رکھتا ہے کی ملازمین کو بونس (متغیر معاوضہ) دے۔

خطرے اور مالی تلافی اور MRTs اور MRCs کا متغیر مالی تلافی مندرجہ خطرے میں ردوبدل سے مشروط ہے۔

A. التواء

MRTs اور MRCs کی کارکردگی کا بونس التواء سے مشروط ہے تاکہ اس وقت کا عکاس ہو جس مدت کے دوران خطرہ امکانی طور پر حقیقت بنے اور ناقص کارکردگی، خطرے کا ناقص انتظام اور غلط عمل کی نشاندہی ہو۔

MRTs اور MRCs کا کارکردگی کا بونس التواکی بنیاد پر درج ذیل معیار سے مشروط ہے:

درجہ بندی/ اسکورنگ	کارکردگی کی قسم	خطرے میں ردوبدل کے حوالے سے بیان	التواء کی بنیاد	التواء کا نتیجہ
A	غیر معمولی	بامعنی اور تسلسل سے معیار اور توقعات سے زیادہ کا حصول	FC کا 70 فیصد تک VC	نہیں
			FC کا VC 70 فیصد سے زیادہ	ہاں
B	توقعات سے زیادہ	تسلسل سے معیار اور توقعات سے زیادہ کا حصول	FC کا 60 فیصد تک VC	نہیں
			FC کا VC 60 فیصد سے زیادہ	ہاں
C	توقعات پوری کیں	معیار اور توقعات پوری کیں	FC کا 50 فیصد تک VC	نہیں
			FC کا VC 50 فیصد سے زیادہ	ہاں
D	توقعات سے کم	معیار اور توقعات پوری نہیں کیں	ملازم متغیر مالی تلافی کا اہل نہیں ہوگا	
E	غیر اطمینان بخش	معیار اور توقعات سے خاصی کم ہوئیں		

مذکورہ بالا پس منظر میں، التواء شدہ کارکردگی بونس کی ادائیگی سالانہ اقساط کی صورت میں تناسب کی بنیاد پر MRTs اور MRCs کے لیے بالترتیب التواء کی 3 سال اور 1 سال کی مدت کے دوران ہوگی جبکہ بقایا کارکردگی کے بونس ادائیگی نقد کی صورت میں فوری ہوگی۔

پیشگی فوری نقد	اس کی ادائیگی نقد رقم کی صورت میں ہر سال کی کارکردگی کے تخمینے کے پراسس کے فیصلے کے بعد ہوگی۔
التواء کی صورت میں نقد ادائیگی	اس کی ادائیگی نقد رقم کی صورت میں تناسب کی بنیاد پر 1 سال یا 3 سالوں میں ہوگی، جس طرح سے لاگو ہو۔

التواء کا انتظام

A کیٹیگری میں درج MRTs اور MRCs کا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FC کا 70 فیصد تک VC کی رقم	فوری		-
التواشدہ نقد رقم	FC کا 70 فیصد سے تجاوز VC کی رقم	3سال	MRT	ہاں
		اسال	MRC	

Bکیٹیگری میں درج MRTsاور MRCsکا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FCکا 60 فیصد تک VCکی رقم	فوری		-
التواشدہ نقد رقم	FCکا 60 فیصد سے تجاوز VCکی رقم	3سال	MRT	ہاں
		1سال	MRC	

Bکیٹیگری میں درج MRTsاور MRCsکا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FCکا 60 فیصد تک VCکی رقم	فوری		-
التواشدہ نقد رقم	FCکا 60 فیصد سے تجاوز VCکی رقم	3سال	MRT	ہاں

Cکیٹیگری میں درج MRTsاور MRCsکا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FCکا 50 فیصد تک VCکی رقم	فوری		-
التواشدہ نقد رقم	FCکا 50 فیصد سے تجاوز VCکی رقم	3سال	MRT	ہاں

B. مالس

خصوصی صورتحال میں مالس عطا کردہ متغیر مالی تلافی کی منسوخی اور کمی کی اجازت دیتا ہے۔ اگر ملازم کی کوئی جانتے بوجھتے بد سلوکی، مادی(material) کی غلطی، لاپرواہی یا نااہلی کی مناسب حد تک ثبوت مل گئے جس میں ملازم کی مالیاتی کارکردگی کی وجہ سے کمپنی/کاروباری یونٹ کو اس کی مالیاتی کارکردگی، مادی خطے کے انتظام کی ناکامی یا شہرت کا نقصان یا کارکردگی کے سال میں خطرہ ہو تو معاوضہ مالس کی معروضات(provision) سے مشروط ہوگا۔

علاوہ ازیں، بورڈ، درج ذیل صورتحال میں، اس بات کا اختیار رکھتا ہے کہ وہ ماضی میں ملازم کی جمع شدہ رقم کی ادائیگی کو منسوخ کردے (مزدور کے قوانین اور قوائد کی پابندی کرتے ہوئے):

- کمپنی کیپیٹلائزیشن(capitalization) کے خاصے مسائل اور
- جن سالوں میں بونسز جمع ہوئے ہیں اس دوران مادیت کے خاصے خطرات کا پیدا ہونا

التواءشدہ بونس کے تمام متعلقہ پہلوؤں پر تفصیلی تجزیہ کے ساتھ پول(pool) کا انتظام درج ذیل اسکیمز/اختیارات میں سے کسی ایک کے ساتھ کیا جاسکتا ہے۔

- کمپنی کے اندر ہی سے التواءشدہ بونس کی انتظامیہ اور/یا
- ایسے التواءشدہ بونس کے لیے نئی اسکیم کی تشکیل کے ساتھ مینجمنٹ فنکشن اور نظم وضبط کے میکنزم۔

غیر ایگزیکیٹیو ناظمین (NEDs) کے لیئے معاوضہ

غیر ایگزیکیٹیو ناظمین (NEDs) کے لیئے معاوضہ کی مالی تلافی شفاف اور قابل پیائش طریقے سے ہوگی اور اس کا تعلق انفرادی ناظم کے بورڈ/ کمیٹی کے اجلاسوں میں شرکت سے ہوگا۔

ملازمین کے لیے اسٹاک کے اختیار کی اسکیم (ESOS)

کمپنی ملازمین کو ESOS کی پیشکش نہیں کرتی۔

پراویڈینٹ اور گریجویٹی فنڈز کی سرمایہ کاری کا اسٹیٹمنٹ

31 دسمبر 2021 تک پراویڈینٹ اور گریجویٹی فنڈز کے غیر تصدیق شدہ گوشواروں کے مطابق سرمایہ کاری کی تفصیل بالترتیب 297 ملین اور 195 ملین پاکستانی روپے رہی۔

محاسب

موجودہ محاسب M/s EY Ford Rhodes, چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جاتے ہیں اور اہل ہوتے ہوئے، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ آڈٹ کمیٹی نے نوٹ کیا ہے کہ M/s EY Ford Rhodes پچھلے 3 سالوں سے POICL کے محاسب ہیں اور POICL کے مالیاتی گوشواروں کے نئے بیرونی جائزے کو یقینی بنانے کے لیے بورڈ محاسب کو تبدیل کرنے کی سفارش کرتے ہیں۔ اس کے مطابق، بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی سفارش پر، M/s BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے محاسب کے طور پر تقرری کی سفارش کرتا ہے۔

حصص رکھنے کا رجحان

حکومتِ پاکستان	وزارتِ مالیات،	49.99%
	سیکریٹری، اقتصادی معملات ڈیویزن	0.01%
حکومت سلطنت عُمان	عمان انویسٹمنٹ اتھارٹی*	49.99%
	وازرتِ تجارت وصنعت	0.01%

*سلطنت کے اثاثوں کے بہتر انتظام کے لیے سلطنت عمان کی رائل ڈگری کے اجراء کے بعد، سال کے دوران وزارت خزانہ، سلطنت عمان کے نام 307,495,900 حصص عمان انویسٹمنٹ اتھارٹی، سلطنت عمان کے نام پر منتقل کیے گئے ہیں۔ 04 اکتوبر 2021۔ پاک اومان انویسٹمنٹ کمپنی لمیٹڈ کا شیئر ہولڈ نگ حکومت پاکستان اور سلطنت عمان کے درمیان 50:50 کے برابر ہے۔

اعتراف

سرپرست

بورڈ متعلقہ حکومتوں سلطنتِ عُمان اور اسلامی جمہوریہ پاکستان کی حکومتوں کے تعاون اور ان کی وابستگی کےِ ممنون ہیں۔

قانون ساز نگراں ادارے

بورڈ اس موقع کو پر بینک دولت پاکستان کی مسلسل رہنمائی اور حمائت کے لیے ممنونیت کا بھی اظہار کرتا ہے۔ ان غیر معمولی اوقات میں، اس نے بینکوں کی صنعت میں انضمام اور استحکام کو محفوظ بنانے کے ساتھ ساتھ، ایسی پالیسیوں اور اقدامات کو آگے بڑھایا جو حکمت عملی اور متوازن ہیں، اور پاکستان کی معیشت، صارفین اور عوام کی حفاظت کرتے ہیں۔

انتظامیہ

بورڈ انتظامیہ اور ملازمین کو مشکلات کے باوجود ان کی مثالی محنت کی تعریف کرتا ہے۔ بورڈ مالیاتی شعبے میں کمپنی کو ایک مضبوط کھلاڑی کی حیثیت سے مقام دینے میں عملے کی غیر معمولی کوششوں کو بھی تسلیم کرتا ہے۔ یہ اجتماعی ٹیم کے کام کمپنی کے مقاصد کے حصول کے لئے عزم اور لگن کا نتیجہ ہے

بہاؤالدین خان
مینجنگ ڈائریکٹر اور چیف ایگزیکیوٹیو

سید جلند جیفر سلم آل سعید
چیئر مین

دبئی، 01 مارچ 2022

منسلکہ "A"

بورڈ کی ایگزیکٹیو کمیٹی
اغراض مقاصد/قوائد وضوابط

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہوگی:

ایچ۔ایچ- سید جاند جیفر سلم آل سعید	چیئرمین
جناب فیصل علی ابراہیم السیابي	رکن
جناب عمر حامد خان	رکن
جناب بہاؤالدین خان	رکن

رکن (یا ارکان) جو کسی وجہ سے اجلاس میں شرکت نہیں کر سکتے وہ اسی کمیٹی کو کسی دوسرے رکن کو نیابت (proxy) دے سکتے ہیں۔ کسی رکن کی غیر حاضری کی صورت میں ایک دوسرے ناظم کو کمیٹی میں شامل کیا جاسکتا ہے۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد (quorum)

اجلاس	کم سے کم 3 ارکان
فیصلہ سازی	سادہ اکثریت

اجلاس

بورڈ کے ہر اجلاس کے ساتھ کمیٹی کا بھی کم از کم ایک اجلاس ہوگا۔

سیکریٹری

رسک مینجمنٹ کمیٹی کا سربراہ کمیٹی کا سیکریٹری ہوگا۔ سیکریٹری کی ذمہ داری ہوگی کی وہ اجلاس کا موضوع (agenda) طے/تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہوگی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا کارڈر رکھے اور کمیٹی کے ارکان کو بھیجے۔

اغراض مقاصد/قوائد وضوابط

بورڈ کے ناظمین وقتاًفوقتاً اپنے کل اختیار یا اس کا جز، ایگزیکٹیو کمیٹی کو، ایسی شرائط وضوابط جن کو وہ مناسب سمجھے، تفویض کرتی ہے اور اس کے پاس کل صوابدیدی اختیار ہے کہ وہ تفویض کردہ اختیار کو منسوخ کردے، واپس لے لے یا اس میں تبدیلی کردے۔ ایگزیکٹیو کمیٹی کے تمام فیصلے کی منظوری بورڈ کی اگلے اجلاس میں کی جائے گی۔ کوئی اور تمام تجاویز ایگزیکٹیو کمیٹی کو بھیجے جاسکتے ہیں جو وہ ارکان کے غور کرنے کے لیے ان میں تقسیم کرتی ہے اور ان تجاویز کی منظوری سادہ اکثریت سے

ایگزیکیٹیو کمیٹی کے ارکان دیتے ہیں۔ مزید یہ کہ ارکان کو تجاویز تقسیم کے طریقے سے بھیجی اور اگر ان کارد عمل دو ہفتوں میں نہیں آتا تو یہ سمجھا جائے گا کہ مذکورہ رکن (ارکان) اس تجویز (ات) منظور ہے (ہیں)۔

بورڈ کے ناظمین کی جانب سے ایگزیکیٹیو کمیٹی کو تفویض کردہ اختیارات کی تفصیلات درج ذیل ہیں؛

(i) 350 ملین روپے سے زیادہ تمام کاروباری تجاویز (فنڈڈ یا غیر فنڈڈ) کا جائزہ لینا اور اس کی منظوری دینا، بشمول؛

a. قرضہ اور

b. حصص اور میوچل فنڈز میں سرمایہ کاری کرنا۔

(ii) 350 ملین روپے سے زیادہ کی درج ذیل کے لیے لائنز/حدود کا جائزہ لینا اور اس کی منظوری دینا؛

a. بینکس

b. مالیاتی ادارے

c. دیگر اداراتی ادارے

خزانہ اور کیپیٹل منڈی کے سودے۔

(iii) کیپیٹل مارکیٹ کے آپریشنز بشمول CFS کے تحت قرضہ کی فراہمی کا جائزہ اور اس کی منظوری؛

(iv) قرضہ کی مالی دستاویزات (instruments) جو ٹرم فنانس سرٹیفکیٹس، میوچل فنڈز، تجارتی دستاویزات اور/یا سکوک سرٹیفکیٹس کی مجموعی حد کا جائزہ لیا اور اس کی منظوری لینا۔

(v) سرمایہ کاری کے لیے ٹرم فنانس سرٹیفکیٹس، میوچل فنڈز، تجارتی دستاویزات اور/یا سکوک سرٹیفکیٹس کی درجہ بندی کا جائزہ اور اس کی منظوری دینا۔

(vi) مالیاتی منصوبوں کے حوالے سے ادائیگی کی مدت میں تبدیلی (rescheduling) اور جرمانے کو صولی کے حق سے دستبرداری کی وجوہات پر فیصلہ کرنا۔

(vii) کسی قرضہ کی معافی کے معاملے میں بورڈ کو حتمی تجاویز دینے کے بارے میں فیصلہ کرنا۔

(viii) بورڈ کے جانب سے کسی معاملے پر دئے گئے مشورے پر غور کرنا۔

کسی یا تمام تجاویز کی کو ایگزیکیٹیو کمیٹی کے ارکان کو بھیجا جائے گا اور جس کی وہ منظوری دیں گے۔

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ کی آڈٹ کمیٹی کے اغراض مقاصد/قوائد و ضوابط
(آڈٹ کمیٹی کا منشور)

مقاصد

آڈٹ کمیٹی کا مقصد بورڈ کے ناظمین کی مالیاتی رپورٹنگ پریکٹسز، معیار، مالیاتی رپورٹس کی سالمیت، اندرونی کنٹرول کا ماحول، ضوابط کی تعمیل، رسک کا انتظام، نظمو ضبط اور کاروبار سے متعلق اخلاقیات کی نگرانی سے متعلق کاموں کو پورا کرنے کے سلسلے میں معاونت کرنا ہے۔

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

جناب عمر حامد خان	چیئرمین
جناب ایہام عبدالعزیز عبدالقادر الغاسانی	رکن
جناب فیصل علی ابراہیم السیابی	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا)۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

معینہ مدت میں تعدادِ تکرار (Frequency)؛ تعدادِ تکرار اور بورڈ (کے اجلاس کی) کو رپورٹنگ کا میکنزم

اجلاس جب مناسب ہو گا اس کا انعقاد ہو گا لیکن سال میں چار مرتبہ سے کم اجلاس نہیں ہوں گے۔ آڈٹ کمیٹی کا اجلاس کی کاروائی کا خلاصہ بشمول اندرونی آڈٹ فنکشن کی نشاندہی کردہ معاملات پر تبصرے کے ساتھ آڈٹ کمیٹی کا چیئرمین بورڈ کو پیش کرے گا اور اس کے ساتھ کمپنی کی سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات بورڈ کے ناظمین کے جائزہ اور اس کی منظوری کے لیے پیش کرے گا۔

معینہ مدت میں ACC کے جائزہ کی تعدادِ تکرار (Frequency) اور ACC کی کارکردگی کے جائزے کا میکنزم

بورڈ سالانہ کی بنیاد پر BAC کی اس کے منشور میں درج اس کے کردار اور ذمہ داریوں کی بنیاد پر، بذریعہ بورڈ جانچ جو ہر سال کی جاتی ہے (کمپنی میں ہی PICG/)۔

سیکریٹری

کمپنی سیکریٹری ہی کمیٹی کی سیکریٹری ہوں گے۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے/تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا ریکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

مقتدر(authority)

BAC کو اپنے کرداراور ذمہ داریاں ادا کرنے کے لیے، تواندرونی یا بیرونی وسائل استعمال کرکے (اگر ضروری ہو تو)، مکمل اختیار اور آزادی ہونی چاہیے۔

معینہ مدت میں ابلاغ(communication)کی تعدادِ تکرار(Frequency)اور انتظامیہ کے ساتھ ابلاغ کا ذریعہ

چ کو اپنا کرداراور ذمہ داریاں پوری کرنے کے لیے بذریعہ کمیٹی کے سیکریٹری یا سر براہ اندرونی آڈیٹر یا براہ راست انتظامیہ سے کوئی بھی معلومات طلب کر سکتا ہے۔

کرداراور ذمہ داریاں(اغراض مقاصد/ قوائد وضوابط)

آڈٹ کمیٹی کے اغراض مقاصد/ قوائد وضوابط(TOR) میں درج ذیل شامل ہوں گی:

i. BAC وقفے وقفے سے اہم خلاف ورزیاں/مشاہدات، اندرونی اور بیرونی دھوکہ دہیاں، اندرونی کنٹرول کی خامیاں، اداراتی اور ذاتی مادی مفاد کا ٹکراؤ، جن کی نشاندہی آڈٹ کی سرگرمیوں دوران ہوئیں، ان کے ساتھ انتظامیہ کا اس سلسلے میں ان کے حل کے لیے کئے گئے اقدامات کا خلاصہ وصول کرے گی اور جائزہ لے گی تاکہ اس بات کو یقینی بنایا جائے کہ آڈٹ کے مشاہدات/ تجاویز انتظامیہ کے اعلیٰ عہدے داران کی مناسب اور بروقت توجہ حاصل ہو اور ان میں بہتری کی نگرانی کے لیے جانے والے وقت کی بندش کے عمل/اشاروں کے ذریعے ہو۔

ii. کمپنی کی سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات کا بورڈ کے ناظمین کی منظوری سے پہلے کا جائزہ لے۔ایسے جائزہ کی توجہ درج ذیل نکات پر ہو گی

a. قوت فیصلہ سے متعلق(judgemental)معاملات

b. آڈٹ کے نتیجے میں اہم ترامیم؛

c. جاری پریشانی کے معاملات کا مفروضہ؛

d. اکاؤنٹنگ کی پالیسی اور مشقوں(practices) میں کوئی تبدیلی؛

e. لاگو اکاؤنٹنگ کے معیار کی تعمیل؛اور

f. مندرج ضوبط اور دیگر دستوری اور انضباطی ضروریات کی تعمیل۔

iii. ابتدائی نتائج کا اشاعت کے اعلان سے پہلے جائزہ

iv. بورڈ کے ناظمین ی توثیق سے پہلے کمپنی کی مالی دستاویزات کا اندرونی کنٹرول کے نظام پر جائزہ۔

v. بڑی مشاہدات جو درمیانی اور حتمی آڈٹ اور دیگر کوئی معاملہ جس کی جانب آڈیٹر توجہ دلانا چاہتا ہے اس سلسلے میں بیرونی آڈٹ کے معاملے میں بیرونی آڈیٹر کو سہولت فراہم کرنا ان کے ساتھ بیٹھ کر غور وخوص کرنا۔

vi. بیرونی آڈیٹر کی جانب سے جاری کردہ مینجمنٹ اور اس پر انتظامیہ کے رد عمل کا جائزہ لینا۔

vii. اس بات کا تعین کرنا کہ اندرونی کنٹرول کا نظام بشمول مالیاتی اور آپریشنل کنٹرولز، اکاؤنٹنگ کا نظام اور رپورٹ کرنے کے ڈھانچے مناسب اور مؤثر ہیں۔

viii. اداراتی نظم وضبط کی مشقوں اور اس میں اہم انحراف کے شناخت کرنے کی نگرانی کی تعمیل کرنا۔

ix. متعلقہ دستوری ضروریات کی تعمیل کا عزم۔

x. بورڈ کے ناظمین کو بیرونی آڈیٹر کے انتخاب، جو کمپنی کے حصص کنندگان کرتے ہیں، کے لیے تجاویز دینے کی ذمہ دار ہے اور بیرونی آڈیٹر کے استعفیٰ یا برطرفی سے تعلق، آڈٹ فیس اور کمپنی کی مالیاتی دستاویزات کے آڈٹ کے علاوہ کسی خدمت کی پرووِیژن سوالات پر غور کرے گی۔

xi. اندرونی آڈٹ کا دائرہ کار اور اس کی وسعت اور اس بات کو یقینی بنایا جائے کہ اندرونی آڈٹ، کو اپنی آڈٹ کی سرگرمیوں کی واقعیت (objectivity) کے ساتھ ادائیگی کے لیے، ہر طرح سے آزاد ہے اور اسے لوگوں، معلومات، پراسسز، جائیداد، رکارڈ اور سسٹم تک رسائی پر کسی قسم کی پابندیاں نہیں ہیں۔

xii. BAC/بورڈ IAF کا بجٹ منظور کرے گا اور مناسب وسائل فراہم کرے گا؛ اور ضروری ہوا تو اضافی وسائل (مالیاتی، انسانی، آپریشنل، مادی، ٹیکنالوجیکل اور ضروری تربیت) فراہم کرے گا جو مناسب ہوں تاکہ IAF طے شدہ(planned) آڈٹ کی سرگرمیوں کو سرانجام دی جاسکیں، جس کا متعین مدت میں اس کی موجودہ حیثیت کے تقابلی جائزہ لیا جائے گا۔

xiii. BAC، جیسے اور جب ضروری ہوگا، اندرونی آڈٹ کے منشور (IAC)، سالانہ خطرے کی بنیاد پر آڈٹ منصوبہ (RBAP) کا جائزہ لے گا اور منظور کرے گا۔

xiv. BACاندرونی آڈٹ کی حکمت عملی(IAS)کا جائزہ لے گی اور بورڈ کی منظوری کے لیے تجاویز دے گی۔

xv. CIA کے انتخاب/دوبارہ انتخاب/ معاہدے کی تجدید اور برطرفی کی منظوریBAC دے گی؛ اور ملازمت کی دیگر شرائط بشمول ان کا مشاہراہ، متعلقہ فوائد، ترقی/ تنزلی اور کارکردگی کی بنیاد پر بونسز، تنخواہ میں اضافہ، نقد انعمات اور دیگر مالیاتی اور غیر مالیاتی فوائد کا تعین کرے گا۔

xvi. CIA کے لیے BAC کارکردگی کے بنیادی اشارے(KPIs) کی منظوری دے گی اور متعلقہ فرد کی ان KPIs کی بنیاد پر کارکردگی کا سالانہ کی بنیاد پر جائزہ لے گی۔

xvii. BACکیCIAاور ندرونی آڈیٹرز کے خلاف کی جانے والی کوئے تفتیش/انضباطی کاروائی کے عمل کو یقینی طور پر آزاد ہونا چاہیے۔

xviii. BAC کو ہر سال مدت کے دوران کی جانے والی آڈٹ کی بنیاد پر CIA سے FI کے اندرونی کنڑولز کی صورتحال پر ایک آزاد تخمینہ /رائے لے گی۔

xix. IAF/بیرونی آڈیٹرز کی نشاندہی کردہ معاملات پر بورڈ کو رپورٹ میں جو بورڈ کی فوری توجہ طلب ہیں۔

xx. خصوصی منصوبوں کی تشکیل، رقم کی قدر کے بارے میں تجزیاتی مطالعہ یا دیگر بورڈ کی جانب سے تجویز کردہ معالے، چیف ایگزیکیٹیو کے ساتھ مشاورت سے، پر تفتیش کرنا، تاکہ اس معالے کو واپس بیرونی آڈیٹر یا دیگر بیرونی باڈی کے پاس بھیج دیا جائے۔

xxi. کاروباری اخلاقیات/ طرز عمل کی مشقوں، نظم وضبط اور خطرے انتظام کی مشقوں، مالیاتی رپورٹنگ اور آڈیٹنگ مشقوں وغیرہ کے بارے میں شکایات/خدشات وصول کرنے (اندرونی یا بیرونی ذرائع سے) کے بارے میں "وسل بلوونگ" کے طریقہ کار کے مؤثر ہونے کا جائزہ لے۔

xxii. BACاس بات کو لازمی طور پر اس بات کو یقینی ایسی شکایات کو خفیہ طور پر دیکھنا چاہئے اور شکائت کی رپورٹ کرنے والا ملازم (ملازمین) کو تحفظ حاصل ہونا چاہیے اور اس/ان کو کسی بھی طریقے سے سزا نہ دی جائے۔

xxiii. بورڈ کے ناظمین کا تفویض کردہ دیگر کوئی مسئلے یا معالے پر غور وخوص کرنا۔

مشاہرہ اور معاوضہ کمیٹی

اغراض مقاصد/قوائد وضوابط

نام

کمیٹی بطور مشاہراہ اور معاوضہ کمیٹی کے نام سے جانی جاتی ہے۔

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

ایچ۔ایچ- سید جلند جیفر سلم آل سعید	چیئر مین
جناب ایہام عبد العزیز عبد القادر الغاسانی	رکن
جناب عمر جناب عمر حامد خان	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا)۔

اجلاس

اجلاس جب مناسب ہو گا منعقد ہو گی لیکن سال میں چار مرتبہ سے کم نہیں ہوں گی۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

سیکریٹری

کمپنی سیکریٹری ہی کمیٹی کی سیکریٹری ہوں گے۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے/تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا رکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

سیکریٹری کی غیر حاضری کی صورت میں کمیٹی کے چیئر مین اس اجلاس کے لیے ایک سیکریٹری نامزد کر سکتا ہے۔

اختیار اور فرائض

1. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی تقرریوں، معاوضہ کی منظوری دینا ماسوائے COO,DMD، CFO، کمپنی سیکریٹری اور سربراہ اندورنی آڈٹ کے۔
2. CFO،COO,DMD ، کمپنی سیکریٹری اور سربراہ اندورنی آڈٹ کے انتخاب، قدر پیمائی (evaluation) اور ان کے معاوضے کے بارے میں بورڈ کو تجویز/مشورہ دینا۔
3. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی برطرفی، ترقی، تنخواہ میں اضافہ اور دیگر فوائد کا جائزہ لینا اور منظوری دینا۔
4. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی سالانہ قدر پذیری کی رپورٹس کا جائزہ لینا (اور منظوری دینا)۔
5. کمپنی کے شعبہ جاتی سربراہان، ایگزیکیٹیو اور دیگر ملازمین کے لیے کارکردگی بونس کی ادائیگی کے معیار کا جائزہ لینا اور بورڈ کو تجویز دینا۔
6. کمپنی لے شعبہ جات کے سربراہان، ایگزیکیٹیو اور دیگر ملازمین کو کارکردگی کے بونسسز کی ادائیگی کے معیار کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
7. کمپنی کے انسانی وسائل کی پالیسی کا کتابچے اور ملازمین کے سروس کے قوانین میں کوئی تبدیلی کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
8. وقفہ وقفہ سے ایم ڈی کی تنخواہ، الاؤنس اور اضافی مراعات میں اضافے کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
9. ناظمین کی فیس میں تبدیلی کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
10. بورڈ کی دیگر کسی تعریف (تجویز) کردہ مسائل یا موضوعات پر غور کرے۔

بورڈ نے کمیٹی کو اس بات کا اختیار دے رکھا ہے کہ اگ وہ ضروری سمجھے تو وہ کسی معاملے پر باہر سے انسانی وسائل، قانونی اور دیگر آزاد پیشہ ورانہ مشورہ حاصل کر سکتا ہے۔

بورڈ کی رسک مینجمنٹ کمیٹی

اغراض مقاصد/ قوائد وضوابط

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

جناب ابہام عبدالعزیز عبدالقادر الغاسانی	رکن
جناب فیصل علی ابراہیم السیابي	رکن
جناب عمر جناب عمر حامد خان	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا۔
چیئر مین کی غیر حاضری کی صورت میں کمیٹی کی صدارت چیئر مین کے نامزد شخص کرے گا۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

اجلاس

بورڈ کے ہر اجلاس کے ساتھ کمیٹی کا اجلاس ہر سہ ماہی میں کم از کم ایک مرتبہ ہو گا۔

سیکریٹری

رسک مینجمنٹ کمیٹی کا سربراہ کمیٹی کا سیکریٹری ہو گا۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے/ تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔
سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا رکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔
سیکریٹری کی غیر حاضری کی صورت میں کمیٹی کے چیئر مین اس اجلاس کے لیے ایک سیکریٹری نامزد کر سکتا ہے۔

اغراض مقاصد/ قوائد وضوابط

رسک مینجمنٹ کمیٹی کو بورڈ کے ناظمین کی جانب سے تفویض کردہ تفصیلات درک ذیل ہیں:

اختیار اور ذمہ داریاں

عام

کمیٹی کی ذمہ داری ہے کہ کمپنی بھر میں رسک مینجمنٹ کے ڈھانچے کے قائم کرنے اور برقرار رکھے گی اور اس کی تعمیر سے کاروباری خطرات کی شناخت ہو اور اس کو ترجیح دیا جائے تاکہ رسک مینجمنٹ کی سرگرمیوں کا موئثر ہونے اور ہم آہنگ ہونے کا اندازہ لگایا جائے۔ان مقاصد کے حصول کے لیے کمیٹی کے کاموں میں درج ذیل کام شامل ہیں جو ان کاموں تک محدود نہیں ہے؛

- کاروباری خطرے کے تناظر میں کمپنی بھر پر قابل عمل لائحہ عمل کا جائزہ لینا تاکہ اس بات کو یقینی بنایا جائے کہ اس کو کمپنی کی پالیسیوں اور انضباطی ضروریات کے مطابق بنایا گیا ہے۔
- کمپنی کی مجموعی کاروباری خطرے لیے رغبت کے ساتھ ساتھ قرضہ، منڈی، سیالیت اور آپریشن کی سرگرمیوں کے حوالے سے برداشت کرنے کی استعداد کی تجاویز دیں
- وقفہ وقفہ سے قرضہ کے خطرے کا انتظام اور دیگر پالیسیوں کا جائزہ لے اور ان میں مناسب کرتے رہیں تاکہ وہ کسی بھی ارتقاء اور ماحول میں ہونے والی کسی تبدیلی سے ہم آہنگ ہوں۔تاہم ایسی کسی صورتحال کی عدم موجودگی میں یہ توقع کی جاتی ہے کہ کمیٹی ان پالیسیوں کے موئثر ہونے کے حوالے سے سال میں کم از کم تین سال میں ایک مرتبہ ان پالیسیوں کا جائزہ لے گی/تخمینہ لگائے گی۔
- نئی مصنوع (product)/قرضہ دینے کا پروگرام/سرمایہ کاری اور نئے کاروبار کا جائزہ/اصلاح کے لیے نظر ثانی کرنا اور ان پر تجاویز کو بورڈ کا صلاح کے لیے نظر ثانی کرنا اور ان پر تجاویز کو بورڈ کے ناظمین کو پیش کرنا۔
- کمپنی کی پسندیدہ کیپیٹل کا موزونیت کے تناسب کا جائزہ لینا اور اس میں اہم اتار چڑھاؤ کی نگرانی کرنا اور کیپیٹل کی کم سے کم دستوری ضروریات استثنیٰ کا جائزہ لینا اور بورڈ کی ضروری منظوری لینا۔
- رسک مینجمنٹ پالیسیوں میں مادی استثنیٰ اور کاروباری خطرے کی حدود برداشت کی استعداد اور ان کی اصلاح کے لیے گئے اقدامات اور ان کی منظوری۔
- کوئی نیا کاروباری خطرہ اور اس کو کنٹرول کرنے کا ڈھانچہ/بہترین مشقیں/نئے قوانین کا انتظام (حکومت)۔
- کاروباری خطرے کی رغبت میں تغیرات کا جائزہ۔
- بیسل ICAAP- III/ II/دباؤ کی ٹیسٹنگ کا جائزہ۔
- کمپنی درپیش مجموعی کاروباری خطرات کو دستیاب کیپیٹل کی مناسبت سے محفوظ سطح پر برقرار رکھنے کی استعداد کا تخمینہ لگانا۔
- SBP کی ہدایات/کمپنی پالیسی کے مطابق کسی دیگر بیان کو جائزہ کے لیے جمع کروانا۔

قرضہ کی فراہمی

- کریڈٹ کمیٹی کے اغراض مقاصد/قوائد وضوابط کی منظوری
- سالانہ کریڈٹ پلان کا جائزہ اور بورڈ کو تجویز دینا۔
- جہاں جہاں لاگو انضباطی پالیسی کی ضروریات میں چھوٹ/ڈھیل کی اجازت ہو اس کی تجاویز/منظوری بورڈ/BRMC سے لی جائیں۔
- بورڈ کی منظوری کے لیے تمام متعلقہ جزوی ایکس پوژرز (exposures) کا جائزہ اور منظوری اور بورڈ کی منظوری کے پیش کرنا۔
- پورٹ فولیو اور سیکٹر کا تجزیہ۔
- ملک سے متعلق خطرے کا تجزیہ جہاں ضروری ہو۔

منڈی کا رسک

- فریق دوئم/FI حدود کا جائزہ اور تجویز دینا۔
- سالانہ خزانہ کے پلان کا جائزہ اور تجویز دینا۔
- بورڈ کی خزانہ کی منظور کردہ حدود کی خلاف ورزیوں کی منظوری۔
- خزانہ اور ملکیتی سرمایہ کے منصوبوں میں تغیر کا جائزہ۔
- دباؤ کی ٹیسٹنگ کا جائزہ۔
- استثنیٰ رپورٹ کا جائزہ۔

سیالیت کا خطرہ

- تکمیلی صورتحال/دوبارہ سے قیمت میں فرق کا جائزہ۔
- غیر یقینی صورتحال کی فنڈنگ کے پلان کا جائزہ اور تجویز کرنا۔
- فنڈ کیے جانے میں فرق کی نگرانی۔

آپریشن کے خطرے کا انتظام

- آپریشنل رسک کے لیے برداشت کرنے کی استعداد کی حد کا جائزہ اور تجویز دینا۔
- اندرونی خطرے کے تخمینے کے اندازے کے طریقہ کار یعنی رسک اور کنٹرول خود کار تخمینہ یا خطرے کی نگرانی کے لیے دیگر کوئی طریقہ کار کی منظوری۔
- آپریشنل نقصان کی برداشت کی استعداد میں تغیر کا جائزہ (اہم رسک کے نقصان کے واقعات کی اطلاع دیں)
- کوئی اہم آپریشنل رسک جسے BRMS کو آگاہ ہونے کی ضرورت ہے اس کا جائزہ۔
- اہم واقعات اور اشاروں کے بارے میں جمع کی جانے والی رپورٹ کا جائزہ تاکہ اس سلسلے میں تجویز کردہ/کئے جانے والے عمل کی موزونیت کا تعین ہو سکے اور اگر ضروری ہو تو متبادل اقدام کی ہدائت دی جائے یا تجویز کردہ عمل کے نفاذ کی اجازت دی جائے۔

انفارمیشن ٹیکنالوجی سیکیورٹی کے خطرہ کا انتظام

- .I.T کے تحفظ کی حکمت عملی کا جائزہ اور تجاویز دینا۔
- I.T کے تحفظ کی پالیسی/ترامیم کی بورڈ کو تجویز دینا۔
- معلومات کے تحفظ کی پالیسی کے نفاذ کی کیفیت کا جائزہ لینا۔
- کاروبار کے پراسس، نظام یا سرگرمی میں کوئی اہم تبدیلی جسے BRMC سیکریٹری نے پیش کی ہے تاکہ کسی ممکنہ ہونے والے خطرے کو نمایاں کر سکے اس پورے عمل کا جائزہ۔
- اس بات کا جائزہ لینا کہ کمپنی کے پاس کاروبار کے مسلسل جاری رہنے/غیر یقینی صورتحال نپٹنے کا بورڈ کے ناظمین کا منظور کردہ منصوبہ موجود ہے۔

تعمیل رسک مینجمنٹ

- بی آر ایم سی تعمیل رسک کی حکمت عملی اور سالانہ تعمیل پروگرام کی منظوری دے گی۔
- بی آر ایم سی ایک جامع تعمیلاتی تقریب کا وجود یقینی بنائے گی، جو پی او سی ایل کی مجموعی رسک مینجمنٹ حکمت عملی کے مطابق ہو گی۔
- بی آر ایم سی تعمیل کے امور پر باقاعدگی سے گفتگو کرے گی، اس بات کو یقینی بنائے کہ مناسب وقت اور ترجیح فراہم کی جائے:
- بی آر ایم سی سالانہ بنیاد پر پی او سی ایل کے تعمیل رسک کے مجموعی انتظام کی جانچ کرے گی۔

- بی آر ایم سی اس بات کو یقینی بنائے گا کہ سی سی او کے پاس مناسب قد، اتھارٹی، وسائل (مالی اور انسانی) ہوں اور فرائض کی تکمیل کے لئے مدد حاصل ہو۔
- بی آر ایم سی نصف سالانہ بنیادوں پر سی سی او کے ساتھ مشغول ہو گی تاکہ اسے معاملات پر تبادلہ خیال کا موقع فراہم کرے۔
- بی آر ایم سی تعمیل کمیٹی برائے مینجمنٹ (سی سی ایم) کے اجلاسوں کے چند منٹ کا جائزہ لے گا۔
- بی آر ایم سی عدم تعمیری یا قابو پانے کی کمزوری کی مثالوں کے سلسلے میں کئے گئے اصلاحی اقدامات پر عمل درآمد کی پیشرفت کا جائزہ لے گی۔

Pak Oman Investment Company Limited
Six Years Financial Summary

Rupees in '000

December 31	2021	2020	2019	2018	2017	2016
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and balances with treasury and other banks	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805
Lendings to financial institutions	1,953,578	3,600,000	8,132,475	5,434,296	2,038,288	935,826
Investments	101,787,711	68,217,290	59,375,922	28,433,357	40,240,634	20,831,182
Advances	19,720,493	20,935,305	20,024,133	20,480,702	18,788,493	14,834,851
Fixed assets	194,993	219,239	201,211	95,732	80,994	83,897
Intangibles	-	-	5	437	907	1,366
Other assets	2,554,451	2,301,373	2,221,001	1,267,755	1,337,874	1,359,428
Assets held-for-sale	384,708	-	-	-	-	-
Total assets	**128,260,085**	**96,806,076**	**92,082,814**	**58,110,472**	**64,669,390**	**39,806,355**
LIABILITIES						
Borrowings	103,997,150	70,551,769	73,681,026	39,961,645	44,607,690	25,150,898
Deposits and other accounts	14,353,682	15,869,130	8,576,392	9,010,490	10,501,149	5,342,975
Other liabilities	1,153,399	1,302,144	1,471,935	995,399	1,437,194	851,284
Total Liabilities	**119,504,231**	**87,723,043**	**83,729,353**	**49,967,534**	**56,546,033**	**31,345,157**
NET ASSETS	**8,755,854**	**9,083,033**	**8,353,461**	**8,142,938**	**8,123,357**	**8,461,198**
REPRESENTED BY						
Share capital	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Reserves	1,855,525	1,759,985	1,265,504	1,164,643	1,071,761	984,427
Surplus / (defict) on revaluation of assets	(1,050)	348,498	161,727	39,425	63,540	354,446
Unappropriated profit	751,379	824,550	776,230	788,870	838,056	972,325
	8,755,854	**9,083,033**	**8,353,461**	**8,142,938**	**8,123,357**	**8,461,198**
PROFITABILITY						
Mark-up/Return/Interest earned	8,016,889	8,993,366	7,521,051	3,550,116	3,955,607	2,287,972
Mark-up/Return/Interest expensed	(6,800,985)	(7,444,829)	(6,500,194)	(2,710,409)	(3,099,597)	(1,436,373)
Net mark-up/interest income	1,215,904	1,548,537	1,020,857	839,707	856,010	851,599
Fee, commission and brokerage income	76,168	44,241	41,637	60,348	61,204	60,302
Capital gain & dividend income	132,546	617,675	192,288	80,355	277,563	762,621
Other income	9,526	8,894	2,344	20,861	1,670	4,750
Total non markup/interest income	218,240	670,810	236,269	161,564	340,437	827,673
Gross Income	1,434,144	2,219,347	1,257,126	1,001,271	1,196,447	1,679,272
Operating expenses and other charges	(733,388)	(737,257)	(609,415)	(584,028)	(620,227)	(647,335)
Profit before provisions	**700,756**	**1,482,090**	**647,711**	**417,243**	**576,220**	**1,031,937**
Reversals / (Provisions)	(49,316)	(144,952)	34,136	332,101	168,313	(6,648)
Profit before taxation	**651,440**	**1,337,138**	**681,847**	**749,344**	**744,533**	**1,025,289**
Taxation	(173,740)	(364,732)	(177,543)	(284,934)	(307,865)	(319,675)
Profit after taxation	**477,700**	**972,406**	**504,304**	**464,410**	**436,668**	**705,614**
CASH FLOW STATEMENT - SUMMARY						
Cash flow from operating activities	45,898,172	(40,873)	38,624,252	(10,063,973)	288,299	4,624,456
Cash flow from investing activities	(45,309,053)	(123,154)	(38,463,255)	10,710,960	626,527	(4,176,030)
Cash flow from financing activities	(457,837)	(431,171)	(431,123)	(430,994)	(492,431)	(369,302)
Cash and cash equivalents at the beginning of the year	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805	1,680,681
* Cash and cash equivalents at the end of the year	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805

Financial Ratios

	2021	2020	2019	2018	2017	2016
Return on Equity	5.4%	11.2%	6.1%	5.7%	5.3%	8.5%
Return on Assets	0.4%	1.0%	0.7%	0.8%	0.8%	2.1%
Profit before tax ratio	45.4%	60.2%	54.2%	74.8%	62.2%	61.1%
Gross spread ratio	15.2%	17.2%	13.6%	23.7%	21.6%	37.2%
Total Assets to shareholders' fund	14.65	10.66	11.02	7.14	7.96	4.70
Weighted average cost of debt	7.38%	9.70%	11.92%	6.88%	5.87%	6.18%
Capital adequacy ratio (CAR)	16.47%	17.19%	15.57%	17.29%	21.45%	28.34%

Share Information

	2021	2020	2019	2018	2017	2016
Cash dividend per share	6.00%	7.50%	7.00%	7.00%	7.00%	8.00%
Basic and diluted earnings per share	0.78	1.58	0.82	0.76	0.71	1.15
Breakup value per shares	14.24	14.77	13.58	13.24	13.21	13.76

* Cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks and placements with financial institutions havi of three (3) months or less.

EY
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To the members of Pak Oman 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pak Oman Investment Company Limited (the Company) for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 24 March 2022

UDIN Number: CR202110076mcXF4Yyhl

Annexure A
[see regulation 36(1)]
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Pak Oman Investment Company Limited
Year ended December 31, 2021

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, this Statement is being presented to comply with the best practices of Corporate Governance i.e. Listed Companies (Code of Corporate Governance) Regulations, 2019.

The company has complied with the requirements of the Regulations in the following manner: -
1. The total number of directors are __5**__ as per the following, -
a. Male:5
b. Female: NIL

2. The composition of the Board is as follows:

Committee	Name of Chairman / Members
Independent directors	Not Applicable*
Non-executive directors	H.H. Juland Jaifar Salim Al Said - Chairman Mr. Faisal Ali Ibrahim Al Siyabi - Member Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani - Member Mr. Omar Hamid Khan – Member
Executive directors	Mr. Bahauddin Khan – Member
Female directors	Nil**

* Waiver by SBP as per Regulation G-6, 1(b) of Corporate Governance Regulatory Framework 2021
** Nominations are received from Ministry of Finance (Pakistan) and Omani Authority

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

4. 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;

5. 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;

6. 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 these Regulations;

7. 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;

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

9. Out of five directors, two director have completed Director' Training Program namely H.H. Juland Jaifar Salim Al Said and Mr. Bahauddin Khan, rest of the three directors of the Company plan to complete the same during 2022.

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. No new appointment has been made during the financial year except that of Company Secretary. Ms. Syeda Haajra Jafri has been appointed Company Secretary of the Company in place of Mrs. Hina Mir w.e.f. September 06, 2021;

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.-

Committee	Name of Chairman / Members
Audit Committee	Mr. Omar Hamid Khan - Chairman Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani - Member Mr. Faisal Ali Ibrahim Al Siyabi - Member
Executive Committee	H.H. Juland Jaifar Salim Al Said - Chairman Mr. Faisal Ali Ibrahim Al Siyabi - Member Mr. Omar Hamid Khan – Member Mr. Bahauddin Khan – Member
Remuneration & Compensation Committee	H.H. Juland Jaifar Salim Al Said - Chairman Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani - Member Mr. Omar Hamid Khan - Member
Risk Committee	Mr. Omar Hamid Khan - Member Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani - Member Mr. Faisal Ali Ibrahim Al Siyabi - 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 of the committee were as per following, -

Committee	Meeting held during the year
Board of Directors	Seven
Audit Committee	Four
Executive Committee	Five
HR Remuneration & Compensation Committee	Three
Risk Committee	Four

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, 2, 32, 33 and 36 of the Regulations have been complied with.

For and behalf of the Board

Sayyid Juland Jaifar Salim Al Said
Chairman

Bahauddin Khan
Managing Director &
Chief Executive Officer

Dubai: March 01, 2022

STATEMENT OF INTERNAL CONTROLS
For the year ended December 31, 2021

REPORTING ON INTERNAL CONTROL SYSTEM

It is the management's responsibility to establish and maintain an adequate and effective system of internal control that would help to attain a professional and efficient working environment. The internal control system comprises of control procedures and control environment.

The Management has taken steps to ensure that an efficient and effective internal control system is in place by identifying control objectives, reviewing pertinent policies / procedures and establishing relevant control procedures. All policies and procedures are reviewed on an ongoing basis and necessary amendments are made where needed.

Alongside this, appropriate test of transactions, observation of control environment, sharing of findings on internal control systems and ensuring relevant follow up / corrective actions are also carried out.

The Internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEMS

The Company has made an effort to ensure that an effective and efficient internal control system is in place and no compromise is made in implementing desired procedures and maintaining a suitable control environment in general.

As per the SBP roadmap, the Company had completed all stages and is in compliance with SBP instructions and obtained exemption from the State Bank of Pakistan for submission of Long Form Report (LFR) certified by external auditors. 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 in compliance to the regulatory requirement. In addition to this, the Company also submitted the "Internal Audit Annual Assessment Report" for the year ended December 31, 2020 to SBP.

The Management considers that the Company's existing Internal Control System is adequate and has been effectively implemented and monitored; based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year. However, the Management would be continuously evaluating processes to enhance and further strengthen the Internal Control System. Furthermore, due importance is given to the training needs of staff in order to ensure that their knowledge and skill levels are constantly enhanced and updated.

Mohammad Jamal Nasir	**S. Abdullah Jamal Ahmed**	**Muhammad Sajjad Arif**
Chief Financial Officer	Chief Compliance Officer	Chief Internal Auditor

Dubai: March 01, 2022

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PAK OMAN INVESTMENT COMPANY LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Oman Investment Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pak Oman Investment Company Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at **31 December 2021**, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, and the unconsolidated cash flow statement for the year then ended and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and, unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Unconsolidated Financial Statements and Auditor's Reports Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the 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 are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity, and unconsolidated cash flow statement (together with the notes thereon) have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

EY hold

Chartered Accountants

Place: Karachi

Date: 24 March 2022

UDIN Number: AR202110076948IL2hvR

Pak Oman Investment Company Limited
Unconsolidated Statement of Financial Position
As at 31 December 2021

2021	2020		Note	2021	2020
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
983	1,215	Cash and balances with treasury banks	5	**173,449**	214,433
8,445	7,469	Balances with other banks	6	**1,490,702**	1,318,436
11,068	20,395	Lendings to financial institutions	7	**1,953,578**	3,600,000
576,657	386,471	Investments	8	**101,787,711**	68,217,290
111,722	118,605	Advances	9	**19,720,493**	20,935,305
1,105	1,242	Fixed assets	10	**194,993**	219,239
-	-	Intangible assets	11	**-**	-
2,258	1,283	Deferred tax assets	12	**398,502**	226,542
12,214	11,755	Other assets	13	**2,155,949**	2,074,831
2,179	-	Assets held-for-sale	8.5.4	**384,708**	-
726,631	548,435			**128,260,085**	96,806,076
		LIABILITIES			
-	-	Bills payable		**-**	-
589,174	399,696	Borrowings	14	**103,997,150**	70,551,769
81,318	89,903	Deposits and other accounts	15	**14,353,682**	15,869,130
22	1	Liabilities against assets subject to finance lease	16	**3,935**	197
-	-	Subordinated debt		**-**	-
-	-	Deferred tax liabilities		**-**	-
6,512	7,377	Other liabilities	17	**1,149,464**	1,301,947
677,026	496,977			**119,504,231**	87,723,043
49,605	51,458	**NET ASSETS**		**8,755,854**	9,083,033
		REPRESENTED BY			
34,842	34,842	Share capital	18	**6,150,000**	6,150,000
10,512	9,971	Reserves	19	**1,855,525**	1,759,985
(6)	1,974	(Deficit) / Surplus on revaluation of assets	20	**(1,050)**	348,498
4,257	4,671	Unappropriated profit		**751,379**	824,550
49,605	51,458			**8,755,854**	9,083,033
		CONTINGENCIES AND COMMITMENTS	21		

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Profit and Loss Account
For the year ended 31 December 2021

2021 (US Dollar in '000)	2020 (US Dollar in '000)		Note	2021 (Rupees in '000)	2020 (Rupees in '000)
45,418	50,950	Mark-up / return / interest earned	22	**8,016,889**	8,993,366
38,530	42,177	Mark-up / return / interest expensed	23	**6,800,985**	7,444,829
6,888	8,773	Net mark-up / interest income		**1,215,904**	1,548,537
		NON MARK-UP / INTEREST INCOME			
432	251	Fee and commission income	24	**76,168**	44,241
347	637	Dividend income		**61,331**	112,371
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
403	2,863	Gain on securities	25	**71,215**	505,304
54	50	Other income	26	**9,526**	8,894
1,236	3,801	Total non mark-up / interest income		**218,240**	670,810
8,124	12,574	**Total Income**		**1,434,144**	2,219,347
		NON MARK-UP / INTEREST EXPENSES			
3,831	3,853	Operating expenses	27	**676,297**	680,164
85	155	Workers Welfare Fund		**15,038**	27,289
238	169	Other charges	28	**42,053**	29,804
4,154	4,177	Total non mark-up / interest expenses		**733,388**	737,257
3,970	8,397	**Profit Before Provisions**		**700,756**	1,482,090
(279)	(821)	Provisions and write offs - net	29	**(49,316)**	(144,952)
-	-	Extra ordinary / unusual items		**-**	-
3,691	7,576	**PROFIT BEFORE TAXATION**		**651,440**	1,337,138
(984)	(2,066)	Taxation	30	**(173,740)**	(364,732)
2,707	5,510	**PROFIT AFTER TAXATION**		**477,700**	972,406
(US $)				**(Rupees)**	
0.0044	0.0090	**Basic and diluted earnings per share**	31	**0.78**	1.58

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2021

2021	2020		2021	2020
(US Dollar in '000)			(Rupees in '000)	
2,707	5,510	**Profit after taxation for the year**	**477,700**	972,406
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(1,965)	747	Movements in (deficit) / surplus on revaluation of investments - net of tax	**(346,889)**	131,838
		Items that will not be reclassified to profit and loss account in subsequent periods:		
18	(10)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	**3,260**	(1,712)
(15)	311	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	**(2,659)**	54,933
3	301		**601**	53,221
745	6,558	**Total comprehensive income**	**131,412**	1,157,465

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	------ (Reserves) ------ Statutory reserve	General reserve	Surplus / (deficit) on revaluation of Investments	Non-banking assets	Unappropriated profit	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Balance as at 01 January 2020	6,150,000	1,253,874	11,630	118,059	43,668	776,230	8,353,461
Profit after taxation for the year ended 31 December 2020	-	-	-	-	-	972,406	972,406
Other comprehensive income - net of tax	-	-	-	131,838	54,933	(1,712)	185,059
Total comprehensive income	-	-	-	131,838	54,933	970,694	1,157,465
Transfer to statutory reserve	-	194,481	-	-	-	(194,481)	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,607	2,607
Transaction with owners, recorded directly in equity							
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)
Balance as at 31 December 2020	6,150,000	1,448,355	311,630	249,897	98,601	824,550	9,083,033
Profit after taxation for the year ended 31 December 2021	-	-	-	-	-	477,700	477,700
Other comprehensive income - net of tax	-	-	-	(346,889)	(2,659)	3,260	(346,288)
Total comprehensive income	-	-	-	(346,889)	(2,659)	480,960	131,412
Transfer to statutory reserve	-	95,540	-	-	-	(95,540)	-
Transfer to general reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,659	2,659
Transaction with owners, recorded directly in equity							
Final cash dividend - 31 December 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)
Balance as at 31 December 2021	**6,150,000**	**1,543,895**	**311,630**	**(96,992)**	**95,942**	**751,379**	**8,755,854**

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Cash Flow Statement
For the year ended 31 December 2021

2021	2020		Note	2021	2020
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
3,691	7,576	Profit before taxation		**651,440**	1,337,138
(347)	(637)	Less: Dividend income		**(61,331)**	(112,371)
3,344	6,939			**590,109**	1,224,767
		Adjustments:			
257	246	Depreciation	10.1	**45,313**	43,456
101	130	Depreciation on right-of-use assets	10.1	**17,812**	22,971
-	-	Amortization	11	**-**	5
279	821	Provisions and write offs - net	29	**49,316**	144,952
(38)	(10)	Gain on sale of fixed assets	10.3	**(6,653)**	(1,726)
82	96	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	23	**14,392**	16,875
2	1	Finance charges on leased assets	27	**325**	258
3	(165)	Unrealised loss / (gain) loss on held-for-trading securitie:	25	**604**	(29,183)
686	1,119			**121,109**	197,608
4,030	8,058			**711,218**	1,422,375
		(Increase) / Decrease in operating assets			
9,327	25,678	Lendings to financial institutions		**1,646,422**	4,532,475
61,840	(48,154)	Held-for-trading securities		**10,915,529**	(8,499,885)
6,330	(5,729)	Advances		**1,117,415**	(1,011,213)
1,377	(682)	Other assets (excluding advance taxation)		**243,015**	(120,409)
78,874	(28,887)			**13,922,381**	(5,099,032)
		Increase / (decrease) in operating liabilities			
189,478	(17,728)	Borrowings		**33,445,381**	(3,129,257)
(8,585)	41,315	Deposits		**(1,515,448)**	7,292,738
(920)	(1,069)	Other liabilities (excluding current taxation)		**(162,283)**	(188,664)
179,973	22,518			**31,767,650**	3,974,817
262,877	1,689			**46,401,249**	298,160
(2,850)	(1,921)	Income tax paid		**(503,077)**	(339,033)
260,027	(232)	**Net cash flow generated / (used in) from operating activities**		**45,898,172**	(40,873)
		CASH FLOW FROM INVESTING ACTIVITIES			
(256,884)	1,006	Net investments in available-for-sale securities		**(45,343,575)**	177,620
194	(1,411)	Investments in associates		**34,263**	(249,144)
(14)	(567)	Investment in subsidiary		**(2,445)**	(100,000)
91	637	Dividend received		**16,131**	112,371
(115)	(594)	Investments in operating fixed assets		**(20,328)**	(104,912)
39	232	Proceeds from sale of fixed assets		**6,901**	40,911
(256,689)	(697)	**Net cash flow used in investing activities**		**(45,309,053)**	(123,154)
		CASH FLOW FROM FINANCING ACTIVITIES			
19	(4)	Payments of lease obligations		**3,413**	(671)
(2,613)	(2,439)	Dividend paid		**(461,250)**	(430,500)
(2,594)	(2,443)	**Net cash flow used in financing activities**		**(457,837)**	(431,171)
744	(3,372)	**Increase / decrease in cash and cash equivalents**		**131,282**	(595,198)
8,684	12,056	Cash and cash equivalents at beginning of the year	32	**1,532,869**	2,128,067
9,428	8,684	**Cash and cash equivalents at end of the year**	32	**1,664,151**	1,532,869

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2021

1 STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the Company was converted into a public company. The Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives interalia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October 2003 issued by the State Bank of Pakistan.

2 BASIS OF PRESENTATION

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, dated 25 January 2018.

Separate financial statements

These unconsolidated financial statements are separate financial statements of the Company in which the investments in subsidiary and associates are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees (equity method), which is incorporated in the consolidated financial statements of the Company.

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

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 and the Securities and Exchange Commission of Pakistan (SECP).

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

SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2022. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

Accordingly, the requirements of these standards have not been considered in preparation of these unconsolidated financial statements.

2.2 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable incase of investment by companies in mutual funds established under trust structure.

2.3 US Dollar equivalent

The US Dollar amounts shown in the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income and unconsolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 176.5135 to 1 US Dollar has been used for 2021 and 2020 as it was the prevalent rate as on 31 December 2021.

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

The Company has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

COVID-19-Related Rent Concessions - Amendment to IFRS 16

The IASB has issued amendments to IFRS 16 (the amendments) to provide optional practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they are were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the conditions described in IFRS 16 paragraph 46B are met.

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free mark-up rate (RFR).

The above mentioned accounting standards and amendments of IFRSs did not have any material impact on the unconsolidated financial statements of the Company.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

IFRS 9 'Financial Instruments' - IFRS 9 will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 has extended the implementation date of IFRS 9 to 01 January 2022 from an earlier implementation date of 01 January 2021. However, SBP has directed the banks/DFIs in Pakistan to submit IFRS 9 parallel run and proforma financial statements on periodic basis based on the instructions issued by SBP for parallel run of IFRS 9 and Bank / DFIs has been complying with these requirements.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	**IASB Effective date (annual periods beginning on or after)**
- IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract (Amendments)	January 01, 2022
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework	January 01, 2022

Standards and amendments	IASB Effective date (annual periods beginning on or after)
- IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022
- IFRS 9 - Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities (Amendments)	January 01, 2022
- IAS 8 - Definition of Accounting Estimates	January 01, 2022
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	January 01, 2023
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the unconsolidated financial statements of the Company for the futures periods..

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

2.6 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates.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:

	Note
Classification and provisioning against loans and advances	4.4, 4.11 & 29
Classification and provisioning against investments	4.3, 4.11 & 29
Impairment of available-for-sale investments	4.3, 4.11 & 31
Current and deferred taxation	4.10, 12 & 30
Useful lives of fixed, right of use assets and intangible assets, depreciation, amortisation and revaluation	4.5, 10 & 11
Determination of lease term and borrowing rate	4.5, 10 & 17.1
Non - banking assets acquired in satisfaction of claims	4.19 & 13
Defined benefit plan related assumptions	4.6 & 34

a) Provision against non-performing advances

The Company reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Company follows requirements set out in Prudential Regulations.

b) Classification of investments

In classifying investments as "held-for-trading", the Company has determined securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as "available-for-sale".

c) Impairment of available-for-sale investments

The Company considers that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

d) Income taxes

In making the estimates for current and deferred income taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Company's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

e) Fixed assets, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

f) Lease Term

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options.The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

g) Non-banking assets acquired in satisfaction of claims

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per requirement of SBP's DPS Regulation. Surplus arising on revaluation of property is credited to the "surplus on revaluation of assets" account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to profit and loss account and not capitalised.

h) Defined benefit plan

The liabilities for employees' benefit plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

i) Provisions against off - balance sheet obligations

The Company, in the ordinary course of business, issues guarantees. The commission against such contracts is recognised in the profit and loss account under "fees and commission income". The Company's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

3 BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments, derivative financial instruments, and non-banking assets acquired in satisfaction of claims, which have been marked to market revalued and are carried at fair value. Further, defined benefit plan as discussed in notes 4.10.1 and 34 to the unconsolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash and non-restricted balances with treasury banks, balances with other banks and placements with financial institutions having maturities of three (3) months or less.

4.2 Lendings to / borrowings from financial institutions

The Company enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale obligation

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

Bai Muajjal

In Bai Muajjal, the Company sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

4.3 Investments

The Company classifies its investments other than those in subsidiary and associates based on the following categories as per SBP guidelines s vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs:

Subsidiaries

Subsidiaries are entities over which the Company has control. Investment in subsidiaries is stated at cost less provision for impairment, if any.

Associates

Associates are all entities over which the Company has significant influence but not control. Investment in associates is stated at cost less provision for impairment, if any. Certain mutual funds are managed by the subsidiary company of the Company and hence, the Company has significant influence over such funds and therefore, investments in these mutual funds are considered as investment in associates.

Held-for-trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short-term trading exists.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity.

Available-for-sale

These are investments which do not fall under held for trading and held to maturity categories.

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

Investments (other than held for trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held for trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

After initial recognition, quoted securities (other than those classified as held to maturity) are carried at market value. Unquoted securities are valued at cost less impairment in value, if any. Held to maturity securities are carried at amortised cost.

Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available-for-sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

Details of valuation techniques used in determination of fair value is included in note 37 of unconsolidated financial statements.

4.4 Advances and net investment in finance lease

4.4.1 Advances

Advances are stated net of specific and general provisions against non-performing advances, if any, which are charged to profit and loss account.

4.4.2 Provision against non-performing advances

Specific / General provisions are made in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances) for classification of non-performing advances and computing provision / allowance there against.

4.4.3 Net investment in lease

Leases are classified as finance lease when substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. A receivable is recognized at an amount equal to the present value of the lease payments, including guaranteed residual value, if any. Finance lease receivables are included in advances.

Advances and finance lease receivables are written off when it is considered that there is no realistic prospect of recovery.

4.5 Fixed assets

4.5.1 Property and equipment – owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit and loss account applying the straight-line method at rates stated in note 10.1.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if impact is considered significant.

Depreciation on additions and deletions of property and equipment during a year is charged in proportion to the period of use.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate item of property and equipment, 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Item of property and equipment is derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account.

4.5.2 Property and equipment - leased

Assets held under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments at inception of lease and subsequently stated net of accumulated depreciation. Finance charges are allocated over the period of lease term so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

4.5.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of Use Assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease Liability

At the commencement date of the lease, the Company recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.5.5 Intangible assets

Expenditure incurred to acquire software licenses is capitalised as intangible assets and stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight-line method over their estimated useful lives, at the rate stated in note 11.

Amortization on additions and deletions of intangible assets during the year is charged in proportion to the period of use.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.6 Staff retirement benefits

4.6.1 Defined benefit plan

The Company operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains and losses are recognized in unconsolidated statement of comprehensive income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2021.

4.6.2 Defined contribution plan

The Company also operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 8.33 percent per annum of salary are made by the Company and its employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contributions from the Company are charged to profit and loss account for the year.

4.6.3 Compensated absences

Compensated absences (leaves) of employees are accounted for in the period in which these absences are earned.

4.7 Foreign currencies

4.7.1 Transactions and balances in foreign currencies

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non - monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.8 Commitments

Commitments for outstanding forward foreign exchange contracts are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letter of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

Translation gains and losses are included in the profit and loss account.

4.9 Revenue recognition

Mark-up / return / interest income is recognised on a accrual basis taking into account effective yield on the asset, except where recovery is considered doubtful, the income is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account over the remaining period through effective interest method.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

In case of advances including finance lease and debt security investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis. Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Dividend income on equity investments and mutual funds is recognized when the right to receive is established.

Gain and loss on disposal of securities are recognised in the profit and loss account in the year in which they arise.

Gain / loss on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Fee and commission income other than commission on letters of credit, guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

4.10 Taxation

4.10.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any, or minimum taxation as per the Income Tax Ordinance, 2001 whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for the current tax also includes adjustments wherever considered necessary relating to prior year, arising from assessments framed during the year.

4.10.2 Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets 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 assets 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 income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to gain / (loss) recognised in surplus / (deficit) on revaluation of assets is charged / credited to such account.

4.11 Impairment

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

4.11.1 Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit and loss as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates is recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairments is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

4.11.2 Held to maturity, subsidiaries and associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

4.11.3 Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of short, medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.12 Provisions

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

However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Offsetting

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

4.14 Dividend and reserves

Dividend declared and appropriations, except appropriations which are required by the law are recognised as liability and recorded as changes in reserves in the period in which these are approved by the directors / shareholders as appropriate.

4.15 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, if any, 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. There were no dilutive potential ordinary shares in issue at 31 December 2021.

4.16 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.17 Certificates of investment

Certificates of investment are initially recorded at the amount of proceeds received. Mark-up accrued is recognized separately as part of liabilities and is charged to profit and loss account on a time proportion basis.

4.18 Segment information

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

4.18.1 Business segments

- **Investment banking**

  Investment banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, Initial Public Offers (IPO) and secondary private placements.

- **Treasury**

  Involves the businesses of equity trading and fixed income securities.

- **Corporate banking**

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

4.19 Non- banking assets acquired in satisfaction of claims.

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per requirement of SBP's DPS Regulation. Surplus arising on revaluation of property is credited to the "surplus on revaluation of assets" account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to profit and loss account and not capitalised.

4.20 Statutory reserve

Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2021	2020
		(Rupees in '000)	
In hand			
Local currency		**287**	286
Foreign currencies		**252**	229
		539	515
With State Bank of Pakistan in Local currency current account	5.1	**172,498**	213,002
With National Bank of Pakistan in Local currency current account		**412**	916
		173,449	214,433

5.1 This represents local currency current account maintained under the Cash Reserve Requirement of the SBP.

6 BALANCES WITH OTHER BANKS

	Note	2021	2020
		(Rupees in '000)	
In Pakistan:			
In current accounts		**16,196**	4,107
In deposit accounts	6.1	**1,466,519**	1,307,024
		1,482,715	1,311,131
Outside Pakistan:			
In current accounts		**7,987**	7,305
		1,490,702	1,318,436

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,450 million (2020: Rs. 1,300 million) maturing from January 2022 to March 2022 (2020: March 2021). These carry mark-up rates ranging from 10.50% to 12.50% (2020: 8.25% to 8.85%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2021	2020
Repurchase agreement lendings (Reverse Repo)	7.1	**1,953,578**	3,600,000

7.1 These are short-term lendings to different financial institutions secured against government securities as disclosed in note 7.3 which are purchased under resale obligations. These carry mark-up rates 10.70% (2020: 7.23% to 7.26%) per annum and will mature in January 2022 (2020: January 2021).

7.2 Particulars of lendings

	2021	2020
In local currency	**1,953,578**	3,600,000

7.3 Securities held as collateral against Lending to financial institutions

	Note	2021			2020		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills		**-**	**1,953,578**	**1,953,578**	-	-	-
Pakistan Investment Bonds		**-**	**-**	**-**	-	3,600,000	3,600,000
	7.3.1	**-**	**1,953,578**	**1,953,578**	-	3,600,000	3,600,000

7.3.1 Market value of these securities amount to Rs. 1,955 million (2020: Rs. 3,640 million).

7.3.2 The Company does not hold overseas classified placements.

8 INVESTMENTS

	2021				2020			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- (Rupees in '000) ----------							
8.1 Investments by type								
Held-for-trading securities								
Federal Government securities	12,204,646	-	3,099	12,207,745	23,475,422	-	3,703	23,479,125
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	355,247	-	-	355,247	-	-	-	-
	12,559,893	-	3,099	12,562,992	23,475,422	-	3,703	23,479,125
Available-for-sale securities								
Federal Government securities	84,909,793	-	(197,316)	84,712,477	39,349,987	-	354,442	39,704,429
Shares	346,266	(111,717)	-	234,549	346,266	(110,311)	-	235,955
Non-Government debt securities	3,437,074	(395,201)	60,707	3,102,580	3,653,305	(518,343)	(2,475)	3,132,487
	88,693,133	(506,918)	(136,609)	88,049,606	43,349,558	(628,654)	351,967	43,072,871
Associates	876,124	(77,634)	-	798,490	1,295,095	(70,726)	-	1,224,369
Subsidiary	600,745	(224,122)	-	376,623	598,300	(157,375)	-	440,925
Total Investments	102,729,895	(808,674)	(133,510)	101,787,711	68,718,375	(856,755)	355,670	68,217,290

8.2 Investments by segments

	2021				2020			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Federal Government securities	(Rupees in '000)							
Market treasury bills	**49,886,969**	**-**	**(115,814)**	**49,771,155**	21,598,641	-	22,682	21,621,323
Pakistan Investment Bonds	**46,424,557**	**-**	**(76,930)**	**46,347,627**	40,134,616	-	333,985	40,468,601
Ijara Sukuk	**802,913**	**-**	**(1,473)**	**801,440**	1,092,152	-	1,478	1,093,630
	97,114,439	**-**	**(194,217)**	**96,920,222**	62,825,409	-	358,145	63,183,554
Shares								
- Unlisted companies	**346,266**	**(111,717)**	**-**	**234,549**	346,266	(110,311)	-	235,955
	346,266	**(111,717)**	**-**	**234,549**	346,266	(110,311)	-	235,955
Non-Government debt securities								
- Term finance certificate - listed	**610,048**	**(177,023)**	**7,575**	**440,600**	662,529	(230,831)	24,993	456,691
- Term finance certificate - unlisted	**1,905,433**	**(21,545)**	**42,542**	**1,926,430**	2,128,642	(121,452)	(39,230)	1,967,960
- Sukuk certificates	**1,229,797**	**(196,633)**	**10,590**	**1,043,754**	827,921	(166,060)	11,762	673,623
- Commercial papers	**47,043**	**-**	**-**	**47,043**	34,213	-	-	34,213
	3,792,321	**(395,201)**	**60,707**	**3,457,827**	3,653,305	(518,343)	(2,475)	3,132,487
Associates								
Japan Power Generation Limited	**70,726**	**(70,726)**	**-**	**-**	70,726	(70,726)	-	-
Pak Oman Microfinance Bank Limited	**-**	**-**	**-**	**-**	384,708	-	-	384,708
Pak Oman Advantage Islamic Income Fund	**222,192**	**-**	**-**	**222,192**	215,025	-	-	215,025
Pak Oman Islamic Asset Allocation Fund	**42,920**	**(5,395)**	**-**	**37,525**	42,920	-	-	42,920
Pak Oman Advantage Asset Allocation Fund	**84,078**	**(1,513)**	**-**	**82,565**	84,078	-	-	84,078
Askari High Yield Scheme	**151,329**	**-**	**-**	**151,329**	345,000	-	-	345,000
Askari Cash Fund	**150,000**	**-**	**-**	**150,000**				
Pak Oman Government Securities Fund	**154,879**	**-**	**-**	**154,879**	152,638	-	-	152,638
	876,124	**(77,634)**	**-**	**798,490**	1,295,095	(70,726)	-	1,224,369
Subsidiary								
Pak Oman Asset Management Company Limited	**600,745**	**(224,122)**	**-**	**376,623**	598,300	(157,375)	-	440,925
Total investments	**102,729,895**	**(808,674)**	**(133,510)**	**101,787,711**	68,718,375	(856,755)	355,670	68,217,290

8.2.1 Investments given as collateral

	2021				2020			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	**49,861,839**	**-**	**(115,693)**	**49,746,146**	16,932,963	-	22,277	16,955,240
Pakistan Investment Bonds	**44,863,617**	**-**	**(73,372)**	**44,790,245**	34,974,450	-	325,567	35,300,017
	94,725,456	**-**	**(189,065)**	**94,536,391**	51,907,413	-	347,844	52,255,257
Shares								
- Unlisted companies	**226,000**	**-**	**-**	**226,000**	226,000	-	-	226,000
	226,000	**-**	**-**	**226,000**	226,000	-	-	226,000
Associates								
Japan Power Generation Limited	**70,726**	**(70,726)**	**-**	**-**	70,726	(70,726)	-	-
Total investments	**95,022,182**	**(70,726)**	**(189,065)**	**94,762,391**	52,204,139	(70,726)	347,844	52,481,257

8.3 Provision for diminution in value of investments

	2021	2020
	(Rupees in '000)	
8.3.1 Opening balance	**856,755**	811,844
Charges / reversals		
Charge for the year	**105,634**	54,866
Reversals for the year	**(153,715)**	(9,955)
	(48,081)	44,911
Transfers - net	**-**	-
Closing balance	**808,674**	856,755

8.3.2 Particulars of provision against debt securities

Category of classification	2021 NPI	2021 Provision	2020 NPI	2020 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	75,000	5,015
Doubtful	**-**	**-**	-	-
Loss	**455,062**	**395,201**	533,777	513,328
Total	**455,062**	**395,201**	608,777	518,343

8.3.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Company has availed the benefit of FSV against the non-performing investments. As of 31 December 2021, the Company has availed total accumulated FSV benefit amounting to Rs. 39 million (net of tax Rs. 28 million). Accordingly, accumulated profit of Rs.28 million (net of transfer to statutory reserves Rs.22 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

8.3.4 The Company does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

8.4 Quality of Available-For-Sale securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

Federal Government securities - Government guaranteed	Note	2021	2020
		Cost (Rupees in '000)	
Pakistan Investment Bonds	8.7	**43,305,666**	35,120,445
Market Treasury Bills	8.8	**41,604,127**	4,229,542
		84,909,793	39,349,987

Shares Unlisted companies	2021 Cost	2021 Breakup / carrying value	2020 Cost	2020 Breakup / carrying value
	(Rupees in '000)			
Alhamra Avenue (Private) Limited	**50,000**	**-**	50,000	-
Pakistan Textile City Limited (Note 8.6.1)	**50,000**	**-**	50,000	-
Techlogix International Limited	**20,266**	**8,549**	20,266	9,955
Orient Power Company (Private) Limited (Note 21.3)	**226,000**	**226,000**	226,000	226,000
	346,266	**234,549**	346,266	235,955

Non Government debt securities Categorization based on long-term rating by credit rating agency	2021	2020
	Cost (Rupees in '000)	
Listed		
- AAA	**-**	19,734
- A+, A, A-	**383,175**	383,683
- CCC and below	**49,851**	49,851
	433,026	453,268
Unlisted		
- AA+, AA, AA-	**1,352,348**	1,400,166
- A+, A, A-	**1,196,638**	1,240,945
- BBB+, BBB, BBB-	**-**	75,000
- CCC and below	**455,062**	483,926
	3,004,048	3,200,037
	3,437,074	3,653,305

8.5 Investment in associates

8.5.1 The Company holds investment in ordinary shares of Rs. 10 each in the following entities:

	2021	**2020**	**2021**	**2020**	**Holding**	**Break-up value per share / unit / NAV (Rupees)**	**Latest available unaudited financial statements**	**Name of the chief executive**
	Number of shares / units		**(Rupees in '000)**					
8.5.2 Quoted								
Japan Power Generation Limited (JPGL)	**17,622,878**	17,622,878	**70,726**	70,726	11.29%	**(42.59)**	30-June-17*	Mr. Amir Sana is the official liquidator
Pak Oman Islamic Asset Allocation Fund	**928,857**	928,857	**42,920**	42,920	25.13%	**40.40**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	**2,000,000**	2,000,000	**84,078**	84,078	98.46%	**41.28**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	**4,347,534**	4,210,242	**222,192**	215,025	19.47%	**54.87**	31-Dec-21**	Ms. Sadaf Kazmi
Askari High Yield Scheme	**1,455,183**	3,254,359	**151,329**	345,000	9.07%	**107.61**	31-Dec-21**	Ms. Sadaf Kazmi
Askari Cash Fund	**1,417,159**	-	**150,000**	-	5.32%	**106.86**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	**14,491,925**	14,370,416	**154,879**	152,638	13.99%	**11.27**	31-Dec-21**	Ms. Sadaf Kazmi
Unquoted								
Pak Oman Microfinance Bank Limited -note 8.5.4	**-**	38,470,788	**-**	384,708	16.67%	**10.47**	31-Dec-21**	Mr. Farooq Rashid
			876,124	1,295,095				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Assets held-for-sale

	2021	**2020**	**2021**	**2020**	**Holding**
	Number of shares / units		**(Rupees in '000)**		
Pak Oman Microfinance Bank Limited	**38,470,788**	-	**384,708**	-	16.67%

During the year, the Board of Directors accorded its in-principle approval and authorized the management of the Company to explore the possibility to sell the shares of its associate company namely, Pak Oman Microfinance Bank Ltd. (POMFB)

The Company received a bid from a company for a value of Rs.10.5 per share. The Board after deliberation with the members approved the sale of shares to the company in a meeting held on 15 July 2021. Both the parties signed a share purchase agreement on 26 October 2021. Accordingly, this investment is classified as Asset Held for Sale as required under IFRS-5 Non-current Asset Held for Sale and Discontinued Operations. Subsequent to the year end, the transaction has been successfully completed.

8.5.4 Associates - Key Information

	Pak Oman Advantage Islamic Income Fund**	Pak Oman Islamic Asset Allocation Fund **	Pak Oman Advantage Asset Allocation Fund	Pak Oman Government Securities Fund **	Askari High Yield Scheme **	Askari Cash Fund **	Japan Power Generation Limited ***	Pak Oman Microfinance Bank ***
	(Rupees in '000)							
Assets	1,230,289	157,202	87,625	1,171,128	1,784,387	2,872,545	11,856,868	7,137,885
Liabilities	5,112	7,905	3,772	4,363	58,358	26,182	17,673,828	4,739,835
Total income	127,065	(20,528)	(10,078)	22,134	196,209	166,155	-	1,891,965
Profit / (loss) before taxation	116,633	(29,449)	(15,237)	16,129	141,618	152,643	-	315,785
Profit / (loss) after taxation	116,633	(29,449)	(15,237)	16,129	141,618	152,643	-	207,856

**Published Net Asset Value
*** Unaudited financial statements

8.6 Investment in subsidiary

	2021	2020	2021	2020	Percentage of holding	Break-up value per share / units	Latest available unaudited financial statements	Name of the chief executive
	Number of shares		(Rupees in '000)		%	(Rupees)		
Pak Oman Asset Management Company Limited (note 8.6.2)	**752,250,580**	745,815,580	**600,745**	598,300	**98.72%**	**0.1965**	31-Dec-21	Ms. Sadaf Kazmi

8.6.1 Investment in these securities forms part of strategic investment of the Company and cannot be sold for a period of five years from the last date of purchase of securities.

8.6.2 Investment in Pak Oman Asset Management Company Limited is part of strategic investment of the Company. These shares are in the custody of CDC and cannot be sold without the prior approval of the SECP in accordance with Circular Letter No. 9 of 2006 dated 15 June 2006 in addition to mandatory holding period of five years from the last date purchase of these shares.

During the year, the management has carried out impairment testing of its investment in subsidiary as required by IAS 36 - "Impairment of Assets". The recoverable amount of this investment have been computed using 'value in use' computations. Value in use computations were performed using discounted cash flows methodology, covering cash flow projections for a period of 5 years, with taking major assumptions. As a result of CGU Impairment testing,additional provision against the investment in subsidairy is recorded of Rs 66.75 million .The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

	2021
Discount rate	20.72%
Terminal growth rate	4.00%

8.7 The investments in Pakistan investment bonds are maturing upto August 2029 (2020: August 2029) and the effective yield ranges from 7.96% to 12.38% (2020: 7.20% to 14.25%) per annum.

8.8 Market treasury bills carry yield ranging 9.5% to 11.49% (2020: 7.20% to 13.38%) per annum with maturities upto June 2022 (2020: August 2021).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2021	**2020**	**2021**	**2020**	**2021**	**2020**
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	**17,672,076**	19,200,645	**1,919,000**	1,527,219	**19,591,076**	20,727,864
Margin trading		**878,724**	859,351	**-**	-	**878,724**	859,351
Advances - gross		**18,550,800**	20,059,996	**1,919,000**	1,527,219	**20,469,800**	21,587,215
Provision against advances							
Specific	9.5	**-**	-	**749,097**	651,697	**749,097**	651,697
General	9.5	**210**	213	**-**	-	**210**	213
		210	213	**749,097**	651,697	**749,307**	651,910
Advances - net of provision		**18,550,590**	20,059,783	**1,169,903**	875,522	**19,720,493**	20,935,305

9.1 Includes Net investment in Finance Lease as disclosed below:

	2021			2020		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	**439,359**	**908,427**	**1,347,786**	366,434	1,218,040	1,584,474
Residual value	**34,867**	**90,000**	**124,867**	68,042	106,714	174,756
Minimum lease payments	**474,226**	**998,427**	**1,472,653**	434,476	1,324,754	1,759,230
Financial charges for future periods	**(92,675)**	**(234,697)**	**(327,372)**	(56,716)	(280,191)	(336,907)
Present value of minimum lease payments	**381,551**	**763,730**	**1,145,281**	377,760	1,044,563	1,422,323

9.1.1 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 124.867 million (2020: Rs. 173.883 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 17).

9.2 Particulars of advances (Gross)

	2021	2020
	(Rupees in '000)	
In local currency	**20,469,800**	21,587,215

9.3 Staff loans include personal loans and house loans given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2020: 5) percent per annum, while no mark-up is charged on personal loans.

9.4 Advances include Rs. 1,919 million (2020: Rs 1527 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021 Non-performing loans	2021 Provision	2020 Non-performing loans	2020 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**204,370**	-	-	-
Substandard	**750,000**	**44,840**	854,762	3,956
Doubtful	**-**	**-**	-	-
Loss	**964,630**	**704,257**	672,457	647,741
	1,919,000	**749,097**	1,527,219	651,697

9.4.1 Provision is recorded net of security deposit of Rs. 4.068 million (2020: Rs. 16.293 million).

9.5 Particulars of provision against advances

	Note	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
		(Rupees in '000)					
Opening balance		**651,697**	**213**	**651,910**	551,656	213	551,869
Charge for the year	9.5.3	**124,482**	**-**	**124,482**	100,336	-	100,336
Reversals		**(27,082)**	**(3)**	**(27,085)**	(295)	-	(295)
		97,400	**(3)**	**97,397**	100,041	-	100,041
Amounts written off		**-**	**-**	**-**	-	-	-
Closing balance		**749,097**	**210**	**749,307**	651,697	213	651,910

9.5.1 Particulars of provision against advances

	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
	(Rupees in '000)					
In local currency	**749,097**	**210**	**749,307**	651,697	213	651,910
	749,097	**210**	**749,307**	651,697	213	651,910

9.5.2 The Company maintains general provision amounting to Rs.0.210 million (2020: Rs.0.213 million) in accordance with the applicable requirements of the Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

9.5.3 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances. As of 31 December 2021, the Company has availed total accumulated FSV benefit amounting to Rs. 399 million (net of tax Rs. 283 million). Accordingly, accumulated profit of Rs 283 million (net of transfer to statutory reserves Rs. 227 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

9.5.4 The Company does not hold overseas classified advances.

		Note	2021	2020
			(Rupees in '000)	
9.6	**Particulars of write offs**			
9.6.1	Against provisions			
	Directly charged to profit and loss account		**-**	-
			-	-

		Note	2021	2020
10	**FIXED ASSETS**			
	Property and equipments	10.1	**194,993**	213,734
	Advance for capital expenditure		**-**	5,505
			194,993	219,239

10.1 Property and Equipments

	2021								
	Office premises*	**Right of use assets**	**Improvements**	**Office equipments**	**Computer equipments**	**Furniture and fixtures**	**Vehicles**	**Assets held under finance lease - Vehicle**	**Total**
	(Rupees in '000)								
As at 01 January 2021									
Cost	42,126	156,112	33,715	11,787	15,724	12,682	90,811	1,972	364,929
Accumulated depreciation	(34,399)	(25,918)	(10,559)	(8,926)	(13,819)	(9,539)	(46,063)	(1,972)	(151,195)
Net book value	**7,727**	**130,194**	**23,156**	**2,861**	**1,905**	**3,143**	**44,748**	**-**	**213,734**
Year ended 31 December 2021									
Opening net book value	7,727	130,194	23,156	2,861	1,905	3,143	44,748	-	213,734
Additions	-	-	1,410	469	1,385	350	16,611	5,608	25,833
Disposals	-	-	(28)	-	(81)	(139)	-	-	(248)
Depreciation charge	(2,106)	(17,812)	(3,355)	(1,098)	(1,296)	(1,508)	(16,216)	(935)	(44,326)
Closing net book value	**5,621**	**112,382**	**21,183**	**2,232**	**1,913**	**1,846**	**45,143**	**4,673**	**194,993**
As at 31 December 2021									
Cost	42,126	156,112	35,062	12,256	16,992	12,682	90,072	5,608	370,910
Accumulated depreciation	(36,505)	(43,730)	(13,879)	(10,024)	(15,079)	(10,836)	(44,929)	(935)	(175,917)
Net book value	**5,621**	**112,382**	**21,183**	**2,232**	**1,913**	**1,846**	**45,143**	**4,673**	**194,993**
Rate of depreciation (percentage)	**5%**	**-**	**10%**	**20%**	**33.33%**	**20%**	**20%**	**20%**	

	2020								
	Office premises *	**Right of use assets**	**Improvements**	**Office equipments**	**Computer equipments**	**Furniture and fixtures**	**Vehicles**	**Assets held under finance lease - Vehicle**	**Total**
	----------				**(Rupees in '000)**				----------
As at 01 January 2020									
Cost	42,126	147,229	33,149	10,620	14,760	11,932	79,869	1,972	341,657
Accumulated depreciation	(32,293)	(21,741)	(13,075)	(7,919)	(13,540)	(8,018)	(42,249)	(1,611)	(140,446)
Net book value	9,833	125,488	20,074	2,701	1,220	3,914	37,620	361	201,211
Year ended 31 December 2020									
Opening net book value	9,833	125,488	20,074	2,701	1,220	3,914	37,620	361	201,211
Additions	-	61,483	7,046	1,167	1,863	1,100	26,748	-	99,407
Disposals	-	(33,806)	(993)	-	-	(50)	(4,336)	-	(39,185)
Depreciation charge	(2,106)	(22,971)	(2,971)	(1,007)	(1,178)	(1,821)	(15,284)	(361)	(47,699)
Closing net book value	7,727	130,194	23,156	2,861	1,905	3,143	44,748	-	213,734
As at 31 December 2020									
Cost	42,126	156,112	33,715	11,787	15,724	12,682	90,811	1,972	364,929
Accumulated depreciation	(34,399)	(25,918)	(10,559)	(8,926)	(13,819)	(9,539)	(46,063)	(1,972)	(151,195)
Net book value	7,727	130,194	23,156	2,861	1,905	3,143	44,748	-	213,734
Rate of depreciation (percentage)	5%	-	10%	20%	33.33%	20%	20%	20%	

* The transfer of title of office premises in the Company's name is in process.

10.2 Included in cost of property and equipments are fully depreciated items still in use having cost of:

	2021	2020
	(Rupees in '000)	
Improvements	**1,476**	1,476
Office equipments	**7,261**	6,584
Computer equipments	**13,623**	11,582
Furniture and fixtures	**6,379**	4,803
Vehicles	**10,161**	10,644
	38,900	35,089

10.3 Details of disposals of assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 respectively whichever is less and property and equipments disposed off to the Chief Executive or to a director or to executives or to any other related party, irrespective of the values, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)						
Vehicles							
Suzuki Cultus	1,099	1,099	-	220	220	Company policy	Mr. Mohammad Rashid (Executive)
Audi	8,075	8,075	-	2,300	2,300	Negotiations	Mr. Khalil Ahmed
Toyota Camry	1,972	1,972	-	878	878	Negotiations	Mr. Ameer Al
Toyota Corolla	1,643	1,643	-	329	329	Company policy	Mr. Azhar Ali
Toyota Corolla	1,863	1,863	-	373	373	Company policy	Mr. Jehangir Shah
Toyota Corolla	1,788	1,788	-	356	356	Company policy	Mr. Saeed Ahmed Bhayat (Executive)
Suzuki Cultus	1,099	1,099	-	900	900	Negotiations	M/s. Clifton Cars
Toyota Corolla	1,784	1,784	-	1,325	1,325	Negotiations	M/s. Cars Qilla
	19,323	**19,323**	**-**	**6,681**	**6,681**		
Furniture and fixture	250	179	71	71	-	Company policy	Ms. Hina Mir (Former Executive)
Furniture and fixture	100	32	68	68	-	Company policy	S.M. Baqar Rizvi (Former Executive)
Right of use assets	-	-	-	-	-		
Others	179	70	109	81	(28)		
	19,852	**19,604**	**248**	**6,901**	**6,653**		

11 INTANGIBLE ASSETS

	Computer software	
	2021	2020
	(Rupees in '000)	
As at 01 January		
Cost	**10,356**	10,356
Accumulated amortisation	**(10,356)**	(10,351)
Net book value	**-**	5
Year ended 31 December		
Opening net book value	**-**	5
Amortisation charge	**-**	(5)
Closing net book value	**-**	-
As at 31 December		
Cost	**10,356**	10,356
Accumulated amortisation	**(10,356)**	(10,356)
Net book value	**-**	-
Rate of amortisation	**33%**	33%

12 DEFERRED TAX ASSETS

	01 January 2021	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2021
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	**227,948**	**(15,947)**	**-**	**212,001**
Assets subject to finance lease	**57**	**(271)**	**-**	**(214)**
Amortisation of premium on Federal Government securities	**1,245**	**1,311**	**-**	**2,556**
Provision against non-performing advances	**189,054**	**28,245**	**-**	**217,299**
Accelerated tax depreciation allowances	**8,400**	**5,226**	**-**	**13,626**
	426,704	**18,564**	**-**	**445,268**
Taxable Temporary Differences on				
Net investment in finance lease	**(75,300)**	**9,471**	**-**	**(65,829)**
Revaluation on investments classified as held-for-trading	**(1,075)**	**176**	**-**	**(899)**
Revaluation on investments classified as available-for-sale	**(102,070)**	**-**	**141,687**	**39,617**
Revaluation on non-banking assets	**(21,717)**	**5,452**	**-**	**(16,265)**
Dividend receivables	**-**	**(3,390)**	**-**	**(3,390)**
	(200,162)	**11,709**	**141,687**	**(46,766)**
	226,542	**30,273**	**141,687**	**398,502**

	01 January 2020	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2020
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	214,924	13,024	-	227,948
Assets subject to finance lease	72	(15)	-	57
Amortisation of premium on Federal Government securities	(89)	1,334	-	1,245
Provision against non-performing advances	160,042	29,012	-	189,054
Accelerated tax depreciation allowances	5,697	2,703	-	8,400
	380,646	46,058	-	426,704
Taxable Temporary Differences on				
Net investment in finance lease	1,659	(76,959)	-	(75,300)
Revaluation on investments classified as held-for-trading	7,389	(8,464)	-	(1,075)
Revaluation on investments classified as available-for-sale	(48,221)	-	(53,849)	(102,070)
Revaluation on non-banking assets	(3,647)	5,431	(23,501)	(21,717)
	(42,820)	(79,992)	(77,350)	(200,162)
	337,826	(33,934)	(77,350)	226,542

13 OTHER ASSETS

	Note	2021	2020
		(Rupees in '000)	
Income/ mark-up accrued in local currency		**1,206,928**	1,079,773
Dividend income receivable		**45,200**	-
Mark-up / profit receivable on purchase of securities		**59,788**	443,144
Security deposits		**3,486**	4,486
Prepayments		**9,675**	9,528
Receivable against sale of investments		**-**	-
Advance taxation (payments less provisions)		**459,295**	161,564
Non-banking assets acquired in satisfaction of claims	13.1	**222,064**	237,118
Defined benefit plan	34.2	**4,900**	-
Others		**9,484**	345
		2,020,820	1,935,958
Less: Provision held against other assets		**-**	-
Other assets (net of provisions)		**2,020,820**	1,935,958
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	**135,129**	138,873
Other assets - total		**2,155,949**	2,074,831

13.1 Market value of non-banking assets acquired in satisfaction of claims **375,991** 375,991

The property has been revalued by an independent professional valuer as at 31 December 2021. The revaluation was carried by M/s. KG Traders on the basis of current professional assessment of current market values.

13.1.1 Non-banking assets acquired in satisfaction of claims

	2021	2020
Opening balance	**375,991**	313,678
Disposals	**-**	81,041
Depreciation	**(18,798)**	(18,728)
Closing balance	**357,193**	375,991

14 BORROWINGS

	Note	2021	2020
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)		**2,499,104**	2,605,135
- Financing Power Plants Using Renewable Energy (REPP)		**265,565**	139,508
- Financing facility for storage of agricultural produce (FFSAP)	14.2	**44,231**	50,000
- Temporary Economic Refinance Facility (TERF)		**87,975**	42,173
Repurchase agreement borrowings	14.3	**90,633,437**	43,334,174
Long term borrowings	14.4	**3,333,333**	3,471,293
Short term running finance	14.5	**153,816**	127,713
Bai Muajjal	14.6	**6,076,567**	12,040,769
Total secured		**103,094,028**	61,810,765
Unsecured			
Placements	14.7	**500,000**	-
Bai Muajjal / Murabaha financing	14.8	**403,122**	8,741,004
Total unsecured		**903,122**	8,741,004
		103,997,150	70,551,769

14.1 Particulars of borrowings with respect to currencies

	2021	2020
In local currency	**103,997,150**	70,551,769

14.2 The Company has entered into agreements for financing with the SBP of long term finance for 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 date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP. The mark up rates ranges from 1% to 4.50% (2020: 2% to 4.50%) per annum. These are repayable within 10 years (2020: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing from January 2022 to March 2022 (2020: January 2021), ranges between 9.75% to 10.75% (2020: 6.25% to 7.13%) per annum. Securities having cost of Rs. 90,466 million (2020: Rs 43,272 million) have been pledged against these borrowings.

14.4 The mark up rate on these long-term borrowings ranges from 7.80% to 11.40% (2020: 7.59% to 7.80%) per annum. The above facilities are secured against advances receivable.

14.5 The mark up rate on these short-term running finance facility is three months KIBOR + 0.25% (2020: three months KIBOR + 0.25%). The above facility are secured against loan and advances receivable.

14.6 The mark up rate on these Bai Muajjal secured against government securities, maturing between March 2022 to June 2022 (2020: January 2020 to February 2021) is 7.95% to 11.52% (2020: 7.03% to 10.80%) per annum.

14.7 The mark up rate on these placement financing, maturing in January 2022 is 9% per annum.

14.8 The mark up rate on these murabaha financing, maturing in January 2022 (2020: January 2021 to April 2021) is 9% (2020: 6.85% to 13%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

		2021		2020	
		In local currency	**Total**	**In local currency**	**Total**
		------------------------------ (Rupees in '000)			--------------------------
Certificates of investment					
Financial institutions		**3,500,000**	**3,500,000**	3,012,000	3,012,000
Others		**10,853,682**	**10,853,682**	12,857,130	12,857,130
	15.2	**14,353,682**	**14,353,682**	15,869,130	15,869,130

15.1 The rate of return on deposits maturing between January 2022 to January 2023 (2020: January 2021 to December 2021) ranges between 7.25% to 12% (2020: 6.75% to 13%) per annum.

15.2 These include Certificate of Investments purchased by gratuity fund of the Company amounting to Rs.Nil (2020: Rs.2.9 million) and by provident fund of the Company amounting to Rs.Nil (2020: Rs.3.97 million).

15.3 Composition of deposits

	2021	2020
	(Rupees in '000)	
Individuals	**1,926,113**	1,661,781
Government (Federal and Provincial)	**2,650,000**	1,600,000
Banking Companies	**2,000,000**	2,000,000
Non-Banking Financial Institutions	**1,500,000**	1,012,000
Private Sector	**6,277,569**	9,595,349
	14,353,682	15,869,130

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2021			2020		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	**Minimum lease payments**	**Financial charges for future periods**	**Principal outstanding**
	-- (Rupees in '000)					--
Not later than one year	**1,124**	**328**	**796**	197	-	197
Later than one year and upto five years	**3,640**	**501**	**3,139**	-	-	-
	4,764	**829**	**3,935**	197	-	197

16.1 The Company has entered into lease agreements with financial institutions for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 9.17% (2020: 7.90%) per annum.

17 OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Mark-up/ return/ interest payable in local currency		**541,338**	543,562
Accrued expenses		**304,512**	327,377
Defined benefit plan liabilities	34.2	**-**	3,333
Security deposits against investment in finance lease	9.1.1	**124,867**	173,883
Lease liability against right-of-use assets	17.1	**138,708**	144,485
Withholding tax and sales tax payable		**4,412**	6,413
Others		**35,627**	102,894
		1,149,464	1,301,947

17.1 Lease liability against right-of-use assets

	2021	2020
As at 01 January	**144,485**	133,914
Additions - net	**-**	20,469
Finance charge	**14,392**	16,875
Payments	**(20,169)**	(26,773)
As at 31 December	**138,708**	144,485

18 SHARE CAPITAL

18.1 Authorized Capital

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10 each	**10,000,000**	10,000,000

18.2 Issued, subscribed and paid-up

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each		
600,000,000	600,000,000	- Fully paid in cash	**6,000,000**	6,000,000
15,000,000	15,000,000	- Issued as bonus shares	**150,000**	150,000
615,000,000	615,000,000		**6,150,000**	6,150,000

18.3 The Ministry of Finance on behalf of the Government of Pakistan and Sultanate of Oman through Oman Investment Authority (2020: through Ministry of Finance) each holds 307,495,900 (2020: 307,495,900) ordinary shares of the Company, while 4,100 (2020: 4,100) ordinary shares each are held by Secretary – Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

19 RESERVES

	Note	2021	2020
		(Rupees in '000)	
Statutory reserve	**19.1**	**1,543,895**	1,448,355
General reserve		**311,630**	311,630
		1,855,525	1,759,985

19.1 Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

The Company has transferred 20% of its after tax profit for the year to this reserve amounting to Rs. 95.540 million (2020: Rs. 194.481 million).

20 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

	Note	2021	2020
		(Rupees in '000)	
(Deficit) / Surplus on revaluation of:			
- Available for sale securities		**(136,609)**	351,967
- Non-banking assets acquired in satisfaction of claims	20.1	**135,129**	138,873
		(1,480)	490,840
Deferred tax Asset / (Liability) on surplus on revaluation of:			
- Available for sale securities		**39,617**	(102,070)
- Non-banking assets acquired in satisfaction of claims	20.1	**(39,187)**	(40,272)
		430	(142,342)
		(1,050)	348,498

20.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2021	2020
Surplus on revaluation as at January 01	**138,873**	61,504
Recognised during the year	**-**	81,041
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**(3,744)**	(3,672)
	135,129	138,873
Less: related deferred tax liability on:		
- revaluation as at January 01	**(40,272)**	(17,836)
- revaluation recognised during the year	**-**	(23,501)
- incremental depreciation charged during the year	**1,085**	1,065
	(39,187)	(40,272)
	95,942	98,601

21 CONTINGENCIES AND COMMITMENTS

	Note	2021	2020
- Guarantees	21.1	**702,520**	723,075
- Commitments	21.2	**1,226,443**	808,730
- Other contingent liabilities	21.3	**332,726**	341,726
		2,261,689	1,873,531

21.1 Guarantees:

	2021	2020
- Financial guarantees	**702,520**	723,075

21.2 Commitments:

Commitments for:

	2021	2020
- advances	**1,226,443**	808,730
	1,226,443	808,730

21.3 Other contingent liabilities:

	Note	2021	2020
		(Rupees in '000)	
Pledge of shares on behalf of Japan Power Generation Limited	21.3.1	**70,726**	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited	21.3.2	**226,000**	226,000
Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	21.3.3	**36,000**	45,000
		332,726	341,726

21.3.1 This represents shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2020: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

21.3.2 This represents investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.

21.3.3 This represent PIBs having face value amounting to Rs.36 million (2020: Rs.45 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

22 MARK-UP / RETURN / INTEREST EARNED

	Note	2021	2020
		(Rupees in '000)	
On:			
Loans and advances		**1,604,885**	2,025,858
Investments		**6,186,275**	6,406,385
Lendings to financial institutions		**102,858**	383,163
Balances with banks		**122,871**	177,960
		8,016,889	8,993,366

23 MARK-UP / RETURN / INTEREST EXPENSED

	Note	2021	2020
Deposits		**926,009**	1,381,631
Borrowings		**5,860,584**	6,046,323
Lease liability against right-of-use assets		**14,392**	16,875
		6,800,985	7,444,829

24 FEE AND COMMISSION INCOME

	Note	2021	2020
Credit related fees		**48,655**	25,297
Investment banking fees		**18,256**	8,700
Commission on guarantees		**3,305**	3,490
Underwriting commission of Government securities auction		**5,952**	6,754
		76,168	44,241

25 GAIN/(LOSS) ON SECURITIES

	Note	2021	2020
Realised	25.1	**71,819**	476,121
Unrealised - held for trading		**(604)**	29,183
		71,215	505,304

25.1 Realised gain on:

	Note	2021	2020
Federal Government securities		**117,145**	461,951
Non-Government debt securities		**(54,174)**	14,170
Mutual funds		**15,058**	-
Shares		**(6,210)**	-
		71,819	476,121

26 OTHER INCOME

	Note	2021	2020
Gain on sale of fixed assets - net	10.3	**6,653**	1,726
Rental income on Non banking assets		**2,873**	-
Gain on derecognition of right-of-use assets - net		**-**	7,168
		9,526	8,894

27 OPERATING EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Total compensation expense	27.1	**475,997**	496,981
Property expense			
Rent and taxes		**-**	-
Utilities cost		**4,494**	3,560
Security (including guards)		**637**	582
Repair and maintenance (including janitorial charges)		**11,780**	9,405
Depreciation on right-of-use assets	10.1	**17,812**	22,971
Depreciation on improvements	10.1	**3,355**	2,971
Depreciation on office premises	10.1	**2,106**	2,106
		40,184	41,595
Information technology expenses			
Software maintenance		**1,092**	1,092
Hardware maintenance		**16**	317
Depreciation on computer equipment	10.1	**1,296**	1,178
Amortisation	11	**-**	5
Network charges		**2,642**	2,698
Others		**1,149**	1,147
		6,195	6,437
Other operating expenses			
Directors' fees and allowances		**37,575**	32,839
Legal and professional charges		**14,844**	7,836
Travelling and conveyance		**12,404**	6,812
Depreciation	27.4	**38,556**	37,201
Training and development		**2,452**	1,827
Postage and courier charges		**902**	656
Communication		**7,700**	7,569
Stationery and printing		**1,589**	1,461
Marketing, advertisement & publicity		**4,981**	3,094
Donations	27.2	**-**	400
Auditors' remuneration	27.3	**2,249**	1,782
Membership and subscriptions		**2,106**	1,868
Transportation		**9,681**	8,914
Insurance		**3,459**	3,332
Finance charges on leased assets		**325**	258
Entertainment and canteen expenses		**5,870**	3,955
Maintenance charges - Non-banking assets		**3,165**	10,402
Others		**6,063**	4,945
		153,921	135,151
Total operating expenses		**676,297**	680,164

27.1 Total compensation expenses

	Note	2021	2020
Employees' remuneration			
i) Fixed		**323,561**	301,680
ii) Variable			
of which;			
a) Cash bonus / awards etc		**96,720**	144,000
Charge for defined benefit plan	34.6.1	**19,232**	16,561
Contribution to defined contribution plan		**19,086**	18,124
Utilities		**4,573**	3,626
Medical		**10,313**	10,217
Others		**2,512**	2,773
Grand total		**475,997**	496,981

27.2 No donations were made to donees where directors or their spouse had any interest at any time during the year.

27.3 Auditors' remuneration

	2021	2020
	(Rupees in '000)	
Audit fee	**1,200**	845
Half yearly review	**450**	235
Special certifications and sundry advisory services	**332**	482
Out-of-pocket expenses	**267**	220
	2,249	1,782

27.4 This includes depreciation on non-banking assets Rs.18.798 (2020: Rs.18.728) million.

28 OTHER CHARGES

	Note	2021	2020
		(Rupees in '000)	
Penalties imposed by State Bank of Pakistan		**1,601**	-
Fees, commission and other brokerage charges		**40,452**	29,804
		42,053	29,804

29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET

	Note	2021	2020
(Reversals) / provisions for diminution in value of investments	8.3.1	**(48,081)**	44,911
Provisions against loans and advances	9.5	**97,397**	100,041
		49,316	144,952

30 TAXATION

	2021	2020
Current	**204,014**	330,798
Deferred	**(30,274)**	33,934
	173,740	364,732

30.1 Relationship between tax expense and accounting profit

	2021	2020
Profit before taxation	**651,440**	1,337,138
Tax at the applicable rate of 29%	**188,918**	387,770
Tax effect of income taxed at reduced rate	**(15,366)**	(14,382)
Others	**188**	(8,656)
	173,740	364,732

30.2 Tax contingencies

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

31 BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
	Rupees in '000	
Profit for the year	**477,700**	972,406
	Numbers in '000	
Weighted average number of ordinary shares in issue	**615,000**	615,000
	Rupees	
Basic and diluted earnings per share	**0.78**	1.58

31.1 There were no convertible dilutive potential ordinary shares outstanding on 31 December 2021 and 2020.

32 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in '000)	
Cash and balances with treasury banks	5	**173,449**	214,433
Balances with other banks	6	**1,490,702**	1,318,436
		1,664,151	1,532,869

33 STAFF STRENGTH

	2021	2020
	(Number)	
Permanent	**64**	63
Temporary / contractual	**32**	31
Total staff strength	**96**	94

34 DEFINED BENEFIT PLAN

34.1 General Description

The Company operates a funded-gratuity scheme for its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner Income Tax with effect from 31 January 2003. Contribution to the fund is made annually based on actuarial valuation, which is carried out using the Projected Unit Credit Method (PUCM) whereby, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial (gains) / losses are recognized in Statement of Comprehensive Income in the period of occurrence.

Number of employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2021	2020
	(Number)	
Gratuity fund	**64**	63

34.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2021 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2021	2020
	(Percent per annum)	
Discount rate	**10.50**	9.75
Expected short term rate of increase in salary levels	**10.00**	9.75
Expected long term rate of increase in salary levels	**10.50**	9.75
Expected rate of return on plan assets	**10.50**	9.75

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of the related obligation.

34.2 Reconciliation of payable to / (receivable from) defined benefit plan

	Note	2021	2020
		(Rupees in '000)	
Present value of defined benefit obligation	34.3	**191,932**	165,326
Fair value of plan assets	34.4	**(196,832)**	(161,993)
(Receivable) / payable	34.5	**(4,900)**	3,333

34.3 Movement in defined benefit obligation

	2021	2020
Obligation at the beginning of the year	**165,326**	142,772
Current service cost	**20,022**	18,504
Interest cost	**15,704**	16,572
Benefits paid during the year	**(8,523)**	(20,394)
Remeasurement (gain) / loss	**(598)**	7,872
Obligation at the end of the year	**191,932**	165,326

34.4 Movement in fair value of plan assets

	Note	2021	2020
Fair value at the beginning of the year		**161,993**	158,219
Interest income on plan assets		**16,494**	18,515
Contribution by the Company		**22,872**	192
Benefits paid during the year		**(8,523)**	(20,394)
Remeasurement gain on plan assets		**3,996**	5,461
Fair value at the end of the year	34.7	**196,832**	161,993

		Note	2021	2020
			(Rupees in '000)	
34.5	**Movement in receivable under defined benefit plan**			
	Opening balance		**3,333**	(15,447)
	Charge for the year	34.6.1	**19,232**	16,561
	Re-measurement (gain) / loss recognised in other comprehensive income during the year		**(4,592)**	2,411
	Contributions by the Company - net		**(22,872)**	(192)
	Closing balance		**(4,900)**	3,333

34.6 Charge for defined benefit plans

34.6.1 Cost recognised in the profit and loss account

	2021	2020
Current service cost	**20,022**	18,504
Net interest on defined benefit asset	**(790)**	(1,943)
	19,232	16,561

34.6.2 Re-measurement recognised in OCI during the year

	2021	2020
Actuarial (gain) / loss on obligation	**(598)**	7,872
Actuarial gain on plan assets	**(3,995)**	(5,461)
Total re-measurements (gain) / loss recognised in OCI	**(4,592)**	2,411

34.7 Components of plan assets

Particulars		**2021**		**2020**	
	Note	**(Rupees in '000)**	**%**	**(Rupees in '000)**	**%**
Cash and cash equivalents - net		**21,189**	**10.77%**	66,528	41.07%
Government securities		**175,643**	**89.23%**	92,553	57.13%
Certificate of investments	34.7.1	**-**	**-**	2,912	1.80%
		196,832	**100.00%**	161,993	100.00%

34.7.1 These include certificates of investment held with the Company. These carry mark-up at rates Nil (2020: 7) percent per annum.

34.8 Sensitivity analysis

	2021	2020
	(Rupees in '000)	
1% increase in discount rate	**(11,144)**	(12,312)
1% decrease in discount rate	**12,755**	14,061
1% increase in expected rate of salary increase	**13,564**	14,740
1% decrease in expected rate of salary increase	**(12,066)**	(13,116)

34.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at 31 December 2021 is 6.23 years (2020: 7.98 years).

Distribution of timing of benefit payments

Years	2021	2020
	(Rupees in '000)	
1	**80,198**	4,757
2	**3,462**	4,929
3	**9,819**	5,314
4	**3,615**	83,014
5	**3,558**	3,327
6 to 10	**76,732**	59,003
11 and above	**322,986**	297,150

		2021	2020
		(Rupees in '000)	
34.10	**Expected contributions to be paid to the funds in the next financial year**	**20,800**	19,539
34.11	**Expected charge for the next financial year**	**20,800**	19,539

34.12 Funding policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity expense for the next year amounts to Rs. 20.800 million as per the actuarial valuation report of the Company as of 31 December 2021.

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

Asset volatility
The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The company assets are either invested in fixed securities or cash. None of the investment is placed in equities.

Changes in bond yields
The risk arises when the actual return on plan assets is lower than expectation.

Inflation risk
The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

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

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

Investment risk
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

35 DEFINED CONTRIBUTION PLAN

35.1 The Company operates a provident fund scheme for its permanent employees. The employer and employee both contribute 8.33% of the salary to the fund every month.

35.2 Contribution made during the year

	2021	2020
	(Rupees in '000)	
Contribution by the Company	**19,086**	18,124
Contribution by employees	**19,086**	18,124
	38,172	36,248

The number of employees covered under the defined contribution plan as at 31 December 2021 are 64 (2020: 63).

36 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

36.1 Total Compensation Expenses

Items	2021				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	**10,350**	**27,225**	**-**	**-**	**-**
Managerial remuneration					
i) Fixed	**-**	**-**	**80,038**	**97,014**	**22,164**
ii) Total variable					
of which					
a) Cash bonus / awards	**-**	**-**	**106,716**	**25,900**	**2,975**
b) Bonus and awards in shares	**-**	**-**	**-**	**-**	**-**
Charge for defined benefit plan	**-**	**-**	**5,557**	**6,168**	**1,526**
Contribution to defined contribution plan	**-**	**-**	**5,715**	**6,340**	**1,475**
Utilities	**-**	**-**	**4,051**	**522**	**-**
Medical	**-**	**-**	**1,079**	**-**	**-**
Others	**-**	**-**	**3,481**	**1,168**	**-**
Total	**10,350**	**27,225**	**206,637**	**137,112**	**28,140**
Number of persons	**2 ***	**5**	**1**	**13**	**6**

* Board of Directors has elected H.H. Sayyid Juland Jaifar Salim Al Said as chairman of the Board of Directors of Pak Oman Investment Company in place of outgoing chairman H.E. Yahya Bin Said Bin Abdullah Al-Jabri.

Items	2020				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	7,143	25,696	-	-	-
Managerial remuneration					
i) Fixed	-	-	68,408	96,256	20,868
ii) Total variable					
of which					
a) Cash bonus / awards	-	-	53,895	18,400	2,770
b) Bonus and awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	4,941	6,328	1,365
Contribution to defined contribution plan	-	-	4,886	6,525	1,392
Utilities	-	-	3,203	423	-
Medical			875	-	
Others	-	-	3,151	1,355	-
Total	7,143	25,696	139,359	129,287	26,395
Number of persons	1	4	1	11	6

36.1.1 The managing director and certain executives are provided with free use of Company maintained cars.

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

Sr. No.	Name of Director	2021					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	Total Amount Paid
		---------- Rs. in '000' ----------					
1	H.H. Juland Jaifar Salim Al Said	**3,975**	**2,400**	**375**	**375**	**1,575**	**8,700**
2	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	**600**	**600**	**-**	**-**	**450**	**1,650**
3	Ayham Abdul Aziz Qadar Al Ghassani	**2,250**	**-**	**1,125**	**1,125**	**750**	**5,250**
4	Faisal Ali Ibrahim Al Siyabi	**2,250**	**1,500**	**1,125**	**1,125**	**-**	**6,000**
5	Haitham Yousuf Juma Al Zadjali	**375**	**375**	**450**	**375**	**-**	**1,575**
6	Omar Hamid Khan	**2,625**	**1,875**	**1,725**	**1,500**	**375**	**8,100**
7	Zubair Motiwala	**2,250**	**1,500**	**-**	**1,800**	**750**	**6,300**
	Total	**14,325**	**8,250**	**4,800**	**6,300**	**3,900**	**37,575**

Board of Directors has elected H.H. Sayyid Juland Jaifar Salim Al Said as chairman of the Board of Directors of Pak Oman Investment Company in place of outgoing chairman H.E. Yahya Bin Said Bin Abdullah Al-Jabri.

Further, during the period Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi joined as a nominee of the Government of Sultanate of Oman in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali.

In November 2021, Government of Pakistan de-notify the nomination of Mr. M. Zubair Motiwala from the Board of Directors of Pak Oman Investment Company Limited. Accordingly he left the Board and its sub-committees.

Sr. No.	Name of Director	2020					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	Total Amount Paid
		---------- Rs. in '000' ----------					
1	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	3,533	2,555	-	-	1,055	7,143
2	H.H. Juland Jaifar Salim Al Said	2,416	531	1,280	1,280	905	6,412
3	Mr. Haitham Yousuf Juma Al Zadjali	2,416	1,125	1,506	1,280	-	6,327
4	Mr. M.Zubair Motiwala	2,261	1,655	530	1,505	905	6,856
5	Mr. Omar Hamid Khan	2,416	1,655	1,280	750	-	6,101
	Total	13,042	7,521	4,596	4,815	2,865	32,839

37 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices and has been disclosed in note 8. Unquoted equity investments, other than investments in associates and subsidiary, are determined on the basis of break-up value of these investments as per the latest available audited financial statements. The provision for impairment of investments has been determined in accordance with the Company's accounting policy as stated in notes 2.6, 4.3, and 4.11 to these unconsolidated financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision against advances has been calculated in accordance with the Company's accounting policy as stated in note 4.4.2.

The re-pricing profile, effective rates and maturity are stated in notes 42.3, 42.5.1 and 42.5.2 respectively.

37.1 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).

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

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

On-balance sheet financial instruments	**2021**		**2020**	
	Book value	**Fair value**	**Book value**	**Fair value**
	---- (Rupees in '000) ----			
Assets				
Cash and balances with treasury banks	**173,449**	**173,449**	214,433	214,433
Balances with other banks	**1,490,702**	**1,490,702**	1,318,436	1,318,436
Lendings to financial institutions	**1,953,578**	**1,953,578**	3,600,000	3,600,000
Investments	**101,787,711**	**101,590,365**	68,217,290	68,029,780
Advances	**19,720,493**	**19,720,493**	20,935,305	20,935,305
Other assets	**1,324,886**	**1,324,886**	1,527,748	1,527,748
Assets held-for-sale	**384,708**	**384,708**	-	-
	126,835,527	**126,638,181**	95,813,212	95,625,702
Liabilities				
Borrowings	**103,997,150**	**103,997,150**	70,551,769	70,551,769
Deposits and other accounts	**14,353,682**	**14,353,682**	15,869,130	15,869,130
Liabilities against assets subject to finance lease	**3,935**	**3,935**	197	197
Other liabilities	**1,149,464**	**1,149,464**	1,298,614	1,298,614
	119,504,231	**119,504,231**	87,719,710	87,719,710
	7,331,296	**7,133,950**	8,093,502	7,905,992
Off-balance sheet financial instruments	**-**	**-**	-	-

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV / PKFRV rates (MUFAP rates)
Listed securities	PSX rates
Mutual funds	Net asset values
Unlisted equity investments	Breakup value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the accounting policy of the Company.

37.2 The carrying value of all financial assets and liabilities in the unconsolidated financial statements approximate to their fair values except for certain investments.

37.3 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:

	2021			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------------------------- (Rupees in '000) ----------------------------			
Financial assets - measured at fair value				
Investments				
Federal Government securities	**-**	**96,920,222**	**-**	**96,920,222**
Non-Government debt securities	**-**	**3,457,827**	**-**	**3,457,827**
Mutual funds	**-**	**678,486**	**-**	**678,486**
Financial assets - disclosed but not measured at fair value				
Investments	**-**	**-**	**611,172**	**611,172**
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	**375,991**	375,991

	2020			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------------------------- (Rupees in '000) ----------------------------			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	63,183,554	-	63,183,554
Shares		-	-	-
Non-Government debt securities	-	3,132,487	-	3,132,487
Mutual funds	-	873,584	-	873,584
Financial assets - disclosed but not measured at fair value				
Investments	-	-	1,061,588	1,061,588
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	375,991	375,991

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities	2021			
	Corporate Banking	**Investment Banking**	**Treasury**	**Total**
	------------------------------- (Rupees in '000) -------------------------			
Profit & Loss				
Net mark-up/return/profit	**331,771**	**(126,301)**	**1,010,434**	**1,215,904**
Non mark-up / return / interest income	**51,960**	**91,122**	**75,158**	**218,240**
Total income	**383,731**	**(35,179)**	**1,085,592**	**1,434,144**
Segment direct expenses	**375,933**	**35,789**	**321,666**	**733,388**
Provisions / (reversals)	**97,397**	**75,061**	**(123,142)**	**49,316**
Profit before tax	**(89,599)**	**(146,029)**	**887,068**	**651,440**
Balance sheet				
Cash & bank balances	**-**	**-**	**1,664,151**	**1,664,151**
Investments	**-**	**1,409,662**	**100,378,049**	**101,787,711**
Lendings to financial institutions			**1,953,578**	**1,953,578**
Advances - performing	**17,671,866**	**-**	**878,724**	**18,550,590**
non-performing	**1,169,903**	**-**		**1,169,903**
Others	**799,231**	**827,788**	**1,507,133**	**3,134,152**
Total assets	**19,641,000**	**2,237,450**	**106,381,635**	**128,260,085**
Borrowings	**16,400,323**	**1,804,411**	**85,792,416**	**103,997,150**
Subordinated debt	**-**	**-**	**-**	**-**
Deposits and other accounts	**2,198,039**	**250,395**	**11,905,248**	**14,353,682**
Others	**282,370**	**17,942**	**853,087**	**1,153,399**
Total liabilities	**18,880,732**	**2,072,748**	**98,550,751**	**119,504,231**
Equity	**760,268**	**164,702**	**7,830,884**	**8,755,854**
Total equity & liabilities	**19,641,000**	**2,237,450**	**106,381,635**	**128,260,085**
Contingencies & Commitments	**1,928,963**	**332,726**	**-**	**2,261,689**

	2020			
	Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/profit	355,508	(151,062)	1,344,091	1,548,537
Non mark-up / return / interest income	35,497	124,840	510,473	670,810
Total income	391,005	(26,222)	1,854,564	2,219,347
Segment direct expenses	389,108	52,465	295,684	737,257
Provisions / (reversals)	100,041	(9,955)	54,866	144,952
Profit before tax	(98,144)	(68,732)	1,504,014	1,337,138
Balance sheet				
Cash & bank balances	-	-	1,532,869	1,532,869
Investments	-	1,901,249	66,316,041	68,217,290
Lendings to financial institutions	-	-	3,600,000	3,600,000
Advances - performing	19,200,432	-	859,351	20,059,783
non-performing	875,522	-	-	875,522
Others	732,382	439,917	1,348,313	2,520,612
Total assets	20,808,336	2,341,166	73,656,574	96,806,076
Borrowings	15,787,228	1,687,062	53,077,479	70,551,769
Subordinated debt	-	-	-	-
Deposits and other accounts	3,411,049	383,780	12,074,301	15,869,130
Others	416,401	27,286	858,457	1,302,144
Total liabilities	19,614,678	2,098,128	66,010,237	87,723,043
Equity	1,193,658	243,038	7,646,337	9,083,033
Total equity & liabilities	**20,808,336**	**2,341,166**	**73,656,574**	**96,806,076**
Contingencies & Commitments	**1,531,805**	**341,726**	**-**	**1,873,531**

39 TRUST ACTIVITIES

The Company is serving as a trustee/issue agent to various Term Finance Certificates, Sukuks and Commercial Papers including issues by Askari Bank Limited, Samba Bank Limited, Orix Leasing Pakistan Limited, NRSP Microfinance Bank Limited, K-Electric Limited, Waves Singer Pakistan Limited, Mughal Iron & Steel Industries Limited, Hubco Power Company Limited, Pak Arab Fertilizers Limited, Shakarganj Food Products Limited, United Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited and TPL Trakker Limited. The Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries. In this behalf, the Company is fulfilling all its obligations and duties in accordance with the provisions of the respective trust documents.

40 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in subsidiary company and associates are stated in note 8 to these financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Company's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

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

	2021						2020					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Balances with other banks												
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	200,000	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	598,300	1,295,095	-	726,000	-	-	498,300	1,045,951	-	726,000
Investment made during the year	-	-	2,445	1,195,031	-	-	-	-	100,000	395,000	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,229,294)	-	-	-	-	-	(145,856)	-	-
Transfer in / (out) - net	-	-	-	-	-	(500,000)	-	-	-	-	-	-
Closing balance	-	-	600,745	1,260,832	-	226,000	-	-	598,300	1,295,095	-	726,000
Provision for diminution in value of investments	-	-	157,375	70,726	-	-	-	-	157,375	70,726	-	-
Advances												
Opening balance	-	41,535	-	68,200	-	524,566	-	38,487	-	68,200	-	565,459
Addition during the year	-	8,297	-	-	-	-	-	12,577	-	-	-	-
Repaid during the year	-	(14,001)	-	-	-	(71,700)	-	(9,529)	-	-	-	(40,893)
Transfer in / (out) - net	-	-	-	-	-	(452,866)	-	-	-	-	-	-
Closing balance	-	35,831	-	68,200	-	-	-	41,535	-	68,200	-	524,566
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-

	2021						2020					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Other Assets												
Interest / mark-up accrued	-	-	-	1,052	-	-	-	-	-	-	-	8,725
Receivable from staff retirement fund	-	-	-	-	4,900	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	5,532	-	-	6,871	-	-	4,082	-	-	-	-
Received during the year	-	43,388	-	-	3,923	-	-	89,090	-	-	18,297	-
Withdrawn during the year	-	(45,543)	-	-	(10,794)	-	-	(87,640)	-	-	(11,426)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	3,377	-	-	-	-	-	5,532	-	-	6,871	-
Other Liabilities												
Interest / mark-up payable	-	4	-	-	-	-	-	23	-	-	16	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	3,333	-
Other liabilities												
Outright sale of securities	-	-	-	1,470,950	6,177,570				-	1,090,752	879,049	
Outright purchase of securities	-	-	-	155,883	5,896,182	-	-	-	-	406,109	906,989	-
Contingencies and Commitments												
Other contingencies	-	-	36,000	70,726	-	226,000	-	-	45,000	70,726	-	226,000

40.2 Related party transactions

	2021						2020					
	Directors	Key manage-ment personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key manage-ment personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	---------- (Rupees in '000) ----------											
Income												
Mark-up / return / interest earned	**-**	**1,399**	**-**	**7,109**	**-**	**52,334**	-	1,581	-	-	-	101,007
Fee and commission income	**-**	**-**	**197**	**-**	**-**	**-**	-	-	375	-	-	-
Dividend income	**-**	**-**	**-**	**11,678**	**-**	**45,200**	-	-	-	55,871	-	56,500
Net gain on sale of securities	**-**	**-**	**-**	**15,598**	**(272)**	**-**	-	-	-	4,240	7	-
Other income	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	**-**	**355**	**-**	**-**	**48**	**-**	-	812	-	-	260	-
Operating expenses												
Non- Executive Directors' fees and allowances	**37,575**	**-**	**-**	**-**	**-**	**-**	32,839	-	-	-	-	-
Compensation expenses		**343,749**	**-**	**-**	**-**	**-**	-	268,646	-	-	-	-
Contribution to defined contribution plan	**-**	**-**	**-**	**-**	**19,086**	**-**	-	-	-	-	18,124	-
Charge for defined benefit plan	**-**	**-**	**-**	**-**	**19,232**	**-**	-	-	-	-	16,561	-

41 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2021	2020
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,150,000**	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,658,230**	6,765,747
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,658,230**	6,765,747
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**6,658,230**	6,765,747
Risk Weighted Assets (RWAs):		
Credit risk	**23,616,456**	24,577,361
Market risk	**13,901,012**	12,164,424
Operational risk	**2,915,280**	2,615,074
Total	**40,432,748**	39,356,859
Common Equity Tier 1 Capital Adequacy ratio	**16.47%**	17.19%
Tier 1 Capital Adequacy Ratio	**16.47%**	17.19%
Total Capital Adequacy Ratio	**16.47%**	17.19%
Capital requirements		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total Capital minimum ratio	**10.00%**	10.00%
Capital Conservation Buffer (CCB)	**1.50%**	1.50%
Total Capital plus CCB	**11.50%**	11.50%

Standardized Approach of Basel II is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator Approach is used for calculating Capital Adequacy for Operational Risk.

	2021	2020
Leverage Ratio (LR):		
Eligible Tier 1 Capital	**6,658,230**	6,765,747
Total Exposures	**119,057,544**	90,371,275
Leverage Ratio	**5.59%**	7.49%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**10,987,504**	9,163,212
Total Net Cash Outflow	**16,181,833**	17,443,202
Liquidity Coverage Ratio	**68%**	53%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**21,726,820**	22,160,134
Total Required Stable Funding	**20,582,830**	21,830,106
Net Stable Funding Ratio	**105.56%**	101.51%

41.1 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 http://www.pakoman.com.

41.2 Capital management policies and procedures:

The Company’s objectives when managing capital are:

- to comply with the capital requirements set by the regulators of the Company;
- to safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to acquire, develop and maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored frequently by the Company’s management, employing techniques based on the guidelines issued by State Bank of Pakistan (SBP).

SBP requires each development financial institution to: (a) hold the minimum level of the regulatory capital of Rs. 6 billion as at 31 December 2009 and in future periods till further notification issued by SBP, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset as per the CAMELS Rating assigned to the institution or above the minimum prescribed level of 11.50%.

Capital Structure

The Company’s regulatory capital is divided into three tiers:

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1 (refer note 41).

- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1 (refer note 41).

- Tier 2 capital, which includes Subordinated debt/ Instruments, share premium of issuance of Subordinated debt/ Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments and foreign exchange translation reserves after all regulatory adjustments applicable on Tier 2 (refer note 41).

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Company calculates capital requirement as per Basel III regulatory framework, using the following approaches:

- Credit risk	Standardized approach
- Market risk	Standardized approach
- Operational risk	Basic indicator approach

The table refer in note 41 summarizes the composition of regulatory capital and the ratios of the Company for the year ended 31 December 2021.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Company both at the consolidated level (including subsidiaries) and also on standalone basis.

41.3 The Company's CAR as at 31 December 2021 is 16.47% (2020: 17.19%) of its risk weighted exposure.

The calculation of capital adequacy enables the Company to assess the long term soundness. The Company has successfully managed in the past and will in the future its Capital requirements/ needs. Based on the directives of the Board, the Company has built a health portfolio of assets and liabilities focusing on quality. CAR of 16.47% demonstrates that the company is geared to absorb major risks / shocks in the present market scenario. The Company meets its funding needs through clean placements (LOP & COI) and short and long term lines from commercial institutions.

42 RISK MANAGEMENT

The Company has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in operations of the Company. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximizing returns to shareholders, the board of directors takes cognizance of the risk elements that the Company is confronted with in its operations. In view of the multi-faceted risks inherent in the financial sector, the Company places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Risk management organisation

Risk Management Department ensures that risks remain within the boundaries as defined by the board, comply with the risk parameters and prudential limits, establish systems and procedures and work out remedial measures.

Credit Committee implements credit risk policy and monitors credit risk in light with credit policy and prudential regulations.

The Company's risk management, compliance and internal audit department support the risk management function. The compliance department ensures that all the directives and guidelines issued by SBP are being complied with. Internal audit department reviews the compliance of internal control procedures with internal and regulatory standards.

42.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Exposure to credit risks for the Company arises primarily from lending activities and investments in fixed income securities.

A multi-tiered approach is being followed in the management of credit risk with the organizational structure, roles and responsibilities clearly outlined in the Credit Policy Manual. The Board is responsible for final approval of overall risk tolerance, limits for sectors and pricing strategies. Various business units responsible for undertaking risks are expected to comply with the credit policy and adhere to the independent risk management function. This is ensured through the implementation of a credit approval and documentation process adopted by the Company.

The Company has strengthened its credit risk assessment. The risk management function is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The detailed credit risk assessment has been carried out against each individual customer applying for principal deferment or rescheduling / restructuring.

The Company uses both external and internal ratings to evaluate risk. The Company obtains external ratings from PACRA and JCR-VIS whereas a comprehensive risk assessment matrix model is used for internal ratings.

Types of exposures and ECAI's used

Exposures	**JCR-VIS**	**PACRA**
Corporate	Yes	Yes
Banks	Yes	Yes

Credit exposures subject to Standardised Approach

		2021			**2020**		
Expos	**Rating Category**	**Amount Outstanding**	**Deduction CRM***	**Net amount**	**Amount Outstanding**	**Deduction CRM***	**Net amount**
		(Rupees in '000)					
Corporate	0	-	-	-	-	-	-
	1	**1,986,008**	**-**	**1,986,008**	1,290,739	(200,000)	1,090,739
	2	**8,214,875**	**(1,140)**	**8,213,735**	9,476,326	(19,397)	9,456,929
	3-4	**668,397**	**(9,875)**	**658,522**	1,837,369	(36,874)	1,800,495
	5-6	-	-	-	-	-	-
	Unrated	**8,080,848**	**(152,038)**	**7,928,810**	7,524,755	(157,715)	7,367,040
		18,950,128	**(163,053)**	**18,787,075**	20,129,189	(413,986)	19,715,203
Banks	0	**-**	**-**	**-**	-	-	-
	1	**3,444,280**	**-**	**3,444,280**	4,418,436	-	4,418,436
	2-3	**64,676**	**-**	**64,676**	878,959	-	878,959
	4-5	**-**	**-**	**-**	-	-	-
	6	**-**	**-**	**-**	-	-	-
	Unrated	**-**	**-**	**-**	-	-	-
		3,508,956	**-**	**3,508,956**	5,297,395	-	5,297,395

Sovereigns etc.
Unrated
*CRM = Credit Risk Mitigation

The accounting policies and methods used by the Company are in accordance with the requirements of the Prudential Regulations of the SBP. These policies are disclosed in note 4 to these financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.5 to these unconsolidated financial statements.

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

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	---- (Rupees in '000) ----					
Public / Government	**-**	-	**-**	-	**-**	-
Private	**1,953,578**	3,600,000	**-**	-	**-**	-
	1,953,578	3,600,000	**-**	-	**-**	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	---- (Rupees in '000) ----					
Textile	**231,090**	231,090	**81,090**	81,090	**60,641**	60,641
Electronics and electrical appliances	**132,043**	85,000	**85,000**	85,000	**85,000**	85,000
Power (electricity), gas, water, sanitary	**855,247**	500,000	**-**	-	**-**	-
Transport, storage and communication	**295,079**	215,193	**177,023**	180,980	**177,023**	180,980
Financial	**99,296,756**	65,250,979	**15,404**	65,255	**15,404**	65,255
Others	**96,545**	196,452	**96,545**	196,452	**57,133**	126,467
	100,906,760	66,478,714	**455,062**	608,777	**395,201**	518,343

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	---- (Rupees in '000) ----					
Public / Government	**97,869,309**	63,275,197	**-**	-	**-**	-
Private	**3,037,451**	3,203,517	**455,062**	608,777	**395,201**	518,343
	100,906,760	66,478,714	**455,062**	608,777	**395,201**	518,343

42.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	---- (Rupees in '000) ----					
Agriculture, Forestry, Hunting and Fishing	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Textile	**3,920,666**	4,410,912	**313,947**	343,434	**309,878**	336,961
Chemical and Pharmaceuticals	**561,607**	290,645	-	-	-	-
Cement	**403,729**	403,729	-	-	-	-
Sugar	**700,045**	885,000	**240,000**	-	**43,009**	-
Footwear and Leather garments	-	-	-	-	-	-
Automobile and transportation equipment	**303,346**	257,352	-	-	-	-
Electronics and electrical appliances	**466,667**	638,542	**50,000**	50,000	**50,000**	50,000
Construction	**385,073**	405,596	-	-	-	-
Power (electricity), Gas, Water, Sanitary	**3,921,149**	2,979,310	**272,570**	68,200	**68,200**	68,200
Wholesale and Retail Trade	**157,519**	86,311	-	-	-	-
Exports/Imports	-	-	-	-	-	-
Transport, Storage and Communication	**2,481,703**	3,022,076	-	-	-	-
Financial	**978,885**	1,402,862	**5,161**	5,161	**5,161**	5,161
Insurance	-	-	-	-	-	-
Services	**1,809,940**	1,561,941	**2,076**	2,076	**607**	517
Individuals	**94,185**	94,801	-	-	-	-
Others	**4,285,286**	5,148,138	**1,035,246**	1,058,348	**272,242**	190,858
	20,469,800	21,587,215	**1,919,000**	1,527,219	**749,097**	651,697

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	---- (Rupees in '000) ----					
Public/ Government	**814,815**	815,891	-	-	-	-
Private	**19,654,985**	20,771,324	**1,919,000**	1,527,219	**749,097**	651,697
	20,469,800	21,587,215	**1,919,000**	1,527,219	**749,097**	651,697

42.1.4 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	(Rupees in '000)	
Textile	-	140,000
Power (electricity), Gas, Water, Sanitary	-	144,000
Transport, Storage and Communication	25,000	-
Financial	300,000	-
Others	901,443	524,730
	1,226,443	808,730

Credit risk by public / private sector

	2021	2020
Public/ Government	-	-
Private	1,226,443	808,730
	1,226,443	808,730

42.1.5 Concentration of Advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 7,776.246 million (2020: Rs 8,774.319 million) are as following:

	2021	2020
	(Rupees in '000)	
Funded	7,776,246	8,774,319
Non Funded	-	-
Total Exposure	7,776,246	8,774,319

The sanctioned limits against these top 10 exposures aggregated to Rs 11,342 million (2020: Rs 12,160 million)

Total funded classified therein

	2021		2020	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	204,370	-	-	-
Substandard	750,000	44,840	854,762	3,956
Doubtful	-	-	-	-
Loss	964,630	704,257	672,457	647,741
Total	1,919,000	749,097	1,527,219	651,697

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

2021

Province/Region	Disbursements	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	4,798,183	1,216,527	1,954,997	-	-	1,626,659	-

2020

Province/Region	Disbursements	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	3,608,286	1,545,000	518,691	141,795	-	1,402,800	-

42.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates and equity prices. The board of directors is responsible for reviewing and recommending all market risk policies.

The market risk management framework of the company comprises of business unit actually undertaking the risk, the Risk Management Department, Asset and Liability Committee and the Investment Committee.

Dealing activities of the Company include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, and money market transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Stress testing is performed as per guidelines of SBP as well as Company's internal policy.

42.2.1 Statement of financial position split by trading and banking books

	2021			2020		
	Banking book	**Trading book**	**Total**	**Banking book**	**Trading book**	**Total**
	---------- (Rupees in '000) ----------					
Cash and balances with treasury banks	**173,449**	**-**	**173,449**	214,433	-	214,433
Balances with other banks	**1,490,702**	**-**	**1,490,702**	1,318,436	-	1,318,436
Lendings to financial institutions	**1,953,578**	**-**	**1,953,578**	3,600,000	-	3,600,000
Investments	**4,512,242**	**97,275,469**	**101,787,711**	5,033,736	63,183,554	68,217,290
Advances	**19,720,493**	**-**	**19,720,493**	20,935,305	-	20,935,305
Fixed assets	**194,993**	**-**	**194,993**	219,239	-	219,239
Intangible assets	**-**	**-**	**-**	-	-	-
Deferred tax assets	**398,502**	**-**	**398,502**	226,542	-	226,542
Other assets	**2,155,949**	**-**	**2,155,949**	2,074,831	-	2,074,831
Assets held-for-sale	**384,708**		**384,708**	-		-
	30,984,616	**97,275,469**	**128,260,085**	33,622,522	63,183,554	96,806,076

42.2.2 Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign currency rates. However, the Company is not exposed to major foreign currency risk as its assets and liabilities are primarily denominated in Pakistani rupees.

	2021		2020	
	Foreign Currency Assets	**Net foreign currency exposure**	**Foreign Currency Assets**	**Net foreign currency exposure**
United States Dollar	**55**	**55**	63	63
Omani Riyal	**7,932**	**7,932**	7,242	7,242
	7,987	**7,987**	7,305	7,305

	2021		2020	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	------------------------------ (Rupees in '000) ------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**(82)**	**-**	(76)	-
- Other comprehensive income	**-**	**-**	-	-

42.2.3 Equity position Risk

Equity position risk refers to the risk arising from taking long or short positions, in the trading book, in equities and all instruments that exhibit market behavior similar to equities. The Company is exposed to such risk due to investment activities undertaken on a day-to-day basis. The Company has established a Capital Market Review Committee to monitor the equity portfolio and the future strategy pertaining thereto. As per Standardized Approach 8% charge has to be created on both Specific and General Equity Position Risk Management calculation.

The Company has does not hold investment in listed equity securities - classified as available for sale as of December 31, 2021.

	2021		2020	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account *	**-**	**-**	**-**	-
- Other comprehensive income	**(214,904)**	**-**	(153,891)	-

* Equity position includes Equity shares and Bank's TFC tier II

42.3 Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The lending, funding and investment activities of the Company are exposed to interest rate risk. The Company is using a 16 band repricing model for measurement of interest rate risk. Furthermore, stress testing technique is also used to evaluate the potential effects on the financial condition of a specific event and movements in a set of financial variables.

	2021 Banking book	2021 Trading book	2020 Banking book	2020 Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on:				
Profit and loss account *	-	(34,991)	-	(89,494)
Other comprehensive income *	141,052	(219,479)	34,137	(223,221)

* Earning approach

42.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2021										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		173,449	-	-	-	-	-	-	-	-	-	173,449
Balances with other banks	11.63%	1,490,702	516,519	950,000	-	-	-	-	-	-	-	24,183
Lendings to financial institutions	10.70%	1,953,578	1,953,578	-	-	-	-	-	-	-	-	-
Investments	9.41%	101,787,711	24,237,514	42,279,556	29,208,409	3,638,198	135,286	-	879,086	-	-	1,409,662
Advances	10.58%	19,720,493	6,135,011	8,494,155	2,352,845	336,854	539,140	493,885	747,328	582,053	23,205	16,017
Assets held-for-sale		384,708	-	-	-	-	-	-	-	-	-	384,708
Other assets		1,324,886	-	-	-	-	-	-	-	-	-	1,324,886
		126,835,527	32,842,622	51,723,711	31,561,254	3,975,052	674,426	493,885	1,626,414	582,053	23,205	3,332,905
Liabilities												
Borrowings	9.78%	103,997,150	42,367,574	54,755,575	4,250,741	513,249	541,040	497,608	736,190	335,173	-	-
Deposits and other accounts	10.18%	14,353,682	8,962,684	2,747,378	441,818	2,199,802	2,000	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	3,935	64	129	197	407	872	955	1,311	-	-	-
Other liabilities		1,149,464	-	-	-	-	-	-	-	-	-	1,149,464
		119,504,231	51,330,322	57,503,082	4,692,756	2,713,458	543,912	498,563	737,501	335,173	-	1,149,464
On-balance sheet gap		7,331,296	(18,487,700)	(5,779,371)	26,868,498	1,261,594	130,514	(4,678)	888,913	246,880	23,205	2,183,441
Non-Financial assets		1,424,558										
Non-Financial liabilities		-										
Total Net Assets		8,755,854										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward Government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(18,487,700)	(5,779,371)	26,868,498	1,261,594	130,514	(4,678)	888,913	246,880	23,205	2,183,441
Cumulative yield / interest risk sensitivity gap			(18,487,700)	(24,267,071)	2,601,427	3,863,021	3,993,535	3,988,857	4,877,770	5,124,650	5,147,855	7,331,296

Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2020										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		214,433	-	-	-	-	-	-	-	-	-	214,433
Balances with other banks	8.52%	1,318,436	7,024	1,300,000	-	-	-	-	-	-	-	11,412
Lendings to financial institutions	7.29%	3,600,000	3,600,000	-	-	-	-	-	-	-	-	-
Investments	8.29%	68,217,290	1,553,696	22,421,244	23,130,303	7,042,175	7,223,143	1,040,440	3,905,040	-	-	1,901,249
Advances	9.06%	20,935,305	5,381,077	9,166,781	3,463,161	352,692	480,364	471,739	767,514	813,254	24,512	14,211
Other assets		1,527,748	-	-	-	-	-	-	-	-	-	1,527,748
		95,813,212	10,541,797	32,888,025	26,593,464	7,394,867	7,703,507	1,512,179	4,672,554	813,254	24,512	3,669,053
Liabilities												
Borrowings	6.97%	70,551,769	57,302,415	8,182,378	2,406,083	384,706	485,077	470,118	763,299	557,693	-	-
Deposits and other accounts	7.38%	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	197	197	-	-	-	-	-	-	-	-	-
Other liabilities		1,298,614	-	-	-	-	-	-	-	-	-	1,298,614
		87,719,710	64,614,819	14,526,908	4,315,667	687,515	485,077	470,118	763,299	557,693	-	1,298,614
On-balance sheet gap		8,093,502	(54,073,022)	18,361,117	22,277,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	2,370,439
Non - financial assets		992,864										
Non - financial liabilities		3,333										
Total Net Assets		9,083,033										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward Government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(54,073,022)	18,361,117	22,277,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	2,370,439
Cumulative yield / interest risk sensitivity gap			(54,073,022)	(35,711,905)	(13,434,108)	(6,726,756)	491,674	1,533,735	5,442,990	5,698,551	5,723,063	8,093,502

42.3.2 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

42.3.3 Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

42.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is inherent in the company's business and operational activities.

The Company has instituted sound internal controls through policies, plans and processes approved by the Board of Directors for controlling and mitigating potential operational risk. The system of internal controls include financial, operational and compliance controls and is performed on continuous basis by the senior management and all levels of employees within the Company.

The objectives of internal controls include the safeguarding of assets from inappropriate use or from loss and fraud, ensuring that liabilities are identified and managed and that the quality of internal and external reporting is maintained. The Company regularly monitors its Key Risk Indicators (KRI) and Loss Data inventory. The company has also formulated a disaster recovery plan and guidelines for information security, employee conduct and for prevention of fraud and forgery to ensure smooth functioning of the Company's operations.

Pakistan has witnessed numerous waves of Covid-19. With the latest surge because of Omicron variant, the number of infected people rose significantly which compelled the government to enforce lockdowns across the country. The management is vary of the situation and the risks it poses to our employees and the Comapny's operations. Various precautionary measures are in place to address the safety of Company’s staff and visitors alike. Such measures include:

- All employees / visitors are screened daily for temperature before entering the premises.

- Wearing a face mask is mandatory for all employees / visitors.

- Entire premises is disinfected on daily basis.

- All employees are fully vaccinated and are required to maintain safe distance while interacting with others.

Business Continuity Plan (BCP) has been rigorously tested. The Company has enhanced remote work capabilities in order to ensure seamless operations and provision of uninterrupted services to the customers. Related risks and control measures are regularly monitored to protect Company’s information assets from emerging cyber threats.

42.5 Liquidity risk

Liquidity risk is the risk to earnings, capital and reputation due to its inability to meet obligations in a timely manner without incurring unacceptable cost or losses. Large off-balance sheet exposures or balance sheet build-up through unstable funding gives rise to relatively high level of liquidity risk.

Beside the Board which will be responsible for formulation of over all policy, the following will be involved in Liquidity Risk Management Process with roles and responsibilities defined hereunder:

- Risk Management
- Finance
- Treasury
- Asset Liability Committee (ALCO)

The ALCO will be responsible for monitoring of the tolerance limits. The Asset and Liability Managmenet (ALM) desk in Treasury manages the liquidity needs of the Company on a daily basis.

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

2021

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	173,449	-		173,449	-	-	-								
Balances with other banks	1,490,702	-	540,702	-	-	-	950,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,953,578	-	-	-	1,953,578	-	-	-	-	-	-	-	-	-	-
Investments	101,787,711	-	-	3,986,895	12,582,649	11,852,281	13,750,093	7,801,406	3,770,700	249,597	16,827,243	1,439,521	17,613,427	11,613,899	300,000
Advances	19,720,493	-	545,846	46,027	34,045	374,865	1,294,287	1,751,169	1,230,612	1,285,096	4,319,576	3,251,893	3,677,713	1,454,782	454,582
Fixed assets	194,993	-	-	-	3,600	3,601	3,600	9,883	8,931	8,930	32,554	24,260	22,624	77,010	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	398,502	-	-	-	(26,981)	(4,471)	(4,470)	(15,733)	2,319	2,319	(67,069)	(33,295)	406,802	138,516	565
Other assets	2,155,949	-	89,234	34,232	213,348	409,166	192,735	848,986	2,935	4,634	-	357,193	3,486	-	-
Assets held-for-sale	384,708	-	-	-	384,708	-	-	-	-	-	-	-	-	-	-
	128,260,085	-	1,175,782	4,240,603	15,144,947	12,635,442	16,186,245	10,395,711	5,015,497	1,550,576	21,112,304	5,039,572	21,724,052	13,284,207	755,147
Liabilities															
Borrowings	103,997,150	-	41,833,403	16,704	517,467	40,977,060	11,449,349	4,350,740	812,804	362,945	1,532,707	1,072,608	736,190	335,173	-
Deposits and other accounts	14,353,682	-	547,879	261,451	8,153,354	1,336,857	1,410,521	441,818	474,713	1,725,089	2,000	-	-	-	-
Liabilities against assets subject to finance lease	3,935	-	-	-	64	64	65	197	201	206	872	955	1,311	-	-
Others liabilities	1,149,464	-	51,404	5,214	82,752	167,923	697,608	34,305	14,750	4,826	27,866	46,249	16,567	-	-
	119,504,231	-	42,432,686	283,369	8,753,637	42,481,904	13,557,543	4,827,060	1,302,468	2,093,066	1,563,445	1,119,812	754,068	335,173	-
Net assets	8,755,854	-	(41,256,904)	3,957,234	6,391,310	(29,846,462)	2,628,702	5,568,651	3,713,029	(542,490)	19,548,859	3,919,760	20,969,984	12,949,034	755,147
Share capital	6,150,000														
Reserves	1,855,525														
Unappropriated profit	751,379														
Surplus on revaluation of assets	(1,050)														
	8,755,854														

2020

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	214,433	-	-	214,433	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,318,436	-	18,436	-	-	-	1,300,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	-	3,000,000	-	600,000	-	-	-	-	-	-	-	-	-	-
Investments	68,217,290	-	14,834	34,289	517,859	3,738,973	12,583,247	1,922,174	7,096,959	19,234	7,682,034	11,263,674	13,326,597	9,717,416	300,000
Advances	20,935,305	-	1,911	20,292	212,555	520,113	1,447,412	1,909,401	1,254,187	1,296,807	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	219,239	-	-	-	3,590	3,887	3,887	9,459	9,710	9,710	33,548	24,221	23,758	97,469	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	226,542	-	-	-	(37,891)	(1,832)	(1,832)	(11,679)	(65,055)	(65,055)	(56,489)	(45,934)	337,102	174,578	628
Other assets	2,074,831	-	77,227	131,531	325,194	245,123	318,450	591,452	4,312	1,067	-	375,991	4,486	-	-
	96,806,076	-	3,112,408	400,545	1,621,307	4,506,264	15,651,164	4,420,807	8,300,113	1,261,763	12,225,616	15,149,645	17,976,917	11,714,457	465,071
Liabilities															
Borrowings	70,551,769	-	45,179,115	717,230	11,406,070	5,296,395	1,169,317	1,957,750	595,085	846,288	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	-	4,318,788	380,065	2,613,354	4,341,300	2,003,230	1,909,584	128,347	174,462	-	-	-	-	-
Liabilities against assets subject to finance lease	197	-	-	-	197	-	-	-	-	-	-	-	-	-	-
Others liabilities	1,301,947	-	219,004	20,371	120,094	72,197	692,287	59,930	7,524	3,826	10,983	39,984	55,747	-	-
	87,723,043	-	49,716,907	1,117,666	14,139,715	9,709,892	3,864,834	3,927,264	730,956	1,024,576	1,437,726	676,768	819,046	557,693	-
Net assets	9,083,033	-	(46,604,499)	(717,121)	(12,518,408)	(5,203,628)	11,786,330	493,543	7,569,157	237,187	10,787,890	14,472,877	17,157,871	11,156,764	465,071
Share capital	6,150,000														
Reserves	1,759,985														
Unappropriated profit	824,550														
Surplus on revaluation of assets	348,498														
	9,083,033														

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

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

2021

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	----------
Assets										
Cash and balances with treasury banks	173,449	173,449	-	-	-	-	-	-	-	-
Balances with other banks	1,490,702	540,702	950,000	-	-	-	-	-	-	-
Lendings to financial institutions	1,953,578	1,953,578	-	-	-	-	-	-	-	-
Investments	101,787,711	16,569,544	25,602,374	7,801,406	4,020,297	16,827,243	1,439,521	17,613,427	11,613,899	300,000
Advances	19,720,493	625,918	1,669,152	1,751,169	2,515,708	4,319,576	3,251,893	3,677,713	1,454,782	454,582
Fixed assets	194,993	3,600	7,201	9,883	17,861	32,554	24,260	22,624	77,010	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	398,502	(26,981)	(8,941)	(15,733)	4,638	(67,069)	(33,295)	406,802	138,516	565
Other assets	2,155,949	336,814	601,901	848,986	7,569	-	357,193	3,486	-	-
Assets held-for-sale	384,708	384,708	-	-	-	-	-	-	-	-
	128,260,085	20,561,332	28,821,687	10,395,711	6,566,073	21,112,304	5,039,572	21,724,052	13,284,207	755,147
Liabilities										
Borrowings	103,997,150	42,367,574	52,426,409	4,350,740	1,175,749	1,532,707	1,072,608	736,190	335,173	-
Deposits and other accounts	14,353,682	8,962,684	2,747,378	441,818	2,199,802	2,000	-	-	-	-
Liabilities against assets subject to finance lease	3,935	64	129	197	407	872	955	1,311	-	-
Others liabilities	1,149,464	139,370	865,531	34,305	19,576	27,866	46,249	16,567	-	-
	119,504,231	51,469,692	56,039,447	4,827,060	3,395,534	1,563,445	1,119,812	754,068	335,173	-
Net assets	8,755,854	(30,908,360)	(27,217,760)	5,568,651	3,170,539	19,548,859	3,919,760	20,969,984	12,949,034	755,147
Share capital	6,150,000									
Reserves	1,855,525									
Unappropriated profit	751,379									
Surplus on revaluation of assets	(1,050)									
	8,755,854									

2020

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	----------
Assets										
Cash and balances with treasury banks	214,433	214,433	-	-	-	-	-	-	-	-
Balances with other banks	1,318,436	18,436	1,300,000	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Investments	68,217,290	566,982	16,322,220	1,922,174	7,116,193	7,682,034	11,263,674	13,326,597	9,717,416	300,000
Advances	20,935,305	234,758	1,967,525	1,909,401	2,550,994	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	219,239	3,590	7,774	9,459	19,420	33,548	24,221	23,758	97,469	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	226,542	(37,891)	(3,663)	(11,679)	(130,110)	(56,489)	(45,934)	337,102	174,578	628
Other assets	2,074,831	533,952	563,572	591,452	5,378	-	375,991	4,486	-	-
	96,806,076	5,134,260	20,157,428	4,420,807	9,561,875	12,225,616	15,149,645	17,976,917	11,714,457	465,071
Liabilities										
Borrowings	70,551,769	57,302,415	6,465,712	1,957,750	1,441,373	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-
Liabilities against assets subject to finance lease	197	197	-	-	-	-	-	-	-	-
Others Liabilities	1,301,947	359,469	764,484	59,930	11,350	10,983	39,984	55,747	-	-
	87,723,043	64,974,288	13,574,726	3,927,264	1,755,532	1,437,726	676,768	819,046	557,693	-
Net assets	9,083,033	(59,840,028)	6,582,702	493,543	7,806,343	10,787,890	14,472,877	17,157,871	11,156,764	465,071
Share capital	6,150,000									
Reserves	1,759,985									
Unappropriated profit	824,550									
Surplus on revaluation of assets	348,498									
	9,083,033									

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

43 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on 01 March 2022 have:

- proposed 6% cash dividend amounting to Rs.369 million subject to the approval of the members at the annual general meeting.

These unconsolidated financial statements do not recognise the aforementioned appropriation as this has been proposed and approved subsequent to the statement of financial position date.

44 GENERAL

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

44.2 The VIS Credit Rating Company Limited has maintained the Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

45 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on 01 March 2022 by the Board of Directors of the Company.

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

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PAK OMAN INVESTMENT COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Oman Investment Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pak Oman Investment Company Limited** ("the Company or Holding Company") and its subsidiary company (together referred to as "the Group"), which comprise the consolidated statement of financial position as at **31 December 2021**, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information,

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the 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 financial statements and our auditors' reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, 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 the 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi

Date: 24 March 2022

UDIN Number: AR202110076KwVtQINX3

Pak Oman Investment Company Limited
Consolidated Statement of Financial Position
As at 31 December 2021

2021	2020		Note	2021	2020
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
983	1,215	Cash and balances with treasury banks	**5**	**173,463**	214,467
8,447	7,476	Balances with other banks	**6**	**1,490,942**	1,319,582
11,068	20,395	Lendings to financial institutions	**7**	**1,953,578**	3,600,000
574,701	383,934	Investments	**8**	**101,442,517**	67,769,494
111,722	118,605	Advances	**9**	**19,720,493**	20,935,305
1,240	1,417	Fixed assets	**10**	**218,795**	250,195
548	1,265	Intangible assets	**11**	**96,692**	223,273
2,093	1,228	Deferred tax assets	**12**	**369,393**	216,789
12,979	12,757	Other assets	**13**	**2,290,984**	2,251,865
1,995	-	Assets held-for-sale	**8.5.4**	**352,163**	-
725,776	548,292			**128,109,020**	96,780,970
		LIABILITIES			
-	-	Bills payable		**-**	-
589,296	399,866	Borrowings	**14**	**104,018,650**	70,581,769
81,318	89,903	Deposits and other accounts	**15**	**14,353,682**	15,869,130
22	1	Liabilities against assets subject to finance lease	**16**	**3,935**	197
-	-	Subordinated debt		**-**	-
-	-	Deferred tax liabilities		**-**	-
7,195	8,093	Other liabilities	**17**	**1,269,874**	1,428,400
677,831	497,863			**119,646,141**	87,879,496
47,945	50,429	**NET ASSETS**		**8,462,879**	8,901,474
		REPRESENTED BY			
34,842	34,842	Share capital	**18**	**6,150,000**	6,150,000
10,512	9,971	Reserves	**19**	**1,855,525**	1,759,985
(6)	1,974	(Deficit) / Surplus on revaluation of assets	**20**	**(1,050)**	348,498
2,586	3,605	Unappropriated profit		**456,490**	636,372
47,934	50,392	Equity attributable to shareholder of Group		**8,460,965**	8,894,855
11	37	Non-controlling interest	**21**	**1,914**	6,619
47,945	50,429			**8,462,879**	8,901,474
		CONTINGENCIES AND COMMITMENTS	**22**		

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Profit and Loss Account
For the year ended 31 December 2021

2021	2020		Note	2021	2020
(US Dollar in '000)				(Rupees in '000)	
45,419	50,960	Mark-up / return / interest earned	**23**	**8,017,103**	8,995,109
38,554	42,223	Mark-up / return / interest expensed	**24**	**6,805,352**	7,453,007
6,865	8,737	Net mark-up / interest income		**1,211,751**	1,542,102
		NON MARK-UP / INTEREST INCOME			
778	499	Fee and commission income	**25**	**137,374**	88,056
281	320	Dividend income		**49,653**	56,500
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
318	2,839	Gain on securities	**26**	**56,157**	501,160
145	75	Share of profit from associates - net of tax		**25,608**	13,168
116	136	Other income	**27**	**20,535**	24,037
1,638	3,869	Total non mark-up / interest income		**289,327**	682,921
8,503	12,606	**Total Income**		**1,501,078**	2,225,023
		NON MARK-UP / INTEREST EXPENSES			
4,195	4,239	Operating expenses	**28**	**740,476**	748,153
85	155	Workers Welfare Fund		**15,038**	27,289
238	169	Other charges	**29**	**42,053**	29,804
4,518	4,563	Total non mark-up / interest expenses		**797,567**	805,246
3,985	8,043	Profit Before Provisions		**703,511**	1,419,777
(787)	(821)	Provisions and write offs - net	**30**	**(138,941)**	(144,952)
-	-	Extra ordinary / unusual items		**-**	-
3,198	7,222	**PROFIT BEFORE TAXATION**		**564,570**	1,274,825
(1,109)	(2,076)	Taxation	**31**	**(195,841)**	(366,427)
2,089	5,146	**PROFIT AFTER TAXATION**		**368,729**	908,398
		ATTRIBUTABLE TO:			
2,102	5,148	Shareholders of the Group		**370,989**	908,746
(13)	(2)	Non-controlling interest		**(2,260)**	(348)
2,089	5,146			**368,729**	908,398
(US Dollar)				(Rupees)	
0.0034	0.0084	**Basic and diluted earnings per share attributable to shareholders of the Group**	**32**	**0.60**	1.48

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

2021	2020		2021	2020
(US Dollar in '000)			(Rupees in '000)	
2,089	5,146	Profit after taxation for the year	**368,729**	908,398
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(1,965)	747	Movements in (deficit) / surplus on revaluation of investments - net of tax	**(346,889)**	131,838
-				
		Items that will not be reclassified to profit and loss account in subsequent periods:		
18	(10)	Remeasurement (loss) / gain on defined benefit obligations - net of tax	**3,260**	(1,712)
(15)	311	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	**(2,659)**	54,933
3	301		**601**	53,221
127	6,194	**Total comprehensive income**	**22,441**	1,093,457
		ATTRIBUTABLE TO:		
140	6,196	Shareholders of the Group	**24,701**	1,093,805
(13)	(2)	Non-controlling interest	**(2,260)**	(348)
127	6,194		**22,441**	1,093,457

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	(Reserves) Statutory reserve	(Reserves) General reserve	Surplus / (deficit) on revaluation of Investments	Surplus / (deficit) on revaluation of Non-banking assets	Unappropriated profit	Sub total	Non-controlling interest	Total
	(Rupees in '000)								
Balance as at 01 January 2020	**6,150,000**	**1,253,874**	**11,630**	**118,059**	**43,668**	**651,712**	**8,228,943**	**6,967**	**8,235,910**
Profit after taxation for the year ended 31 December 2020	-	-	-	-	-	908,746	908,746	(348)	908,398
Other comprehensive income - net of tax	-	-	-	131,838	54,933	(1,712)	185,059	-	185,059
Total comprehensive income	-	-	-	131,838	54,933	907,034	1,093,805	(348)	1,093,457
Transfer to statutory reserve	-	194,481	-	-	-	(194,481)	-	-	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,607	2,607	-	2,607
Transaction with owners, recorded directly in equity									
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
Balance as at 31 December 2020	**6,150,000**	**1,448,355**	**311,630**	**249,897**	**98,601**	**636,372**	**8,894,855**	**6,619**	**8,901,474**
Profit after taxation for the year ended 31 December 2021	-	-	-	-	-	370,989	370,989	(2,260)	368,729
Other comprehensive income - net of tax	-	-	-	(346,889)	(2,659)	3,260	(346,288)	-	(346,288)
Total comprehensive income	-	-	-	(346,889)	(2,659)	374,249	24,701	(2,260)	22,441
Transfer to statutory reserve	-	95,540	-	-	-	(95,540)	-	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,659	2,659	-	2,659
Further acquisition in subsidiary						-	-	(2,445)	(2,445)
Transaction with owners, recorded directly in equity									
Final cash dividend - 31 December 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)	-	(461,250)
Balance as at 31 December 2021	**6,150,000**	**1,543,895**	**311,630**	**(96,992)**	**95,942**	**456,490**	**8,460,965**	**1,914**	**8,462,879**

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2021

2021	2020		Note	2021	2020
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
3,198	7,222	Profit before taxation		**564,570**	1,274,825
(281)	(320)	Less: Dividend income		**(49,653)**	(56,500)
2,917	6,902			**514,917**	1,218,325
		Adjustments:			
273	265	Depreciation on fixed assets	**10.1**	**48,146**	46,701
126	153	Depreciation on right-of-use assets	**10.1**	**22,198**	27,009
-	-	Amortization	**11**	**12**	5
787	821	Provisions and write offs - net	**30**	**138,941**	144,952
-	-	Impairment on goodwill		**-**	-
(58)	(10)	Gain on sale of fixed assets	**10.3**	**(10,288)**	(1,726)
(145)	(75)	Share of profit from associates - net of tax		**(25,608)**	(13,168)
92	108	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	**24**	**16,287**	18,984
2	1	Finance charges on leased assets	**28**	**325**	258
3	(165)	Unrealised loss / (gain) on held-for-trading securities	**26**	**604**	(29,183)
1,080	1,098			**190,617**	193,832
3,997	8,000			**705,534**	1,412,157
		(Increase) / Decrease in operating assets			
9,327	25,678	Lendings to financial institutions		**1,646,422**	4,532,475
61,840	(48,154)	Held-for-trading securities		**10,915,529**	(8,499,885)
6,330	(5,729)	Advances		**1,117,415**	(1,011,213)
1,410	(566)	Other assets (excluding advance taxation)		**248,945**	(99,875)
78,907	(28,771)			**13,928,311**	(5,078,498)
		Increase / (decrease) in operating liabilities			
189,430	(18,196)	Borrowings		**33,436,881**	(3,211,757)
(8,585)	41,315	Deposits and other accounts		**(1,515,448)**	7,292,738
(965)	(1,192)	Other liabilities (excluding current taxation)		**(170,221)**	(210,604)
179,880	21,927			**31,751,212**	3,870,377
262,784	1,156			**46,385,057**	204,036
(2,867)	(1,937)	Income tax paid		**(506,064)**	(341,928)
259,917	(781)	**Net cash flow generated / (used in) from operating activities**		**45,878,993**	(137,892)
		CASH FLOW FROM INVESTING ACTIVITIES			
(256,884)	1,006	Net investments in available-for-sale securities		**(45,343,575)**	177,620
346	(1,071)	Investment in associates		**61,024**	(189,129)
-	-	Net investments in held-to-maturity securities		**-**	-
(14)	-	Investment in subsidiary		**(2,445)**	-
25	320	Dividend received		**4,453**	56,500
(118)	(632)	Investments in operating fixed assets / intangibles		**(20,894)**	(111,597)
60	232	Proceeds from sale of fixed assets		**10,637**	40,911
(256,585)	(145)	**Net cash flow used in investing activities**		**(45,290,800)**	(25,695)
		CASH FLOW FROM FINANCING ACTIVITIES			
19	(4)	Payments of lease obligations		**3,413**	(671)
(2,613)	(2,439)	Dividend paid		**(461,250)**	(430,500)
(2,594)	(2,443)	**Net cash flow used in financing activities**		**(457,837)**	(431,171)
738	(3,369)	**Increase / decrease in cash and cash equivalents**		**130,356**	(594,758)
8,691	12,060	Cash and cash equivalents at beginning of the year	**33**	**1,534,049**	2,128,807
9,429	8,691	**Cash and cash equivalents at end of the year**	**33**	**1,664,405**	1,534,049

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank, asset management and investment advisory services. Brief profile of the Group and its subsidiary is as follows:

1.1.1 Holding Company

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding company was converted into a public company. The Holding Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Holding Company's objectives interalia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Holding Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Holding Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Holding Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October, 2003 issued by the State Bank of Pakistan.

1.1.2 Subsidiary Company

Pak-Oman Asset Management Company Limited (the "subsidiary company" or "POAMCL") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 on 28 July 2006 as an unlisted public limited company having its registered office at Icon House, 83-C, 12th Commercial street Phase- II Extension, DHA Karachi, Pakistan. POAMCL obtained certificate of commencement of business on 31 October 2006. The principal activities of the subsidiary company includes investment advisory and asset management services.

In 2017, the subsidiary company had purchased 100% shares of Askari Investment Management Limited for a consideration of Rs. 551 million. The acquisition is effective from the close of business as on 31 May 2017 under a Share Purchase Agreement dated 10 January 2017. Askari Investment Management Limited has been merged with Pak Oman AMCL effective from 30 October 2017 and accordingly seven funds of Askari Investment Management Limited are now under the management of the subsidiary company as disclosed in note 41.1.

1.2 The Group’s associates are as follows:

Entity	Country of Incorporation	Nature of business	Holding %	
			2021	**2020**
Pak Oman Advantage Islamic Income	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**19.47**	19.15
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**25.13**	24.24
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**98.46**	98.47
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**13.99**	99.37
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**9.07**	10.75
Askari Cash Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**5.32**	-
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and under served segment of the society.	**16.67**	16.67
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	**11.29**	11.29

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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;
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan (SECP).

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

SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2022. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars.

Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.2 Consolidated financial statements

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 dated 25 January 2018.

These consolidated financial statements have been prepared from the information available in the audited financial statements of the Group for the year ended 31 December 2021 and the audited financial statements of the subsidiary (POAMCL) for the year ended 31 December 2021. The financial statements used for the equity accounting of associates are disclosed in Note 8.5.4.

These consolidated financial statements have been presented in Pakistani Rupees which is the Group's functional and presentation currency.

2.3 US Dollar equivalent

The US Dollar amounts shown in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 176.5135 to 1 US Dollar has been used for 2021 and 2020 as it was the prevalent rate as on 31 December 2021.

2.4 Basis of consolidation

2.4.1 Subsidiary

- The consolidated financial statements include the financial statements of the Company (the Holding Company) and its subsidiary company together - "the Group".
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These consolidated financial statements incorporate the financial statements of the subsidiary company from the date that control commences until the date that control ceases.
- The financial statements of the subsidiary company is prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis.

- Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to interest which are not owned by the holding company.

- Material intra-group balances and transactions are eliminated.

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

The Group has adopted the following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year:

COVID-19-Related Rent Concessions - Amendment to IFRS 16

The IASB has issued amendments to IFRS 16 (the amendments) to provide optional practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they are were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the conditions described in IFRS 16 paragraph 46B are met.

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free mark-up rate (RFR).

The above mentioned accounting standards and amendments of IFRSs did not have any material impact on the consolidated financial statements of the Group.

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

IFRS 9 'Financial Instruments' - IFRS 9 will replace the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 has extended the implementation date of IFRS 9 to 01 January 2022 from an earlier implementation date of 01 January 2021. However, SBP has directed the banks/DFIs in Pakistan to submit IFRS 9 parallel run and proforma financial statements on periodic basis based on the instructions issued by SBP for parallel run of IFRS 9 and Bank / DFIs has been complying with these requirements.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	**IASB Effective date (annual periods beginning on or after)**
- IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract (Amendments)	January 01, 2022
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
- IFRS 3 - Reference to the Conceptual Framework	January 01, 2022
- IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022
- IFRS 9 - Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities (Amendments)	January 01, 2022
- IAS 8 - Definition of Accounting Estimates	January 01, 2022
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	January 01, 2023
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the consolidated financial statements of the Group for the futures periods.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2023

2.7 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates. 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:

- Provision against non-performing advances (note 4.4.2 and 9);
- Impairment of available-for-sale investments (4.3 and 8);
- Classification of investments (note 4.3 and 8);
- Income taxes (note 4.10 and 31);
- Fixed assets, depreciation and amortization (note 4.5.1, 10, and 11);
- Right-of-use assets and related lease liabilities (note 4.5.4, 10, and 17);
- Defined benefit plan (note 4.6.1 and 35);
- Non-banking assets acquired in satisfaction of claims (note 4.19, 13, and 20); and
- Goodwill (note 4.21 and 11).

a) Provision against non-performing advances

The Group reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Group follows requirements set out in Prudential Regulations.

b) Classification of investments

In classifying investments as "held-for-trading", the Group has determined securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements.

In classifying investments as "held-to-maturity" the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as "available-for-sale".

c) Impairment of available-for-sale investments

The Group considers that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

d) Income taxes

In making the estimates for current and deferred income taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

e) Fixed assets, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

f) Lease Term

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

g) Non-banking assets acquired in satisfaction of claims

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per requirement of SBP's DPS Regulation. Surplus arising on revaluation of property is credited to the "surplus on revaluation of assets" account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to profit and loss account and not capitalised.

h) Defined benefit plan

The liabilities for employees' benefit plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

i) Provisions against off - balance sheet obligations

Group, in the ordinary course of business, issues guarantees. The commission against such contracts is recognised in the profit and loss account under "fees and commission income". Group's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

3 BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except for certain investments, derivative financial instruments, and non-banking assets acquired in satisfaction of claims, which have been marked to market revalued and are carried at fair value. Further, defined benefit plan as discussed in notes 4.6.1 and 35 to the consolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash and non-restricted balances with treasury banks, balances with other banks and placements with financial institutions having maturities of three (3) months or less.

4.2 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale obligation

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

Bai Muajjal

In Bai Muajjal, the Group sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised on an accrual basis as an expense in the period in which it is incurred.

4.3 Investments

The Group classifies its investments other than those in subsidiary and associates based on the following categories as per SBP guidelines s vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs:

Associates

Associates are all entities over which the Group has significant influence but not control. These are accounted for using the equity method of accounting.

Under the equity method, the investment in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses, share of other comprehensive income or loss and share of the post acquisition movement in other reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Held-for-trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short-term trading exists.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturities which the Group has the intention and ability to hold till maturity.

Available-for-sale

These are investments which do not fall under held for trading and held to maturity categories.

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

Investments (other than held for trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held for trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

After initial recognition, quoted securities (other than those classified as held to maturity) are carried at market value. Unquoted securities are valued at cost less impairment in value, if any. Held to maturity securities are carried at amortised cost.

Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available-for-sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

Details of valuation techniques used in determination of fair value is included in note 38 of consolidated financial statements.

4.4 Advances and net investment in finance lease

4.4.1 Advances

Advances are stated net of specific and general provisions against non-performing advances, if any, which are charged to profit and loss account.

4.4.2 Provision against non-performing advances

Specific / General provisions are made in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances) for classification of non-performing advances and computing provision / allowance there against.

4.4.3 Net investment in lease

Leases are classified as finance lease when substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee. A receivable is recognized at an amount equal to the present value of the lease payments, including guaranteed residual value, if any. Finance lease receivables are included in advances.

Advances and finance lease receivables are written off when it is considered that there is no realistic prospect of recovery.

4.5 Fixed assets

4.5.1 Property and equipment – owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit and loss account applying the straight-line method at rates stated in note 10.1.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if impact is considered significant.

Depreciation on additions and deletions of property and equipment during a year is charged in proportion to the period of use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate item of property and equipment, 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Item of property and equipment is derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account.

4.5.2 Property and equipment - leased

Assets held under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments at inception of lease and subsequently stated net of accumulated depreciation. Finance charges are allocated over the period of lease term so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

4.5.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of Use Assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.5.5 Intangible assets

Expenditure incurred to acquire software licenses is capitalised as intangible assets and stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight-line method over their estimated useful lives, at the rate stated in note 11.

Amortization on additions and deletions of intangible assets during the year is charged in proportion to the period of use.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.6 Staff retirement benefits

4.6.1 Defined benefit plan

The Group operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains and losses are recognized in consolidated statement of comprehensive income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2021.

4.6.2 Defined contribution plan

The Group also operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 8.33 percent per annum of salary are made by the Group and its employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contributions from the Group are charged to profit and loss account for the year.

4.6.3 Compensated absences

Compensated absences (leaves) of employees are accounted for in the period in which these absences are earned.

4.7 Foreign currencies

4.7.1 Transactions and balances in foreign currencies

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non - monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.8 Commitments

Commitments for outstanding forward foreign exchange contracts are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letter of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

Translation gains and losses are included in the profit and loss account.

4.9 Revenue recognition

Mark-up / return / interest income is recognised on a accrual basis taking into account effective yield on the asset, except where recovery is considered doubtful, the income is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account over the remaining period through effective interest method.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

In case of advances including finance lease and debt security investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis. Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Dividend income on equity investments and mutual funds is recognized when the right to receive is established.

Gain and loss on disposal of securities are recognised in the profit and loss account in the year in which they arise.

Gain / loss on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Fee and commission income other than commission on letters of credit, guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

4.10 Taxation

4.10.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any, or minimum taxation as per the Income Tax Ordinance, 2001 whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for the current tax also includes adjustments wherever considered necessary relating to prior year, arising from assessments framed during the year.

4.10.2 Deferred

The Group accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets 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 assets 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 income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to gain / (loss) recognised in surplus / (deficit) on revaluation of assets is charged / credited to such account.

4.11 Impairment

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

4.11.1 Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit and loss as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates is recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairments is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

4.11.2 Held to maturity, subsidiaries and associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

4.11.3 Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of short, medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.12 Provisions

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

However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Offsetting

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

4.14 Dividend and reserves

Dividend declared and appropriations, except appropriations which are required by the law are recognised as liability and recorded as changes in reserves in the period in which these are approved by the directors / shareholders as appropriate.

4.15 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, if any, 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. There were no dilutive potential ordinary shares in issue at 31 December 2021.

4.16 Financial instruments

Financial assets and liabilities are recognized at the time when the Group becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.17 Certificates of investment

Certificates of investment are initially recorded at the amount of proceeds received. Mark-up accrued is recognized separately as part of liabilities and is charged to profit and loss account on a time proportion basis.

4.18 Segment information

A segment is a distinguishable component of the Group that is engaged in either providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4.18.1 Business segments

- **Investment banking**

  Investment banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, Initial Public Offers (IPO) and secondary private placements.

- **Treasury**

  Involves the businesses of equity trading and fixed income securities.

- **Corporate banking**

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

4.19 Non- banking assets acquired in satisfaction of claims.

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per requirement of SBP's DPS Regulation. Surplus arising on revaluation of property is credited to the "surplus on revaluation of assets" account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to profit and loss account and not capitalised.

4.20 Statutory reserve

Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

4.21 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of assets. An impairment charge in respect of goodwill is recognized through the consolidated profit and loss account.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2021	2020
		(Rupees in '000)	
In hand			
Local currency		**301**	320
Foreign currencies		**252**	229
		553	549
With State Bank of Pakistan in			
Local currency current account	**5.1**	**172,498**	213,002
With National Bank of Pakistan in			
Local currency current account		**412**	916
		173,463	214,467

5.1 This represents local currency current account maintained under the Cash Reserve Requirement of the SBP.

6 BALANCES WITH OTHER BANKS

	Note	2021	2020
		(Rupees in '000)	
In Pakistan:			
In current accounts		**16,196**	4,107
In deposit accounts	**6.1**	**1,466,759**	1,308,170
		1,482,955	1,312,277
Outside Pakistan:			
In current accounts		**7,987**	7,305
		1,490,942	1,319,582

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,450 million (2020: Rs. 1,300 million) maturing from Jan 2022 to March 2022 (2020: March 2021). These carry mark-up rates ranging from 10.50% to 12.50% (2020: 8.25% to 8.85%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2021	2020
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	**7.1**	**1,953,578**	3,600,000

7.1 These are short-term lendings to various financial institutions secured against government securities as disclosed in note 7.3 which are purchased under resale obligations. These carry mark-up rates ranging from 10.70% (2020: 7.23% to 7.60%) per annum and will mature in January 2022 (2020: January 2021).

7.2 Particulars of lendings

	2021	2020
	(Rupees in '000)	
In local currency	**1,953,578**	3,600,000

7.3 Securities held as collateral against lendings to financial institutions

	Note	2021			2020		
		Held by the Group	Further Given as collateral	Total	Held by the Group	Further Given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills		**-**	**1,953,578**	**1,953,578**	-	-	-
Pakistan Investment Bonds		**-**	**-**	**-**	-	3,600,000	3,600,000
	7.3.1	**-**	**1,953,578**	**1,953,578**	-	3,600,000	3,600,000

7.3.1 Market value of these securities amount to Rs. 1,955 million (2020: Rs. 3,640 million).

7.3.2 The Group does not hold overseas classified placements.

8 INVESTMENTS

8.1 Investments by type

	2021				2020			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- (Rupees in '000) ----------							
Held-for-trading securities								
Federal Government securities	**12,204,646**	**-**	**3,099**	**12,207,745**	23,475,422	-	3,703	23,479,125
Non-Government debt securities	**355,247**	**-**	**-**	**355,247**	-	-	-	-
	12,559,893	**-**	**3,099**	**12,562,992**	23,475,422	-	3,703	23,479,125
Available-for-sale securities								
Federal Government securities	**84,909,793**	**-**	**(197,316)**	**84,712,477**	39,349,987	-	354,442	39,704,429
Shares	**346,266**	**(111,717)**	**-**	**234,549**	346,266	(110,311)	-	235,955
Non-Government debt securities	**3,437,074**	**(395,201)**	**60,707**	**3,102,580**	3,653,305	(518,343)	(2,475)	3,132,487
	88,693,133	**(506,918)**	**(136,609)**	**88,049,606**	43,349,558	(628,654)	351,967	43,072,871
Associates	**829,919**	**-**	**-**	**829,919**	1,217,498	-	-	1,217,498
Total investments	**102,082,945**	**(506,918)**	**(133,510)**	**101,442,517**	68,042,478	(628,654)	355,670	67,769,494

8.2 Investments by segments

	2021				2020			
	Cost / Amortised Cost	**Provision for diminution**	**Surplus / (deficit)**	**Carrying Value**	**Cost / Amortised Cost**	**Provision for diminution**	**Surplus / (deficit)**	**Carrying Value**
Federal Government securities	---------- (Rupees in '000) ----------							
Market treasury bills	**49,886,969**	**-**	**(115,814)**	**49,771,155**	21,598,641	-	22,682	21,621,323
Pakistan Investment Bonds	**46,424,557**	**-**	**(76,930)**	**46,347,627**	40,134,616	-	333,985	40,468,601
Ijara Sukuk	**802,913**	**-**	**(1,473)**	**801,440**	1,092,152	-	1,478	1,093,630
	97,114,439	**-**	**(194,217)**	**96,920,222**	62,825,409	-	358,145	63,183,554
Shares								
Listed companies	**-**	**-**	**-**	**-**	-	-	-	-
Unlisted companies	**346,266**	**(111,717)**	**-**	**234,549**	346,266	(110,311)	-	235,955
	346,266	**(111,717)**	**-**	**234,549**	346,266	(110,311)	-	235,955
Non-Government debt securities								
Term finance certificate - listed	**610,048**	**(177,023)**	**7,575**	**440,600**	614,512	(230,831)	(4,551)	379,130
Term finance certificate - unlisted	**1,905,433**	**(21,545)**	**42,542**	**1,926,430**	2,176,659	(121,452)	(9,686)	2,045,521
Sukuk certificates	**1,229,797**	**(196,633)**	**10,590**	**1,043,754**	827,921	(166,060)	11,762	673,623
Commercial papers	**47,043**	**-**	**-**	**47,043**	34,213	-	-	34,213
	3,792,321	**(395,201)**	**60,707**	**3,457,827**	3,653,305	(518,343)	(2,475)	3,132,487
Associates								
Japan Power Generation Limited	**-**	**-**	**-**	**-**	-	-	-	-
Pak Oman Microfinance Bank Limited	**-**	**-**	**-**	**-**	343,906	-	-	343,906
Pak Oman Advantage Islamic Income Fund	**238,526**	**-**	**-**	**238,526**	228,460	-	-	228,460
Pak Oman Islamic Asset Allocation Fund	**37,526**	**-**	**-**	**37,526**	44,294	-	-	44,294
Pak Oman Advantage Asset Allocation Fund	**82,565**	**-**	**-**	**82,565**	97,592	-	-	97,592
Askari High Yield Scheme	**156,595**	**-**	**-**	**156,595**	347,071	-	-	347,071
Pak Oman Government Securities Fund	**163,273**	**-**	**-**	**163,273**	156,164	-	-	156,164
Askari Sovereign Cash Fund	**151,434**	**-**	**-**	**151,434**	11	-	-	11
	829,919	**-**	**-**	**829,919**	1,217,498	-	-	1,217,498
Total investments	**102,082,945**	**(506,918)**	**(133,510)**	**101,442,517**	68,042,478	(628,654)	355,670	67,769,494

8.2.1 Investments given as collateral

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	**49,861,839**	**-**	**(115,693)**	**49,746,146**	16,932,963	-	22,277	16,955,240
Pakistan Investment Bonds	**44,863,617**	**-**	**(73,372)**	**44,790,245**	34,974,450	-	325,567	35,300,017
	94,725,456	**-**	**(189,065)**	**94,536,391**	51,907,413	-	347,844	52,255,257
Shares								
Listed companies	**-**	**-**	**-**	**-**	-	-	-	-
Unlisted companies	**226,000**	**-**	**-**	**226,000**	226,000	-	-	226,000
	226,000	**-**	**-**	**226,000**	226,000	-	-	226,000
Total investments	**94,951,456**	**-**	**(189,065)**	**94,762,391**	52,133,413	-	347,844	52,481,257

	2021	2020
	(Rupees in '000)	
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	**628,654**	583,743
Charge / reversal		
Charge for the year	**31,979**	54,866
Reversals for the year	**(153,715)**	(9,955)
	(121,736)	44,911
Transfers - net	**-**	-
Amounts written off	**-**	-
Closing balance	**506,918**	628,654

8.3.2 Particulars of provision against debt securities

Category of classification	2021 NPI	2021 Provision	2020 NPI	2020 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**-**	**-**	75,000	5,015
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**455,062**	**395,201**	533,777	513,328
Total	**455,062**	**395,201**	608,777	518,343

8.3.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Company has availed the benefit of FSV against the non-performing investments. As of 31 December 2021, the holding Company has availed total accumulated FSV benefit amounting to Rs. 39 million (net of tax Rs. 28 million). Accordingly, accumulated profit of Rs 28 million (net of transfer to statutory reserves Rs. 22 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

8.3.4 The Group does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

8.4 Quality of Available-For-Sale securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

Federal Government securities - Government guaranteed	Note	Cost 2021	Cost 2020
		(Rupees in '000)	
Pakistan Investment Bonds	8.7	**43,305,666**	35,120,445
Market Treasury Bills	8.8	**41,604,127**	4,229,542
		84,909,793	39,349,987

Unlisted shares	2021 Cost	2021 Break-up / carrying value	2020 Cost	2020 Break-up / carrying value
	(Rupees in '000)			
Alhamra Avenue (Private) Limited	**50,000**	**-**	50,000	-
Pakistan Textile City Limited (Note 8.6)	**50,000**	**-**	50,000	-
Techlogix International Limited	**20,266**	**8,549**	20,266	9,955
Orient Power Company (Private) Limited (Note 22.3)	**226,000**	**226,000**	226,000	226,000
	346,266	**234,549**	346,266	235,955

Non Government debt securities Categorization based on long-term rating by credit rating agency	Cost 2021	Cost 2020
Listed	(Rupees in '000)	
- AAA	**-**	19,734
- A+, A, A-	**383,175**	383,683
- CCC and below	**49,851**	49,851
	433,026	453,268
Unlisted		
- AA+, AA, AA-	**1,352,348**	1,400,166
- A+, A, A-	**1,196,638**	1,240,945
- BBB+, BBB, BBB-	**-**	75,000
- CCC and below	**455,062**	483,926
	3,004,048	3,200,037
	3,437,074	3,653,305

8.5 Investment in associates

8.5.1 The Group holds investment in ordinary shares of Rs. 10 each in the following entity:

8.5.2 Quoted	**2021**	**2020**	**Carrying Value 2021**	**Carrying Value 2020**	**Holding**	**Break-up value per share / (Rupees)**	**Latest available unaudited financial statements**	**Name of the chief executive**
	Number of shares / units		**(Rupees in '000)**					
Japan Power Generation Limited (JPGL) (note 22.3.1)	**17,622,878**	17,622,878	**-**	-	11.29%	**(42.59)**	30-June-17*	Mr. Amir Sana is the official liquidator
Pak Oman Islamic Asset Allocation Fund	**928,857**	928,857	**37,526**	44,294	25.13%	**40.40**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	**2,000,000**	2,000,000	**82,565**	97,592	98.46%	**41.28**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	**4,347,534**	4,210,242	**238,526**	228,460	19.47%	**54.87**	31-Dec-21**	Ms. Sadaf Kazmi
Askari High Yield Scheme	**1,455,183**	3,254,359	**156,595**	347,071	9.07%	**107.61**	31-Dec-21**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	**14,491,925**	14,370,416	**163,273**	156,164	13.99%	**11.27**	31-Dec-21**	Ms. Sadaf Kazmi
Askari Sovereign Cash Fund	**1,417,159**	94	**151,434**	11	5.32%	**106.86**		
Unquoted								
Pak Oman Microfinance Bank Limited (note 8.5.4)	**-**	38,470,788	**-**	343,906	16.67%	**10.39**	31-Dec-21*	Mr. Farooq Rashid
			829,919	1,217,498				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Assets held-for-sale	**2021**	**2020**	**2021**	**2020**	**Holding**
	Number of shares / units		**(Rupees in '000)**		
Pak Oman Microfinance Bank Limited	**38,470,788**	-	**352,163**	-	**16.67%**

During the year, the Board of Directors of the Holding Company accorded its in-principle approval and authorized the management of the Group to explore the possibility to sell the shares of its associate company namely, Pak Oman Microfinance Bank Ltd. (POMFB)

The Group received a bid for a value of Rs.10.5 per share. The Board after deliberation with the members approved the sale of shares in a meeting held on 15 July 2021. Both the parties signed a share purchase agreement on 26 October 2021. Accordingly, this investment is classified as Asset Held for Sale as required under IFRS-5 Non-current Asset Held for Sale and Discontinued Operations. Subsequent to the year end, the transaction has been successfully completed.

8.5.5 Associates - Key Information	**Pak Oman Advantage Islamic Income Fund****	**Pak Oman Islamic Asset Allocation Fund ****	**Pak Oman Advantage Asset Allocation Fund**	**Pak Oman Government Securities Fund ****	**Askari High Yield Scheme ****	**Askari Cash Fund ****	**Japan Power Generation Limited *****	**Pak Oman Microfinance Bank *****
	(Rupees in '000)							
Assets	1,230,289	157,202	87,625	1,171,128	1,784,387	2,872,545	11,856,868	7,137,885
Liabilities	5,112	7,905	3,772	4,363	58,358	26,182	17,673,828	4,739,835
Total income	127,065	(20,528)	(10,078)	22,134	196,209	166,155	-	1,673,243
Profit / (loss) before taxation	116,633	(29,449)	(15,237)	16,129	141,618	152,643	-	315,785
Profit / (loss) after taxation	116,633	(29,449)	(15,237)	16,129	141,618	152,643	-	207,856

**Published Net Asset Value
*** Unaudited financial statements

8.6 Investment in these securities forms part of strategic investment of the Group and cannot be sold for a period of five years from the last date of purchase of securities.

8.7 The investments in Pakistan investment bonds are maturing upto August 2029 (2020: August 2029) and the effective yield ranges from 7.96% to 12.38% (2020: 7.20% to 14.25%) per annum.

8.8 Market treasury bills carry yield ranging 7.42% to 11.10% (2020: 7.20% to 13.38%) per annum with maturities upto June 2022 (2020: August 2021).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2021	2020	2021	2020	2021	2020
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	**17,672,076**	19,200,645	**1,919,000**	1,527,219	**19,591,076**	20,727,864
Margin trading		**878,724**	859,351	**-**	-	**878,724**	859,351
Advances - gross		**18,550,800**	20,059,996	**1,919,000**	1,527,219	**20,469,800**	21,587,215
Provision against advances							
Specific	9.5	**-**	-	**749,097**	651,697	**749,097**	651,697
General	9.5	**210**	213	**-**	-	**210**	213
		210	213	**749,097**	651,697	**749,307**	651,910
Advances - net of provision		**18,550,590**	20,059,783	**1,169,903**	875,522	**19,720,493**	20,935,305

9.1 Includes Net investment in Finance Lease as disclosed below:

	2021			2020		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	**439,359**	**908,427**	**1,347,786**	366,434	1,218,040	1,584,474
Residual value	**34,867**	**90,000**	**124,867**	68,042	106,714	174,756
Minimum lease payments	**474,226**	**998,427**	**1,472,653**	434,476	1,324,754	1,759,230
Financial charges for future periods	**(92,675)**	**(234,697)**	**(327,372)**	(56,716)	(280,191)	(336,907)
Present value of minimum lease payments	**381,551**	**763,730**	**1,145,281**	377,760	1,044,563	1,422,323

9.1.1 In respect of the aforementioned finance leases the Group holds an aggregate sum of Rs. 124.867 million (2020: Rs. 173.883 million) as security deposits on behalf of the lessees which are included under 'Other Liabilities' (note 17).

9.2 Particulars of advances (gross)

	2021	2020
	(Rupees in '000)	
In local currency	**20,469,800**	21,587,215

9.3 Staff loans include personal loans, car loan and house loans given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2020: 5) percent per annum, while no mark-up is charged on personal loans and car loan.

9.4 Advances include Rs. 1,919 million (2020: Rs 1527 million) which have been placed under non-performing status as detailed below:

Category of classification	2021 Non performing loans	2021 Provision	2020 Non performing loans	2020 Provision
	---------------------------- (Rupees in '000) ----------------------------			
Domestic				
Other assets especially mentioned	**204,370**	-	-	-
Substandard	**750,000**	**44,840**	854,762	3,956
Doubtful	**-**	**-**	-	-
Loss	**964,630**	**704,257**	672,457	647,741
	1,919,000	**749,097**	1,527,219	651,697

9.4.1 Provision is recorded net of security deposit of Rs. 4.068 million (2020: Rs. 16.293 million).

9.5 Particulars of provision against advances

	Note	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
		---------------------------- (Rupees in '000) ----------------------------					
Opening balance		**651,697**	**213**	**651,910**	**551,656**	**213**	551,869
Charge for the year		**124,482**	**-**	**124,482**	100,336	-	100,336
Reversals		**(27,082)**	**(3)**	**(27,085)**	(295)	-	(295)
		97,400	**(3)**	**97,397**	100,041	-	100,041
Amounts written off		**-**	**-**	**-**	-	-	-
Closing balance		**749,097**	**210**	**749,307**	651,697	213	651,910

9.5.1 Particulars of provision against advances

	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
	---------------------------- (Rupees in '000) ----------------------------					
In local currency	**749,097**	**210**	**749,307**	651,697	213	651,910
	749,097	**210**	**749,307**	651,697	213	651,910

9.5.2 The Group maintains general provision amounting to Rs. 0.210 million (2020: Rs. 0.213 million) in accordance with the applicable requirements of the Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

9.5.3 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Group has availed the benefit of FSV against the non-performing advances. As of 31 December 2021, the Group has availed total accumulated FSV benefit amounting to Rs. 399 million (net of tax Rs. 283 million). Accordingly, accumulated profit of Rs 283 million (net of transfer to statutory reserves Rs. 227 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Group as required by the aforementioned SBP directives.

9.5.4 The Group does not hold overseas classified advances.

9.6 Particulars of write offs

		Note	2021	2020
			(Rupees in '000)	
9.6.1	Against provisions		**-**	-
	Directly charged to profit and loss account		**-**	-
			-	-

10 FIXED ASSETS

	Note	2021	2020
Property and equipments		**218,795**	244,690
Advance for capital expenditure		**-**	5,505
	10.1	**218,795**	250,195

10.1 Property and equipments

	2021								
	Office premises*	Right of use assets	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - vehicle	Total
	(Rupees in '000)								
As at 01 January 2021									
Cost	42,126	176,476	45,963	17,864	23,582	14,707	94,570	1,972	417,260
Accumulated depreciation	(34,399)	(30,594)	(13,928)	(12,285)	(19,776)	(10,512)	(49,104)	(1,972)	(172,570)
Net book value	**7,727**	**145,882**	**32,035**	**5,579**	**3,806**	**4,195**	**45,466**	**-**	**244,690**
Year ended 31 December 2021									
Opening net book value	7,727	145,882	32,035	5,579	3,806	4,195	45,466	-	244,690
Additions	-	-	1,410	534	1,462	374	16,611	5,608	25,999
Disposals	-	-	(28)	-	(81)	(139)	(101)	-	(349)
Depreciation charge	(2,106)	(22,198)	(4,580)	(1,630)	(2,150)	(1,685)	(16,261)	(935)	(51,545)
Closing net book value	**5,621**	**123,684**	**28,837**	**4,483**	**3,037**	**2,745**	**45,715**	**4,673**	**218,795**
As at 31 December 2021									
Cost	42,126	176,476	47,310	16,885	22,248	14,731	91,931	5,608	417,315
Accumulated depreciation	(36,505)	(52,792)	(18,473)	(12,402)	(19,211)	(11,986)	(46,216)	(935)	(198,520)
Net book value	**5,621**	**123,684**	**28,837**	**4,483**	**3,037**	**2,745**	**45,715**	**4,673**	**218,795**
Rate of depreciation (percentage)	**5%**	**-**	**10%**	**20%**	**33.33%**	**20%**	**20%**	**20%**	

	2020								
	Office premises*	Right of use assets	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - vehicle	Total
	(Rupees in '000)								
As at 01 January 2020									
Cost	42,126	164,741	44,133	16,679	20,124	13,905	83,623	1,972	387,303
Accumulated depreciation	(32,293)	(22,379)	(15,303)	(10,712)	(18,886)	(8,820)	(44,534)	(1,611)	(154,538)
Net book value	9,833	142,362	28,830	5,967	1,238	5,085	39,089	361	232,765
Year ended 31 December 2020									
Opening net book value	9,833	142,362	28,830	5,967	1,238	5,085	39,089	361	232,765
Additions	-	64,335	8,310	1,185	4,357	1,152	26,753	-	106,092
Disposals	-	(33,806)	(993)	-	-	(50)	(4,336)	-	(39,185)
Depreciation charge	(2,106)	(27,009)	(4,112)	(1,573)	(1,789)	(1,992)	(16,040)	(361)	(54,982)
Closing net book value	7,727	145,882	32,035	5,579	3,806	4,195	45,466	-	244,690
As at 31 December 2020									
Cost	42,126	176,476	45,963	17,864	23,582	14,707	94,570	1,972	417,260
Accumulated depreciation	(34,399)	(30,594)	(13,928)	(12,285)	(19,776)	(10,512)	(49,104)	(1,972)	(172,570)
Net book value	7,727	145,882	32,035	5,579	3,806	4,195	45,466	-	244,690
Rate of depreciation (percentage)	5%	-	10%	20%	33.33%	20%	20%	20%	

* The transfer of title of office premises in the Group's name is in process.

10.2 Included in cost of property and equipments are fully depreciated items still in use having cost of:

	2021	2020
	(Rupees in '000)	
Improvements	**1,476**	1,476
Office equipments	**8,588**	9,142
Computer equipments	**16,310**	17,190
Furniture and fixtures	**6,651**	5,074
Vehicles	**10,161**	10,644
	43,186	43,526

10.3 Details of disposals of assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 respectively whichever is less and property and equipments disposed off to the Chief Executive or to a director or to executives or to any other related party, irrespective of the values, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Vehicles							
Suzuki Cultus	1,099	1,099	-	220	220	Group policy	Mr. Mohammad Rashid (Executive)
Audi	8,075	8,075	-	2,300	2,300	Negotiations	Mr. Khalil Ahmed
Toyota Camry	1,972	1,972	-	878	878	Negotiations	Mr. Ameer Al Balushi
Toyota Corolla	1,643	1,643	-	329	329	Group policy	Mr. Azhar Ali (Executive)
Toyota Corolla	1,863	1,863	-	373	373	Group policy	Mr. Jehangir Shah (Executive)
Toyota Corolla	1,788	1,788	-	356	356	Group policy	Mr. Saeed Ahmed Bhayat (Executive)
Suzuki Cultus	1,099	1,099	-	900	900	Negotiations	M/s Clifton Cars
Toyota Corolla	1,784	1,784	-	1,325	1,325	Negotiations	M/s Cars Qilla
	19,323	**19,323**	**-**	**6,681**	**6,681**		
Furniture and fixture	250	179	71	71	-	Group policy	Ms. Hina Mir (Former Executive)
Furniture and fixture	100	32	68	68	-	Group policy	S.M. Baqar Rizvi (Former Executive)
Right of use assets	-	-	-	-	-		
Others	6,271	6,061	210	3,817	3,607		
	25,944	**25,595**	**349**	**10,637**	**10,288**		

11 INTANGIBLE ASSETS

	Note	2021	2020
		(Rupees in '000)	
Computer software	11.1	**388**	-
Goodwill	11.2	**96,304**	223,273
		96,692	223,273

11.1 Computer software

	2021	2020
As at 01 January		
Cost	**18,767**	18,767
Accumulated amortisation	**(18,767)**	(18,762)
Net book value	**-**	5
Year ended 31 December		
Opening net book value	**-**	5
Additions	**400**	-
Disposals	**-**	-
Amortisation	**(12)**	(5)
Closing net book value	**388**	-
As at 31 December		
Cost	**19,144**	18,767
Accumulated amortisation	**(18,756)**	(18,767)
Net book value	**388**	-
Rate of amortisation	**33%**	33%

11.2 Goodwill

Allocation of Goodwill

	Note	2021	2020
Management rights value		**195,750**	195,750
Brand value		**24,487**	24,487
Goodwill		**43,395**	43,395
		263,632	263,632
Less: impairment		**(167,328)**	(40,359)
	11.3	**96,304**	223,273

11.3 The Pak Oman Asset Management Company Limited carries the above intangible assets in its financial statements because of past acquisitions of Askari Asset Management Limited. During the year, the management carried out the impairment testing of the above intangible assets in accordance with the requirements of International Accounting Standard (IAS) - 36 “Impairment of Assets”, and additional provision of impairment amounting to Rs. 126.969 million has been recognized for the year ended December 31, 2021. The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

- Discount rate 19.42%
- Terminal growth rate of 3.94%

Management believes that after considering the various scenarios no reasonable possible change in any of the above key assumptions would cause the carrying value to be further materially exceed its recoverable amount.

11.4 As at 31 December 2021, the gross carrying amount of fully amortised intangible assets still in use amounted to Rs. 18.744 million (2020: Rs. 18.767 million).

12 DEFERRED TAX ASSETS

	01 January 2021	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2021
	------------------------------ (Rupees in '000) ------------------------------			
Deductible temporary differences on				
Accelerated tax depreciation allowances	**8,400**	**5,226**	**-**	**13,626**
Provision against non-performing advances	**189,054**	**28,245**	**-**	**217,299**
Amortisation of premium on Federal Government securities	**1,245**	**1,311**	**-**	**2,556**
Provision for diminution in the value of investments	**182,309**	**(35,303)**	**-**	**147,006**
Assets subject to finance lease	**57**	**(271)**	**-**	**(214)**
Accumulated tax losses - POAMCL	**35,886**	**-**	-	**35,886**
	416,951	**(792)**	**-**	**416,159**
Taxable temporary differences on				
Revaluation on investments classified as available-for-sale	**(102,070)**	**-**	**141,687**	**39,617**
Revaluation on investments classified as held-for-trading	**(1,075)**	**176**	**-**	**(899)**
Net Investment in finance lease	**(75,300)**	**9,471**	**-**	**(65,829)**
Dividend receivables	**-**	**(3,390)**		**(3,390)**
Revaluation on non-banking assets	**(21,717)**	**5,452**	**-**	**(16,265)**
	(200,162)	**11,709**	**141,687**	**(46,766)**
	216,789	**10,917**	**141,687**	**369,393**

	01 January 2020	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2020
	------------------------------ (Rupees in '000) ------------------------------			
Deductible temporary differences on				
Provision for diminution in the value of investments	169,285	13,024	-	182,309
Amortisation of premium on Federal Government securities	(89)	1,334	-	1,245
Assets subject to finance lease	72	(15)	-	57
Accelerated tax depreciation allowances	5,697	2,703	-	8,400
Provision against non-performing advances	160,042	29,012	-	189,054
Accumulated tax losses - POAMCL	36,847	(961)		35,886
	371,854	45,097	-	416,951
Taxable temporary differences on				
Revaluation on non-banking assets	(3,647)	5,431	(23,501)	(21,717)
Revaluation on investments classified as available-for-sale	(48,221)	-	(53,849)	(102,070)
Revaluation on investments classified as held-for-trading	7,389	(8,464)	-	(1,075)
Net Investment in finance lease	1,659	(76,959)	-	(75,300)
Dividend receivable	-	-	-	-
	(42,820)	(79,992)	(77,350)	(200,162)
	329,034	**(34,895)**	**(77,350)**	**216,789**

13 OTHER ASSETS

	Note	2021	2020
		(Rupees in '000)	
Income/ mark-up accrued in local currency		**1,206,928**	1,079,773
Dividend income receivable		**45,200**	-
Mark-up / profit receivable on purchase of securities		**59,788**	443,144
Security deposits		**4,920**	9,160
Prepayments		**10,930**	10,054
Advance taxation (payments less provisions)		**505,647**	207,674
Non-banking assets acquired in satisfaction of claims	13.1	**222,064**	237,118
Receivable from funds under management and investment advisory clients		**85,994**	121,140
Defined benefit plan receivable	35.2	**4,900**	-
Others		**9,484**	4,929
		2,155,855	2,112,992
Less: Provision held against other assets		**-**	-
Other assets (net of provisions)		**2,155,855**	2,112,992
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	**135,129**	138,873
Other assets - total		**2,290,984**	2,251,865

		2021	2020
13.1 Market value of non-banking assets acquired in satisfaction of claims		**375,991**	375,991

The property has been revalued by an independent professional valuer as at 31 December 2021. The revaluation was carried by M/s. KG Traders on the basis of current professional assessment of current market values.

13.1.1 Non-banking assets acquired in satisfaction of claims

	Note	2021	2020
		(Rupees in '000)	
Opening balance		**375,991**	313,678
Revaluation		**-**	81,041
Depreciation		**(18,798)**	(18,728)
Closing balance		**357,193**	375,991

14 BORROWINGS

	Note	2021	2020
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)		**2,499,104**	2,605,135
- Financing Power Plants Using Renewable Energy (REPP)			
- Financing facility for storage of agricultural	14.2	**265,565**	139,508
produce (FFSAP)		**44,231**	50,000
- Temporary Economic Refinance Facility (TERF)		**87,975**	42,173
Repurchase agreement borrowings	14.3	**90,633,437**	43,334,174
Long term borrowings	14.4	**3,354,833**	3,501,293
Short term running finance	14.5	**153,816**	127,713
Bai Muajjal	14.6	**6,076,567**	12,040,769
Total secured		**103,115,528**	61,840,765
Unsecured			
Placements	14.7	**500,000**	-
Bai Muajjal / Murabaha financing	14.8	**403,122**	8,741,004
Total unsecured		**903,122**	8,741,004
		104,018,650	70,581,769

14.1 Particulars of borrowings with respect to currencies

		2021	2020
In local currency		**104,018,650**	70,581,769

14.2 The Group has entered into agreements for financing with the SBP of long term finance for 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 Group at the date of maturity of the finances by directly debiting the current account maintained by the Group with the SBP. The mark up rates ranges from 1% to 4.50% (2020: 2% to 4.50%) per annum. These are repayable within 10 years (2020: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing from January 2022 to March 2022 (2020: January 2021), ranges between 9.75% to 10.75% (2020: 6.25% to 7.13%) per annum. Securities having cost of Rs. 90,466 million (2020: Rs 43,272 million) have been pledged against these borrowings.

14.4 The mark up rate on these long-term borrowings ranges from 7.89% to 11.40% (2020: 7.59% to 7.80%) per annum. The above facilities are secured against advances receivable. This also includes Rs. 21.5 million (2020: Rs. 30million) loan availed by POAMCL from Habib Bank Limited. The principal repayment start from March 2018 and will be fully paid off by May 2022. The said loan was obtained against the security provided by the Group amounting to Rs. 26.5 million against the charged on current and future assets of the POAMCL amounting to Rs. 36 million.

14.5 The mark up rate on these short-term running finance facility is three months KIBOR + 0.25% (2020: three months KIBOR + 0.25%). The above facility are secured against loan and advances receivable.

14.6 The mark up rate on these Bai Muajjal secured against government securities, maturing between March 2022 to June 2022 (2020: January 2020 to February 2021) is 7.95% to 11.52% (2020: 7.03% to 10.80%) per annum.

14.7 The mark up rate on these placement financing, maturing in January 2022 is 9% per annum.

14.8 The mark up rate on these murabaha financing, maturing in January 2022 (2020: January 2021 to April 2021) is 9% (2020: 6.85% to 13%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

	2021		2020	
	In local currency	**Total**	**In local currency**	**Total**
	(Rupees in '000)			
Certificates of investment				
Financial institutions	**3,500,000**	**3,500,000**	3,012,000	3,012,000
Others	**10,853,682**	**10,853,682**	12,857,130	12,857,130
	14,353,682	**14,353,682**	15,869,130	15,869,130

15.1 The rate of return on deposits maturing between January 2022 to January 2023 (2020: January 2021 to December 2021) ranges between 7.25% to 12% (2020: 6.75% to 13%) per annum.

15.2 These include Certificate of Investments purchased by gratuity fund of the Holding Company amounting to Nil (2020: 2.9 million) and by provident fund of the Holding Company amounting to Nil (2020: 3.97 million).

15.3 Composition of deposits

	2021	2020
	(Rupees in '000)	
Individuals	**1,926,113**	1,661,781
Government (Federal and Provincial)	**2,650,000**	1,600,000
Banking companies	**2,000,000**	2,000,000
Non-banking financial institutions	**1,500,000**	1,012,000
Private sector	**6,277,569**	9,595,349
	14,353,682	15,869,130

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2021			2020		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	**Minimum lease payments**	**Financial charges for future periods**	**Principal outstanding**
	(Rupees in '000)					
Not later than one year	**1,124**	**328**	**796**	197	-	197
Later than one year and upto five years	**3,640**	**501**	**3,139**	-	-	-
	4,764	**829**	**3,935**	197	-	197

16.1 The Holding Company has entered into lease agreements with financial institutions for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 9.17% (2020: 7.90%) per annum. At the end of lease term, the Holding Company has option to acquire the assets, subject to adjustment of security deposits.

17 OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		**541,534**	543,816
Accrued expenses		**312,471**	334,028
Defined benefit plan liabilities	**35.2**	**-**	3,333
Security deposits against investment in finance lease	**9.1.1**	**124,867**	173,883
Taxation		**-**	-
Advance rent		**-**	-
Sales tax and federal excise duty payable		**90,786**	91,851
Lease liability against right-of-use assets	**17.1**	**152,322**	161,438
Others		**47,894**	120,051
		1,269,874	1,428,400

17.1 Lease liability against right-of-use assets

	2021	2020
As at 01 January	**161,438**	150,198
Additions - net	**-**	20,469
Finance charges	**16,287**	18,984
Payments	**(25,403)**	(28,213)
As at 31 December	**152,322**	161,438

17.2 Pak Oman Asset Management Company Limited

The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed many Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

18 SHARE CAPITAL

18.1 Authorized capital

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10 each	**10,000,000**	10,000,000

18.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each		
600,000,000	600,000,000	- Fully paid in cash	**6,000,000**	6,000,000
15,000,000	15,000,000	- Issued as bonus shares	**150,000**	150,000
615,000,000	615,000,000		**6,150,000**	6,150,000

18.3 The Ministry of Finance on behalf of the Government of Pakistan and Sultanate of Oman through Oman Investment Authority (2020: through Ministry of Finance) each holds 307,495,900 (2020: 307,495,900) ordinary shares of the Holding Company, while 4,100 (2020: 4,100) ordinary shares each are held by Secretary – Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

19 RESERVES

	Note	2021	2020
		(Rupees in '000)	
Statutory reserve	**19.1**	**1,543,895**	1,448,355
General reserve	**19.2**	**311,630**	311,630
		1,855,525	1,759,985

19.1 Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

The Holding Company has transferred 20% of its after tax profit for the year to this reserve amounting to Rs. 95.540 million (2020: Rs. 194.481 million).

20 SURPLUS ON REVALUATION OF ASSETS

	Note	2021	2020
		(Rupees in '000)	
Surplus on revaluation of			
- Available for sale securities		**(136,609)**	351,967
- Non-banking assets acquired in satisfaction of claims		**135,129**	138,873
		(1,480)	490,840
Deferred tax liability on surplus on revaluation of:			
- Available for sale securities		**39,617**	(102,070)
- Non-banking assets acquired in satisfaction of claims		**(39,187)**	(40,272)
		430	(142,342)
		(1,050)	348,498

20.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2021	2020
Surplus on revaluation as at January 01,	**138,873**	61,504
Recognised during the year	**-**	81,041
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**(3,744)**	(3,672)
	135,129	138,873
Less: Related deferred tax liability on:		
- Revaluation as at January 01,	**(40,272)**	(17,836)
- revaluation recognised during the year	**-**	(23,501)
- Incremental depreciation charged during the year	**1,085**	1,065
	(39,187)	(40,272)
Surplus on revaluation of assets as at December 31,	**95,942**	98,601

21 NON-CONTROLLING INTEREST

	2021	2020
	(Rupees in '000)	
Opening balance	**6,619**	6,967
Further acquisition in subsidiary	**(2,445)**	-
Change during the year	**(2,260)**	(348)
Closing balance	**1,914**	6,619

22 CONTINGENCIES AND COMMITMENTS

		2021	2020
		(Rupees in '000)	
- Guarantees	21.1	**702,520**	723,075
- Commitments	21.2	**1,226,443**	808,730
- Other contingent liabilities	21.3	**332,726**	341,726
		2,261,689	1,873,531

22.1 Guarantees:

	2021	2020
- Financial guarantees	**702,520**	723,075

		Note	2021	2020
22.2	**Commitments:**		**(Rupees in '000)**	
	Commitments in respect of:			
	- forward government securities transactions	**21.2.1**	**-**	-
	Commitments for:			
	- advances and net investment in finance lease		**1,226,443**	808,730
			1,226,443	808,730
22.2.1	**Commitments in respect of forward government securities transactions**			
	Purchase		**-**	-
	Sale		**-**	-
			-	-
22.3	**Other contingent liabilities:**			
	Pledge of shares on behalf of Japan Power Generation Limited	**22.3.1**	**70,726**	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	**22.3.2**	**226,000**	226,000
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	**22.3.3**	**36,000**	45,000
			332,726	341,726

22.3.1 Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2020: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

22.3.2 Investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.

22.3.3 PIBs having face value amounting to Rs. 36 million (2020: Rs 45 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

22.4 Pak Oman Asset Management Company Limited (the Subsidiary Company)

22.4.1 In year 2007, the Subsidiary Company had launched POBOP Advantage Plus Fund (the Fund) under the capital subscription and fee sharing agreement with The Bank of Punjab (BOP). BOP had subscribed five million core units and one million non-core units of the aggregate face value of Rs. 250 million and Rs. 500 million respectively. During year 2011 the management rights of the Fund were transferred to another asset management company.

In 2013, BOP filed a suit against the Subsidiary Company before the Honorable High Court of Sindh claiming damages of Rs. 100.4 million in respect of the alleged losses suffered by BOP due to non-honoring of its redemption requests by the Company in year 2009 allegedly violating the NBFC regulations and provisions of the trust deed.

The legal advisor of the Subsidiary Company has opined that the suit is based on factual inconsistencies and the Subsidiary Company has sound defense on legal grounds. Last year, the Subsidiary Company had also lodged a counter claim of Rs. 250 million against BOP for damaging the image and reputation of the Subsidiary Company.

22.4.2 During the years 2013 and 2014, two former employees of the merged entity served notices to the Subsidiary Company and its former Chief Executive Officer. The employees demanded Rs. 14.5 million for defamation and Rs. 0.723 million against settlement of outstanding dues. Later, the employees also filed cases in the Court of District Judge South at Karachi. The legal advisors of the Subsidiary Company are of the view that although the outcome of the case appears to be favourable, one of the case suit no. 34/2013 was dismissed of by District Court, South Karachi during the year in Subsidiary Company's favour, the Subsidiary Company's chances of success cannot currently be determined for other case due to the inherently uncertain nature of the litigation. Furthermore, the management expects that an insignificant amount will be required to settle these cases. No provision has been recognized in these consolidated financial statements for the year ended 31 December 2021.

		Note	2021	2020
23	**MARK-UP / RETURN / INTEREST EARNED**		(Rupees in '000)	
	On:			
	a) Loans and advances		**1,604,885**	2,025,858
	b) Investments		**6,186,275**	6,406,385
	c) Lendings to financial institutions		**102,858**	383,163
	d) Balances with banks		**123,085**	179,703
			8,017,103	8,995,109
24	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		**926,009**	1,381,631
	Borrowings		**5,863,056**	6,052,392
	Lease liability against right-of-use assets		**16,287**	18,984
			6,805,352	7,453,007
25	**FEE AND COMMISSION INCOME**			
	Credit related fees		**48,655**	25,297
	Investment banking fees		**18,256**	8,325
	Commission on guarantees		**3,305**	3,490
	Underwriting commission of Government securities auction		**5,952**	6,754
	Remuneration from funds under management		**56,669**	43,091
	Fee from investments advisory services		**-**	1,099
	Professional fee		**4,537**	-
			137,374	88,056
26	**GAIN ON SECURITIES**			
	Realised	**26.1**	**56,761**	471,977
	Unrealised - held for trading		**(604)**	29,183
			56,157	501,160
26.1	**Realised gain on:**			
	Federal Government Securities		**117,145**	461,951
	Non-Government debt securities		**(54,174)**	10,026
	Shares		**(6,210)**	-
			56,761	471,977
27	**OTHER INCOME**			
	Gain on sale of fixed assets - net	**10.3**	**10,288**	1,726
	Rent on property		**2,873**	-
	Gain on derecognition of right-of-use assets - net		**-**	7,168
	Reversal of liabilities		**6,295**	12,927
	Front end load		**29**	116
	Others		**1,050**	2,100
			20,535	24,037

28 OPERATING EXPENSES

	Note	2021	2020
		(Rupees in '000)	
Total compensation expense	28.1	**507,176**	526,309
Property expense			
Rent & taxes		**-**	-
Utilities cost		**6,318**	5,071
Security (including guards)		**1,132**	989
Repair & maintenance (including janitorial charges)		**13,397**	9,881
Depreciation on right-of-use assets		**22,198**	27,009
Depreciation on improvements	10.1	**4,580**	4,112
Depreciation on office premises		**2,106**	2,106
		49,731	49,168
Information technology expenses			
Software maintenance		**1,959**	2,612
Hardware maintenance		**27**	915
Depreciation	10.1	**2,150**	1,789
Amortisation	11	**12**	5
Network charges		**2,731**	2,891
Others		**1,149**	1,147
		8,028	9,359
Other operating expenses			
Directors' fees and allowances		**37,575**	32,839
Directors' fees and allowances - Subsidiary Company		**3,688**	4,938
Legal & professional charges		**17,489**	14,517
Travelling & conveyance		**12,624**	7,186
Depreciation	28.4	**39,310**	38,694
Training & development		**2,452**	1,827
Postage & courier charges		**902**	656
Communication		**8,045**	8,086
Stationery & printing		**1,680**	2,072
Marketing, advertisement & publicity		**5,016**	3,094
Donations	28.2	**-**	400
Auditors' remuneration	28.3	**3,464**	3,193
Membership and subscriptions		**5,014**	3,426
Transportation		**9,844**	9,123
Insurance		**6,645**	5,906
Finance charges on leased assets		**325**	258
Entertainment and canteen expenses		**6,038**	4,145
Maintenance charges (non-banking assets)		**3,165**	10,402
Distribution commission		**4,743**	4,196
Others		**7,522**	8,359
		175,541	163,317
Total operating expenses		**740,476**	748,153

28.1 Total compensation expenses

	Note	2021	2020
		(Rupees in '000)	
Fees and allowances etc.		**-**	-
Employees' remuneration			
i) Fixed		**353,858**	331,363
ii) Variable			
of which;			
a) Cash Bonus / awards etc.		**96,720**	144,000
b) Commission		**-**	-
Charge for defined benefit plan	**35.6**	**19,232**	16,561
Contribution to defined contribution plan		**19,968**	19,829
Utilities		**4,573**	1,474
Medical		**10,313**	10,217
Others		**2,512**	2,865
		507,176	526,309

28.2 No donations were made in excess of Rs 0.5 million to a single donee in the current and prior year.

28.2.1 No donations were made to donees where directors or their spouse had any interest at any time during the year.

28.3 Auditors' remuneration

	Note	2021	2020
		(Rupees in '000)	
Audit fee		**1,200**	845
Half yearly review		**450**	235
Auditors' remuneration of Subsidiary Company		**1,215**	1,411
Special certifications and sundry advisory services		**332**	482
Out-of-pocket expenses		**267**	220
		3,464	3,193

28.4 This includes depreciation on non-banking assets Rs 18.728 (2019: Rs 18.724) million.

29 OTHER CHARGES

Penalties imposed by State Bank of Pakistan		**1,601**	-
Fees, commission, and others		**40,452**	29,804
		42,053	29,804

30 PROVISIONS / (REVERSALS) & WRITE OFFS - NET

(Reversals) / Provisions for diminution in value of investments	**8.3.1**	**(121,736)**	44,911
Provisions against loans & advances	**9.5**	**97,397**	100,041
Other provisions / write offs		**36,311**	-
Impairment loss on intangible assets		**126,969**	-
		138,941	144,952

31 TAXATION

Current		**206,759**	332,510
Prior years		**-**	(978)
Deferred		**(10,918)**	34,895
		195,841	366,427

31.1 Relationship between tax expense and accounting profit

Profit before taxation		**564,570**	1,274,825
Tax at the applicable rate of 29% (2020: 29%)		**163,725**	369,699
Deferred tax asset (recognized) / not recognized		**-**	-
Tax effect of income taxed at reduced rate		**(15,366)**	(14,382)
Prior year		**-**	(978)
Others		**47,482**	12,088
		195,841	366,427

31.2 Tax contingencies

31.2.1 Pak Oman Investment Company Limited (the Holding Company)

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Holding Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

31.2.2 Pak Oman Asset Management Company Limited (the Subsidiary Company)

As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Subsidiary Company has been applied effective from 13 June 2013. The management is of the view that since the remuneration is already subject to provincial sales tax as explained in note 18.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honorable High Court of Sindh has issued stay order against such levy.

During 2016, the Honorable Sindh High Court, in its judgment dated 30 June 2016, on the Constitutional Petition instituted by MUFAP declared that the provisions of the Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from 01 July 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force. However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Subsidiary Company is still pending in the Court; therefore, as a matter of prudence, the Subsidiary Company has maintained the accumulated provision against FED amounting to Rs. 78.3 million as of 31 December 2021.

Through Finance Act 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Accordingly, no FED has been charged on the remuneration of the Subsidiary Company for period subsequent to 30 June 2016.

The tax charge for the current year represents minimum tax on gross management and advisory income under section 153(b), tax on dividend income under section 5 and tax on capital gain under section 37A of the Income Tax Ordinance, 2001 (the ordinance). The income tax assessments of the Subsidiary Company have been finalized upto the tax year ended 31 December 2020.

The Subsidiary Company has been selected for audit under section 214-C of the Ordinance for the tax year 2012. Tax authorities have passed orders under section 122(1) of the ordinance making certain additions amounted to the loss declared in the return filed by the Subsidiary Company. Further Taxation Officer has charged capital gain tax amounting to Rs. 1.514 million at 10%. As a result total tax payable for tax year 2012 increased by Rs. 1.05 million. Tax officer has also disallowed the total tax credit in respect of advance tax paid / collected during the tax year 2012 except for the tax collected under section 153 of the Ordinance amounted to Rs. 2.092 million. The Subsidiary Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the orders passed by the tax officer and the hearing on the case has been done. However, based on the opinion of the tax advisor, management is confident that the matter would be decided in favor of the Subsidiary Company.

32 BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
	Rupees in '000	
Profit attributable to shareholders of the Parent Company	**370,989**	908,746
	Numbers in '000	
Weighted average number of ordinary shares in issue	**615,000**	615,000
	Rupees	
Basic and diluted earnings per share attributable to shareholders of Parent Company	**0.60**	1.48

32.1 There were no convertible dilutive potential ordinary shares outstanding on 31 December 2021 and 2020.

33 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in '000)	
Cash and balances with treasury banks	5	**173,463**	214,467
Balances with other banks	6	**1,490,942**	1,319,582
		1,664,405	1,534,049

34 STAFF STRENGTH

	2021	2020
	(Number)	
Permanent	**84**	92
Temporary / contractual	**46**	45
Total staff strength	**130**	137

35 DEFINED BENEFIT PLAN

35.1 General Description

The Holding Company operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the consolidated profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial (gains) and losses are recognized in consolidated statement of comprehensive income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2021.

Number of Employees under the scheme	2021	2020
	(Number)	

The number of employees covered under the following defined benefit schemes are:

	2021	2020
Gratuity fund	**64**	63

35.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2021 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2021	2020
	(Percent per annum)	
Discount rate	**10.50**	9.75
Expected short term rate of increase in salary levels	**10.00**	9.75
Expected long term rate of increase in salary levels	**10.50**	9.75
Expected rate of return on plan assets	**10.50**	9.75

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Group, at the beginning of the period, for returns over the entire life of the related obligation.

35.2 Reconciliation of payable to / (receivable from) defined benefit plan	**Note**	**2021**	**2020**
		(Rupees in '000)	
Present value of defined benefit obligation	**35.3**	**191,932**	165,326
Fair value of plan assets	**35.4**	**(196,832)**	(161,993)
Payable / (receivable)	**35.5**	**(4,900)**	3,333

35.3 Movement in defined benefit obligation

		2021	2020
Obligation at the beginning of the year		**165,326**	142,772
Current service cost		**20,022**	18,504
Interest cost		**15,704**	16,572
Benefits paid during the year		**(8,523)**	(20,394)
Remeasurement (gain) / loss		**(598)**	7,872
Obligation at the end of the year		**191,932**	165,326

35.4 Movement in fair value of plan assets

		2021	2020
Fair value at the beginning of the year		**161,993**	158,219
Interest income on plan assets		**16,494**	18,515
Contribution by the Holding Company		**22,872**	192
Benefits paid during the year		**(8,523)**	(20,394)
Remeasurement gain on plan assets		**3,996**	5,461
Fair value at the end of the year	**35.7**	**196,832**	161,993

35.5 Movement in receivable under defined benefit plan

		2021	2020
Opening balance		**3,333**	(15,447)
Charge for the year	**35.6**	**19,232**	16,561
Re-measurement (gain) / loss recognised in other comprehensive income during the year		**(4,592)**	2,411
Contributions by the Holding Company - net		**(22,872)**	(192)
Closing balance		**(4,900)**	3,333

35.6 Charge for defined benefit plans

35.6.1 Cost recognised in the profit and loss account

	2021	2020
Current service cost	**20,022**	18,504
Net interest on defined benefit asset	**(790)**	(1,943)
	19,232	16,561

35.6.2 Re-measurement recognised in OCI during the year

	2021	2020
Actuarial (gain) / loss on obligation	**(598)**	7,872
Actuarial (gain) on plan assets	**(3,995)**	(5,461)
Total re-measurements recognised in OCI	**(4,592)**	2,411

35.7 Components of plan assets

Particulars	Note	2021 (Rupees in '000)	2021 %	2020 (Rupees in '000)	2020 %
Cash and cash equivalents - net		**21,189**	**10.77%**	66,528	41.07%
Government securities		**175,643**	**89.23%**	92,553	57.13%
Certificates of investment	**35.7.1**	**-**	**-**	2,912	1.80%
		196,832	**100.00%**	161,993	100.00%

35.7.1 These include certificates of investment held with the Holding Company. These carry mark-up at rates Nil (2020: 7) percent per annum.

35.8 Sensitivity analysis

	2021 (Rupees in '000)	2020 (Rupees in '000)
1% increase in discount rate	**(11,144)**	(12,312)
1% decrease in discount rate	**12,755**	14,061
1 % increase in expected rate of salary increase	**13,564**	14,740
1 % decrease in expected rate of salary increase	**(12,066)**	(13,116)

35.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at 31 December 2021 is 6.23 years (2020: 7.98 years).

Distribution of timing of benefit payments

Years	2021 (Rupees in '000)	2020 (Rupees in '000)
1	**80,198**	4,757
2	**3,462**	4,929
3	**9,819**	5,314
4	**3,615**	83,014
5	**3,558**	3,327
6 to 10	**76,732**	59,003
11 and above	**322,986**	297,150

	2021	2020
35.10 Expected contributions to be paid to the funds in the next financial year	**20,800**	19,539
35.11 Expected charge for the next financial year	**20,800**	19,539

35.12 Funding policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected gratuity expense for the next year amounts to Rs. 19.539 million as per the actuarial valuation report of the Holding Company as of 31 December 2021.

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

Asset volatility
The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The Holding Company assets are either invested in fixed securities or cash. None of the investment is placed in equities

Changes in bond yields
The risk arises when the actual return on plan assets is lower than expectation.

Inflation risk
The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

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

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

Investment risk
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

36 DEFINED CONTRIBUTION PLAN

36.1 The Group operates a provident fund scheme for its permanent employees. The employer and employee both contribute 8.33% of the salary to the fund every month.

36.2 Contribution made during the year

	2021	2020
	(Rupees in '000)	
Contribution by Holding Company	**19,086**	18,124
Contribution by employees	**19,086**	18,124
	38,172	36,248
Contribution by Subsidiary Company	**882**	1,705
Contribution by employees	**882**	1,705
	1,764	3,410

The number of employees covered under the defined contribution plan as at 31 December 2021 is 84 (2020: 92).

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expenses

Items	2021				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	**10,350**	**27,225**	**-**	**-**	**-**
Managerial remuneration					
i) Fixed	-	-	**80,038**	**108,534**	**22,164**
ii) Total Variable					
of which					
a) Cash Bonus / awards	-	-	**106,716**	**25,900**	**2,975**
b) Bonus & awards in shares	-	-	**-**	**-**	**-**
Charge for defined benefit plan	-	-	**5,557**	**6,168**	**1,526**
Contribution to defined contribution plan	-	-	**5,715**	**6,340**	**1,475**
Utilities	-	-	**4,051**	**522**	**-**
Medical			**1,079**	**-**	**-**
Others	-	-	**3,481**	**1,168**	**-**
Total	**10,350**	**27,225**	**206,637**	**148,632**	**28,140**
Number of persons	**2 ***	**5**	**1**	**14**	**6**

* Board of Directors has elected H.H. Sayyid Juland Jaifar Salim Al Said as chairman of the Board of Directors of Holding Company in place of outgoing chairman H.E. Yahya Bin Said Bin Abdullah Al-Jabri.

Items	2020				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	7,143	25,696	-	-	-
Managerial remuneration					
i) Fixed	-	-	68,408	108,783	20,868
ii) Total Variable					
of which					
a) Cash Bonus / awards	-	-	53,895	18,400	2,770
b) Bonus & awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	4,941	6,328	1,365
Contribution to defined contribution plan	-	-	4,886	6,525	1,392
Utilities	-	-	3,203	423	-
Medical			875		
Others	-	-	3,151	1,355	-
Total	7,143	25,696	139,359	141,814	26,395
Number of persons	1	4	1	12	7

37.2 The managing director and certain executives are provided with free use of Group maintained cars.

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

Sr. No.	Name of Director	2021					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		Rs. in '000'					
1	H.H. Juland Jaifar Salim Al Said	3,975	2,400	375	375	1,575	8,700
2	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	600	600	-	-	450	1,650
3	Ayham Abdul Aziz Qadar Al Ghassani	2,250	-	1,125	1,125	750	5,250
4	Faisal Ali Ibrahim Al Siyabi	2,250	1,500	1,125	1,125	-	6,000
5	Haitham Yousuf Juma Al Zadjali	375	375	450	375	-	1,575
6	Omar Hamid Khan	2,625	1,875	1,725	1,500	375	8,100
7	Zubair Motiwala	2,250	1,500	-	1,800	750	6,300
	Total	14,325	8,250	4,800	6,300	3,900	37,575

Board of Directors has elected H.H. Sayyid Juland Jaifar Salim Al Said as chairman of the Board of Directors of Holding Company in place of outgoing chairman H.E. Yahya Bin Said Bin Abdullah Al-Jabri.

Further, during the period Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi joined as a nominee of the Government of Sultanate of Oman in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali.

Sr. No.	Name of Director	2020					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		Rs. in '000'					
1	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	3,533	2,555	-	-	1,055	7,143
2	H.H. Juland Jaifar Salim Al Said	2,416	531	1,280	1,280	905	6,412
3	Mr. Haitham Yousuf Juma Al Zadjali	2,416	1,125	1,506	1,280	-	6,327
4	Mr. M.Zubair Motiwala	2,261	1,655	530	1,505	905	6,856
5	Mr. Omar Hamid Khan	2,416	1,655	1,280	750	-	6,101
	Total	13,042	7,521	4,596	4,815	2,865	32,839

38 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices and has been disclosed in note 8. Unquoted equity investments, other than investments in associates and subsidiary, are determined on the basis of break-up value of these investments as per the latest available audited financial statements. The provision for impairment of investments has been determined in accordance with the Group's accounting policy as stated in notes 4.3 to these consolidated financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision against advances has been calculated in accordance with the Group's accounting policy as stated in note 4.4.2.

The re-pricing profile, effective rates and maturity are stated in notes 43.3.1, 43.5.1 and 43.5.2 respectively.

38.1 Fair value of financial assets

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

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

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

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

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

38.2 On-balance sheet financial instruments

	2021		2020	
	Book value	**Fair value**	**Book value**	**Fair value**
	------------------------------- (Rupees in '000) ------------------------------------			
Assets				
Cash and balances with treasury banks	**173,463**	**173,463**	214,467	214,467
Balances with other banks	**1,490,942**	**1,490,942**	1,319,582	1,319,582
Lendings to financial institutions	**1,953,578**	**1,953,578**	3,600,000	3,600,000
Investments	**101,442,517**	**101,442,517**	67,769,494	67,769,494
Advances	**19,720,493**	**19,720,493**	20,935,305	20,935,305
Other assets	**1,412,314**	**1,412,314**	1,658,146	1,658,146
Assets held-for-sale	**352,163**	**352,163**	-	-
	126,545,470	**126,545,470**	95,496,994	95,496,994
Liabilities				
Borrowings	**104,018,650**	**104,018,650**	70,581,769	70,581,769
Deposits and other accounts	**14,353,682**	**14,353,682**	15,869,130	15,869,130
Liabilities against assets subject to finance lease	**3,935**	**3,935**	197	197
Other liabilities	**1,269,874**	**1,269,874**	1,425,067	1,425,067
	119,646,141	**119,646,141**	87,876,163	87,876,163
	6,899,329	**6,899,329**	7,620,831	7,620,831

38.3 Off-balance sheet financial instruments	-	-	-	-

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV / PKFRV rates (MUFAP rates)
Listed securities	PSX rates
Mutual funds	Net asset values
Unlisted equity investments	Breakup value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the accounting policies of the Group.

38.4 The carrying value of all financial assets and liabilities in the consolidated financial statements approximate to their fair values except for investment in an associates.

38.5 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:

On balance sheet financial instruments	2021 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	**-**	**96,920,222**	**-**	**96,920,222**
Non-Government debt securities	**-**	**3,457,827**	**-**	**3,457,827**
Mutual funds	**829,919**	**-**	**-**	**829,919**
Financial assets - disclosed but not measured at fair value				
Investments	**-**	**-**	**234,549**	**234,549**
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	375,991	375,991

On balance sheet financial instruments	2020 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	63,183,554	-	63,183,554
Shares	-	-	-	-
Non-Government debt securities	-	3,132,487	-	3,132,487
Mutual funds	873,592	-	-	873,592
Financial assets - disclosed but not measured at fair value				
Investments	-	-	579,861	579,861
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	375,991	375,991

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2021 Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & loss account					
Net mark-up/return/profit	**331,771**	**(126,301)**	**1,010,434**	**(4,153)**	**1,211,751**
Non mark-up / return / interest income	**51,960**	**89,994**	**75,158**	**72,215**	**289,327**
Total Income	**383,731**	**(36,307)**	**1,085,592**	**68,062**	**1,501,078**
Segment direct expenses	**375,933**	**35,789**	**321,666**	**64,179**	**797,567**
Provisions / (reversals)	**97,397**	**2,177**	**(123,913)**	**163,280**	**138,941**
Profit before tax	**(89,599)**	**(74,273)**	**887,839**	**(159,397)**	**564,570**
Balance sheet					
Cash & Bank balances	**-**	**-**	**1,664,151**	**254**	**1,664,405**
Investments	**-**	**1,064,468**	**100,378,049**	**-**	**101,442,517**
Lendings to financial institutions			**1,953,578**		**1,953,578**
Advances - performing	**17,671,866**	**-**	**878,724**	**-**	**18,550,590**
- non-performing	**1,169,903**	**-**	**-**	**-**	**1,169,903**
Others	**799,159**	**730,938**	**1,506,515**	**291,415**	**3,328,027**
Total assets	**19,640,928**	**1,795,406**	**106,381,017**	**291,669**	**128,109,020**
Borrowings	**16,448,123**	**1,453,053**	**86,095,974**	**21,500**	**104,018,650**
Subordinated debt	**-**	**-**	**-**	**-**	**-**
Deposits and other accounts	**2,204,294**	**256,502**	**11,892,886**	**-**	**14,353,682**
Others	**282,370**	**17,942**	**853,087**	**120,410**	**1,273,809**
Total liabilities	**18,934,787**	**1,727,497**	**98,841,947**	**141,910**	**119,646,141**
Equity	**706,141**	**67,909**	**7,539,070**	**149,759**	**8,462,879**
Total equity & liabilities	**19,640,928**	**1,795,406**	**106,381,017**	**291,669**	**128,109,020**
Contingencies & Commitments	**1,928,963**	**332,726**	**-**	**-**	**2,261,689**

	2020				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	------------ (Rupees in '000) ------------				
Profit & loss account					
Net mark-up/return/profit	355,508	(151,062)	1,344,091	(6,435)	1,542,102
Non mark-up / return / interest income	35,497	77,992	510,473	58,959	682,921
Total Income	391,005	(73,070)	1,854,564	52,524	2,225,023
Segment direct expenses	389,108	52,465	295,684	67,989	805,246
(Reversals) / Provisions	100,041	(9,955)	54,866	-	144,952
Profit before tax	(98,144)	(115,580)	1,504,014	(15,465)	1,274,825
Balance sheet					
Cash & Bank balances	-	-	1,532,869	1,180	1,534,049
Investments	-	1,453,442	66,316,041	11	67,769,494
Lendings to financial institutions	-	-	3,600,000	-	3,600,000
Advances - performing	19,200,432	-	859,351	-	20,059,783
- non-performing	875,522	-	-	-	875,522
Others	732,358	394,276	1,348,339	467,149	2,942,122
Total assets	20,808,312	1,847,718	73,656,600	468,340	96,780,970
Borrowings	15,855,574	1,338,508	53,357,687	30,000	70,581,769
Subordinated debt	-	-	-	-	-
Deposits and other accounts	3,411,048	383,780	12,074,302	-	15,869,130
Others	416,401	27,286	858,457	126,453	1,428,597
Total liabilities	19,683,023	1,749,574	66,290,446	156,453	87,879,496
Equity	1,125,289	98,144	7,366,154	311,887	8,901,474
Total equity & liabilities	20,808,312	1,847,718	73,656,600	468,340	96,780,970
Contingencies & Commitments	1,531,805	341,726	-	-	1,873,531

40 TRUST ACTIVITIES

The Holding Company is serving as a trustee/issue agent to various Term Finance Certificates, Sukuks and Commercial Papers including issues by Askari Bank Limited, Samba Bank Limited, Orix Leasing Pakistan Limited, NRSP Microfinance Bank Limited, K-Electric Limited, Waves Singer Pakistan Limited, Mughal Iron & Steel Industries Limited, Hubco Power Company Limited, Pak Arab Fertilizers Limited, Shakarganj Food Products Limited, United Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited and TPL Trakker Limited. The Holding Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries. In this behalf, the Holding Company is fulfilling all its obligations and duties in accordance with the provisions of the respective trust documents.

41 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in Subsidiary Company and Associates are stated in note 8 to these consolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Group's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

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

	2021					2020				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
Balances with other banks										
In current accounts	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	200,000	-	-	-	-	-	-	-
Investments / Assets held-for-sale										
Opening balance	-	-	1,217,498	-	726,000	-	-	1,015,201	-	726,000
Investment made during the year	-	-	1,195,031	-	-	-	-	395,000	-	-
Investment redeemed / disposed off during the year	-	-	(1,230,447)	-	-	-	-	(192,703)	-	-
Transfer in / (out) - net	-	-	-	-	(500,000)	-	-	-	-	-
Closing balance	-	-	1,182,082	-	226,000	-	-	1,217,498	-	726,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	-	41,535	68,200	-	524,566	-	38,487	68,200	-	565,459
Addition during the year	-	8,297	-	-	-	-	12,577	-	-	-
Repaid during the year		(14,001)			(71,700)	-	(9,529)			(40,893)
Transfer in / (out) - net	-	-	-	-	(452,866)	-	-	-	-	-
Closing balance	-	35,831	68,200	-	-	-	41,535	68,200	-	524,566
Provision held against advances	-	-	68,200	-	-	-	-	68,200	-	-

	2021					2020				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
Other assets										
Interest / mark-up accrued	-	-	1,052	-	-	-	-	-	-	8,725
Receivable from staff retirement fund	-	-	-	4,900	-	-	-	-	-	-
Other receivable	-	-	85,994	-	-	-	-	121,140	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	5,532	-	6,871	-	-	4,082	-	-	-
Received during the year	-	43,388	-	3,923	-	-	89,090	-	18,297	-
Withdrawn during the year	-	(45,543)	-	(10,794)	-	-	(87,640)	-	(11,426)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	3,377	-	-	-	-	5,532	-	6,871	-
Other liabilities										
Interest / mark-up payable	-	4	-	-	-	-	23	-	16	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	3,333	-
Outright sale of securities	-	-	1,470,950	6,177,570	-	-	-	1,090,752	879,049	-
Outright purchase of securities	-	-	155,883	5,896,182	-	-	-	406,109	906,989	-
Contingencies and Commitments										
Other contingencies	-	-	70,726	-	226,000	-	-	70,726	-	226,000

41.2 Related party transactions

	2021					2020				
	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	**-**	**1,399**	**7,109**	**-**	**52,334**	-	1,581	-	-	8,922
Fee and commission income	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Dividend income	**-**	**-**	**11,678**	**-**	**45,200**	-	-	55,871	-	45,200
Net gain on sale of securities	**-**	**-**	**15,598**	**(272)**	**-**	-	-	4,240	7	-
Other income	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Expense										
Mark-up / return / interest paid	**-**	**355**	**-**	**48**	**-**	-	812	-	260	-
Operating expenses										
Non- Executive Directors' fees and allowances	**37,575**	**-**	**-**	**-**	**-**	32,839	-	-	-	-
Compensation expenses	**-**	**355,269**	**-**	**-**	**-**	-	281,173	-	-	-
Contribution to defined contribution plan	**-**	**-**	**-**	**19,968**	**-**	-	-	-	19,829	-
Charge for defined benefit plan	**-**	**-**	**-**	**19,232**	**-**	-	-	-	16,561	-

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	**6,150,000**	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,566,601**	6,721,210
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,566,601**	6,721,210
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**6,566,601**	6,721,210
Risk Weighted Assets (RWAs):		
Credit Risk	**23,565,628**	24,617,484
Market Risk	**13,901,012**	12,164,424
Operational Risk	**3,001,190**	2,695,618
Total	**40,467,830**	39,477,526
Common Equity Tier 1 Capital Adequacy ratio	**16.23%**	17.03%
Tier 1 Capital Adequacy Ratio	**16.23%**	17.03%
Total Capital Adequacy Ratio	**16.23%**	17.03%
Capital requirements		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total Capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

Standardized Approach of Basel II is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator Approach is used for calculating Capital Adequacy for Operational Risk.

	2021	2020
Leverage Ratio (LR):		
Eligible Tier 1 Capital	**6,566,601**	6,721,210
Total Exposures	**128,183,137**	96,353,990
Leverage Ratio	**5.12%**	6.98%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**10,987,504**	9,163,212
Total Net Cash Outflow	**16,181,833**	17,443,202
Liquidity Coverage Ratio	**68%**	53%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**21,726,820**	22,160,134
Total Required Stable Funding	**20,582,830**	21,830,106
Net Stable Funding Ratio	**105.56%**	101.51%

42.1 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 http://www.pakoman.com.

42.2 Capital management policies and procedures

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the regulators of the Group;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to acquire, develop and maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored frequently by the Group's management, employing techniques based on the guidelines issued by State Bank of Pakistan (SBP).

SBP requires each development financial institution to: (a) hold the minimum level of the regulatory capital of Rs. 6 billion as at 31 December 2009 and in future periods till further notification issued by SBP, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset as per the CAMELS Rating assigned to the institution or above the minimum prescribed level of 11.50%.

Capital Structure

The Group's regulatory capital is divided into three tiers:

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1 (refer note 42).

- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1 (refer note 42).

- Tier 2 capital, which includes Subordinated debt/ Instruments, share premium of issuance of Subordinated debt/ Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments and foreign exchange translation reserves after all regulatory adjustments applicable on Tier 2 (refer note 42).

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Group calculates capital requirement as per Basel III regulatory framework, using the following approaches:

- Credit risk	Standardized approach
- Market risk	Standardized approach
- Operational risk	Basic indicator approach

The table refer in note 42 summarizes the composition of regulatory capital and the ratios of the Group for the year ended 31 December 2021.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Group.

42.3 The Group's CAR as at 31 December 2021 was 16.23% (2020: 17.03%) of its risk weighted exposure.

The calculation of capital adequacy enables the DFIs' to assess the long term soundness. The Group has successfully managed in the past and will in the future its Capital requirements/ needs. Based on the directives of the Board, the Group has built a healthy portfolio of assets and liabilities focusing on quality. CAR of 16.23% demonstrates that the Group is geared to absorb major risks / shocks in the present market scenario. The Group meets its funding needs through clean placements (LOP & COI) and short and long term lines from commercial institutions.

43 RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximizing returns to shareholders, the board of directors takes cognizance of the risk elements that the Group is confronted with in its operations. In view of the multi-faceted risks inherent in the financial sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Risk management organisation

Risk Management Department ensures that risks remain within the boundaries as defined by the board, comply with the risk parameters and prudential limits, establish systems and procedures and work out remedial measures.

Credit Committee implements credit risk policy and monitors credit risk in light with credit policy and prudential regulations.

The Group's risk management, compliance and internal audit department support the risk management function. The compliance department ensures that all the directives and guidelines issued by SBP are being complied with. Internal audit department reviews the compliance of internal control procedures with internal and regulatory standards.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Exposure to credit risks for the Group arises primarily from lending activities and investments in fixed income securities.

A multi-tiered approach is being followed in the management of credit risk with the organizational structure, roles and responsibilities clearly outlined in the Credit Policy Manual. The Board is responsible for final approval of overall risk tolerance, limits for sectors and pricing strategies. Various business units responsible for undertaking risks are expected to comply with the credit policy and adhere to the independent risk management function. This is ensured through the implementation of a credit approval and documentation process adopted by the Group.

The Group has strengthened its credit risk assessment. The risk management function is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The detailed credit risk assessment has been carried out against each individual customer applying for principal deferment or rescheduling / restructuring.

The Group uses both external and internal ratings to evaluate risk. The Group obtains external ratings from PACRA and JCR-VIS whereas a comprehensive risk assessment matrix model is used for internal ratings.

Types of exposures and ECAI's used

Exposures	**JCR-VIS**	**PACRA**
Corporate	Yes	Yes
Banks	Yes	Yes

Credit exposures subject to Standardised Approach

		2021			2020		
Exposure	**Rating category**	**Amount outstanding**	**Deduction CRM***	**Net amount**	**Amount outstanding**	**Deduction CRM***	**Net amount**
		(Rupees in '000)					
Corporate	0	-	-	-	-	-	-
	1	**1,986,008**	-	**1,986,008**	1,290,739	(200,000)	572,378
	2	**8,214,875**	**(1,140)**	**8,213,735**	9,476,326	(19,397)	9,142,485
	3-4	**668,397**	**(9,875)**	**658,522**	1,837,369	(36,874)	1,780,157
	5-6	-	-	-	-	-	-
	Unrated	**8,080,848**	**(152,038)**	**7,928,810**	7,524,755	(157,715)	7,500,650
		18,950,128	**(163,053)**	**18,787,075**	20,129,189	(413,986)	18,995,670
Banks	0	-	-	-	-	-	-
	1	**3,444,280**	-	**3,444,280**	4,418,436	-	4,418,436
	2-3	**64,676**	-	**64,676**	878,959	-	878,959
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		3,508,956	-	**3,508,956**	5,297,395	-	5,297,395
Sovereigns etc.							
Unrated							

*CRM = Credit Risk Mitigation

The accounting policies and methods used by the Group are in accordance with the requirements of the Prudential Regulations of the SBP. These policies are disclosed in note 4 to these consolidated financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.5 of these consolidated financial statements.

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

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
	---- (Rupees in '000) ----					
Public / Government	-	-	-	-	-	-
Private	1,953,578	3,600,000	-	-	-	-
	1,953,578	3,600,000	-	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	---- (Rupees in '000) ----					
Textile	231,090	231,090	81,090	81,090	60,641	60,641
Electronics and electrical appliances	132,043	85,000	85,000	85,000	85,000	85,000
Power (electricity), Gas, Water, and Sanitary	855,247	500,000	-	-	-	-
Transport, Storage and Communication	295,079	215,193	177,023	180,980	177,023	180,980
Financial	99,296,756	65,250,979	15,404	65,255	15,404	65,255
Others	96,545	196,452	96,545	196,452	57,133	126,467
	100,906,760	66,478,714	455,062	608,777	395,201	518,343

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	---- (Rupees in '000) ----					
Public / Government	97,869,309	63,275,197	-	-	-	-
Private	3,037,451	3,203,517	455,062	608,777	395,201	518,343
	100,906,760	66,478,714	455,062	608,777	395,201	518,343

43.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Textile	**3,920,666**	4,410,912	**313,947**	343,434	**309,878**	336,961
Chemical and Pharmaceuticals	**561,607**	290,645	**-**	-	**-**	-
Cement	**403,729**	403,729	**-**	-	**-**	-
Sugar	**700,045**	885,000	**240,000**	-	**43,009**	-
Automobile and transportation equipment	**303,346**	257,352	**-**	-	**-**	-
Electronics and electrical appliances	**466,667**	638,542	**50,000**	50,000	**50,000**	50,000
Construction	**385,073**	405,596	**-**	-	**-**	-
Power (electricity), Gas, Water, and Sanitary	**3,921,149**	2,979,310	**272,570**	68,200	**68,200**	68,200
Wholesale and Retail Trade	**157,519**	86,311	**-**	-	**-**	-
Transport, Storage and Communication	**2,481,703**	3,022,076	**-**	-	**-**	-
Financial	**978,885**	1,402,862	**5,161**	5,161	**5,161**	5,161
Services	**1,809,940**	1,561,941	**2,076**	2,076	**607**	517
Individuals	**94,185**	94,801	**-**	-	**-**	-
Others	**4,285,286**	5,148,138	**1,035,246**	1,058,348	**272,242**	190,858
	20,469,800	21,587,215	**1,919,000**	1,527,219	**749,097**	651,697

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	**814,815**	815,891	**-**	-	**-**	-
Private	**19,654,985**	20,771,324	**1,919,000**	1,527,219	**749,097**	651,697
	20,469,800	21,587,215	**1,919,000**	1,527,219	**749,097**	651,697

43.1.4 Contingencies and Commitments

Credit risk by industry sector	2021	2020
	(Rupees in '000)	
Agriculture, Forestry, Hunting and Fishing	-	-
Mining and Quarrying	-	-
Textile	-	140,000
Power (electricity), Gas, Water, and Sanitary	-	144,000
Transport, Storage and Communication	25,000	-
Financial	300,000	
Others	901,443	524,730
	1,226,443	808,730

Credit risk by public / private sector	2021	2020
Public / Government	-	-
Private	1,226,443	808,730
	1,226,443	808,730

43.1.5 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 7,776.246 million (2020: Rs 8,774.319 million) are as following:

	2021	2020
	(Rupees in '000)	
Funded	7,776,246	8,774,319
Non funded	-	-
Total exposure	7,776,246	8,774,319

The sanctioned limits against these top 10 exposures aggregated to Rs 11,342 million (2020: Rs 12,160 million)

Total funded classified therein	2021		2020	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	204,370	-	-	-
Substandard	750,000	44,840	854,762	3,956
Doubtful	-	-	-	-
Loss	964,630	704,257	672,457	647,741
Total	1,919,000	749,097	1,527,219	651,697

43.1.6 Advances - Province / region-wise disbursement & utilization

	2021						
	Disbursements	Utilization					
Province / region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	4,798,183	1,216,527	1,954,997	-	-	1,626,659	-

	2020						
	Disbursements	Utilization					
Province / region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	3,608,286	1,545,000	518,691	141,795	-	1,402,800	-

43.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates and equity prices. The board of directors is responsible for reviewing and recommending all market risk policies.

The market risk management framework of the Group comprises of business unit actually undertaking the risk, the Risk Management Department, Asset and Liability Committee and the Investment Committee.

Dealing activities of the Group include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, and money market transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Stress testing is performed as per guidelines of SBP as well as Group's internal policy.

43.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**173,463**	**-**	**173,463**	214,467	-	214,467
Balances with other banks	**1,490,942**	**-**	**1,490,942**	1,319,582	-	1,319,582
Lendings to financial institutions	**1,953,578**	**-**	**1,953,578**	3,600,000	-	3,600,000
Investments	**4,167,048**	**97,275,469**	**101,442,517**	4,585,940	63,183,554	67,769,494
Advances	**19,720,493**	**-**	**19,720,493**	20,935,305	-	20,935,305
Fixed assets	**218,795**	**-**	**218,795**	250,195	-	250,195
Intangible assets	**96,692**	**-**	**96,692**	223,273	-	223,273
Deferred tax assets	**369,393**	**-**	**369,393**	216,789	-	216,789
Other assets	**2,290,984**	**-**	**2,290,984**	2,251,865	-	2,251,865
Assets held-for-sale	**352,163**	**-**	**352,163**	-	-	-
	30,481,388	**97,275,469**	**128,109,020**	**33,597,416**	63,183,554	96,780,970

43.2.2 Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign currency rates. However, the Group is not exposed to major foreign currency risk as its assets and liabilities are primarily denominated in Pakistani rupees.

	2021		2020	
	Foreign currency assets	Net foreign currency exposure	Foreign currency assets	Net foreign currency exposure
	(Rupees in '000)			
United States Dollar	**55**	**55**	63	63
Omani Riyal	**7,932**	**7,932**	7,242	7,242
	7,987	**7,987**	7,305	7,305

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**(82)**	-	**(76)**	-
- Other comprehensive	**-**	-	-	-

43.2.3 Equity position Risk

Equity position risk refers to the risk arising from taking long or short positions, in the trading book, in equities and all instruments that exhibit market behavior similar to equities. The Group is exposed to such risk due to investment activities undertaken on a day-to-day basis. The Group has established a Capital Market Review Committee to monitor the equity portfolio and the future strategy pertaining thereto. As per Standardized Approach 8% charge has to be created on both Specific and General Equity Position Risk Management calculation.

The Group has does not hold investment in listed equity securities - classified as available for sale as of December 31, 2021.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 5% change in equity prices on				
- Profit and loss account *	**-**	**-**	**-**	-
- Other comprehensive income	**(214,904)**	**-**	**(153,891)**	-

* Equity position includes Equity shares and Bank's TFC tier II

43.3 Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The lending, funding and investment activities of the Group are exposed to interest rate risk. The Group is using a 16 band repricing model for measurement of interest rate risk. Furthermore, stress testing technique is also used to evaluate the potential effects on the financial condition of a specific event and movements in a set of financial variables.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 1% change in interest rates on				
Profit and loss account *	**-**	**(34,991)**	-	(89,494)
Other comprehensive income *	**141,148**	**(219,479)**	34,137	(223,221)

* Earning approach

43.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2021										
		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	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		173,463	-	-	-	-	-	-	-	-	-	173,463
Balances with other banks	11.63%	1,490,942	516,759	950,000	-	-	-	-	-	-	-	24,183
Lendings to financial institutions	10.70%	1,953,578	1,953,578	-	-	-	-	-	-	-	-	-
Investments	9.41%	101,442,517	24,237,514	42,279,556	29,208,409	3,638,198	135,286	-	879,086	-	-	1,064,468
Advances	10.58%	19,720,493	6,135,011	8,494,155	2,352,845	336,854	539,140	493,885	747,328	582,053	23,205	16,017
Assets held-for-sale		352,163	-	-	-	-	-	-	-	-	-	352,163
Other assets		1,412,314	-	-	-	-	-	-	-	-	-	1,412,314
		126,545,470	32,842,862	51,723,711	31,561,254	3,975,052	674,426	493,885	1,626,414	582,053	23,205	3,042,608
Liabilities												
Borrowings	9.78%	104,018,650	42,367,574	54,755,575	4,272,241	513,249	541,040	497,608	736,190	335,173	-	-
Deposits and other accounts	10.18%	14,353,682	8,962,684	2,747,378	441,818	2,199,802	2,000	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	3,935	64	129	197	407	872	955	1,311	-	-	-
Other liabilities		1,269,874	-	-	-	-	-	-	-	-	-	1,269,874
		119,646,141	51,330,322	57,503,082	4,714,256	2,713,458	543,912	498,563	737,501	335,173	-	1,269,874
On-balance sheet gap		6,899,329	(18,487,460)	(5,779,371)	26,846,998	1,261,594	130,514	(4,678)	888,913	246,880	23,205	1,772,734
Non-Financial assets		1,563,550										
Non-Financial liabilities		-										
Total Net Assets		8,462,879										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(18,487,460)	(5,779,371)	26,846,998	1,261,594	130,514	(4,678)	888,913	246,880	23,205	1,772,734
Cumulative yield / interest risk sensitivity gap			(18,487,460)	(24,266,831)	2,580,167	3,841,761	3,972,275	3,967,597	4,856,510	5,103,390	5,126,595	6,899,329

	Effective yield / interest rate	2020										
		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	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		214,467	-	-	-	-	-	-	-	-	-	214,467
Balances with other banks	8.52%	1,319,582	8,170	1,300,000	-	-	-	-	-	-	-	11,412
Lendings to financial institutions	7.29%	3,600,000	3,600,000	-	-	-	-	-	-	-	-	-
Investments	8.29%	67,769,494	1,553,696	22,421,244	23,130,303	7,042,175	7,223,143	1,040,440	3,905,040	-	-	1,453,453
Advances	9.06%	20,935,305	5,381,077	9,166,781	3,463,161	352,692	480,364	471,739	767,514	813,254	24,512	14,211
Other assets		1,658,146	-	-	-	-	-	-	-	-	-	1,658,146
		95,496,994	10,542,943	32,888,025	26,593,464	7,394,867	7,703,507	1,512,179	4,672,554	813,254	24,512	3,351,689
Liabilities												
Borrowings	6.97%	70,581,769	57,302,415	8,182,378	2,436,083	384,706	485,077	470,118	763,299	557,693	-	-
Deposits and other accounts	7.38%	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	197	197	-	-	-	-	-	-	-	-	-
Other liabilities		1,425,067	-	-	-	-	-	-	-	-	-	1,425,067
		87,876,163	64,614,819	14,526,908	4,345,667	687,515	485,077	470,118	763,299	557,693	-	1,425,067
On-balance sheet gap		7,620,831	(54,071,876)	18,361,117	22,247,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	1,926,622
Non - financial assets		1,283,976										
Non - financial liabilities		3,333										
Total Net Assets		8,901,474										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(54,071,876)	18,361,117	22,247,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	1,926,622
Cumulative yield / interest risk sensitivity gap			(54,071,876)	(35,710,759)	(13,462,962)	(6,755,610)	462,820	1,504,881	5,414,136	5,669,697	5,694,209	7,620,831

43.3.2 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

43.3.3 Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is inherent in the company's business and operational activities.

The Group has instituted sound internal controls through policies, plans and processes approved by the Board of Directors for controlling and mitigating potential operational risk. The system of internal controls include financial, operational and compliance controls and is performed on continuous basis by the senior management and all levels of employees within the Group.

The objectives of internal controls include the safeguarding of assets from inappropriate use or from loss and fraud, ensuring that liabilities are identified and managed and that the quality of internal and external reporting is maintained. The Group regularly monitors its Key Risk Indicators (KRI) and Loss Data inventory. The Group has also formulated a disaster recovery plan and guidelines for information security, employee conduct and for prevention of fraud and forgery to ensure smooth functioning of the Group's operations.

Pakistan has witnessed numerous waves of Covid-19. With the latest surge because of Omicron variant, the number of infected people rose significantly which compelled the government to enforce lockdowns across the country. The management is vary of the situation and the risks it poses to our employees and the Group's operations. Various precautionary measures are in place to address the safety of Group’s staff and visitors alike. Such measures include:

- All employees / visitors are screened daily for temperature before entering the premises.
- Wearing a face mask is mandatory for all employees / visitors.
- Entire premises is disinfected on daily basis.
- All employees are fully vaccinated and are required to maintain safe distance while interacting with others.

Business Continuity Plan (BCP) has been rigorously tested. The Company has enhanced remote work capabilities in order to ensure seamless operations and provision of uninterrupted services to the customers. Related risks and control measures are regularly monitored to protect Group’s information assets from emerging cyber threats.

43.5 Liquidity risk

Liquidity risk is the risk to earnings, capital and reputation due to its inability to meet obligations in a timely manner without incurring unacceptable cost or losses. Large off-balance sheet exposures or balance sheet build-up through unstable funding gives rise to relatively high level of liquidity risk.

Beside the Board which will be responsible for formulation of over all policy, the following will be involved in Liquidity Risk Management Process with roles and responsibilities defined hereunder:

- Risk Management
- Finance
- Treasury
- Asset Liability Committee (ALCO)

The ALCO will be responsible for monitoring of the tolerance limits. The Asset and Liability Management (ALM) desk in Treasury manages the liquidity needs of the Company on a daily basis.

43.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities

2021 (Rupees in '000)

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
Assets															
Cash and balances with treasury banks	173,463	-	-	173,463	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,490,942	-	540,942	-	-	-	950,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,953,578	-	-	-	1,953,578	-	-	-	-	-	-	-	-	-	-
Investments	101,442,517	-	-	3,986,895	12,582,649	11,852,281	13,750,093	7,801,406	3,770,700	249,597	16,827,243	1,439,521	17,268,233	11,613,899	300,000
Advances	19,720,493	-	545,846	46,027	34,045	374,865	1,294,287	1,751,169	1,230,612	1,285,096	4,319,576	3,251,893	3,677,713	1,454,782	454,582
Fixed assets	218,795	-	-	-	3,600	3,601	3,600	9,883	8,931	8,930	32,554	24,260	46,426	77,010	-
Intangible assets	96,692	-	-	-	-	-	-	-	-	-	-	-	96,692	-	-
Deferred tax assets	369,393	-	-	-	(26,981)	(4,471)	(4,470)	(15,733)	2,319	2,319	(67,069)	(33,295)	377,693	138,516	565
Other assets	2,290,984	-	89,234	34,232	213,348	409,166	192,735	984,021	2,935	4,634	-	357,193	3,486	-	-
Assets held-for-sale	352,163	-	-	-	352,163	-	-	-	-	-	-	-	-	-	-
	128,109,020	-	1,176,022	4,240,617	15,112,402	12,635,442	16,186,245	10,530,746	5,015,497	1,550,576	21,112,304	5,039,572	21,470,243	13,284,207	755,147
Liabilities															
Borrowings	104,018,650	-	41,833,403	16,704	517,467	40,977,060	11,449,349	4,372,240	812,804	362,945	1,532,707	1,072,608	736,190	335,173	-
Deposits and other accounts	14,353,682	-	547,879	261,451	8,153,354	1,336,857	1,410,521	441,818	474,713	1,725,089	2,000	-	-	-	-
Liabilities against assets subject to finance lease	3,935	-	-	-	64	64	65	197	201	206	872	955	1,311	-	-
Others liabilities	1,269,874	-	51,404	5,214	82,752	167,923	697,608	154,715	14,750	4,826	27,866	46,249	16,567	-	-
	119,646,141	-	42,432,686	283,369	8,753,637	42,481,904	13,557,543	4,968,970	1,302,468	2,093,066	1,563,445	1,119,812	754,068	335,173	-
Net assets	8,462,879	-	(41,256,664)	3,957,248	6,358,765	(29,846,462)	2,628,702	5,561,776	3,713,029	(542,490)	19,548,859	3,919,760	20,716,175	12,949,034	755,147

Share capital	6,150,000
Reserves	1,855,525
Unappropriated profit	456,490
Surplus on revaluation of assets	(1,050)
Non-controlling interest	1,914
	8,462,879

2020 (Rupees in '000)

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
Assets															
Cash and balances with treasury banks	214,467	-	-	214,467	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,319,582	-	19,582	-	-	-	1,300,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	-	3,000,000	-	600,000	-	-	-	-	-	-	-	-	-	-
Investments	67,769,494	-	14,834	34,289	517,859	3,738,973	12,583,247	1,922,174	7,096,959	19,234	7,682,034	11,263,674	12,878,801	9,717,416	300,000
Advances	20,935,305	-	1,911	20,292	212,555	520,113	1,447,412	1,909,401	1,254,187	1,296,807	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	250,195	-	-	-	3,590	3,887	3,887	9,459	9,710	9,710	33,548	24,221	54,714	97,469	-
Intangible assets	223,273	-	-	-	-	-	-	-	-	-	-	-	223,273	-	-
Deferred tax assets	216,789	-	-	-	(37,891)	(1,832)	(1,832)	(11,679)	(65,055)	(65,055)	(56,489)	(45,934)	327,349	174,578	628
Other assets	2,251,865	-	77,227	131,531	325,194	245,123	318,450	768,486	4,312	1,067	-	375,991	4,486	-	-
	96,780,970	-	3,113,554	400,579	1,621,307	4,506,264	15,651,164	4,597,841	8,300,113	1,261,763	12,225,616	15,149,645	17,773,597	11,714,457	465,071
Liabilities															
Borrowings	70,581,769	-	45,179,115	717,230	11,406,070	5,296,395	1,169,317	1,957,750	595,085	876,288	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	-	4,318,788	380,065	2,613,354	4,341,300	2,003,230	1,909,584	128,347	174,462	-	-	-	-	-
Liabilities against assets subject to finance lease	197	-	-	-	197	-	-	-	-	-	-	-	-	-	-
Others Liabilities	1,428,400	-	219,004	20,371	120,094	72,197	692,287	186,383	7,524	3,826	10,983	39,984	55,747	-	-
	87,879,496	-	49,716,907	1,117,666	14,139,715	9,709,892	3,864,834	4,053,717	730,956	1,054,576	1,437,726	676,768	819,046	557,693	-
Net assets	8,901,474	-	(46,603,353)	(717,087)	(12,518,408)	(5,203,628)	11,786,330	544,124	7,569,157	207,187	10,787,890	14,472,877	16,954,551	11,156,764	465,071

Share capital	6,150,000
Reserves	1,759,985
Unappropriated profit	636,372
Surplus on revaluation of assets	348,498
Non-controlling interest	6,619
	8,901,474

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

43.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities

2021

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		---------- (Rupees in '000) ----------								
Assets										
Cash and balances with treasury banks	173,463	173,463	-	-	-	-	-	-	-	-
Balances with other banks	1,490,942	540,942	950,000	-	-	-	-	-	-	-
Lendings to financial institutions	1,953,578	1,953,578	-	-	-	-	-	-	-	-
Investments	101,442,517	16,569,544	25,602,374	7,801,406	4,020,297	16,827,243	1,439,521	17,268,233	11,613,899	300,000
Advances	19,720,493	625,918	1,669,152	1,751,169	2,515,708	4,319,576	3,251,893	3,677,713	1,454,782	454,582
Fixed assets	218,795	3,600	7,201	9,883	17,861	32,554	24,260	46,426	77,010	-
Intangible assets	96,692	-	-	-	-	-	-	96,692	-	-
Deferred tax assets	369,393	(26,981)	(8,941)	(15,733)	4,638	(67,069)	(33,295)	377,693	138,516	565
Other assets	2,290,984	336,814	601,901	984,021	7,569	-	357,193	3,486	-	-
Assets held-for-sale	352,163	352,163	-	-	-	-	-	-	-	-
	128,109,020	20,529,041	28,821,687	10,530,746	6,566,073	21,112,304	5,039,572	21,470,243	13,284,207	755,147
Liabilities										
Borrowings	104,018,650	42,367,574	52,426,409	4,372,240	1,175,749	1,532,707	1,072,608	736,190	335,173	-
Deposits and other accounts	14,353,682	8,962,684	2,747,378	441,818	2,199,802	2,000	-	-	-	-
Liabilities against assets subject to					-					
finance lease	3,935	64	129	197	407	872	955	1,311	-	-
Others liabilities	1,269,874	139,370	865,531	154,715	19,576	27,866	46,249	16,567	-	-
	119,646,141	51,469,692	56,039,447	4,968,970	3,395,534	1,563,445	1,119,812	754,068	335,173	-
Net assets	8,462,879	(30,940,651)	(27,217,760)	5,561,776	3,170,539	19,548,859	3,919,760	20,716,175	12,949,034	755,147

Share capital	6,150,000
Reserves	1,855,525
Unappropriated profit	456,490
Surplus on revaluation of assets	(1,050)
Non-controlling interest	1,914
	8,462,879

2020

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		---------- (Rupees in '000) ----------								
Assets										
Cash and balances with treasury banks	214,467	214,467	-	-	-	-	-	-	-	-
Balances with other banks	1,319,582	19,582	1,300,000	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Investments	67,769,494	566,982	16,322,220	1,922,174	7,116,193	7,682,034	11,263,674	12,878,801	9,717,416	300,000
Advances	20,935,305	234,758	1,967,525	1,909,401	2,550,994	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	250,195	3,590	7,774	9,459	19,420	33,548	24,221	54,714	97,469	-
Intangible assets	223,273	-	-	-	-	-	-	223,273	-	-
Deferred tax assets	216,789	(37,891)	(3,663)	(11,679)	(130,110)	(56,489)	(45,934)	327,349	174,578	628
Other assets	2,251,865	533,952	563,572	768,486	5,378	-	375,991	4,486	-	-
	96,780,970	4,601,488	19,593,856	3,829,355	9,556,497	12,225,616	14,773,654	17,769,111	11,714,457	465,071
Liabilities										
Borrowings from financial institutions	70,581,769	57,302,415	6,465,712	1,957,750	1,471,373	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-
Liabilities against assets subject to										
finance lease	197	197	-	-	-	-	-	-	-	-
Others liabilities	1,428,400	359,469	764,484	186,383	11,350	10,983	39,984	55,747	-	-
	87,879,496	64,974,288	13,574,726	4,053,717	1,785,532	1,437,726	676,768	819,046	557,693	-
Net assets	8,901,474	(60,372,800)	6,019,130	(224,362)	7,770,965	10,787,890	14,096,886	16,950,065	11,156,764	465,071

Share capital	6,150,000
Reserves	1,759,985
Unappropriated profit	636,372
Surplus on revaluation of assets	348,498
Non-controlling interest	6,619
	8,901,474

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

44 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Group in their meeting held on 01 March 2022 have:

- proposed 6% cash dividend amounting to 369 million subject to the approval of the members at the annual general meeting.

These consolidated financial statements do not recognise the aforementioned appropriation as this has been proposed and approved subsequent to the statement of financial position date.

45 GENERAL

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

45.2 The VIS Credit Rating Holding Company Limited has maintained the Holding Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

45.3 The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of AM3++ (Stable) to the Subsidiary Company in the medium and long term vide its report dated 06 August 2021.

46 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 01 March 2022 by the Board of Directors of the Group.

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**