PAK OMAN

ANNUAL REPORT 2022

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. Mohammad Zalmai Rahman Uddin Khan
Acting 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
Chairman

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. Mohammad Zalmai Rahman Uddin Khan
Member

Remuneration & Compensation Committee

Mr. Faisal Ali Ibrahim Al Siyabi
Chairman

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Omar Hamid Khan
Member

CHAIRMAN'S REVIEW

I feel privileged and honored to deliver Chairman's review of the Board of Directors of Pak Oman Investment Company Limited.

The Board set the Company's strategic aims to uphold and oversee the implementation of our vision, mission and core values. It demonstrated high standards of business and professional conduct in supervising and managing the affairs of the Company.

At Pak Oman Investment Company, we are in a constant state of self-reflection, self-improvement and evolution, be it in our products and services, our management team or the way we conduct our business.

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 2022 results are as follows:

- Alhamdulillah, your Company has recorded a profit before tax of Rs 500 million (US$ 2.2 million) despite of uncertain economic environment due to domestic and external factors. Increase in policy rate by 625 bps during the year led towards immanent asset liability repricing lag that compressed spreads which impacted the interest income and profitability of the Company. As at December 31, 2022, Company's total assets stood at Rs 157,700 million (US$ 696 million) depicting a growth of 23% from last year.
- Advance portfolio stood at Rs 19,421 million (US$ 85.8 million) compared to Rs 19,720 million (US$ 87.1 million) in 2021. The Company remains cautious in terms of building its loan book due to uncertainties over the macroeconomic environment. Our loan growth is focused towards acquisition of quality advances and maintaining an efficient risk weighted loan portfolio.
- Deposit reached to Rs 13,521 million (US$ 59.7 million), largest portfolio amongst the peer group. Deposit mobilization from the retail sector stands at Rs 2,063 million (US$ 9.1 million).
- The Company maintained its Credit Rating of AA+ and Corporate Governance Rating of CGR 9 by VIS Credit Rating Company.

Overview of Operations

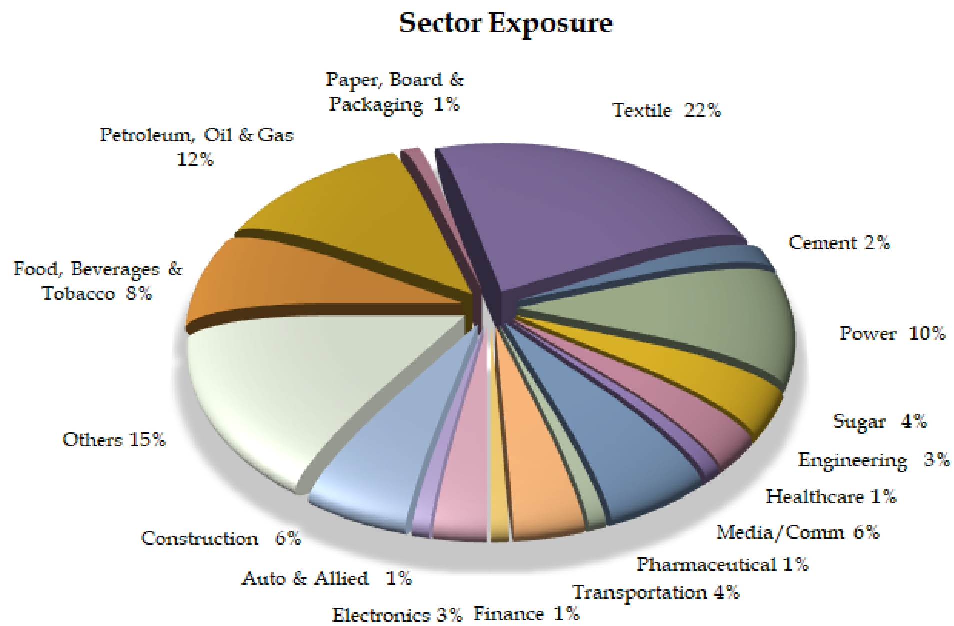
Corporate Banking

In 2022, Corporate Banking Department rolled out disbursements of Rs 7,116 million, compared to Rs 4,798 million in 2021. This translated into growth of 2.2% in the advance portfolio, keeping in view the prevailing market conditions including inflationary pressure, political uncertainty, and rupee devaluation. This cautious growth was supplemented by close monitoring and recovery of receivables as key focus areas, with significant managerial time and resources being spent in pursuit of these goals during the year.

Majority of the portfolio comprised of long-term finance, followed by medium term, short term and lease finance with smaller shares.

Corporate Banking managed to maintain a well-diversified portfolio with Textile sector having the largest share in the total loan portfolio at 22%, followed by Oil & Gas, IPP/Power, and Food & Allied sectors with shares of 12%, 10%, and 8% of the advances portfolio respectively.

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



Investment Banking

During 2022, Pak Oman participated in various issues namely Rated and Privately Placed Commercial Paper Issue of Pak Elektron Limited to the extent of Rs 250 million, Rated and Privately Placed Tier-II TFC Issue of Mobilink Microfinance Bank Limited to the extent of Rs 250 million, Rated and Privately Placed Tier-II TFC Issue of Soneri Bank Limited to the extent of Rs 350 million, Rated, Privately Placed and Perpetual Tier-I TFC Issue of Habib Bank Limited to the extent of Rs 300 million, and Rated and Privately Placed Islamic Commercial Paper Issue of Loads Limited to the extent of Rs 100 million.

In addition to the above transactions, Pak Oman has served as the Trustee/Issue Agent for various Term Finance Certificates, Sukuks and Commercial Papers issued by Askari Bank Limited, Berger Paints Pakistan Limited, China Power Hub Generation Company (Pvt.) Limited, Gas & Oil Pakistan Limited, Hubco Power Company Limited, Kashf Foundation, Lucky Electric Power Company Limited, Masood Textile Mills Limited, Mughal Iron & Steel Industries Limited, Nishat Mills Limited, NRSP Microfinance Bank Limited, OLP Financial Services Pakistan Limited, Pak Arab Fertilizers Limited, Pakistan Mortgage Refinance Company Limited, Sadaqat Limited, Samba Bank Limited, Shakarganj Food Products Limited, TPL Corp Limited, TPL Trakker Limited, United Bank Limited, and Waves Singer Pakistan Limited.

Treasury

Treasury department remains proactive and supportive in contribution to Company's overall objectives and managed investment book with utmost commitment by staying watchful on changing market dynamics.

Economic challenges remained during the year under consideration, citing to the situation, State Bank of Pakistan increase key policy rate cumulatively by 625 bps. Foreseeing this economic shift, Pak Oman proactively re-align its investment portfolio in line with evolving economic conditions. Despite difficult economic conditions, the Company booked Capital Gains of Rs 136.3 million and earned net mark-up income of Rs 766.3 million during the year.

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

Another substantial achievement was to increase lending to reputable Financial Institutions on comparatively higher rates and securing deposits from Islamic Banks reducing dependency on high-cost deposits. Deposit mobilization from retail clients has increased reducing the dependence on fewer clients with large deposits, helped in bringing down the average cost of deposits.

State Bank of Pakistan renewed Primary Dealership of Pak Oman Investment Company for the year 2022-23, depicting confidence in the Company to develop Government Securities market.

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:

1. Credit Committee
2. Assets & Liabilities Committee (ALCO)
3. Risk Management Committee
4. Coordination Committee
5. Purchase & Works Committee
6. Information Technology Committee
7. Capital Market Review Committee (CMRC)
8. Performance Evaluation Committee
9. 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.

Future Outlook

We will continue to remain cautious on growth of advances due to uncertain economic environment and rising interest rates scenario. Further devaluation and increase in energy prices will further increase the cost of doing business and will hamper the economic activity which could result in potential upswing in NPLs.

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.

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 has created and sustained a leading position in an increasingly competitive environment.

Juland Jaifar Salim Al Said

Chairman

Karachi
March 02, 2023

DIRECTORS' REPORT

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

Macroeconomic overview

Year 2022 started with less vulnerability to COVID-19 related uncertainty. Steady roll out of vaccines marked a significant step towards containing the virus spread. As a result, COVID-19 related restrictions were lifted globally. However, rising commodity prices and supply change disruptions emerging from Russia-Ukraine conflict impacted global commodity prices which emerged as a major risk to economic growth and price levels. Tightened monetary and fiscal measures adopted by the central banks in most of the economies to cope with high inflationary pressures and to moderate consumer demand. Resultantly International Monetary Fund (IMF) projects the global growth to remain subdued at 2.9% for 2023.

In sync with the global trend, domestic economy has been confronting with inflationary and external sector pressures. State Bank of Pakistan raised the policy rate four times in this year by 625 bps to moderate consumer demand, tame inflation and protect falling foreign exchanges reserves. Macroeconomic indicators continued to deteriorate and resulted in depletion of foreign exchanges reserves to critically low level.

The IMF team arrived to discuss stalled ninth review of country's funding needs staff level discussions were held on policy measures and further discussion are underway that will pave the way for successful resumption and completion of program.

The IMF program will provide much-needed immediate financial relief, ameliorate creditability of Pakistan in eyes of global financial community, thus paving the way for continuation of flows from multilateral agencies and friendly countries.

Implementation of the IMF conditionalities will be a painful and challenging task. Further necessary changes will result in higher inflation, high and upward sticky interest rates and further economic slowdown.

Financial Performance

FY 22	FY 21		FY 22	FY 21
$ in millions			***Rs in millions***	
2.96	3.08	Profit before provision	672	701
(0.76)	(0.21)	Provision and write offs - net	(172)	(49)
2.2	**2.87**	**Profit before taxation**	**500**	**651**
(0.73)	(0.77)	Taxation	(167)	(174)
1.47	**2.13**	**Profit after taxation**	**333**	**478**
0.0024	0.0044	Earning per share	0.54	0.78

Financial Position

FY 22	FY 21		FY 22	FY 21
$ in millions			***Rs in millions***	
38.4	38.7	Shareholders' equity	8,699	8,756
85.7	87.1	Advances	19,421	19,720
555	500	Investments	125,711	101,788
696	566	Total Assets	157,700	128,260

Profit before tax of the Company decreased by Rs 145 million or 30% over last year. The reduction in profit is the confluence of monetary squeezing and increased provisions. Increase in policy rate by 625 bps during the year led towards immanent asset liability repricing lag that compressed the spreads, however this was diluted to some extent by positive volumetric growth achieved in average earning assets, and consequently translated into decline in net interest income. The provisions and write offs registered increase by Rs 123 million that reflects reduction in FSV benefit and further provision for our investment in subsidiary. Core non-Interest Income improved by Rs 120 million or 58% over last year largely driven by capital gain on securities. Due to super tax the effective tax rate increased by 4%.

Company's total assets increased to Rs 157,700 million (US$ 696 million) compared to Rs 128,260 million (US$ 566 million) as at December 31, 2022, depicting a growth of 23% over the last year. The growth in assets was mainly driven by higher investments in government securities.

Investments remained principal driver in asset growth with escalation by Rs. 23,923 million (US$ 105 million) or 24% to reach at Rs. 125,711 million (US$ 555 million) as on December 31, 2022. This increase is largely attributable to substantial investment in risk-free Government of Pakistan securities such as Market Treasury bill (MTBs) and floating rate Pakistan Investment Bonds (PIBs).

Advance portfolio stood at Rs 19,421 million (US$ 85.7 million) compared to Rs 19,720 million (US$ 87 million) as on December 31, 2022. The Company remains cautious in terms of building its loan book due to uncertainties over the macroeconomic environment. Our loan growth is focused towards acquisition of quality advances and maintaining an efficient risk weighted loan portfolio.

Total Deposits as at December 31, 2022 were Rs 13,521 million (US$ 59.7 million) declined by Rs 833 million (US$ 3.6 million) from last year. The Company continues to hold one of the largest deposit portfolios amongst its peer group. As on December 31, 2022 retail deposits stood at Rs 2,063 million (US$ 9.1 million).

Your Company's capital adequacy ratio (CAR) stood at 21.92% as of December 31, 2022, well above the minimum domestic regulatory benchmark of 11.50% and the global standard of 10.50%.

Appropriation and Dividend

The board has recommended the followings:

	Rs in millions	***$ in millions***
Transfer to statutory reserves	66.764	0.295
Cash Dividend @ Rs 0.5 per share	307.500	1.358
Transfer from General Reserve to Un appropriated profit	311.630	1.376

Credit Rating

In June 2022, the Company's credit ratings were re-affirmed by VIS Credit Rating Company Limited at AA+(Double A plus) for long-term and A1+ (A one Plus) for short-term.

The assigned ratings reflect 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's well-established Corporate Governance Framework supported by Board & Management Committees leading to a strong financial transparency has been acknowledged by VIS Credit Rating Company Limited. Resultantly, Corporate Governance Rating (CGR) for 2022 were re-affirmed to CGR – 9, which signifies very high level of corporate governance.

Pak Oman Asset Management Company

As at December 31, 2022 assets under management (AUMs) of Pak Oman Asset Management Company Limited (POAMCL) stood at Rs 9.3 billion depicting a growth of 16% from last year. PACRA (Credit Rating Agency) re-affirmed Credit Rating of POAMCL rating at AM3+ with positive outlook. The Company has tangible existence across the country with retail offices in Karachi, Lahore and Islamabad. POAMCL have a complete basket of investments solutions to cater the investments needs of its present and potential customers. There is a strong expectation that company will continue improving its performance.

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.

Statement of Internal Control

The Board of Directors is pleased to endorse the statement made by management relating to internal controls including management's evaluation of Internal Control over Financial Reporting.

Statement on Corporate Governance and Financial Reporting

The Board of Directors are pleased to report 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, except for the changes noted and explained in note 4.5.1 and 10.1.2 to the Financial Statements, 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.

Change in Accounting Policy

During the year, as more fully explained in notes 4.5.1 and 10.1.2 to the Financial Statements, the Company has changed its accounting policy and has decided to carry its office premises at revalued amount. Accordingly, Office premises is stated at revalued value and corresponding surplus of Rs 371.9 million is credited to the surplus on revaluation of assets. The surplus is separately shown under shareholders' equity in the financial statement.

Changes in Board of Directors

Consequent to the completion of term of Mr. Bahauddin Khan, Managing Director / Chief Executive Officer. The Board of Directors nominated Mr. Jehangir Shah as acting Managing Director / Chief Executive Officer effective from 15th June 2022. Effective from 13 November, 2022 the Board of Directors nominated Mr. Mohammad Zalmai Rahman Uddin Khan as acting Managing Director / Chief Executive Officer till the nomination from Ministry of Finance, Government of Pakistan.

Meetings of the Board

	Board Meeting	
	Meeting held during the tenure	Attendance
H.H. Sayyid Juland Jaifar Salim Al Said	7	7
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	7	7
Mr. Faisal Ali Ibrahim Al Siyabi	7	7
Mr. Omar Hamid Khan	7	7
Mr. Mohammad Zalmai Rahman Uddin Khan Acting MD / CEO *	1	1
Mr. Jehangir Shah **	3	3
Mr. Bahauddin Khan ***	2	2

Meetings of the Board Committees

	Board's Executive Committee		Board's Audit Committee	
	Meeting held during the tenure	Meeting attended	Meeting held during the tenure	Meeting attended
H.H. Sayyid Juland Jaifar Salim Al Said	5	5	N/A	N/A
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	N/A	N/A	4	4
Mr. Faisal Ali Ibrahim Al Siyabi	5	5	4	4
Mr. Omar Hamid Khan	5	5	4	4
Mr. Mohammad Zalmai Rahman Uddin Khan Acting MD / CEO *	1	1	N/A	N/A
Mr. Jehangir Shah **	2	2	N/A	N/A
Mr. Bahauddin Khan ***	2	2	N/A	N/A

	Board's Remuneration & Compensation		Board's Risk Committee	
	Meeting held during the tenure	Meeting attended	Meeting held during the tenure	Meeting attended
H.H. Sayyid Juland Jaifar Salim Al Said	5	2	N/A	N/A
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	5	5	4	4
Mr. Faisal Ali Ibrahim Al Siyabi	3	3	4	4
Mr. Omar Hamid Khan	5	5	4	4
Mr. Mohammad Zalmai Rahman Uddin Khan Acting MD / CEO *	N/A	N/A	N/A	N/A
Mr. Jehangir Shah **	N/A	N/A	N/A	N/A
Mr. Bahauddin Khan ***	N/A	N/A	N/A	N/A

*Effective from Nov 13, 2022 till date.
** Acting MD / CEO from 15 June 2022 to Nov 12, 2022.
*** Former MD / CEO till June 14, 2022.

Process of Appointment and Nomination of Board members:

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.

Composition of the Board and Board Committees

The composition of the Board and details of Board Committees are given in the Statement of Compliance with the Code of Corporate Governance. The profile of the Board of Directors including the Chairman are available on the website of the Company. The Company does not have a Shariah Board.

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

Board Executive Committee (BEC): The BEC assist the board and sets upper limits and minimum criteria for exposures (funded and non-funded) in equities, mutual funds, CFS lending and debts Instruments including Term Finance Certificates, Sukuk Certificates and Commercial Papers. The committee also provides review and approvals of proposals provided by the management for credit lines, investments in shares, funds and debt instruments for customers, banks and financial institutions in excess of Rs 350 million. Moreover, the Committee reviews and provide approvals for loans rescheduling / restructuring and recommends write offs for Board's considerations.

Board Audit Committee (BAC): The BAC facilitates the Board in setting the 'tone at the top' for a strong and effective system of internal controls. The Committee reviews the adequacy and effectiveness of internal control environment, including financial and operational controls, accounting systems, and reporting structure. The Committee provides oversight to Internal Audit function; approves and monitors the progress of the annual internal audit plan; and ensures that the Internal Audit Function has adequate resources and is appropriately placed within the organization structure to maintain its independence. As part of this process, the Committee also interacts with the External Auditors of and recommends the appointment of the statutory auditors to the Board. The BAC is also responsible for monitoring the implementation of new accounting standards; in particular, the Board has designated the BAC as the committee responsible for oversight of the implementation of IFRS 9.

Board Remuneration & Compensation: 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 three Board Members including the Chairman of the Committee.

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

Membership on the Board of Other Companies.

The Chairman and the acting Managing Director / Chief Executive Officer of the Company are also member of the Board of Directors of Pak Oman Asset Management Company.

Board Performance Evaluation.

The Board of Directors, while ensuring regulatory compliance is also vested with fiduciary responsibility on behalf of the shareholders to protect the Company’s interests, provide strategic direction and monitor the execution of strategic objectives.

The Companies Act 2017, Banking Companies Ordinance 1962, SBP’s Prudential Regulations and Code of Corporate Governance (the Code) describe the role of the Board of Directors along with its responsibilities and functions. The SBP vide BPRD Circular No. 11 dated August 22, 2016, issued detailed guidelines on performance evaluation of the Board of Directors. As per these guidelines, the Board of Directors decided to opt for in-house approach with quantitative techniques and evaluation by an external independent evaluator every three years. An independent assessment was carried out in year 2019.

The recent performance evaluation was carried out in-house and a formal report was issued. The evaluation report was discussed by the Chairman with the Board of Directors in its 110th meeting held on March 01, 2022. The Board of Directors noted the contents of Board of Directors Annual Evaluation for the year 2021 along with recommendations and expressed its satisfaction on the results.

External Auditors

The current auditors, Messrs. BDO Ebrahim & Co., Chartered Accountants, retire and, being eligible, offer themselves for reappointment at the Annual General Meeting. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. BDO Ebrahim & Co., Chartered Accountants, as the auditors of the Company for the financial year 2023.

Pattern of Shareholding

Government of Pakistan	
▪ Ministry of Finance	49.99%
▪ Secretary – Economic Affair Division	0.01%
Sultanate of Oman	
▪ Oman Investment Authority	49.99%
▪ Ministry of Commerce & Industry	0.01%

Value of Investments in Employee Retirement Benefits Funds.

Investments of Provident & Gratuity funds as at December 31, 2022 according to their un-audited financial statements were Rs 218 million and Rs 156 million respectively.

Appreciation and Acknowledgement

Sponsor

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 has 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 and Employees

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.

On behalf of the Board

Mohammad Zalmai Rahman Uddin Khan
Acting Managing Director /
Chief Executive Officer

Juland Jaifar Salim Al Said
Chairman

Karachi, March 02, 2023

ڈائریکٹرز کی رپورٹ

پاک عُمَان انویسٹمنٹ کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز کو سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے، جس میں 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے تفصیلی مالیاتی نتائج مرتب کیے گئے ہیں، اور اس میں آڈیٹرز کی رپورٹ بھی شامل ہے۔

کلیاتی اقتصادیات کا جائزہ

سال 2022 کا آغاز COVID-19 سے متعلق غیر یقینی صورتحال سے کم خطرے کے ساتھ ہوا۔ ویکسین کے مستقل رول آؤٹ نے وائرس کے پھیلاؤ پر قابو پانے کی طرف ایک اہم قدم قرار دیا ہے۔ اس کے نتیجے میں، عالمی سطح پر COVID-19 سے متعلق پابندیاں ہٹا دی گئیں۔ تاہم، روس اور یوکرائن کے تنازع سے پیدا ہونے والی اشیاء کی قیمتوں میں اضافے اور رسد میں تبدیلی کی رکاوٹوں نے اجناس کی عالمی قیمتوں کو متاثر کیا جو اقتصادی ترقی اور قیمت کی سطح کے لیے ایک بڑے خطرے کے طور پر ابھری۔ زیادہ تر معیشتوں میں مرکزی بینکوں کے ذریعے افراط زر کے بلند دباؤ سے نمٹنے اور صارفین کی طلب کو معتدل کرنے کے لیے سخت مانیٹری اور مالیاتی اقدامات کرتا ہے ۔ نتیجتاً بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) نے 2023 کے لیے عالمی شرح نمو 2.9 فیصد رہنے کی پیش گوئی کی ہے۔

عالمی رجحان کے ساتھ ہم آہنگی میں، ملکی معیشت کو افراط زر اور بیرونی شعبے کے دباؤ کا سامنا ہے۔ اسٹیٹ بینک آف پاکستان نے صارفین کی طلب کو کم کرنے، مہنگائی پر قابو پانے اور گرتے ہوئے زرمبادلہ کے ذخائر کو بچانے کے لیے اس سال میں پالیسی ریٹ میں چار بار 625 bps کا اضافہ کیا۔ میکرو اکنامک اشارے مسلسل بگڑتے رہے اور اس کے نتیجے میں زرمبادلہ کے ذخائر انتہائی کم سطح پر آ گئے۔

آئی ایم ایف کی ٹیم ملک کی فنڈنگ کی ضروریات کے رکے ہوئے نویں جائزے پر بات چیت کے لیے پہنچی، پالیسی اقدامات پر عملے کی سطح پر بات چیت ہوئی اور مزید بات چیت جاری ہے جس سے پروگرام کی کامیابی سے بحالی اور تکمیل کی راہ ہموار ہوگی۔

آئی ایم ایف پروگرام انتہائی ضروری فوری مالی ریلیف فراہم کرے گا، عالمی مالیاتی برادری کی نظروں میں پاکستان کی ساکھ کو بہتر بنائے گا، اس طرح کثیرالجہتی ایجنسیوں اور دوست ممالک کی جانب سے آمد و رفت کے سلسلے کی راہ ہموار ہوگی۔

آئی ایم ایف کی شرائط پر عمل درآمد ایک تکلیف دہ اور چیلنجنگ کام ہوگا۔ مزید ضروری تبدیلیوں کے نتیجے میں افراط زر میں اضافہ، بلند اور اوپر کی طرف جاتی ہوئی شرح سود اور مزید معاشی سست روی ہوگی۔

مالیاتی کارکردگی

مالی سال 2022	مالی سال 2021		مالی سال 2022	مالی سال 2021
ملین امریکی ڈالر			ملین پاکستانی روپے	
2.96	3.08	منافع قبل از پرورویژن	672	701
(0.76)	(0.21)	پرورویژن اور رائٹ آف - نیٹ	(172)	(49)
2.2	**2.87**	منافع قبل از محصول	**500**	**651**
(0.73)	(0.77)	محصول	(167)	(174)
1.47	**2.13**	منافع بعد از محصول	**333**	**478**
0.0024	0.0044	فی حصص آمدنی	0.54	0.78

مالی حالت

FY 22	FY 21		FY 22	FY 21
ملین امریکی ڈالر			ملین پاکستانی روپے	
38.4	38.7	حصص یافتگان کی ایکوئٹی	8,699	8,756
85.7	87.1	قرضہ جات	19,421	19,720
555	500	سرمایہ کاری	125,711	101,788
696	566	کل اثاثہ جات	157,700	128,260

کمپنی کے ٹیکس سے قبل منافع میں گزشتہ سال کے مقابلے میں 145 ملین روپے یا 30 فیصد کی کمی واقع ہوئی ہے۔ منافع میں کمی مالیاتی نچوڑ اور بڑھی ہوئی پرورویژن کا سنگم ہے۔ سال کے دوران پالیسی ریٹ میں 625 بی پی ایس کا اضافہ اثاثہ جات کی ذمہ داری کی دوبارہ قیمت میں وقفہ کی طرف لے گیا جس نے اسپریڈز کو کم کر دیا، تاہم یہ اوسط کمانے والے اثاثوں میں حاصل ہونے والی مثبت حجمی نمو سے کچھ حد تک کم ہو گیا، اور نتیجتاً خالص سود کی آمدنی میں کمی واقع ہوئی۔ پرورویژنز اور رائٹ آف میں 123 ملین روپے کا اضافہ ہوا جو FSV کے فائدے میں کمی اور ذیلی کمپنی میں ہماری سرمایہ کاری کے لیے مزید فراہمی کو ظاہر کرتا ہے۔ بنیادی غیر سودی آمدنی میں پچھلے سال کے مقابلے میں 120 ملین روپے یا 58 فیصد بہتری آئی ہے جو بڑی حد تک سیکیورٹیز پر کیپیٹل گین سے چلتی ہے۔ سپر ٹیکس کی وجہ سے ٹیکس کی موثر شرح میں 4 فیصد اضافہ ہوا۔

کمپنی کے کل اثاثے بڑھ کر 157,700 ملین روپے (696 ملین امریکی ڈالر) ہو گئے جو کہ 31 دسمبر 2022 تک 128,260 ملین روپے (566 US$ ملین) کے مقابلے میں گزشتہ سال کے مقابلے میں 23 فیصد اضافے کو ظاہر کرتا ہے۔ اثاثوں میں اضافہ بنیادی طور پر سرکاری سیکیورٹیز میں زیادہ سرمایہ کاری سے ہوا ہے۔

سرمایہ کاری اثاثوں کی ترقی میں بنیادی محرک رہی23,923 ملین روپے (105 ملین امریکی ڈالر) یا 24 فیصد اضافے کے ساتھ تک 125,711 ملین روپے (555 ملین امریکی ڈالر) 31 دسمبر 2022 تک پہنچنے ۔ یہ اضافہ بڑی حد تک خطرے سے پاک سرکاری سیکیورٹیز جیسے کہ مارکیٹ ٹریژری بل (MTBs) اور فلوٹنگ ریٹ پاکستان انوسٹمنٹ بانڈز (PIBs) میں خاطر خواہ سرمایہ کاری سے منسوب ہے۔

ایڈوانس پورٹ فولیو 31 دسمبر 2022 تک 19,720 ملین روپے (87 ملین امریکی ڈالر) کے مقابلے میں 19,421 ملین روپے (85.7 ملین امریکی ڈالر) رہا۔ کمپنی میکرو اکنامک ماحول پر غیر یقینی صورتحال کی وجہ سے اپنی قرضہ جات بنانے کے معاملے میں محتاط رہتی ہے۔ ہمارے قرض کی نمو کوالٹی ایڈوانسز کے حصول اور ایک موثر رسک ویٹیڈ لون پورٹ فولیو کو برقرار رکھنے پر مرکوز ہے۔

31 دسمبر 2022 تک کل ڈپازٹس 13,521 ملین روپے (59.7 ملین امریکی ڈالر) تھے جو گزشتہ سال کے مقابلے میں 833 ملین روپے (3.6 US$ ملین) کم ہو گئے۔ کمپنی اپنے ہم مرتبہ گروپ کے درمیان سب سے بڑے ڈپازٹ پورٹ فولیوز میں سے ایک کو برقرار رکھے ہوئے ہے۔ 31 دسمبر 2022 تک خوردہ ذخائر 2,063 ملین روپے (9.1 ملین امریکی ڈالر) تھے۔

31 دسمبر 2022 تک آپ کی کمپنی کا کیپیٹل ایکویسی ریشو 21.92% (CAR) تھا، جو 11.50% کے کم از کم گھریلو ریگولیٹری بینچ مارک اور 10.50% کے عالمی معیار سے کافی اوپر ہے۔

مختص اور ڈیویڈنڈ

بورڈ نے مندرجہ ذیل سفارشات کی ہیں:

	ملین پاکستانی روپے	ملین امریکی ڈالر
دستوری ذخائر کی مد میں	66.764	0.295
کیش ڈیویڈینڈ @ 0.5 روپیہ فی حصص	307.500	1.358
جنرل ریزرو سے غیر مختص شدہ منافع میں منتقلی	311.630	1.376

کریڈٹ ریٹنگ

جون 2022 میں، کمپنی کی کریڈٹ ریٹنگز کی دوبارہ توثیق VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ذریعے طویل مدتی کے لیے AA+ (ڈبل اے پلس) اور مختصر مدت کے لیے (A one Plus) A1+ کی گئی۔

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 ریٹنگز 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 ہیں۔

کارپوریٹ گورننس کی ریٹنگ

آپ کی کمپنی کے اچھی طرح سے قائم کارپوریٹ گورننس فریم ورک کو بورڈ اور مینجمنٹ کمیٹیوں کے تعاون سے ایک مضبوط مالی شفافیت کا باعث بنتا ہے جس کا اعتراف VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کیا ہے۔ نتیجتاً، 2022 کے لیے کارپوریٹ گورننس کی درجہ بندی (CGR) کی دوبارہ تصدیق CGR – 9 کی گئی، جو کارپوریٹ گورننس کے بہت ہی اعلیٰ درجے کی نشاندہی کرتی ہے۔

پاک عُمان اسیٹ مینجمنٹ کمپنی لمیٹڈ

31 دسمبر 2022 تک پاک عمان ایسٹ مینجمنٹ کمپنی لمیٹڈ (POAMCL) کے زیر انتظام اثاثے 9.3 بلین روپے تھے جو پچھلے سال کے مقابلے میں 16 فیصد کی نمو کو ظاہر کرتا ہے۔ PACRA (کریڈٹ ریٹنگ ایجنسی) نے مثبت نقطہ نظر کے ساتھ +AM3 پر POAMCL کی کریڈٹ ریٹنگ کی دوبارہ تصدیق کی۔ کمپنی کا کراچی، لاہور اور اسلام آباد میں خوردہ دفاتر کے ساتھ ملک بھر میں ٹھوس وجود ہے۔ POAMCL کے پاس اپنے موجودہ اور ممکنہ صارفین کی سرمایہ کاری کی ضروریات کو پورا کرنے کے لیے سرمایہ کاری کا ایک مکمل حل کی ہے۔ قوی توقع ہے کہ کمپنی اپنی کارکردگی کو بہتر کرتی رہے 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 شدہمنافع کو زیادہ سے زیادہ کرنا
- خطرے کی ملکیت کا قیام
- منظور شدہ پالیسیوں اور طریقہ کار کے ذریعے خطرے کی محتاط تشخیص
- رسک کنٹرول اور رپورٹنگ
- فریم ورک اور عمل کی توثیق۔

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

اندرونی نگرانی کا بیان

بورڈ آف ڈائریکٹرز انتظامیہ کی طرف سے داخلی کنٹرول سے متعلق بیان کی توثیق کرتے ہوئے خوشی محسوس کر رہا ہے جس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول کی انتظامیہ کی تشخیص بھی شامل ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ پر بیان

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے 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 ۔
- مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے، سوائے ان تبدیلیوں کے جو نوٹ 4.5.1 اور 10.1.2 میں مالیاتی گوشواروں میں بیان کی گئی ہیں اور ان کی وضاحت کی گئی ہے، مالیاتی گوشواروں کی تیاری میں اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- پاکستان میں قابلِ اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام کا ڈیزائن پائیدار بنیادوں پر تیار کیا گیا ہے اور اسکا موثرنفاذ اورنگرانی کی گئی ہے۔
- کمپنی کے کاروبار کے جاری رکھنے کی صلاحیت میں کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کی بہترین پرکٹسز پر عملدرآمد سے کوئی غیر معمولی انحراف نہیں کیا گیا ہے۔

اکاؤنٹنگ پالیسی میں تبدیلی

سال کے دوران، جیسا کہ نوٹ 4.5.1 اور 10.1.2 میں مالیاتی بیانات کی مزید وضاحت کی گئی ہے، کمپنی نے اپنی اکاؤنٹنگ پالیسی میں تبدیلی کی ہے اور اپنے دفتر کے احاطے کو نئی قیمت پر لے جانے کا فیصلہ کیا ہے۔ اس کے مطابق، آفس کے احاطے کو نئی قیمت پر بیان کیا گیا ہے اور اس کے مطابق 371.9 ملین روپے کا سرپلس اثاثوں کی دوبارہ تشخیص پر سرپلس میں جمع کیا جاتا ہے۔ مالیاتی بیان میں حصص یافتگان کی ایکویٹی کے تحت سرپلس کو الگ سے دکھایا گیا ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

جناب بہاؤالدین خان، منیجنگ ڈائریکٹر/ چیف ایگزیکٹو آفیسر کی مدت ملازمت کی تکمیل کے نتیجے میں۔ بورڈ آف ڈائریکٹرز نے جناب جہانگیر شاہ کو 15 جون 2022 سے قائم مقام منیجنگ ڈائریکٹر/ چیف ایگزیکٹو آفیسر کے طور پر نامزد کیا۔ 13 نومبر 2022 سے بورڈ آف ڈائریکٹرز نے جناب محمد زلمئے رحمان الدین خان کو وزارت خزانہ، حکومت پاکستان سے نامزدگی تک قائم مقام منیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر کے طور پر نامزد کیا۔

بورڈ کے اجلاس

	بورڈ کے اجلاس	
	میٹنگ میں شرکت	**منعقدہ اجلاس کی تعداد**
ایچ ۔ایچ۔ سید جلند جیفر سلم آل سعید	7	7
جناب ایہام عبد العزیز عبد القادر الغاسانی	7	7
جناب فیصل علی ابراہیم ا لسیابي	7	7
جناب عمر حامد خان	7	7
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او*	1	1
جناب جہانگیر شاہ**	3	3
جناب بہا ؤالدین خان***	2	2

بورڈ کمیٹیوں کے منعقدہ اجلاس

	بورڈ آڈٹ کمیٹی		بورڈ ایکزیکیوٹیو کمیٹی	
	میٹنگ میں شرکت	منعقدہ اجلاس کی تعداد	میٹنگ میں شرکت	منعقدہ اجلاس کی تعداد
ایچ ۔ایچ- سید جلند جیفر سلم آل سعید	N/A	N/A	5	5
جناب ایہام عبد العزیز عبد القادر الغاسانی	4	4	N/A	N/A
جناب فیصل علی ابراہیم ا لسیابي	4	4	5	5
جناب عمر حامد خان	4	4	5	5
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او*	N/A	N/A	1	1
جناب جہانگیر شاہ**	N/A	N/A	2	2
جناب بہا ؤالدین خان***	N/A	N/A	2	2

	بورڈ کی رسک کمیٹی		بورڈ کی مشاہرہ اور معاوضہ کمیٹی	
	میٹنگ میں شرکت	منعقدہ اجلاس کی تعداد	میٹنگ میں شرکت	منعقدہ اجلاس کی تعداد
ایچ ۔ایچ- سید جلند جیفر سلم آل سعید	N/A	N/A	2	5
جناب ایہام عبد العزیز عبد القادر الغاسانی	4	4	5	5
جناب فیصل علی ابراہیم ا لسیابي	4	4	3	3
جناب عمر حامد خان	4	4	5	5
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او*	N/A	N/A	N/A	N/A
جناب جہانگیر شاہ**	N/A	N/A	N/A	N/A
جناب بہا ؤالدین خان***	N/A	N/A	N/A	N/A

* 13 نومبر 2022 سے آج تک موثر ہے

** قائم مقام ایم ڈی / سی ای او 15 جون 2022 سے 12 نومبر 2022 تک۔

*** 14 جون 2022 تک سابق ایم ڈی / سی ای او۔

.

بورڈ ممبران کی تقرری اور نامزدگی کا عمل:

پاک عمان کے دو ڈائریکٹرز اور چیئرمین (وزارت خزانہ) حکومت سلطنت عمان کی طرف سے نامزد کیے گئے ہیں جبکہ دو ڈائریکٹرز اور منیجنگ ڈائریکٹر (وزارت خزانہ) حکومت پاکستان کے ذریعے نامزد کیے گئے ہیں۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

بورڈ کی تشکیل اور بورڈ کمیٹیوں کی تفصیلات کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان میں دی گئی ہیں۔ چیئرمین سمیت بورڈ آف ڈائریکٹرز کا پروفائل کمپنی کی ویب سائٹ پر دستیاب ہے۔ کمپنی کے پاس کوئی شریعہ بورڈ نہیں ہے۔

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

بورڈ ایگزیکٹو کمیٹی (BEC): بی ای سی بورڈ کی مدد کرتا ہے اور ایکویٹی، میوچل فنڈز، سی ایف ایس قرضے اور قرض کے آلات بشمول ٹرم فنانس سرٹیفکیٹس، سکوک سرٹیفکیٹس اور کمرشل پیپرز میں ایکسپوژرز (فنڈڈ اور نان فنڈڈ) کے لیے بالائی حدود اور کم از کم معیار مقرر کرتا ہے۔ کمیٹی انتظامیہ کی جانب سے 350 ملین روپے سے زائد کی کریڈٹ لائنز، حصص میں سرمایہ کاری، فنڈز اور صارفین کے لیے قرض کے آلات، بینکوں اور مالیاتی اداروں کے لیے فراہم کردہ تجاویز کا جائزہ اور منظوری بھی فراہم کرتی ہے۔ مزید برآں، کمیٹی قرضوں کی ری شیڈولنگ / ری اسٹرکچرنگ کا جائزہ لیتی ہے اور منظوری فراہم کرتی ہے اور بورڈ کے تحفظات کے لیے رائٹ آف کی سفارش کرتی ہے۔

بورڈ آڈٹ کمیٹی (BAC): BAC اندرونی کنٹرول کے مضبوط اور موثر نظام کے لیے 'ٹون ایٹ دی ٹاپ' سیٹ کرنے میں بورڈ کو سہولت فراہم کرتا ہے۔ کمیٹی مالیاتی اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹمز، اور رپورٹنگ ڈھانچہ سمیت اندرونی کنٹرول کے ماحول کی مناسبیت اور تاثیر کا جائزہ لیتی ہے۔ کمیٹی اندرونی آڈٹ کے کام کی نگرانی فراہم کرتی ہے۔ سالانہ اندرونی آڈٹ پلان کی پیشرفت کی منظوری اور نگرانی کرتا ہے۔ اور اس بات کو یقینی بناتا ہے کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور اسے تنظیم کے ڈھانچے کے اندر اپنی آزادی کو برقرار رکھنے کے

لیے مناسب طریقے سے رکھا گیا ہے۔ اس عمل کے حصے کے طور پر، کمیٹی بیرونی آڈیٹرز کے ساتھ بھی بات چیت کرتی ہے اور بورڈ کو قانونی آڈیٹرز کی تقرری کی سفارش کرتی ہے۔BAC اکاؤنٹنگ کے نئے معیارات کے نفاذ کی نگرانی کے لیے بھی ذمہ دار ہے۔ خاص طور پر، بورڈ نے BAC کو IFRS 9 کے نفاذ کی نگرانی کے لیے ذمہ دار کمیٹی کے طور پر نامزد کیا ہے۔

بورڈ کا مشاہرہ اور معاوضہ کمیٹی: بورڈ آف ڈائریکٹرز نے پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے سی ای او کے لیے معاوضے کے نظام کے ڈھانچے کے قیام اور نگرانی میں مدد کے لیے آر سی سی قائم کیا ہے، خاص طور پر ریگولیٹر کے بعد خطرات اور رسک مینجمنٹ پر اثرات کو مدنظر رکھتے ہوئے۔ مزید برآں، RCC پاک اومان انوسٹمنٹ کمپنی لمیٹڈ کے ملازمین کے لیے معاوضے کے نظام کی مناسبیت کی نگرانی کرتا ہے، جیسا کہ CEO اور IHRC نے قائم کیا ہے۔RCC باقاعدگی سے چیک کرتا ہے کہ آیا متغیر معاوضے کی کل رقم قابل استطاعت ہے اور ریگولیٹری معیار کے تحت مقرر کی گئی ہے۔ مزید برآں، RCC MRT شناختی عمل کی نگرانی میں بورڈ آف ڈائریکٹرز کی مدد کرتا ہے اور یہ کہ آیا اندرونی کنٹرول کے افعال اور دیگر متعلقہ شعبے معاوضے کے نظام کی ساخت میں مناسب طریقے سے شامل ہیں۔RCC کمیٹی کے چیئرمین سمیت بورڈ کے تین اراکین پر مشتمل ہوتا ہے۔

بورڈ رسک کمیٹی (BMRC): کمیٹی خطرے کی نگرانی اور پروفائل کے حوالے سے بورڈ کو خطرے سے رسک پروفائل کے سلسلے میں BRMC متعلق معاملات بشمول گورننس کی نگرانی اور مشورے کی ذمہ دار ہے۔ اندرونی رسک فریم ورک کی ساخت اور مکمل ہونے کو بھی یقینی بناتا ہے، اور ایک آزاد، معاون اور فعال رسک مینجمنٹ کلچر کی ترقی اور دیکھ بھال کو بھی یقینی بناتا ہے۔کمیٹی اس بات کو یقینی بنانے کے لیے آگے کی طرف متوجہ ہونے کا طریقہ بھی اختیار کرتی ہے کہ ابھرتے ہوئے خطرات کی نشاندہی اور ان میں تخفیف کی جائے۔

دیگر کمپنیوں کے بورڈ میں رکنیت۔

کمپنی کے چیئرمین اور قائم مقام منیجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر پاک عمان ایسٹ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز کے رکن بھی ہیں

بورڈ کی کارکردگی کا جائزہ۔

بورڈ آف ڈائریکٹرز، ریگولیٹری تعمیل کو یقینی بنانے کے ساتھ ساتھ حصص یافتگان کی جانب سے کمپنی کے مفادات کے تحفظ، اسٹریٹجک سمت فراہم کرنے اور اسٹریٹجک مقاصد کے نفاذ کی نگرانی کے لیے حقیقی ذمہ داری بھی سونپتا ہے۔

کمپنیز ایکٹ 2017، بینکنگ کمپنیز آرڈیننس 1962، SBP کے پرڈینشل ریگولیشنز اور کوڈ آف کارپوریٹ گورننس (ضابطہ) بورڈ آف ڈائریکٹرز کے کردار کے ساتھ ساتھ اس کی ذمہ داریوں اور کاموں کی بھی وضاحت کرتے ہیں۔ SBP نے BPRD سرکلر نمبر 11 مورخہ 22 اگست 2016 کے ذریعے بورڈ آف ڈائریکٹرز کی کارکردگی کی جانچ کے بارے میں تفصیلی رہنما خطوط جاری کیے ہیں۔ ان رہنما خطوط کے مطابق، بورڈ آف ڈائریکٹرز نے ہر تین سال بعد ایک بیرونی آزاد تشخیص کار کے ذریعہ مقداری تکنیکوں اور تشخیص کے ساتھ اندرونی نقطہ نظر کا انتخاب کرنے کا فیصلہ کیا۔ سال 2019 میں ایک آزاد تشخیص کیا گیا تھا۔

حالیہ کارکردگی کا جائزہ اندرونی کیا گیا اور باضابطہ رپورٹ جاری کی گئی۔ جائزہ رپورٹ پر چیئرمین نے بورڈ آف ڈائریکٹرز کے ساتھ 01 مارچ 2022 کو ہونے والی اپنی 110ویں میٹنگ میں تبادلہ خیال کیا۔ بورڈ آف ڈائریکٹرز نے سال 2021 کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کے مندرجات کو سفارشات کے ساتھ نوٹ کیا اور نتائج پر اپنے اطمینان کا اظہار کیا۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز، Messrs. BDO Ebrahim & Co.، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو جاتے ہیں اور اہل ہوتے ہوئے، سالانہ جنرل میٹنگ میں دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔ اس کے مطابق، بورڈ آف ڈائریکٹرز، بورڈ آڈٹ کمیٹی کی سفارش پر، مالی سال 2023 کے لیے کمپنی کے آڈیٹرز کے طور پر Messrs. BDO Ebrahim & Co.، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتا ہے۔

حصص رکھنے کا رجحان

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

ملازمین کی ریٹائرمنٹ بینیفٹس فنڈز میں سرمایہ کاری کی قدر۔

31 دسمبر 2022 تک پراویڈنٹ اور گریجویٹی فنڈز کی سرمایہ کاری ان کے غیر آڈٹ شدہ مالیاتی بیانات کے مطابق بالترتیب 218 ملین روپے اور 156 ملین روپے تھی۔

تعریف اور اعتراف

سرپرست

بورڈ سلطنت عمان اور اسلامی جمہوریہ پاکستان کی متعلقہ حکومتوں کا کمپنی کے ساتھ وابستگی اور تعاون پر شکر گزار ہے۔

قانون ساز نگراں ادارے

بورڈ اس موقع پر سٹیٹ بینک آف پاکستان کی مسلسل رہنمائی اور تعاون پر اظہار تشکر کرتا ہے۔ ان بے مثال وقتوں میں ایسی پالیسیوں اور اقدامات کو آگے بڑھایا ہے جو دانشمندانہ، اور متوازن ہیں، جو پاکستان کی معیشت، صارفین اور عوام کی حفاظت کرتے ہیں، ساتھ ہی بینکنگ انڈسٹری کے انضمام اور مضبوطی کو بھی محفوظ رکھتے ہیں۔

انتظامیہ اور ملازمین

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۔

بورڈ کی جانب سے

محمد زلمئے رحمان الدین خان
قائم مقام مینجنگ ڈائریکٹر اور چیف ایکزیکیوٹیو

جلند جیفر سلم آل سعید
چیئرمین

کراچی ، 2 مارچ 2023

Pak Oman Investment Company Limited
Six Years Financial Summary

Rupees in '000

December 31	2022	2021	2020	2019	2018	2017
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and balances with treasury and other banks	1,970,858	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200
Lendings to financial institutions	5,135,762	1,953,578	3,600,000	8,132,475	5,434,296	2,038,288
Investments	125,710,845	101,787,711	68,217,290	59,375,922	28,433,357	40,240,634
Advances	19,420,996	19,720,493	20,935,305	20,024,133	20,480,702	18,788,493
Fixed assets	860,246	194,993	219,239	201,211	95,732	80,994
Intangibles	-	-	-	5	437	907
Other assets	4,601,669	2,554,451	2,301,373	2,221,001	1,267,755	1,337,874
Assets held-for-sale	-	384,708	-	-	-	-
Total assets	**157,700,376**	**128,260,085**	**96,806,076**	**92,082,814**	**58,110,472**	**64,669,390**
LIABILITIES						
Borrowings	132,900,975	103,997,150	70,551,769	73,681,026	39,961,645	44,607,690
Deposits and other accounts	13,520,897	14,353,682	15,869,130	8,576,392	9,010,490	10,501,149
Other liabilities	2,578,826	1,153,399	1,302,144	1,471,935	995,399	1,437,194
Total Liabilities	**149,000,698**	**119,504,231**	**87,723,043**	**83,729,353**	**49,967,534**	**56,546,033**
NET ASSETS	**8,699,678**	**8,755,854**	**9,083,033**	**8,353,461**	**8,142,938**	**8,123,357**
REPRESENTED BY						
Share capital	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Reserves	1,922,289	1,855,525	1,759,985	1,265,504	1,164,643	1,071,761
Surplus / (defict) on revaluation of assets	(18,918)	(1,050)	348,498	161,727	39,425	63,540
Unappropriated profit	646,307	751,379	824,550	776,230	788,870	838,056
	8,699,678	**8,755,854**	**9,083,033**	**8,353,461**	**8,142,938**	**8,123,357**
PROFITABILITY						
Mark-up/Return/Interest earned	17,487,556	8,016,889	8,993,366	7,521,051	3,550,116	3,955,607
Mark-up/Return/Interest expensed	(16,653,077)	(6,800,985)	(7,444,829)	(6,500,194)	(2,710,409)	(3,099,597)
Net mark-up/interest income	834,479	1,215,904	1,548,537	1,020,857	839,707	856,010
Fee, commission and brokerage income	96,397	76,168	44,241	41,637	60,348	61,204
Capital gain & dividend income	232,354	132,546	617,675	192,288	80,355	277,563
Other income	147,872	9,526	8,894	2,344	20,861	1,670
Total non markup/interest income	476,623	218,240	670,810	236,269	161,564	340,437
Gross Income	1,311,102	1,434,144	2,219,347	1,257,126	1,001,271	1,196,447
Operating expenses and other charges	(638,896)	(733,388)	(737,257)	(609,415)	(584,028)	(620,227)
Profit before provisions	**672,206**	**700,756**	**1,482,090**	**647,711**	**417,243**	**576,220**
Reversals / (Provisions)	(171,686)	(49,316)	(144,952)	34,136	332,101	168,313
Profit before taxation	**500,520**	**651,440**	**1,337,138**	**681,847**	**749,344**	**744,533**
Taxation	(166,699)	(173,740)	(364,732)	(177,543)	(284,934)	(307,865)
Profit after taxation	**333,821**	**477,700**	**972,406**	**504,304**	**464,410**	**436,668**
CASH FLOW STATEMENT - SUMMARY						
Cash flow from operating activities	18,606,303	45,898,172	(40,873)	38,624,252	(10,063,973)	288,299
Cash flow from investing activities	(17,929,133)	(45,309,053)	(123,154)	(38,463,255)	10,710,960	626,527
Cash flow from financing activities	(370,463)	(457,837)	(431,171)	(431,123)	(430,994)	(492,431)
Cash and cash equivalents at the beginning of the year	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805
* Cash and cash equivalents at the end of the year	1,970,858	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200

Financial Ratios

	2022	2021	2020	2019	2018	2017
Return on Equity	3.8%	5.4%	11.2%	6.1%	5.7%	5.3%
Return on Assets	0.2%	0.4%	1.0%	0.7%	0.8%	0.8%
Profit before tax ratio	38.2%	45.4%	60.2%	54.2%	74.8%	62.2%
Gross spread ratio	4.8%	15.2%	17.2%	13.6%	23.7%	21.6%
Total Assets to shareholders' fund	18.13	14.65	10.66	11.02	7.14	7.96
Weighted average cost of debt	13.02%	7.38%	9.70%	11.92%	6.88%	5.87%
Capital adequacy ratio (CAR)	21.92%	16.47%	17.19%	15.57%	17.29%	21.45%

Share Information

	2022	2021	2020	2019	2018	2017
Cash dividend per share	5.00%	6.00%	7.50%	7.00%	7.00%	7.00%
Basic and diluted earnings per share	0.54	0.78	1.58	0.82	0.76	0.71
Breakup value per shares	14.15	14.24	14.77	13.58	13.24	13.21

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

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAK OMAN INVESTMENT COMPANY LIMITED 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 December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

KARACHI

DATED: March 2, 2023

UDIN: CR202210067MqUF0Dmj7

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

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, 2022

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. Zalmai R. Khan – Acting 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, one director have completed Director' Training Program namely H.H. Juland Jaifar Salim Al Said, rest of the four directors of the Company plan to complete the same during 2023;

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 Chief Financial Officer. Mr. Muhammad Amin has been appointed Chief Financial Officer of the Company in place of Mr. Mohammad Jamal Nasir w.e.f. January 06, 2023;

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. Zalmai R. Khan – Acting 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	Five
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, 27, 32, 33 and 36 of the Regulations have been complied with.

For and behalf of the Board

Juland Jaifar Salim Al Said
Chairman

Mohammad Zalmai Rahman Uddin Khan
Acting Managing Director
& Chief Executive Officer

Karachi: March 02, 2023

STATEMENT OF INTERNAL CONTROLS

For the year ended December 31, 2022

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, 2021 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.

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

Karachi: March 02, 2023

UNCONSOLIDATED FINANCIAL
STATEMENTS OF
PAK OMAN INVESTMENT COMPANY LIMITED
FOR THE YEAR ENDED
DECEMBER 31, 2022

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKOMAN INVESTMENT COMPANY LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **PAKOMAN INVESTMENT COMPANY LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flow statement, the unconsolidated statement of changes in equity 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, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated cash flow statement and the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, its cash flows and the changes in equity 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 Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended December 31, 2022 but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we 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 Board of Directors for the Unconsolidated Financial Statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated cash flow statement and the unconsolidated statement of changes in equity 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).

Other Matter

The financial statements of Pak Oman Investment Company Limited for the year ended December 31, 2021, were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements via their report dated March 24, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: 02 MAR 2023

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UDIN: AR2022100671YT3fuJbZ

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,530	766	Cash and balances with treasury banks	5	346,449	173,449
7,174	6,583	Balances with other banks	6	1,624,409	1,490,702
22,681	8,628	Lendings to financial institutions	7	5,135,762	1,953,578
555,184	449,531	Investments	8	125,710,845	101,787,711
85,770	87,093	Advances	9	19,420,996	19,720,493
3,799	861	Fixed assets	10	860,246	194,993
-	-	Intangible assets	11	-	-
2,858	1,760	Deferred tax assets	12	647,217	398,502
17,464	9,521	Other assets	13	3,954,452	2,155,949
-	1,699	Assets held-for-sale	8.5.4	-	384,708
696,460	566,442			157,700,376	128,260,085
		LIABILITIES			
-	-	Bills payable		-	-
586,938	459,289	Borrowings	14	132,900,975	103,997,150
59,713	63,391	Deposits and other accounts	15	13,520,897	14,353,682
14	17	Liabilities against assets subject to finance lease	16	3,139	3,935
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
11,374	5,076	Other liabilities	17	2,575,687	1,149,464
658,039	527,773			149,000,698	119,504,231
38,421	38,669	**NET ASSETS**		8,699,678	8,755,854
		REPRESENTED BY			
27,161	27,161	Share capital	18	6,150,000	6,150,000
8,490	8,195	Reserves	19	1,922,289	1,855,525
(84)	(5)	(Deficit) / Surplus on revaluation of assets	20	(18,918)	(1,050)
2,854	3,318	Unappropriated profit		646,307	751,379
38,421	38,669			8,699,678	8,755,854
		CONTINGENCIES AND COMMITMENTS	21		

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
77,231	35,405	Mark-up / return / interest earned	22	17,487,556	8,016,889
73,546	30,036	Mark-up / return / interest expensed	23	16,653,077	6,800,985
3,685	5,369	Net mark-up / interest income		834,479	1,215,904
		NON MARK-UP / INTEREST INCOME			
426	336	Fee and commission income	24	96,397	76,168
424	271	Dividend income		96,056	61,331
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
602	315	Gain on securities	25	136,298	71,215
653	42	Other income	26	147,872	9,526
2,105	964	Total non mark-up / interest income		476,623	218,240
5,790	6,333	**Total Income**		1,311,102	1,434,144
		NON MARK-UP / INTEREST EXPENSES			
2,689	2,987	Operating expenses	27	608,776	676,297
-	66	Workers Welfare Fund		-	15,038
133	186	Other charges	28	30,120	42,053
2,822	3,239	Total non mark-up / interest expenses		638,896	733,388
2,968	3,094	**PROFIT BEFORE PROVISIONS**		672,206	700,756
(758)	(218)	Provisions and write offs - net	29	(171,686)	(49,316)
-	-	Extra ordinary / unusual items		-	-
2,210	2,876	**PROFIT BEFORE TAXATION**		500,520	651,440
(736)	(767)	Taxation	30	(166,699)	(173,740)
1,474	2,109	**PROFIT AFTER TAXATION**		333,821	477,700
(US $)				(Rupees)	
0.0024	0.0044	**BASIC AND DILUTED EARNINGS PER SHARE**	31	0.54	0.78

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		2022	2021
(US Dollar in '000)			(Rupees in '000)	
1,474	2,109	**PROFIT AFTER TAXATION FOR THE YEAR**	333,821	477,700
		OTHER COMPREHENSIVE INCOME		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(1,126)	(1,532)	Movements in (deficit) / surplus on revaluation of investments - net of tax	(254,980)	(346,889)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(40)	14	Remeasurement gain / (loss) on defined benefit obligations - net of tax	(9,019)	3,260
1,471	-	Movement in surplus on revaluation of fixed assets - net of tax	333,054	-
(424)	(12)	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(95,942)	(2,659)
1,007	2		228,093	601
1,355	579	**TOTAL COMPREHENSIVE INCOME**	306,934	131,412

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	(Reserves)		Surplus / (deficit) on revaluation of		Unappropriated profit	Total
		Statutory reserve	General reserve	Investments	Fixed Assets / Non-banking assets		
	(Rupees in '000)						
Balance as at January 01, 2021	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 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 - December 31, 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)
Balance as at December 31, 2021	6,150,000	1,543,895	311,630	(96,992)	95,942	751,379	8,755,854
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	333,821	333,821
Other comprehensive income - net of tax	-	-	-	(254,980)	237,112	(9,019)	(26,887)
Total comprehensive income	-	-	-	(254,980)	237,112	324,802	306,934
Transfer to statutory reserve	-	66,764	-	-	-	(66,764)	-
Transfer to general reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	5,890	5,890
Transaction with owners, recorded directly in equity							
Final cash dividend - December 31, 2021 declared subsequent to the year end (Rs. 0.60 per share)	-	-	-	-	-	(369,000)	(369,000)
Balance as at December 31, 2022	6,150,000	1,610,659	311,630	(351,972)	333,054	646,307	8,699,678

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
2,210	2,876	Profit before taxation		500,520	651,440
(424)	(271)	Less: Dividend income		(96,056)	(61,331)
1,786	2,605			404,464	590,109
		Adjustments:			
209	200	Depreciation	10.1	47,338	45,313
77	79	Depreciation on right-of-use assets	10.1	17,446	17,812
-	-	Amortization	11	-	-
758	218	Provisions and write offs - net	29	171,686	49,316
(6)	(29)	Gain on sale of fixed assets	10.3	(1,275)	(6,653)
59	64	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	23	13,469	14,392
3	1	Finance charges on leased assets	27	667	325
(4)	3	Unrealised loss / (gain) loss on held-for-trading securities	25	(940)	604
1,096	536			248,391	121,109
2,882	3,141			652,855	711,218
		(Increase) / Decrease in operating assets			
(14,054)	7,271	Lendings to financial institutions		(3,182,184)	1,646,422
(26,154)	48,207	Held-for-trading securities		(5,922,029)	10,915,529
858	4,935	Advances		194,364	1,117,415
(5,829)	1,073	Other assets (excluding advance taxation)		(1,319,883)	243,015
(45,179)	61,486			(10,229,732)	13,922,381
		Increase / (decrease) in operating liabilities			
127,650	147,707	Borrowings		28,903,825	33,445,381
(3,678)	(6,693)	Deposits		(832,785)	(1,515,448)
6,182	(716)	Other liabilities (excluding current taxation)		1,399,293	(162,283)
130,154	140,298			29,470,333	31,767,650
87,857	204,925			19,893,456	46,401,249
(5,685)	(2,222)	Income tax paid		(1,287,153)	(503,077)
82,172	202,703	**Net cash flow generated from operating activities**		18,606,303	45,898,172
		CASH FLOW FROM INVESTING ACTIVITIES			
(82,281)	(200,253)	Net investments in available-for-sale securities		(18,630,967)	(45,343,575)
2,480	151	Investments in associates		561,485	34,263
(6)	(11)	Investment in subsidiary		(1,250)	(2,445)
624	71	Dividend received		141,256	16,131
(54)	(90)	Investments in operating fixed assets		(12,328)	(20,328)
56	30	Proceeds from sale of fixed assets		12,671	6,901
(79,181)	(200,102)	**Net cash flow used in investing activities**		(17,929,133)	(45,309,053)
		CASH FLOW FROM FINANCING ACTIVITIES			
(6)	15	Payments of lease obligations		(1,463)	3,413
(1,630)	(2,037)	Dividend paid		(369,000)	(461,250)
(1,636)	(2,022)	**Net cash flow used in financing activities**		(370,463)	(457,837)
1,355	579	**Increase in cash and cash equivalents**		306,707	131,282
7,349	6,770	Cash and cash equivalents at beginning of the year	32	1,664,151	1,532,869
8,704	7,349	**Cash and cash equivalents at end of the year**	32	1,970,858	1,664,151

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

1 STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 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 October 28, 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 January 25, 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 August 26, 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2022 directed the Banks/DFI in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from January 01, 2023. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated April 28, 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 January 01, 2015 vide S.R.O 633 (I) / 2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated January 28, 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. 226.4309 to 1 US Dollar has been used for 2022 and 2021 as it was the prevalent rate as on December 31, 2022.

2.4 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

2.5 New accounting standards, amendments and interpretations that are not yet effective

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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

Property

During the year the Company has changed its accounting policy in respect of measurement of the carrying amount of its offices premises subsequent to initial recognition. In this respect the Company has decided to follow the revaluation model as allowed under International Accounting Standard 16: 'Property, Plant and Equipment'. In accordance with the new policy the Office premises of the Company shall be carried at revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation of these assets shall be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of reporting period.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. This account is shown equity in the Statement of Financial Position. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. Any deficit in excess of the surplus previously recognised is charged to the profit and loss account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profit.

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 November 91, 2002 and approved by the Commissioner of Income Tax with effect from January 31, 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 December 31, 2022.

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 November 01, 2002 and approved by the Commissioner of Income Tax with effect from January 31, 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 December 31,2022.

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.

	Note	2022	2021
		(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		120	287
Foreign currencies		324	252
		444	539
With State Bank of Pakistan in			
Local currency current account	5.1	345,716	172,498
With National Bank of Pakistan in			
Local currency current account		289	412
		346,449	173,449

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

	Note	2022	2021
		(Rupees in '000)	

6 BALANCES WITH OTHER BANKS

	Note	2022	2021
In Pakistan:			
In current accounts		11,729	16,196
In deposit accounts	6.1	1,601,434	1,466,519
		1,613,163	1,482,715
Outside Pakistan:			
In current accounts		11,246	7,987
		1,624,409	1,490,702

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,600 million (2021: Rs. 1,450 million) maturing from January 2023 to February 2023 (2021: January 2022 to March 2022). These carry mark-up rates ranging from 16.50% to 17.750% (2021: 10.50% to 12.50%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2022	2021
Placements		-	-
Repurchase agreement lendings (Reverse Repo)	7.1	5,135,762	1,953,578

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 16% to 16.90% (2021: 10.70%) per annum and will mature in January 2023 (2021: January 2022).

7.2 Particulars of lendings

	2022	2021
In local currency	5,135,762	1,953,578

7.3 Securities held as collateral against Lending to financial institutions

	Note	2022			2021		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills		-	4,366,112	4,366,112	-	1,953,578	1,953,578
Pakistan Investment Bonds		-	769,650	769,650	-	-	-
	7.3.1	-	5,135,762	5,135,762	-	1,953,578	1,953,578

7.3.1 Market value of these securities amount to Rs. 5,181 million (2021: Rs. 1,955 million).

7.3.2 The Company does not hold overseas classified placements.

8 INVESTMENTS

	2022				2021			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- (Rupees in '000) ----------							
8.1 Investments by type								
Held-for-trading securities								
Federal Government securities	18,481,922	-	4,039	18,485,961	12,204,646	-	3,099	12,207,745
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	355,247	-	-	355,247
	18,481,922	-	4,039	18,485,961	12,559,893	-	3,099	12,562,992
Available-for-sale securities								
Federal Government securities	103,425,370	-	(547,378)	102,877,992	84,909,793	-	(197,316)	84,712,477
Shares	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
Non-Government debt securities	3,545,556	(399,254)	22,047	3,168,349	3,437,074	(395,201)	60,707	3,102,580
	107,317,192	(510,971)	(525,331)	106,280,890	88,693,133	(506,918)	(136,609)	88,049,606
Associates	699,347	(70,726)	-	628,621	876,124	(77,634)	-	798,490
Subsidiary	601,995	(286,622)	-	315,373	600,745	(224,122)	-	376,623
Total Investments	127,100,456	(868,319)	(521,292)	125,710,845	102,729,895	(808,674)	(133,510)	101,787,711

8.2 Investments by segments

	2022				2021			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	57,954,092	-	16,260	57,970,352	49,886,969	-	(115,814)	49,771,155
Pakistan Investment Bonds	63,953,200	-	(559,599)	63,393,601	46,424,557	-	(76,930)	46,347,627
Ijara Sukuk	-	-	-	-	802,913	-	(1,473)	801,440
	121,907,292	-	(543,339)	121,363,953	97,114,439	-	(194,217)	96,920,222
Shares								
- Unlisted companies	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
Non-Government debt securities								
- Term finance certificate - listed	216,783	(166,932)	-	49,851	610,048	(177,023)	7,575	440,600
- Term finance certificate - unlisted	2,414,456	(21,545)	13,812	2,406,723	1,905,433	(21,545)	42,542	1,926,430
- Sukuk certificates	821,772	(210,777)	8,235	619,230	1,229,797	(196,633)	10,590	1,043,754
- Commercial papers	92,545	-	-	92,545	47,043	-	-	47,043
	3,545,556	(399,254)	22,047	3,168,349	3,792,321	(395,201)	60,707	3,457,827
Associates								
Japan Power Generation Limited	70,726	(70,726)	-	-	70,726	(70,726)	-	-
Pak Oman Microfinance Bank Limited	-	-	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	126,005	-	-	126,005	222,192	-	-	222,192
Pak Oman Islamic Asset Allocation Fund	39,389	-	-	39,389	42,920	(5,395)	-	37,525
Pak Oman Advantage Asset Allocation Fund	102,249	-	-	102,249	84,078	(1,513)	-	82,565
Askari High Yield Scheme	50,679	-	-	50,679	151,329	-	-	151,329
Askari Cash Fund	150,152	-	-	150,152	150,000	-	-	150,000
Pak Oman Daily Dividend Fund	50,000	-	-	50,000	-	-	-	-
Pak Oman Government Securities Fund	110,147	-	-	110,147	154,879	-	-	154,879
	699,347	(70,726)	-	628,621	876,124	(77,634)	-	798,490
Subsidiary								
Pak Oman Asset Management Company Limited	601,995	(286,622)	-	315,373	600,745	(224,122)	-	376,623
Total investments	127,100,456	(868,319)	(521,292)	125,710,845	102,729,895	(808,674)	(133,510)	101,787,711

8.2.1 Investments given as collateral

	2022				2021			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---(Rupees in '000)---							
Federal Government securities								
Market treasury bills	53,312,305	-	13,850	53,326,155	49,861,839	-	(115,693)	49,746,146
Pakistan Investment Bonds	50,425,230	-	(401,555)	50,023,675	44,863,617	-	(73,372)	44,790,245
	103,737,535	-	(387,705)	103,349,830	94,725,456	-	(189,065)	94,536,391
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	104,034,261	(70,726)	(387,705)	103,575,830	95,022,182	(70,726)	(189,065)	94,762,391

8.3 Provision for diminution in value of investments

	2022	2021
	(Rupees in '000)	
8.3.1 Opening balance	808,674	856,755
Charges / reversals		
Charge for the year	76,644	105,634
Reversals for the year	(10,091)	(153,715)
	66,553	(48,081)
Transfers - net	(6,908)	-
Closing balance	868,319	808,674

8.3.2 Particulars of provision against debt securities

Category of classification	2022 NPI	2022 Provision	2021 NPI	2021 Provision
	---(Rupees in '000)---			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	444,971	399,254	455,062	395,201
Total	444,971	399,254	455,062	395,201

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 2022, the Company has availed total accumulated FSV benefit amounting to Rs. 25 million (net of tax Rs. 17 million). Accordingly, accumulated profit of Rs.17 million (net of transfer to statutory reserves Rs.14 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:

	Note	2022	2021
		Cost	
Federal Government securities - Government guaranteed		(Rupees in '000)	
Pakistan Investment Bonds	8.7	60,728,952	43,305,666
Market Treasury Bills	8.8	42,696,418	41,604,127
		103,425,370	84,909,793

Shares	2022		2021	
Unlisted companies	Cost	Carrying value	Cost	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	8,549
Orient Power Company (Private) Limited (Note 21.3)	226,000	226,000	226,000	226,000
	346,266	234,549	346,266	234,549

	2022	2021
Non Government debt securities	Cost	
Categorization based on long-term rating by credit rating agency	(Rupees in '000)	
Listed		
- AAA	-	-
- A+, A, A-	350,000	383,175
- CCC and below	49,851	49,851
	399,851	433,026
Unlisted		
- AA+, AA, AA-	1,539,024	1,352,348
- A+, A, A-	1,061,710	1,196,638
- BB+, BB, BB-	100,000	-
- CCC and below	444,971	455,062
	3,145,705	3,004,048
	3,545,556	3,437,074

8.5 Investment in associates

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

	Number of shares / units 2022	Number of shares / units 2021	(Rupees in '000) 2022	(Rupees in '000) 2021	Holding	Break-up value per share / unit / NAV (Rupees)	Latest available unaudited financial statements	Name of the chief executive
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	1,039,574	928,857	39,389	42,920	38.41%	38.33	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	2,661,966	2,000,000	102,249	84,078	99.58%	38.73	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	2,386,300	4,347,534	126,005	222,192	31.01%	56.74	31-Dec-22**	Ms. Sadaf Kazmi
Askari High Yield Scheme	493,084	1,455,183	50,679	151,329	11.55%	109.04	31-Dec-22**	Ms. Sadaf Kazmi
Askari Cash Fund	1,469,282	1,417,159	150,152	150,000	3.02%	110.69	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Daily Dividend Fund	5,312,693	-	50,000	-	53.10%	10.00	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	10,193,726	14,491,925	110,147	154,879	4.79%	11.67	31-Dec-22**	Ms. Sadaf Kazmi
			699,347	876,124				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Assets held-for-sale

	Number of shares / units 2022	Number of shares / units 2021	(Rupees in '000) 2022	(Rupees in '000) 2021	Holding
Pak Oman Microfinance Bank Limited	-	38,470,788	-	384,708	16.67%

During the year 2021, 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 July 15, 2021. Both the parties signed a share purchase agreement on October 26, 2021. Accordingly, this investment was classified as Asset Held for Sale as required under IFRS-5 Non-current Asset Held for Sale and Discontinued Operations. The transaction has been successfully completed in year 2022.

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 **	Pak Oman Daily Dividend Fund **	Japan Power Generation Limited ***
	---------- (Rupees in '000) ----------							
Assets	442,346	110,413	107,470	2,527,277	1,784,387	5,414,626	101,555	11,856,868
Liabilities	5,721	6,684	3,937	45,496	582,512	27,038	1,496	17,673,828
Total income	134,990	1,141	(197)	349,833	117,038	311,803	42,409	-
Profit / (loss) before taxation	126,964	(3,849)	(4,227)	327,978	110,188	295,774	40,396	-
Profit / (loss) after taxation	126,964	(3,849)	(4,227)	327,978	110,188	295,774	40,396	-

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

8.6 Investment in subsidiary

	2022	2021	2022	2021				
	Number of shares		(Rupees in '000)		%	(Rupees)		
Pak Oman Asset Management Company Limited (note 8.6.2)	755,550,580	752,250,580	601,995	600,745	99.16%	0.19082	31-Dec-22	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 June 15, 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 subsidiary is recorded of Rs 62.5 million .The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

	2022
Discount rate	23.80%
Terminal growth rate	4.00%

8.7 The investments in Pakistan investment bonds are maturing upto November 2031 (2021: August 2029) and the effective yield ranges from 9.78% to 18.35% (2021: 7.96% to 12.38%) per annum.

8.8 Market treasury bills carry yield ranging 15.25% to 17.10% (2021: 9.56% to 11.49%) per annum with maturities upto October 2023 (2021: June 2022).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2022	2021	2022	2021	2022	2021
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	17,821,388	17,672,076	2,225,121	1,919,000	20,046,509	19,591,076
Margin trading		228,927	878,724	-	-	228,927	878,724
Advances - gross		18,050,315	18,550,800	2,225,121	1,919,000	20,275,436	20,469,800
Provision against advances							
Specific	9.5	-	-	854,440	749,097	854,440	749,097
General	9.5	-	210	-	-	-	210
		-	210	854,440	749,097	854,440	749,307
Advances - net of provision		18,050,315	18,550,590	1,370,681	1,169,903	19,420,996	19,720,493

9.1 Includes Net investment in Finance Lease as disclosed below:

	2022			2021		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	249,102	227,108	476,210	439,359	908,427	1,347,786
Residual value	53,041	72,503	125,544	34,867	90,000	124,867
Minimum lease payments	302,143	299,611	601,754	474,226	998,427	1,472,653
Financial charges for future periods	(52,791)	(43,486)	(96,277)	(92,675)	(234,697)	(327,372)
Present value of minimum lease payments	249,352	256,125	505,477	381,551	763,730	1,145,281

9.1.1 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 125.544 million (2021: Rs. 124.867 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 17).

9.2 **Particulars of advances (Gross)**

	2022	2021
	(Rupees in '000)	
In local currency	20,275,436	20,469,800

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 (2021: 5) percent per annum, while no mark-up is charged on personal loans.

9.4 Advances include Rs. 2,225.121 million (2021: Rs 1,919 million) which have been placed under non-performing status as detailed below:

Category of Classification	2022 Non-performing loans	2022 Provision	2021 Non-performing loans	2021 Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	197,210	-	204,370	-
Substandard	750,000	77,183	750,000	44,840
Doubtful	334,728	9,944	-	-
Loss	943,183	767,313	964,630	704,257
	2,225,121	854,440	1,919,000	749,097

9.4.1 Provision is recorded net of security deposit of Rs. 4.397 million (2021: Rs. 4.068 million).

9.5 Particulars of provision against advances

	Note	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
		----- (Rupees in '000) -----					
Opening balance		749,097	210	749,307	651,697	213	651,910
Charge for the year	**9.5.3**	117,732	-	117,732	124,482	-	124,482
Reversals		(12,389)	(210)	(12,599)	(27,082)	(3)	(27,085)
		105,343	(210)	105,133	97,400	(3)	97,397
Amounts written off		-	-	-	-	-	-
Closing balance		854,440	-	854,440	749,097	210	749,307

9.5.1 Particulars of provision against advances

	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
	----- (Rupees in '000) -----					
In local currency	854,440	-	854,440	749,097	210	749,307
	854,440	-	854,440	749,097	210	749,307

9.5.2 The Company maintains general provision amounting NIL (2021: Rs.0.210 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 June 26, 2014 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances. As of December 31, 2022, the Company has availed total accumulated FSV benefit amounting to Rs. 429 million (net of tax Rs. 288 million). Accordingly, accumulated profit of Rs 288 million (net of transfer to statutory reserves Rs. 230 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.

9.6 Particulars of write offs

	Note	2022	2021
		(Rupees in '000)	

9.6.1 Against provisions

Directly charged to profit and loss account		-	-

10 FIXED ASSETS

	Note	2022	2021
Property and equipments	10.1	**860,246**	194,993
Advance for capital expenditure		-	-
		860,246	194,993

10.1 Property and Equipments

		2022								
		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 January 01, 2022										
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
Year ended December 31, 2022										
Opening net book value		5,621	112,382	21,183	2,232	1,913	1,846	45,143	4,673	194,993
Additions		-	-	-	1,529	6,949	250	3,600	-	12,328
Movement in surplus on assets revalued during the year	**10.1.1**	371,912	-	-	-	-	-	-	-	371,912
Transfer from Non-banking assets		338,389	-	-	-	-	-	-	-	338,389
Disposals		-	-	-	(413)	-	(282)	(10,701)	-	(11,396)
Depreciation charge		(7,677)	(17,446)	(3,391)	(896)	(2,245)	(725)	(12,479)	(1,121)	(45,980)
Closing net book value		708,245	94,936	17,792	2,452	6,617	1,089	25,563	3,552	860,246
As at December 31, 2022										
Cost / Revalued amount		752,427	156,112	35,062	10,472	23,941	11,782	55,261	5,608	1,050,665
Accumulated depreciation		(44,182)	(61,176)	(17,270)	(8,020)	(17,324)	(10,693)	(29,698)	(2,056)	(190,419)
Net book value		708,245	94,936	17,792	2,452	6,617	1,089	25,563	3,552	860,246
Rate of depreciation (percentage)		5%	-	10%	20%	33.33%	20%	20%	20%	

	Office premises *	Right of use assets	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - Vehicle	Total
	2021								
	(Rupees in '000)								
As at January 01, 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 December 31, 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 December 31, 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%	

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

10.1.1 As more fully explained in note 4.5 to the financial statements, during the year, the Company has changed its accounting policy for subsequent measurement of the carrying value of Office premises from cost model to revaluation model. The Office premises of the Company were revalued on December 31, 2022 by an independent valuer Oriental Engineering Services on the basis of professional assessments of the market values. The revaluation resulted in a surplus of Rs 371.912 million over the book value of Rs 4.213 million which has been recognised by the Company. Had there been no revaluation, the net book value of Office premises as at December 31, 2022 would have been Rs 3.510 million.

As the revaluation is carried out as at during the year, the change of policy have an impact of Rs 4 million on the profit for the current year. Surplus arising on revaluation of these assets is reflected in note 20.2 to these financial statements along with the related deferred tax impact thereon.

10.1.2 The properties has been revalued by an independent professional valuers as at December 31, 2022. The valuation was carried by M/s. KG Traders and M/s Oriental Engineering Services on the basis of current professional assessment of current market values.

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

	2022	2021
	(Rupees in '000)	
Improvements	1,476	1,476
Office equipments	6,483	7,261
Computer equipments	14,709	13,623
Furniture and fixtures	9,175	6,379
Vehicles	7,029	10,161
	38,872	38,900

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							
Toyota Corolla	1,795	1,795	-	359	359	Company policy	Mr. Muhammad Saeed Rana (Executive)
Honda City	1,479	1,479	-	295	295	Company policy	Mr. Tariq Hasan (Executive)
Honda Civic	3,720	1,685	2,035	2,650	615	Negotiations	M/s Smart Drive
	6,994	4,959	2,035	3,304	1,269		
Porsche Cayenne	28,327	20,513	7,814	7,814	-	As per BOD Approval	Mr. Bahauddin Kham (Former Chief executive officer)
Honda Civic	3,090	2,237	853	853	-		
Office Equipment	1,417	1,005	412	412	-		
Furniture and fixtures	650	476	174	174	-		
	33,484	24,231	9,253	9,253	-		
Furniture and fixture	150	150	-	-	-	Company policy	Mr. Saeed Ahmed Bhayat (Former Executive)
Furniture and fixture	150	112	38	38	-	Company policy	Mr. Mohammad Azeem Dada (Former Executive)
Furniture and fixture	100	30	70	70	-	Company policy	Syed Yasir Hussaini (Former Executive)
Furniture and fixture	100	100	-	-	-	Company policy	Mr. Azhar Ali Shahidi (Former Executive)
Others	1,896	1,896	-	6	6		
	42,874	31,478	11,396	12,671	1,275		

11 INTANGIBLE ASSETS

	Computer software 2022	Computer software 2021
	(Rupees in '000)	
As at January 01		
Cost	10,356	10,356
Accumulated amortisation	(10,356)	(10,356)
Net book value	-	-
Year ended December 31		
Opening net book value	-	-
Amortisation charge	-	-
Closing net book value	-	-
As at December 31		
Cost	10,356	10,356
Accumulated amortisation	(10,356)	(10,356)
Net book value	-	-
Rate of amortisation	33%	33%

12 DEFERRED TAX ASSETS

	January 01, 2022	Recognized in Profit and loss account	Recognized in Recognised in OCI	December 31, 2022
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	212,001	51,204	-	263,205
Assets subject to finance lease	(214)	78	-	(136)
Amortisation of premium on Federal Government securities	2,556	1,501	-	4,057
Provision against non-performing advances	217,299	64,666	-	281,965
Accelerated tax depreciation allowances	13,626	2,381	-	16,007
	445,268	119,830	-	565,098
Taxable Temporary Differences on				
Net investment in finance lease	(65,829)	110,959	-	45,130
Revaluation on investments classified as held-for-trading	(899)	(434)	-	(1,333)
Revaluation on investments classified as available-for-sale	39,617	-	133,742	173,359
Revaluation on fixed asset / non-banking assets	(16,265)	10,138	(128,910)	(135,037)
Dividend receivables	(3,390)	3,390	-	-
	(46,766)	124,053	4,832	82,119
	398,502	243,883	4,832	647,217

	January 01, 2021	Recognized in Profit and loss account	Recognized in Recognised in OCI	December 31, 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

13	OTHER ASSETS	Note	2022	2021
			(Rupees in '000)	
	Income/ mark-up accrued in local currency		2,194,746	1,206,928
	Dividend income receivable		-	45,200
	Mark-up / profit receivable on purchase of securities		363,277	59,788
	Security deposits		3,486	3,486
	Prepayments		30,645	9,675
	Advance taxation (payments less provisions)		1,340,308	459,295
	Non-banking assets acquired in satisfaction of claims	13.1	-	222,064
	Defined benefit plan	34.2	-	4,900
	Others		21,990	9,484
			3,954,452	2,020,820
	Less: Provision held against other assets		-	-
	Other assets (net of provisions)		3,954,452	2,020,820
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	-	135,129
	Other assets - total		3,954,452	2,155,949

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

The property has been revalued by an independent professional valuer as at December 31,2022. The desktop valuation 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

	2022	2021
Opening balance	357,193	375,991
Disposals	-	-
Depreciation	(18,804)	(18,798)
Transfer to fixed assets	(338,389)	-
Impairment	-	-
Closing balance	-	357,193

14 BORROWINGS

	Note	2022	2021
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)		2,595,426	2,499,104
- Financing Power Plants Using Renewable - Energy (REPP)	14.2	274,253	265,565

	Note	2022	2021
		(Rupees in '000)	
- Financing facility for storage of agricultural produce (FFSAP)		36,539	44,231
- Temporary Economic Refinance Facility (TERF)		208,186	87,975
Repurchase agreement borrowings	14.3	104,263,504	90,633,437
Long term borrowings	14.4	4,691,667	3,333,333
Short term running finance	14.5	94,887	153,816
Bai Muajjal	14.6	4,000,718	6,076,567
Total secured		116,165,180	103,094,028
Unsecured			
Placements	14.7	-	500,000
Murabaha financing	14.8	16,735,795	403,122
Total unsecured		16,735,795	903,122
		132,900,975	103,997,150

14.1 Particulars of borrowings with respect to currencies

In local currency	132,900,975	103,997,150

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 8% (2021: 1% to 4.50%) per annum. These are repayable within 10 years (2021: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing from January 2023 to March 2023 (2021: January 2022 to March 2022), ranges between 15.23% to 16.11% (2021: 9.75% to 10.75%) per annum. Securities having cost of Rs. 104,796 million (2021: Rs 90,466 million) have been pledged against these borrowings.

14.4 These long-term borrowings carrying mark up at the rate of KIBOR plus spread negotiated with Bank. 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% (2021: 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 in June 2023 (2021: March 2022 to June 2022) is 16.99% (2021: 7.95% to 11.52%) per annum.

14.7 The mark up rate on these placement financing,(2021: maturity in January 2022) is nil (2021: 9%) per annum.

14.8 The mark up rate on these murabaha financing, maturing from January 2023 to April 2023 (2021: January 2022) is 9% (2021:9%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

		2022		2021	
		In local currency	Total	In local currency	Total
		---------- (Rupees in '000) ----------			
Certificates of investment					
Financial institutions		3,154,000	3,154,000	3,500,000	3,500,000
Others		10,366,897	10,366,897	10,853,682	10,853,682
	15.2	13,520,897	13,520,897	14,353,682	14,353,682

15.1 The rate of return on deposits maturing between January 2023 to January 2024 (2021: January 2022 to January 2023) ranges between 10.10% to 17.03% (2021: 7.25% to 12%) per annum.

15.2 Composition of deposits

	2022	2021
	(Rupees in '000)	
Individuals	2,063,136	1,926,113
Government (Federal and Provincial)	2,573,466	2,650,000
Banking Companies	-	2,000,000
Non-Banking Financial Institutions	3,154,000	1,500,000
Private Sector	5,730,295	6,277,569
	13,520,897	14,353,682

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2022			2021		
	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	252	872	1,124	328	796
Later than one year and upto five years	2,517	250	2,267	3,640	501	3,139
	3,641	502	3,139	4,764	829	3,935

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% (2021: 7.90%) per annum.

	Note	2022	2021
		(Rupees in '000)	

17 OTHER LIABILITIES

	Note	2022	2021
Mark-up/ return/ interest payable in local currency		2,164,548	541,338
Accrued expenses		75,778	304,512
Defined benefit plan liabilities	34.2	13,643	-
Security deposits against investment in finance lease	9.1.1	125,544	124,867
Taxation		-	-
Payable against purchase of investments		-	-
Lease liability against right-of-use assets	17.1	127,954	138,708
Withholding tax and sales tax payable		12,263	4,412
Others		55,957	35,627
		2,575,687	1,149,464

17.1 Lease liability against right-of-use assets

	2022	2021
As at 01 January	138,708	144,485
Additions - net	-	-
Finance charge	13,469	14,392
Payments	(24,223)	(20,169)
As at 31 December	127,954	138,708

18 SHARE CAPITAL

18.1 Authorized Capital

2022	2021		2022	2021
(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

2022	2021		2022	2021
(Number of shares)				
		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 (2021: 307,495,900) ordinary shares of the Company, while 4,100 (2021: 4,100) ordinary shares each are held by Secretary – Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

	Note	2022	2021
19 RESERVES		**(Rupees in '000)**	
Statutory reserve	19.1	1,610,659	1,543,895
General reserve		311,630	311,630
		1,922,289	1,855,525

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. 66.764 million (2021: Rs. 95.540 million).

20 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

	Note	2022	2021
(Deficit) / Surplus on revaluation of:			
- Available for sale securities		(525,331)	(136,609)
- Fixed assets		497,095	-
- Non-banking assets acquired in satisfaction of claims	20.1	-	135,129
		(28,236)	(1,480)
Deferred tax Asset / (Liability) on surplus on revaluation of:			
- Available for sale securities		173,359	39,617
- Fixed assets		(164,041)	-
- Non-banking assets acquired in satisfaction of claims	20.1	-	(39,187)
		9,318	430
		(18,918)	(1,050)

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

	2022	2021
Surplus on revaluation as at January 01	135,129	138,873
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(3,748)	(3,744)
Transfer to fixed assets	(131,381)	
	-	135,129

	Note	2022	2021
		(Rupees in '000)	
Less: related deferred tax liability on:			
Revaluation as at January 01		(39,187)	(40,272)
Revaluation recognised during the year		-	-
Incremental depreciation charged during the year		(4,168)	1,085
Transfer to fixed assets		43,355	
		-	(39,187)
		-	95,942

20.2 Surplus on revaluation of fixed assets

	2022	2021
Surplus on revaluation as at January 01	-	-
Recognised during the year	371,912	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(6,198)	-
Transfer from non-banking assets	131,381	-
	497,095	-
Less: related deferred tax liability on:		
Revaluation as at January 01	-	-
Revaluation recognised during the year	(122,731)	-
Incremental depreciation charged during the year	2,045	-
Transfer from non-banking assets	(43,355)	
	(164,041)	-
	333,054	-

21 CONTINGENCIES AND COMMITMENTS

	Note	2022	2021
Guarantees	21.1	797,255	702,520
Commitments	21.2	1,137,889	1,226,443
Other contingent liabilities	21.3	458,197	332,726
		2,393,341	2,261,689

21.1 Guarantees:

	2022	2021
Financial guarantees	797,255	702,520

21.2 Commitments:

	2022	2021
Commitments in respect of:		
forward government securities transactions	29,621	-
Commitments for:		
advances	1,108,268	1,226,443
	1,137,889	1,226,443

	Note	2022	2021
		(Rupees in '000)	

21.2.1 Commitments in respect of forward government securities transactions

Purchase		13,559	-
Sale		16,062	-
		29,621	-

21.3 Other contingent liabilities:

	Note	2022	2021
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		-	36,000
Workers Welfare Fund	21.3.3	161,471	-
		458,197	332,726

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 (2021: 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 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Company filed a Constitutional Petition in Sindh High Court challenging the applicability of the Act to the Company on the grounds including being a trans-provisional organisation and inclusion of Financial Services under the definition of Industrial Undertakings. The Sindh High Court has granted an interim relief. The petition is pending with Sindh High Court and management is of the view that the possibility of an outflow of an economic resource is remote therefore, no provision is required to be maintained.

		Note	2022	2021
22	**MARK-UP / RETURN / INTEREST EARNED**	**Note**	**(Rupees in '000)**	
	On:			
	Loans and advances		2,231,840	1,604,885
	Investments		14,368,845	6,186,275
	Lendings to financial institutions		720,470	102,858
	Balances with banks		166,401	122,871
			17,487,556	8,016,889
23	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		1,414,241	926,009
	Borrowings		15,225,367	5,860,584
	Lease liability against right-of-use assets		13,469	14,392
			16,653,077	6,800,985
24	**FEE AND COMMISSION INCOME**			
	Credit related fees		43,410	48,655
	Investment banking fees		30,084	18,256
	Commission on guarantees		3,960	3,305
	Underwriting commission of Government securities auction		18,943	5,952
			96,397	76,168
25	**GAIN/(LOSS) ON SECURITIES**			
	Realised	25.1	135,358	71,819
	Unrealised - held for trading		940	(604)
			136,298	71,215
25.1	**Realised gain on:**			
	Federal Government securities		88,397	117,145
	Non-Government debt securities		747	(54,174)
	Mutual funds		17,903	15,058
	Shares		28,311	(6,210)
			135,358	71,819
26	**OTHER INCOME**			
	Gain on sale of fixed assets - net	10.3	1,275	6,653
	Rental income on Non banking assets		8,819	2,873
	Reversal of Workers Welfare Fund	26.1	137,778	-
			147,872	9,526

26.1 As described in note 21.3.3, during the year, the management has made reversal of amount in respect to Workers Welfare Fund.

27 OPERATING EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Total compensation expense	27.1	409,837	481,711
Property expense			
Rent and taxes		-	-
Utilities cost		6,352	4,494
Security (including guards)		700	637
Repair and maintenance (including janitorial charges)		10,908	11,780
Depreciation on right-of-use assets	10.1	17,446	17,812
Depreciation on improvements	10.1	3,391	3,355
Depreciation on office premises	10.1	7,677	2,106
		46,474	40,184
Information technology expenses			
Software maintenance		1,220	1,092
Hardware maintenance		451	16
Depreciation on computer equipment	10.1	2,245	1,296
Amortisation	11	-	-
Network charges		3,131	2,642
Others		1,403	1,149
		8,450	6,195
Other operating expenses			
Directors' fees and allowances		34,575	37,575
Legal and professional charges		9,727	14,844
Travelling and conveyance		24,010	12,404
Depreciation	27.4	34,025	38,556
Training and development		981	2,452
Postage and courier charges		741	902
Communication		9,014	7,700
Stationery and printing		1,476	1,589
Marketing, advertisement & publicity		1,837	4,981
Donations	27.2	2,110	-
Auditors' remuneration	27.3	2,127	2,249
Membership and subscriptions		2,545	2,106
Transportation		4,159	3,967
Insurance		2,627	3,459
Finance charges on leased assets		667	325
Entertainment and canteen expenses		4,891	5,870
Maintenance charges - Non-banking assets		2,424	3,165
Others		6,079	6,063
		144,015	148,207
Total operating expenses		608,776	676,297

	Note	2022	2021
		(Rupees in '000)	

27.1 Total compensation expenses

	Note	2022	2021
Employees' remuneration			
i) Fixed		312,630	323,561
ii) Variable			
of which;			
Cash bonus / awards etc		30,000	96,720
Charge for defined benefit plan	34.6.1	20,982	19,232
Contribution to defined contribution plan		17,285	19,086
Utilities		3,788	4,573
Medical		11,949	10,313
Others		13,203	8,226
Grand total		409,837	481,711

27.2 Donations made in excess of Rs 0.5 million are as follows:

	2022	2021
Flood Affectees	1,980	-

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

27.3 Auditors' remuneration

	2022	2021
Audit fee	1,200	1,200
Half yearly review	450	450
Special certifications and sundry advisory services	407	332
Out-of-pocket expenses	70	267
	2,127	2,249

27.4 This includes depreciation on non-banking assets Rs.18.804 (2021: Rs.18.798) million.

28 OTHER CHARGES

	2022	2021
Penalties imposed by State Bank of Pakistan	-	1,601
Fees, commission and other brokerage charges	30,120	40,452
	30,120	42,053

	Note	2022	2021
		(Rupees in '000)	

29 PROVISIONS / (REVERSALS) AND WRITE OFFS - NET

	Note	2022	2021
(Reversals) / provisions for diminution in value of investments	8.3.1	66,553	(48,081)
Provisions against loans and advances	9.5	105,133	97,397
		171,686	49,316

30 TAXATION

		2022	2021
Current		380,506	204,014
Prior years		30,076	-
Deferred		(243,883)	(30,274)
		166,699	173,740

30.1 Relationship between tax expense and accounting profit

	2022	2021
Profit before taxation	500,520	651,440
Tax at the applicable rate of 33% (2021: 29%)	165,172	188,918
Tax effect of income taxed at reduced rate	(13,772)	(15,366)
Prior year	30,076	-
Others	(14,777)	188
	166,699	173,740

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 no provision is required.

31 BASIC AND DILUTED EARNINGS PER SHARE

	2022	2021
Profit for the year	333,821	477,700

		2022	2021
		Numbers in '000	
Weighted average number of ordinary shares in issue		615,000	615,000
Basic and diluted earnings per share		0.54	0.78

31.1 There were no convertible dilutive potential ordinary shares outstanding on December 31,2022 and 2021.

32 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	5	346,449	173,449
Balances with other banks	6	1,624,409	1,490,702
		1,970,858	1,664,151

33 STAFF STRENGTH

	(Number)	
Permanent	61	64
Temporary / contractual	25	32
Total staff strength	86	96

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 January 31,2003. 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:

Gratuity fund	61	64

34.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2022 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2022	2021
	(Number)	
Discount rate	14.50	10.50
Expected short term rate of increase in salary levels	15.00	10.00
Expected long term rate of increase in salary levels	14.50	10.50
Expected rate of return on plan assets	14.50	10.50

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

Present value of defined benefit obligation	34.3	167,322	191,932
Fair value of plan assets	34.4	(153,679)	(196,832)
(Receivable) / payable	34.5	13,643	(4,900)

34.3 Movement in defined benefit obligation

Obligation at the beginning of the year	191,932	165,326
Current service cost	22,331	20,022
Interest cost	16,788	15,704
Benefits paid during the year	(64,095)	(8,523)
Remeasurement (gain) / loss	366	(598)
Obligation at the end of the year	167,322	191,932

34.4 Movement in fair value of plan assets

Fair value at the beginning of the year		196,832	161,993
Interest income on plan assets		18,137	16,494
Contribution by the Company		15,900	22,872
Benefits paid during the year		(64,095)	(8,523)
Remeasurement gain on plan assets		(13,095)	3,996
Fair value at the end of the year	34.7	153,679	196,832

	Note	2022	2021
		(Rupees in '000)	

34.5 Movement in receivable under defined benefit plan

	Note	2022	2021
Opening balance		(4,900)	3,333
Charge for the year	34.6.1	20,982	19,232
Re-measurement (gain) / loss recognised in other comprehensive income during the year		13,461	(4,592)
Contributions by the Company - net		(15,900)	(22,872)
Closing balance		13,643	(4,900)

34.6 Charge for defined benefit plans

34.6.1 Cost recognised in the profit and loss account

	2022	2021
Current service cost	22,331	20,022
Net interest on defined benefit asset	(1,349)	(790)
	20,982	19,232

34.6.2 Re-measurement recognised in OCI during the year

	2022	2021
Actuarial (gain) / loss on obligation	366	(598)
Actuarial gain on plan assets	13,095	(3,995)
Total re-measurements (gain) / loss recognised in OCI	13,461	(4,592)

34.7 Components of plan assets

Particulars	Note	2022		2021	
		(Rupees in '000)	%	(Rupees in '000)	%
Cash and cash equivalents - net		429	0.28%	21,189	10.77%
Government securities		153,250	99.72%	175,643	89.23%
Certificate of investments	-	-	-	-	-
		153,679	100.00%	196,832	100.00%

	Note	2022	2021
		(Rupees in '000)	

34.8 Sensitivity analysis

1% increase in discount rate	(11,192)	(11,144)
1% decrease in discount rate	12,732	12,755
1% increase in expected rate of salary increase	13,392	13,564
1% decrease in expected rate of salary increase	(11,961)	(12,066)

34.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at December 31, 2022 is 7.15 years (2021: 6.23 years).

Distribution of timing of benefit payments

Years		
1	39,265	80,198
2	11,756	3,462
3	4,393	9,819
4	4,341	3,615
5	37,836	3,558
6 to 10	64,096	76,732
11 and above	637,527	322,986

34.10 Expected contributions to be paid to the funds in the next financial year	18,186	20,800
34.11 Expected charge for the next financial year	18,186	20,800

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. 18.186 million as per the actuarial valuation report of the Company as of December 31, 2022.

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.

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

	2022	2021
	(Rupees in '000)	
Contribution by the Company	17,285	19,086
Contribution by employees	17,285	19,086
	34,570	38,172

The number of employees covered under the defined contribution plan as at December 31, 2022 are 61 (2021: 64).

36 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

36.1 Total Compensation Expenses

Items	2022				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	8,400	26,175	-	-	-
Managerial remuneration					
i) Fixed	-	-	45,621	107,787	23,559
ii) Total variable					
of which					
a) Cash bonus / awards	-	-	64,295	21,000	3,375
b) Bonus and awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	6,431	6,128	1,495
Contribution to defined contribution plan	-	-	3,257	6,730	1,644
Utilities	-	-	3,477	482	-
Medical	-	-	1,092	-	-
Others	-	-	1,977	1,398	-
Total	8,400	26,175	126,150	143,525	30,073
Number of persons	1	3	1	11	6

* During the Year 2022, Mr. Bahauddin Khan MD/CEO completed his contract period.

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.

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	2022					
		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	4,200	3,000	-	-	1,200	8,400
2	Ayham Abdul Aziz Qadar Al Ghassani	2,625	1,875	1,500	1,500	1,350	8,850
3	Faisal Ali Ibrahim Al Siyabi	2,625	-	1,500	1,650	1,875	7,650
4	Omar Hamid Khan	2,625	1,875	1,800	1,500	1,875	9,675
	Total	12,075	6,750	4,800	4,650	6,300	34,575

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 in year 2021.

Further, during the year 2021 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.

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	**2022**		**2021**	
	Book value	**Fair value**	**Book value**	**Fair value**
	(Rupees in '000)			
Assets				
Cash and balances with treasury banks	346,449	346,449	173,449	173,449
Balances with other banks	1,624,409	1,624,409	1,490,702	1,490,702
Lendings to financial institutions	5,135,762	5,135,762	1,953,578	1,953,578
Investments	125,710,845	125,745,934	101,787,711	101,590,365
Advances	19,420,996	19,420,996	19,720,493	19,720,493
Other assets	2,583,499	2,583,499	1,324,886	1,324,886
Assets held-for-sale	-	-	384,708	384,708
	154,821,960	154,857,049	126,835,527	126,638,181

On-balance sheet financial instruments	2022		2021	
	Book value	Fair value	Book value	Fair value
	------------------------------- (Rupees in '000) ------------------------------------			
Liabilities				
Borrowings	132,900,975	132,900,975	103,997,150	103,997,150
Deposits and other accounts	13,520,897	13,520,897	14,353,682	14,353,682
Liabilities against assets subject to finance lease	3,139	3,139	3,935	3,935
Other liabilities	2,562,044	2,562,044	1,149,464	1,149,464
	148,987,055	148,987,055	119,504,231	119,504,231
	5,834,905	5,869,994	7,331,296	7,133,950
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/Non-Government Debt	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:

	2022			
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	-	121,363,953	-	121,363,953
Non-Government debt securities	-	3,168,349	-	3,168,349
Mutual funds	-	628,621	-	628,621
Financial assets - disclosed but not measured at fair value				
Investments	-	-	549,922	549,922
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	-	-

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
Shares		-	-	-
Non-Government debt securities	-	3,457,827	-	3,457,827
Mutual funds	-	798,490	-	798,490
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

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

	2022 Corporate Banking	Investment Banking	Treasury	Total
	--- (Rupees in '000) -----------------------------------			
Profit & Loss				
Net mark-up/return/profit	198,462	(130,373)	766,390	834,479
Non mark-up / return / interest income	130,567	177,304	168,752	476,623
Total income	329,029	46,931	935,142	1,311,102
Segment direct expenses	346,357	34,753	257,786	638,896
Provisions / (reversals)	105,133	52,409	14,144	171,686
Profit before tax	(122,461)	(40,231)	663,212	500,520

	2022 Corporate Banking	Investment Banking	Treasury	Total
	--- (Rupees in '000) -----------------------------------			
Balance sheet				
Cash & bank balances	-	-	1,970,858	1,970,858
Investments	-	1,178,543	124,532,302	125,710,845
Lendings to financial institutions			5,135,762	5,135,762
Advances - performing	17,821,388	-	228,927	18,050,315
non-performing	1,370,681	-		1,370,681
Others	1,085,623	136,357	4,239,935	5,461,915
Total assets	20,277,692	1,314,900	136,107,784	157,700,376
Borrowings	17,524,277	1,103,958	114,272,740	132,900,975
Subordinated debt	-	-	-	-
Deposits and other accounts	1,738,566	112,737	11,669,594	13,520,897
Others	440,996	20,455	2,117,375	2,578,826
Total liabilities	19,703,839	1,237,150	128,059,709	149,000,698
Equity	573,853	77,750	8,048,075	8,699,678
Total equity & liabilities	20,277,692	1,314,900	136,107,784	157,700,376
Contingencies & Commitments	2,002,600	301,005	89,736	2,393,341

	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

	2021			
	Corporate Banking	Investment Banking	Treasury	Total
	-- (Rupees in '000) ----------------------------------			
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

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, OLP Financial Services Pakistan Limited, NRSP Microfinance Bank Limited, United Bank Limited, Kashf Foundation, K-Electric Limited, Berger Paints Pakistan Limited, China Power Hub Generation Company (Pvt.) Limited, Gas & Oil Pakistan Limited, Lucky Electric Power Company Limited, Nishat Mills Limited, Masood Textile Mills Limited, Mughal Iron & Steel Industries Limited, Shakarganj Food Products Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited, TPL Trakker Limited and TPL Corp 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:

	2022						2021					
	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) ----------											
Balances with other banks												
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	200,000	-	-
Investments												
Opening balance	-	-	600,745	1,260,832	-	226,000	-	-	598,300	1,295,095	-	726,000
Investment made during the year	-	-	1,250	547,598	-	-	-	-	2,445	1,195,031	-	-
Investment redeemed / disposed off during the year	-	-	-	(724,375)	-	-	-	-	-	(1,229,294)	-	-
Transfer in / (out) - net	-	-	-	(384,708)	-	-	-	-	-	-	-	(500,000)
Closing balance	-	-	601,995	699,347	-	226,000	-	-	600,745	1,260,832	-	226,000
Provision for diminution in value of investments	-	-	286,622	70,726	-	-	-	-	224,122	70,726	-	-
Advances												
Opening balance	-	45,005	-	68,200	-	-	-	51,021	-	68,200	-	524,566
Addition during the year	-	8,950	-	-	-	-	-	8,297	-	-	-	-
Repaid during the year	-	(10,927)	-	-	-	-	-	(14,313)	-	-	-	(71,700)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	(452,866)
Closing balance	-	43,028	-	68,200	-	-	-	45,005	-	68,200	-	-
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-

	2022						2021					
	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) ----------											
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	1,052	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	4,900	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	3,377	-	-	-	-	-	5,532	-	-	6,871	-
Received during the year	-	112,390	-	-	-	-	-	43,388	-	-	3,923	-
Withdrawn during the year	-	(95,167)	-	-	-	-	-	(45,543)	-	-	(10,794)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	20,600	-	-	-	-	-	3,377	-	-	-	-
Other Liabilities												
Interest / mark-up payable	-	155	-	-	-	-	-	4	-	-	-	-
Payable to staff retirement fund	-	-	-	-	13,643	-	-	-	-	-	-	-
Other liabilities												
Outright sale of securities	-	-	-	3,017,486	10,530,225				-	1,470,950	6,177,570	
Outright purchase of securities	-	-	-	587,132	10,574,364	-	-	-	-	155,883	5,896,182	-
Contingencies and Commitments												
Other contingencies	-	-	-	70,726	-	226,000	-	-	36,000	70,726	-	226,000

40.2 Related party transactions

	2022						2021					
	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)											
Income												
Mark-up / return / interest earned	-	1,842	-	-	-	-	-	1,399	-	7,109	-	52,334
Fee and commission income	-	-	-	-	-	-	-	-	197	-	-	-
Dividend income	-	-	-	38,245	-	56,500	-	-	-	11,678	-	45,200
Net gain on sale of securities	-	-	-	17,888	1,560	-	-	-	-	15,598	(272)	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	1,330	-	-	-	-	-	355	-	-	48	-
Operating expenses												
Non- Executive Directors' fees and allowances	34,575	-	-	-	-	-	37,575	-	-	-	-	-
Compensation expenses		269,675	-	-	-	-	-	343,749	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	17,285	-	-	-	-	-	19,086	-
Charge for defined benefit plan	-	-	-	-	20,982	-	-	-	-	-	19,232	-

	2022	2021
	(Rupees in '000)	

41 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2022	2021
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	7,164,149	6,658,230
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,164,149	6,658,230
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	7,164,149	6,658,230
Risk Weighted Assets (RWAs):		
Credit risk	25,699,246	23,616,456
Market risk	4,064,453	13,901,012
Operational risk	2,918,559	2,915,280
Total	32,682,258	40,432,748
Common Equity Tier 1 Capital Adequacy ratio	21.92%	16.47%
Tier 1 Capital Adequacy Ratio	21.92%	16.47%
Total Capital Adequacy Ratio	21.92%	16.47%
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.

	2022	2021
Leverage Ratio (LR):		
Eligible Tier 1 Capital	7,164,149	6,658,230
Total Exposures	160,045,303	119,057,544
Leverage Ratio	4.48%	5.59%

	2022	2021
	(Rupees in '000)	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,368,544	10,987,504
Total Net Cash Outflow	11,730,333	16,181,833
Liquidity Coverage Ratio	79.87%	67.90%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,645,526	21,726,820
Total Required Stable Funding	21,709,665	20,582,830
Net Stable Funding Ratio	104.31%	105.56%

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 December 31, 2022.

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 December 31, 2022 is 21.92% (2021: 16.47%) 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 21.92% demonstrates that the company is geared to absorb major risks / shocks in the present market scenario.

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. 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 risk management function regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. Stringent measures such as close monitoring, on-site visits and regular follow-ups are carried out for high risk customers. Moreover, POICL has also implemented Green Banking regulations and every project / credit proposal is reviewed as per the approved green banking procedures.

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

		2022			2021		
Exposu	**Rating Category**	**Amount Outstanding**	**Deduction CRM***	**Net amount**	**Amount Outstanding**	**Deduction CRM***	**Net amount**
		----------	----------	(Rupees in '000)	----------	----------	----------
Corporate	0	-	-	-	-	-	-
	1	1,905,374	-	1,905,374	1,986,008	-	1,986,008
	2	8,782,922	(2,792)	8,780,131	8,214,875	(1,140)	8,213,735
	3-4	334,953	(9,875)	325,078	668,397	(9,875)	658,522
	5-6	-	-	-	-	-	-
	Unrated	7,204,934	(215,906)	6,989,028	8,080,848	(152,038)	7,928,810
		18,228,183	(228,573)	17,999,610	18,950,128	(163,053)	18,787,075
Banks	0	-	-	-	-	-	-
	1	6,760,171	-	6,760,171	3,444,280	-	3,444,280
	2-3	278,676	(154,000)	124,676	64,676	-	64,676
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		7,038,847	(154,000)	6,884,847	3,508,956	-	3,508,956

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	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	---- (Rupees in '000) ----					
Public / Government	-	-	-	-	-	-
Private	5,135,762	1,953,578	-	-	-	-
	5,135,762	1,953,578	-	-	-	-

42.1.2 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	---- (Rupees in '000) ----					
Textile	193,590	231,090	81,090	81,090	60,641	60,641
Automobile and transportation equipment	92,545	-	-	-	-	-
Electronics and electrical appliances	85,000	132,043	85,000	85,000	85,000	85,000
Power (electricity), gas, water, sanitary	475,000	855,247	-	-	-	-
Transport, storage and communication	257,210	295,079	166,932	177,023	166,932	177,023
Financial	124,252,958	99,296,756	15,404	15,404	15,404	15,404
Others	96,545	96,545	96,545	96,545	71,277	57,133
	125,452,848	100,906,760	444,971	455,062	399,254	395,201

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	---- (Rupees in '000) ----					
Public / Government	122,256,795	97,869,309	-	-	-	-
Private	3,196,053	3,037,451	444,971	455,062	399,254	395,201
	125,452,848	100,906,760	444,971	455,062	399,254	395,201

42.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Textile	4,110,849	3,920,666	313,947	313,947	309,878	309,878
Chemical and Pharmaceuticals	295,689	561,607	-	-	-	-
Cement	385,621	403,729	-	-	-	-
Sugar	793,785	700,045	232,000	240,000	94,947	43,009
Footwear and Leather garments	-	-	-	-	-	-
Automobile and transportation equipment	303,503	303,346	-	-	-	-
Electronics and electrical appliances	531,250	466,667	50,000	50,000	50,000	50,000
Construction	275,693	385,073	271,111	-	-	-
Power (electricity), Gas, Water, Sanitary	3,522,033	3,921,149	265,410	272,570	68,200	68,200
Wholesale and Retail Trade	73,150	157,519	-	-	-	-
Exports/Imports	-	-	-	-	-	-
Transport, Storage and Communication	2,397,588	2,481,703	-	-	-	-
Financial	519,088	978,885	5,161	5,161	5,161	5,161
Insurance	-	-	-	-	-	-
Services	2,076,654	1,809,940	1,018	2,076	1,018	607
Individuals	104,967	94,185	-	-	-	-
Others	4,885,566	4,285,286	1,086,474	1,035,246	325,236	272,242
	20,275,436	20,469,800	2,225,121	1,919,000	854,440	749,097

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Public/ Government	740,741	814,815	-	-	-	-
Private	19,534,695	19,654,985	2,225,121	1,919,000	854,440	749,097
	20,275,436	20,469,800	2,225,121	1,919,000	854,440	749,097

42.1.4 Contingencies and Commitments

	2022	2021
	(Rupees in '000)	
Credit risk by industry sector		
Textile	335,842	-
Power (electricity), Gas, Water, Sanitary	500,000	-
Transport, Storage and Communication	-	25,000
Financial	-	300,000
Insurance	50,000	
Services	50,000	-
Others	172,426	901,443
	1,108,268	1,226,443
Credit risk by public / private sector		
Public/ Government	-	-
Private	1,108,268	1,226,443
	1,108,268	1,226,443

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 7,365.029 million (2021: Rs 7,776.246 million) are as following:

	2022	2021
Funded	7,365,029	7,776,246
Non Funded	-	-
Total Exposure	7,365,029	7,776,246

The sanctioned limits against these top 10 exposures aggregated to Rs 9,405 million (2021: Rs 11,342 million)

Total funded classified therein	2022		2021	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	197,210	-	204,370	-
Substandard	750,000	77,183	750,000	44,840
Doubtful	334,728	9,944	-	-
Loss	943,183	767,313	964,630	704,257
Total	2,225,121	854,440	1,919,000	749,097

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2022						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	7,116,220	2,331,246	2,233,531	600,000	366,519	1,584,924	-

	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	-

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 reviews and recommends 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

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	346,449	-	346,449	173,449	-	173,449
Balances with other banks	1,624,409	-	1,624,409	1,490,702	-	1,490,702
Lendings to financial institutions	5,135,762	-	5,135,762	1,953,578	-	1,953,578
Investments	4,346,892	121,363,953	125,710,845	4,512,242	97,275,469	101,787,711
Advances	19,420,996	-	19,420,996	19,720,493	-	19,720,493
Fixed assets	860,246	-	860,246	194,993	-	194,993
Intangible assets	-	-	-	-	-	-
Deferred tax assets	647,217	-	647,217	398,502	-	398,502
Other assets	3,954,452	-	3,954,452	2,155,949	-	2,155,949
Assets held-for-sale	-		-	384,708		384,708
	36,336,423	121,363,953	157,700,376	30,984,616	97,275,469	128,260,085

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.

	2022		2021	
	Foreign Currency Assets	**Net foreign currency exposure**	**Foreign Currency Assets**	**Net foreign currency exposure**
United States Dollar	43	43	55	55
Omani Riyal	11,203	11,203	7,932	7,932
	11,246	11,246	7,987	7,987

	2022		2021	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	------------------------------ (Rupees in '000) ------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(116)	-	(82)	-
- 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, 2022.

	2022		2021	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account *	-	-	-	-
- Other comprehensive income	**(151,504)**	-	(214,904)	-

* 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.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	---------------------------- (Rupees in '000) ----------------------------			
Impact of 1% change in interest rates on:				
Profit and loss account *	-	(20,762)	-	(34,991)
Other comprehensive income *	210,828	(226,241)	141,052	(219,479)
* Earning approach				

42.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2022										
		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		346,449	-	-	-	-	-	-	-	-	-	346,449
Balances with other banks	17.71%	1,624,409	1,101,434	500,000	-	-	-	-	-	-	-	22,975
Lendings to financial institutions	16.65%	5,135,762	5,135,762	-	-	-	-	-	-	-	-	-
Investments	16.41%	125,710,845	30,704,017	63,492,608	24,183,616	660,482	1,617	4,913,501	576,461	-	-	1,178,543
Advances	16.12%	19,420,996	5,565,696	6,451,071	4,396,625	296,568	599,986	529,223	940,789	602,885	26,160	11,993
Assets held-for-sale		-	-	-	-	-	-	-	-	-	-	-
Other assets		2,583,499	-	-	-	-	-	-	-	-	-	2,583,499
		154,821,960	42,506,909	70,443,679	28,580,241	957,050	601,603	5,442,724	1,517,250	602,885	26,160	4,143,459
Liabilities												
Borrowings	15.47%	132,900,975	46,611,517	75,530,838	7,934,968	295,696	583,965	501,750	885,436	556,805	-	-
Deposits and other accounts	15.88%	13,520,897	5,367,588	2,665,778	1,494,900	3,988,799	3,832	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	3,139	70	141	216	446	955	1,047	264	-	-	-
Other liabilities		2,562,044	-	-	-	-	-	-	-	-	-	2,562,044
		148,987,055	51,979,175	78,196,757	9,430,084	4,284,941	588,752	502,797	885,700	556,805	-	2,562,044
On-balance sheet gap		5,834,905	(9,472,266)	(7,753,078)	19,150,157	(3,327,891)	12,851	4,939,927	631,550	46,080	26,160	1,581,415
Non-Financial assets		2,878,416										
Non-Financial liabilities		13,643										
Total Net Assets		8,699,678										
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			(9,472,266)	(7,753,078)	19,150,157	(3,327,891)	12,851	4,939,927	631,550	46,080	26,160	1,581,415
Cumulative yield / interest risk sensitivity gap			(9,472,266)	(17,225,344)	1,924,813	(1,403,078)	(1,390,227)	3,549,700	4,181,250	4,227,330	4,253,490	5,834,905

Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		2021										
		Exposed to yield / interest risk										
		---- (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

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.

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.

Besides the Board which is responsible for formulation of over all policy, the following are involved in Liquidity Risk Management Process:

- 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.

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

2022

	Total	Upto 1 day	Over 1 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	346,449	-		346,449	-	-	-								
Balances with other banks	1,624,409	-	24,409	-	1,100,000	500,000	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,135,762	-	5,135,762	-	-	-	-	-	-	-	-	-	-	-	-
Investments	125,710,845	-	-	-	11,970,808	19,697,483	25,624,787	3,504,086	7,067,383	854,714	6,185,551	22,592,620	14,234,276	13,379,137	600,000
Advances	19,420,996	-	47,742	71,137	682,953	460,107	762,960	1,417,916	1,170,976	1,153,996	4,089,222	3,393,630	3,849,419	2,169,167	151,771
Fixed assets	860,246	-	-	-	6,616	6,617	6,616	19,849	18,713	18,713	66,967	57,454	105,372	263,042	290,287
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	647,217	-	-	-	(21,656)	(5,169)	(5,168)	(12,572)	82,869	82,868	(28,301)	(84)	576,186	72,945	(94,701)
Other assets	3,954,452	-	582,892	110,395	311,849	876,547	186,687	1,880,705	946	945	-	-	3,486	-	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	157,700,376	-	5,790,805	527,981	14,050,570	21,535,585	26,575,882	6,809,984	8,340,887	2,111,236	10,313,439	26,043,620	18,768,739	15,884,291	947,357
Liabilities															
Borrowings	132,900,975	-	11,254,465	25,789	33,664,596	28,498,223	45,295,115	7,934,968	823,627	592,902	2,200,632	1,168,417	885,436	556,805	-
Deposits and other accounts	13,520,897	-	498,760	252,506	4,616,322	1,635,787	1,029,991	1,494,900	1,696,757	2,292,042	3,832	-	-	-	-
Liabilities against assets subject to finance lease	3,139	-	-	-	70	70	71	216	221	225	955	1,047	264	-	-
Others liabilities	2,575,687	-	333,389	6,756	718,200	404,967	701,803	207,976	106,290	23,800	40,283	16,027	16,196	-	-
	149,000,698	-	12,086,614	285,051	38,999,188	30,539,047	47,026,980	9,638,060	2,626,895	2,908,969	2,245,702	1,185,491	901,896	556,805	-
Net assets	8,699,678	-	(6,295,809)	242,930	(24,948,618)	(9,003,462)	(20,451,098)	(2,828,076)	5,713,992	(797,733)	8,067,737	24,858,129	17,866,843	15,327,486	947,357
Share capital	6,150,000														
Reserves	1,922,289														
Unappropriated profit	646,307														
Surplus on revaluation of assets	(18,918)														
	8,699,678														

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														

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

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	346,449	346,449	-	-	-	-	-	-	-	-
Balances with other banks	1,624,409	1,124,409	500,000	-	-	-	-	-	-	-
Lendings to financial institutions	5,135,762	5,135,762	-	-	-	-	-	-	-	-
Investments	125,710,845	11,970,808	45,322,270	3,504,086	7,922,097	6,185,551	22,592,620	14,234,276	13,379,137	600,000
Advances	19,420,996	801,832	1,223,067	1,417,916	2,324,972	4,089,222	3,393,630	3,849,419	2,169,167	151,771
Fixed assets	860,246	6,616	13,233	19,849	37,426	66,967	57,454	105,372	263,042	290,287
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	647,217	(21,656)	(10,337)	(12,572)	165,737	(28,301)	(84)	576,186	72,945	(94,701)
Other assets	3,954,452	1,005,136	1,063,234	1,880,705	1,891	-	-	3,486	-	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-
	157,700,376	20,369,356	48,111,467	6,809,984	10,452,123	10,313,439	26,043,620	18,768,739	15,884,291	947,357
Liabilities										
Borrowings	132,900,975	44,944,850	73,793,338	7,934,968	1,416,529	2,200,632	1,168,417	885,436	556,805	-
Deposits and other accounts	13,520,897	5,367,588	2,665,778	1,494,900	3,988,799	3,832	-	-	-	-
Liabilities against assets subject to finance lease	3,139	70	141	216	446	955	1,047	264	-	-
Others liabilities	2,575,687	1,058,345	1,106,770	207,976	130,090	40,283	16,027	16,196	-	-
	149,000,698	51,370,853	77,566,027	9,638,060	5,535,864	2,245,702	1,185,491	901,896	556,805	-
Net assets	8,699,678	(31,001,497)	(29,454,560)	(2,828,076)	4,916,259	8,067,737	24,858,129	17,866,843	15,327,486	947,357
Share capital	6,150,000									
Reserves	1,922,289									
Unappropriated profit	646,307									
Surplus on revaluation of assets	(18,918)									
	8,699,678									

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									

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 March 02, 2023 have:

- proposed 5% cash dividend amounting to Rs 307.5 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 March 02, 2023 by the Board of Directors of the Company.

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Annexure I

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

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	**Name:** H. Sheikh Noor-ud-Din & Sons (Private) Limited - **Address:**4KM, Off Ferozepur Road, New Kahna Kacha Road, Lahore	Mr. Furqan Sarwar - 35201-1429159-3 Mr. Ahmar Sarwar - 90406-0187092-9 Mr. Farhan Sarwar - 35201-8499236-3 Mr. Farhaj Sarwar - 35200-2740559-1	Mr. Muhammad Sarwar Mr. Muhammad Sarwar Mr. Muhammad Sarwar Mr. Muhammad Sarwar	500,603	132,678	6,310	639,591	-	169,142	14,314	183,456
				500,603	132,678	6,310	639,591	-	169,142	14,314	183,456

CONSOLIDATED FINANCIAL STATEMENTS OF PAK OMAN INVESTMENT COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2022

BDO

Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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** ("the Company or Holding Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated 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 the accompanying the consolidated statement of financial position, the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at December 31, 2022 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 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.

Other Matter Paragraph

The consolidated financial statements of the Company for the year ended December 31, 2021, were audited by another audit firm of Chartered Accountants who have expressed an unmodified opinion thereon vide their report dated March 24, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATE: 02 MAR 2023

UDIN: AR202210067AskGi4yMg

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Pak Oman Investment Company Limited

Consolidated Statement of Financial Position

As at December 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,530	766	Cash and balances with treasury banks	**5**	**346,474**	173,463
7,178	6,585	Balances with other banks	**6**	**1,625,259**	1,490,942
22,681	8,628	Lendings to financial institutions	**7**	**5,135,762**	1,953,578
553,960	448,007	Investments	**8**	**125,433,755**	101,442,517
85,770	87,093	Advances	**9**	**19,420,996**	19,720,493
3,870	966	Fixed assets	**10**	**876,317**	218,795
426	427	Intangible assets	**11**	**96,559**	96,692
2,599	1,631	Deferred tax assets	**12**	**588,518**	369,393
17,982	10,118	Other assets	**13**	**4,071,258**	2,290,984
-	1,555	Assets held-for-sale	**8.5.4**	-	352,163
695,996	565,776			**157,594,898**	128,109,020
		LIABILITIES			
-	-	Bills payable		-	-
586,938	459,384	Borrowings	**14**	**132,900,975**	104,018,650
59,713	63,391	Deposits and other accounts	**15**	**13,520,897**	14,353,682
14	17	Liabilities against assets subject to finance lease	**16**	**3,139**	3,935
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
11,888	5,609	Other liabilities	**17**	**2,691,873**	1,269,874
658,553	528,401			**149,116,884**	119,646,141
37,443	37,375	**NET ASSETS**		**8,478,014**	8,462,879
		REPRESENTED BY			
27,161	27,161	Share capital	**18**	**6,150,000**	6,150,000
8,490	8,195	Reserves	**19**	**1,922,289**	1,855,525
(84)	(5)	(Deficit) / Surplus on revaluation of assets	**20**	**(18,918)**	(1,050)
1,870	2,016	Unappropriated profit		**423,376**	456,490
37,437	37,367	Equity attributable to shareholder of Group		**8,476,747**	8,460,965
6	8	Non-controlling interest	**21**	**1,267**	1,914
37,443	37,375			**8,478,014**	8,462,879
		CONTINGENCIES AND COMMITMENTS	**22**		

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited

Consolidated Statement of Profit and Loss Account

For the year ended December 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
77,232	35,406	Mark-up / return / interest earned	**23**	**17,487,657**	8,017,103
73,558	30,055	Mark-up / return / interest expensed	**24**	**16,655,876**	6,805,352
3,674	5,351	Net mark-up / interest income		**831,781**	1,211,751
		NON MARK-UP / INTEREST INCOME			
632	607	Fee and commission income	**25**	**143,122**	137,374
255	219	Dividend income		**57,810**	49,653
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
432	248	Gain on securities	**26**	**97,899**	56,157
512	113	Share of profit from associates - net of tax		**116,044**	25,608
685	91	Other income	**27**	**155,102**	20,535
2,516	1,278	Total non mark-up / interest income		**569,977**	289,327
6,190	6,629	**Total Income**		**1,401,758**	1,501,078
		NON MARK-UP / INTEREST EXPENSES			
2,907	3,270	Operating expenses	**28**	**658,160**	740,476
-	66	Workers' Welfare Fund		**-**	15,038
133	186	Other charges	**29**	**30,120**	42,053
3,040	3,522	Total non mark-up / interest expenses		**688,280**	797,567
3,150	3,107	Profit Before Provisions		**713,478**	703,511
(482)	(614)	Provisions and write offs - net	**30**	**(109,186)**	(138,941)
-	-	Extra ordinary / unusual items		**-**	-
2,668	2,493	**PROFIT BEFORE TAXATION**		**604,292**	564,570
(874)	(865)	Taxation	**31**	**(197,910)**	(195,841)
1,794	1,628	**PROFIT AFTER TAXATION**		**406,382**	368,729
		ATTRIBUTABLE TO:			
1,791	1,638	Shareholders of the Group		**405,779**	370,989
3	(10)	Non-controlling interest		**603**	(2,260)
1,794	1,628			**406,382**	368,729
(US Dollar)				(Rupees)	
0.0029	0.0027	**Basic and diluted earnings per share attributable to shareholders of the Group**	**32**	**0.66**	0.60

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

2022	2021		2022	2021
(US Dollar in '000)			(Rupees in '000)	
1,794	1,628	Profit after taxation for the year	**406,382**	368,729
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(1,126)	(1,532)	Movements in (deficit) / surplus on revaluation of investments - net of tax	**(254,980)**	(346,889)
-				
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(40)	14	Remeasurement (loss) / gain on defined benefit obligations - net of tax	**(9,019)**	3,260
1,471	-	Movement in surplus on revaluation of fixed assets - net of tax	**333,054**	-
(424)	(12)	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	**(95,942)**	(2,659)
1,007	2		**228,093**	601
1,675	98	**Total comprehensive income**	**379,495**	22,441
		ATTRIBUTABLE TO:		
1,672	108	Shareholders of the Group	**378,892**	24,701
3	(10)	Non-controlling interest	**603**	(2,260)
1,675	98		**379,495**	22,441

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	-------- (Reserves) -----------		Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
		Statutory reserve	General reserve	Investments	Non-banking assets				
	-----	-----	-----	-----	(Rupees in '000)	-----	-----	-----	-----
Balance as at January 01, 2021	**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 December 31, 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 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 - December 31, 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)	-	(461,250)
Balance as at December 31, 2021	**6,150,000**	**1,543,895**	**311,630**	**(96,992)**	**95,942**	**456,490**	**8,460,965**	**1,914**	**8,462,879**
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	405,779	405,779	603	406,382
Other comprehensive income - net of tax	-	-	-	(254,980)	237,112	(9,019)	(26,887)	-	(26,887)
Total comprehensive income	-	-	-	(254,980)	237,112	396,760	378,892	603	379,495
Transfer to statutory reserve	-	66,764	-	-	-	(66,764)	-	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	5,890	5,890	-	5,890
Further acquisition in subsidiary						-	-	(1,250)	(1,250)
Transaction with owners, recorded directly in equity									
Final cash dividend - December 31, 2021 declared subsequent to the year end (Rs. 0.60 per share)	-	-	-	-	-	(369,000)	(369,000)	-	(369,000)
Balance as at December 31, 2022	**6,150,000**	**1,610,659**	**311,630**	**(351,972)**	**333,054**	**423,376**	**8,476,747**	**1,267**	**8,478,014**

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited

Consolidated Cash Flow Statement

For the year ended December 31, 2022

2022	2021		Note	2022	2021
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
2,668	2,493	Profit before taxation		**604,292**	564,570
(255)	(219)	Less: Dividend income		**(57,810)**	(49,653)
2,413	2,274			**546,482**	514,917
		Adjustments:			
221	213	Depreciation on fixed assets	**10.1**	**50,108**	48,146
96	98	Depreciation on right-of-use assets	**10.1**	**21,838**	22,198
1	-	Amortization	**11**	**133**	12
482	614	Provisions and write offs - net	**30**	**109,186**	138,941
-	-	Impairment on goodwill		**-**	-
(13)	(45)	Gain on sale of fixed assets	**10.3**	**(3,005)**	(10,288)
(512)	(113)	Share of profit from associates - net of tax		**(116,044)**	(25,608)
66	72	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	**24**	**14,877**	16,287
3	1	Finance charges on leased assets	**28**	**667**	325
(4)	3	Unrealised loss / (gain) on held-for-trading securities	**26**	**(940)**	604
340	843			**76,820**	190,617
2,753	3,117			**623,302**	705,534
		(Increase) / Decrease in operating assets			
(14,054)	7,271	Lendings to financial institutions		**(3,182,184)**	1,646,422
(26,154)	48,207	Held-for-trading securities		**(5,922,029)**	10,915,529
858	4,935	Advances		**194,364**	1,117,415
(5,752)	1,099	Other assets (excluding advance taxation)		**(1,302,494)**	248,945
(45,102)	61,512			**(10,212,343)**	13,928,311
		Increase / (decrease) in operating liabilities			
127,555	147,669	Borrowings		**28,882,325**	33,436,881
(3,678)	(6,693)	Deposits and other accounts		**(832,785)**	(1,515,448)
6,155	(753)	Other liabilities (excluding current taxation)		**1,393,661**	(170,221)
130,032	140,223			**29,443,201**	31,751,212
87,683	204,852			**19,854,160**	46,385,057
(5,688)	(2,235)	Income tax paid		**(1,287,934)**	(506,064)
81,995	202,617	**Net cash flow generated from operating activities**		**18,566,226**	45,878,993
		CASH FLOW FROM INVESTING ACTIVITIES			
(82,251)	(200,253)	Net investments in available-for-sale securities		**(18,624,059)**	(45,343,575)
2,788	270	Investment in associates		**631,222**	61,024
-	-	Net investments in held-to-maturity securities		**-**	-
(6)	(11)	Investment in subsidiary		**(1,250)**	(2,445)
455	20	Dividend received		**103,010**	4,453
(54)	(92)	Investments in operating fixed assets / intangibles		**(12,328)**	(20,894)
66	47	Proceeds from sale of fixed assets		**14,970**	10,637
(79,002)	(200,019)	**Net cash flow used in investing activities**		**(17,888,435)**	(45,290,800)
		CASH FLOW FROM FINANCING ACTIVITIES			
(6)	15	Payments of lease obligations		**(1,463)**	3,413
(1,630)	(2,037)	Dividend paid		**(369,000)**	(461,250)
(1,636)	(2,022)	**Net cash flow used in financing activities**		**(370,463)**	(457,837)
1,357	576	**Increase / decrease in cash and cash equivalents**		**307,328**	130,356
7,351	6,775	Cash and cash equivalents at beginning of the year	**33**	**1,664,405**	1,534,049
8,708	7,351	**Cash and cash equivalents at end of the year**	**33**	**1,971,733**	1,664,405

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

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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 July 23, 2001. Subsequently, on March 17, 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 October 28, 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 July 28, 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 October 31, 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 May 31, 2017 under a Share Purchase Agreement dated January 10, 2017. Askari Investment Management Limited has been merged with Pak Oman AMCL effective from October 30, 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 Incorporatio**	**Nature of business**	**Holding %**	
			2022	**2021**
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**31.01**	19.47
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.	**38.41**	25.13
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.	**99.58**	98.46
Pak Oman Income Fund (Formerly 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.	**4.79**	13.99

Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**11.55**	9.07
Askari Cash Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**3.02**	5.32
Pak Oman Daily Dividend Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**53.10**	-
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
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,

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 August 26, 2002 till further instructions. Further, SBP vide its BPRD Circular No. 03 of 2022 dated July 05, 2022 directed the Banks / DFIs in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from January 01, 2023. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated April 28, 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 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 January 25, 2018.

These consolidated financial statements have been prepared from the information available in the audited financial statements of the Group for the year ended December 31, 2021 and the audited financial statements of the subsidiary (POAMCL) for the year ended December 31, 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. 226.4309 to 1 US Dollar has been used for 2022 and 2021 as it was the prevalent rate as on December 31, 2022.

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 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standtdards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendmends to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendmends to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendmends to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

2.6 New accounting standards, amendments and interpretations that are not yet effective

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

Amendmends to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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:

Subsidiaries

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

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

Property

During the year the Company has changed its accounting policy in respect of measurement of the carrying amount of its offices premises subsequent to initial recognition. In this respect the Company has decided to follow the revaluation model as allowed under International Accounting Standard 16: 'Property, Plant and Equipment'. In accordance with the new policy the Office premises of the Company shall be carried at revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation of these assets shall be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of reporting period.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. This account is shown equity in the Statement of Financial Position. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. Any deficit in excess of the surplus previously recognised is charged to the profit and loss account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profit.

4.5.1 Property and equipment – owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Offices premises are carried at revalued amount less any accumulated depreciation and subsequent 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 November 01, 2002 and approved by the Commissioner of Income Tax with effect from January 31, 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 December 31, 2022.

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 November 01, 2002 and approved by the Commissioner of Income Tax with effect from January 31, 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 December 31, 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.

	Note	2022	2021
		(Rupees in '000)	

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2022	2021
In hand			
Local currency		145	301
Foreign currencies		324	252
		469	553
With State Bank of Pakistan in			
Local currency current account	5.1	345,716	172,498
With National Bank of Pakistan in			
Local currency current account		289	412
		346,474	173,463

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

6 BALANCES WITH OTHER BANKS

	Note	2022	2021
In Pakistan:			
In current accounts		11,729	16,196
In deposit accounts	6.1	1,602,284	1,466,759
		1,614,013	1,482,955
Outside Pakistan:			
In current accounts		11,246	7,987
		1,625,259	1,490,942

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,600 million (2021: Rs. 1,450 million) maturing from January 2023 to February 2023 (2021: January 2022 to March 2022). These carry mark-up rates ranging from 16.50% to 17.750% (2021: 10.50% to 12.50%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2022	2021
Repurchase agreement lendings (Reverse Repo)	7.1	5,135,762	1,953,578

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 16% to 16.90% (2021: 10.70%) per annum and will mature in January 2023 (2021: January 2022).

7.2 Particulars of lendings

	2022	2021
	(Rupees in '000)	
In local currency	5,135,762	**1,953,578**

7.3 Securities held as collateral against lendings to financial institutions

	Note	2022 Held by the Group	2022 Further Given as collateral	2022 Total	2021 Held by the Group	2021 Further Given as collateral	2021 Total
		(Rupees in '000)					
Market Treasury Bills		-	4,366,112	4,366,112	-	1,953,578	1,953,578
Pakistan Investment			769,650	769,650			
Bonds		-	-	-	-	-	-
	7.3.1	-	5,135,762	5,135,762	-	1,953,578	1,953,578

7.3.1 Market value of these securities amount to Rs. 5,181 million (2021: Rs. 1,955 million).

7.3.2 The Group does not hold overseas classified placements.

8 INVESTMENTS

	2022				2021			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
8.1 Investments by type								
Held-for-trading securities								
Federal Government securities	18,481,922	-	4,039	18,485,961	12,204,646	-	3,099	12,207,745
Non-Government debt securities	-	-	-	-	355,247	-	-	355,247
	18,481,922	-	4,039	18,485,961	12,559,893	-	3,099	12,562,992
Available-for-sale securities								
Federal Government securities	103,425,370	-	(547,378)	102,877,992	84,909,793	-	(197,316)	84,712,477
Shares	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
Non-Government debt securities	3,545,556	(399,254)	22,047	3,168,349	3,437,074	(395,201)	60,707	3,102,580
	107,317,192	(510,971)	(525,331)	106,280,890	88,693,133	(506,918)	(136,609)	88,049,606
Associates	666,904	-	-	666,904	829,919	-	-	829,919
Total investments	126,466,018	(510,971)	(521,292)	125,433,755	102,082,945	(506,918)	(133,510)	101,442,517

8.2 Investments by segments

	2022				2021			
	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	57,954,092	-	16,260	57,970,352	49,886,969	-	(115,814)	49,771,155
Pakistan Investment Bonds	63,953,200	-	(559,599)	63,393,601	46,424,557	-	(76,930)	46,347,627
Ijara Sukuk	-	-	-	-	802,913	-	(1,473)	801,440
	121,907,292	-	(543,339)	121,363,953	97,114,439	-	(194,217)	96,920,222
Shares								
Listed companies	-	-	-	-	-	-	-	-
Unlisted companies	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
	346,266	(111,717)	-	234,549	346,266	(111,717)	-	234,549
Non-Government debt securities								
Term finance certificate - listed	725,806	(166,932)	(28,730)	530,144	610,048	(177,023)	7,575	440,600
Term finance certificate - unlisted	1,905,433	(21,545)	42,542	1,926,430	1,905,433	(21,545)	42,542	1,926,430
Sukuk certificates	821,772	(210,777)	8,235	619,230	1,229,797	(196,633)	10,590	1,043,754
Commercial papers	92,545	-	-	92,545	47,043	-	-	47,043
	3,545,556	(399,254)	22,047	3,168,349	3,792,321	(395,201)	60,707	3,457,827
Associates								
Japan Power Generation Limited	-	-	-	-	-	-	-	-
Pak Oman Microfinance Bank Limited	-	-	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	135,399	-	-	135,399	238,526	-	-	238,526
Pak Oman Islamic Asset Allocation Fund	39,847	-	-	39,847	37,526	-	-	37,526
Pak Oman Advantage Asset Allocation Fund	103,104	-	-	103,104	82,565	-	-	82,565
Askari High Yield Scheme	53,767	-	-	53,767	156,595	-	-	156,595
Askari Cash Fund	162,706	-	-	162,706	151,434	-	-	151,434
Pak Oman Daily Dividend Fund	53,127	-	-	53,127	-	-	-	-
Pak Oman Government Securities Fund	118,954	-	-	118,954	163,273	-	-	163,273
	666,904	-	-	666,904	829,919	-	-	829,919
Total investments	126,466,018	(510,971)	(521,292)	125,433,755	102,082,945	(506,918)	(133,510)	101,442,517

8.2.1 Investments given as collateral

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	53,312,305	-	13,850	53,326,155	49,861,839	-	(115,693)	49,746,146
Pakistan Investment Bonds	50,425,230	-	(401,555)	50,023,675	44,863,617	-	(73,372)	44,790,245
	103,737,535	-	(387,705)	103,349,830	94,725,456	-	(189,065)	94,536,391
Shares								
Listed companies	-	-	-	-	-	-	-	-
Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
Total investments	103,963,535	-	(387,705)	103,575,830	94,951,456	-	(189,065)	94,762,391

8.3 Provision for diminution in value of investments

	2022	2021
	(Rupees in '000)	
8.3.1 Opening balance	506,918	628,654
Charge / reversal		
Charge for the year	14,144	31,979
Reversals for the year	(10,091)	(153,715)
	4,053	(121,736)
Transfers - net	-	-
Amounts written off	-	-
Closing balance	510,971	506,918

8.3.2 Particulars of provision against debt securities

Category of classification	2022 NPI	2022 Provision	2021 NPI	2021 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	444,971	399,254	455,062	395,201
Total	444,971	399,254	455,062	395,201

8.3.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the holding Company has availed the benefit of FSV against the non-performing investments. As of December 31, 2022, the holding Company has availed total accumulated FSV benefit amounting to Rs. 25 million (net of tax Rs. 17 million). Accordingly, accumulated profit of Rs.17 million (net of transfer to statutory reserves Rs.14 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding 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 2022**	**Cost 2021**
		(Rupees in '000)	
Pakistan Investment Bonds	8.7	60,728,952	43,305,666
Market Treasury Bills	8.8	42,696,418	41,604,127
		103,425,370	84,909,793

Unlisted shares	**2022 Cost**	**2022 Carrying value**	**2021 Cost**	**2021 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	8,549
Orient Power Company (Private) Limited (Note 22.3)	226,000	226,000	226,000	226,000
	346,266	234,549	346,266	234,549

Non Government debt securities **Categorization based on long-term rating by credit rating agency**	**Cost 2022**	**Cost 2021**
Listed	**(Rupees in '000)**	
- AAA	-	-
- A+, A, A-	350,000	383,175
- CCC and below	49,851	49,851
	399,851	433,026
Unlisted		
- AA+, AA, AA-	1,539,024	1,352,348
- A+, A, A-	1,061,710	1,196,638
- BB+, BB, BB-	100,000	-
- CCC and below	444,971	455,062
	3,145,705	3,004,048
	3,545,556	3,437,074

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	**2022**	**2021**	**Carrying Value 2022**	**Carrying Value 2021**	**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	1,039,574	928,857	39,847	37,526	38.41%	38.33	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	2,661,966	2,000,000	103,104	82,565	99.58%	38.73	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	2,386,300	4,347,534	135,399	238,526	31.01%	56.74	31-Dec-22**	Ms. Sadaf Kazmi
Askari High Yield Scheme	493,084	1,455,183	53,767	156,595	11.55%	109.04	31-Dec-22**	Ms. Sadaf Kazmi
Askari Cash Fund	1,469,282	1,417,159	162,706	151,434	3.02%	110.69	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Daily Dividend Fund	5,312,693	-	53,127	-	53.10%	10.00	31-Dec-22**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	10,193,726	14,491,925	118,954	163,273	4.79%	11.67	31-Dec-22**	Ms. Sadaf Kazmi
			666,904	829,919				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Assets held-for-sale	**2022**	**2021**	**2022**	**2021**	**Holding**
	Number of shares / units		**(Rupees in '000)**		
Pak Oman Microfinance Bank Limited	**-**	**38,470,788**	**-**	352,163	**16.67%**

During the year 2021, 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. The transaction has been successfully completed in year 2022.

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 Income Fund (Formely Government Securities Fund) ****	**Askari High Yield Scheme ** **	**Askari Cash Fund ** **	**Pak Oman Daily Dividend Fund ** **	**Japan Power Generation Limited *** **
	------	------	------	------	**(Rupees in '000)**	------	------	------
Assets	442,346	110,413	107,470	2,527,277	1,784,387	5,414,626	101,555	11,856,868
Liabilities	5,721	6,684	3,937	45,496	582,512	27,038	1,496	17,673,828
Total income	134,990	1,141	(197)	349,833	117,038	311,803	42,409	-
Profit / (loss) before taxation	126,964	(3,849)	(4,227)	327,978	110,188	295,774	40,396	-
Profit / (loss) after taxation	126,964	(3,849)	(4,227)	327,978	110,188	295,774	40,396	-

**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 November 2031 (2021: August 2029) and the effective yield ranges from 9.78% to 18.35% (2021: 7.96% to 12.38%) per annum.

8.8 Market treasury bills carry yield ranging 15.25% to 17.10% (2021: 9.56% to 11.49%) per annum with maturities upto October 2023 (2021: June 2022).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2022	2021	2022	2021	2022	2021
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	17,821,388	17,672,076	2,225,121	1,919,000	20,046,509	19,591,076
Margin trading		228,927	878,724	-	-	228,927	878,724
Advances - gross		18,050,315	18,550,800	2,225,121	1,919,000	20,275,436	20,469,800
Provision against advances							
Specific	9.5	-	-	854,440	749,097	854,440	749,097
General	9.5	-	210	-	-	-	210
		-	210	854,440	749,097	854,440	749,307
Advances - net of provision		18,050,315	18,550,590	1,370,681	1,169,903	19,420,996	19,720,493

9.1 Includes Net investment in Finance Lease as disclosed below:

	2022			2021		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	249,102	227,108	476,210	439,359	908,427	1,347,786
Residual value	53,041	72,503	125,544	34,867	90,000	124,867
Minimum lease payments	302,143	299,611	601,754	474,226	998,427	1,472,653
Financial charges for future periods	(52,791)	(43,486)	(96,277)	(92,675)	(234,697)	(327,372)
Present value of minimum lease payments	249,352	256,125	505,477	381,551	763,730	1,145,281

9.1.1 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 125.544 million (2021: Rs. 124.867 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 17).

9.2 Particulars of advances (gross)

	2022	2021
	(Rupees in '000)	
In local currency	20,275,436	20,469,800

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 (2021: 5) percent per annum, while no mark-up is charged on personal loans and car loan.

9.4 Advances include Rs. 2,225.121 million (2020: Rs 1527 million) which have been placed under non-performing status as detailed below:

Category of classification	2022 Non performing loans	2022 Provision	2021 Non performing loans	2021 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	197,210	-	204,370	-
Substandard	750,000	77,183	750,000	44,840
Doubtful	334,728	9,944	-	-
Loss	943,183	767,313	964,630	704,257
	2,225,121	854,440	1,919,000	749,097

9.4.1 Provision is recorded net of security deposit of Rs. 4.397 million (2021: Rs. 4.068 million).

9.5 Particulars of provision against advances

	Note	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
		(Rupees in '000)					
Opening balance		749,097	210	749,307	651,697	213	651,910
Charge for the year		117,732	-	117,732	124,482	-	124,482
Reversals		(12,389)	(210)	(12,599)	(27,082)	(3)	(27,085)
		105,343	(210)	105,133	97,400	(3)	97,397
Amounts written off		-	-	-	-	-	-
Closing balance		854,440	-	854,440	749,097	210	749,307

9.5.1 Particulars of provision against advances

	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
	(Rupees in '000)					
In local currency	854,440	-	854,440	749,097	210	749,307
	854,440	-	854,440	749,097	210	749,307

9.5.2 The holding Company maintains general provision amounting NIL (2021: Rs.0.210 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 June 26, 2014 issued by the SBP, the holding Company has availed the benefit of FSV against the non-performing advances. As of December 31, 2022, the Company has availed total accumulated FSV benefit amounting to Rs. 429 million (net of tax Rs. 288 million). Accordingly, accumulated profit of Rs 288 million (net of transfer to statutory reserves Rs. 230 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding Company 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**	**2022**	**2021**
			(Rupees in '000)	
9.6.1	Against provisions		-	-
	Directly charged to profit and loss account		-	-
			-	-

10 FIXED ASSETS

	Note	2022	2021
Property and equipments		876,317	218,795
Advance for capital expenditure		-	-
	10.1	876,317	218,795

10.1 Property and equipments

		2022								
		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 January 01, 2022										
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
Year ended December 31, 2022										
Opening net book value		5,621	123,684	28,837	4,483	3,037	2,745	45,715	4,673	218,795
Movement in surplus on assets revalued during the year		371,912	-	-	-	-	-	-	-	371,912
Transfer from Non-banking assets		338,389	-	-	-	-	-	-	-	338,389
Additions		-	-	-	1,529	6,949	250	3,600	-	12,328
Disposals	(10.3)	-	-	-	(413)	-	(282)	(11,270)	-	(11,965)
Depreciation charge		(7,677)	(21,838)	(4,616)	(1,405)	(3,102)	(903)	(12,480)	(1,121)	(53,142)
Closing net book value		708,245	101,846	24,221	4,194	6,884	1,810	25,565	3,552	876,317
As at December 31, 2022										
Cost / Revalued amount		752,427	176,476	47,310	15,101	29,197	13,831	55,228	5,608	1,095,178
Accumulated depreciation		(44,182)	(74,630)	(23,089)	(10,907)	(22,313)	(12,021)	(29,663)	(2,056)	(218,861)
Net book value		708,245	101,846	24,221	4,194	6,884	1,810	25,565	3,552	876,317
Rate of depreciation (percentage)		5%	-	10%	20%	33.33%	20%	20%	20%	

	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 January 01, 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 December 31, 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 December 31, 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%	

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

10.1.1 As more fully explained in note 4.5 to the financial statements, during the year, the holding Company has changed its accounting policy for subsequent measurement of the carrying value of Office premises from cost model to revaluation model. The Office premises of the holding Company were revalued on December 31, 2022 by an independent valuer Oriental Engineering Services on the basis of professional assessments of the market values. The revaluation resulted in a surplus of Rs 371.912 million over the book value of Rs 4.213 million which has been recognised by the Company. Had there been no revaluation, the net book value of Office premises as at December 31, 2022 would have been Rs 3.510 million.

As the revaluation is carried out as at during the year, the change of policy have an impact of Rs 4 million on the profit for the current year. Surplus arising on revaluation of these assets is reflected in note 20.2 to these financial statements along with the related deferred tax impact thereon.

10.1.2 The properties has been revalued by an independent professional valuers as at December 31, 2022. The valuation was carried by M/s. KG Traders and M/s Oriental Engineering Services on the basis of current professional assessment of current market values.

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

	2022	2021
	(Rupees in '000)	
Improvements	1,476	1,476
Office equipments	8,544	8,588
Computer equipments	18,842	16,310
Furniture and fixtures	10,641	6,651
Vehicles	7,029	10,161
	46,532	43,186

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							
Toyota Corolla	1,795	1,795	-	359	359	Group policy	Mr. Muhammad Saeed Rana (Executive)
Honda City	1,479	1,479	-	295	295	Group policy	Mr. Tariq Hasan (Executive)
Honda Civic	3,720	1,685	2,035	2,650	615	Negotiations	M/s Smart Drive
	6,994	4,959	2,035	3,304	1,269		
Porsche Cayenne	28,327	20,513	7,814	7,814	-	As per BOD Approval	Mr. Bahauddin Kham (Former Chief executive officer)
Honda Civic	3,090	2,237	853	853	-		
Office Equipment	1,417	1,005	412	412	-		
Furniture and fixtures	650	476	174	174	-		
	33,484	24,231	9,253	9,253	-		
Furniture and fixture	150	150	-	-	-	Group policy	Mr. Saeed Ahmed Bhayat (Former
Furniture and fixture	150	112	38	38	-	Group policy	Mr. Mohammad Azeem Dada (Former Executive)
Furniture and fixture	100	30	70	70	-	Group policy	Syed Yasir Hussaini (Former Executive)
Furniture and fixture	100	100	-	-	-	Group policy	Mr. Azhar Ali Shahidi (Former Executive)
Others	3,788	3,219	569	2,305	1,736		
	44,766	32,801	11,965	14,970	3,005		

	Note	2022	2021
		(Rupees in '000)	

11 INTANGIBLE ASSETS

	Note	2022	2021
Computer software	11.1	255	388
Goodwill	11.2	96,304	96,304
		96,559	96,692

11.1 Computer software

	2022	2021
As at 01 January		
Cost	19,144	18,767
Accumulated amortisation	(18,756)	(18,767)
Net book value	388	-
Year ended 31 December		
Opening net book value	388	-
Additions	-	400
Disposals	-	-
Amortisation	(133)	(12)
Closing net book value	255	388
As at 31 December		
Cost	19,121	19,144
Accumulated amortisation	(18,866)	(18,756)
Net book value	255	388
Rate of amortisation	33%	33%

11.2 Goodwill

Allocation of Goodwill

	Note	2022	2021
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)	(167,328)
	11.3	96,304	96,304

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 no additional provision of impairment has been recognized for the year ended December 31, 2022. The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

- Discount rate 23.80%
- Terminal growth rate of 4%

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 December 31, 2022, the gross carrying amount of fully amortised intangible assets still in use amounted to Rs. 15.156 million (2021: Rs. 18.744 million).

12 DEFERRED TAX ASSETS

	January 01, 2022	Recognized in Profit and loss	Recognized in Recognised in OCI	December 31, 2022
	----------------------	(Rupees in '000)	----------------------	
Deductible temporary differences on				
Accelerated tax depreciation allowances	13,626	2,381	-	16,007
Provision against non-performing advances	217,299	64,666	-	281,965
Amortisation of premium on Federal Government securities	2,556	1,501	-	4,057
Provision for diminution in the value of investments	147,006	21,614	-	168,620
Assets subject to finance lease	(214)	78	-	(136)
Accumulated tax losses - POAMCL	35,886	-	-	35,886
	416,159	90,240	-	506,399
Taxable temporary differences on				
Revaluation on investments classified as available-for-sale	39,617	-	133,742	173,359
Revaluation on investments classified as held-for-trading	(899)	(434)	-	(1,333)
Net Investment in finance lease	(65,829)	110,959	-	45,130
Dividend receivables	(3,390)	3,390		-
Revaluation on fixed asset	-	-	(122,731)	(122,731)
Revaluation on non-banking assets	(16,265)	5,452	-	(12,306)
	(46,766)	119,367	11,011	82,119
	369,393	209,607	11,011	588,518

	January 01, 2021	Recognized in Profit and loss account	Recognised in OCI	December 31, 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 receivable	-	(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

	Note	2022	2021
		(Rupees in '000)	

13 OTHER ASSETS

	Note	2022	2021
Income/ mark-up accrued in local currency		2,194,746	1,206,928
Dividend income receivable		-	45,200
Mark-up / profit receivable on purchase of securities		363,277	59,788
Security deposits		4,920	4,920
Prepayments		13,773	10,930
Advance taxation (payments less provisions)		1,385,820	505,647
Non-banking assets acquired in satisfaction of claims	13.1	-	222,064
Receivable from funds under management and investment advisory clients		86,732	85,994
Defined benefit plan receivable	35.2	-	4,900
Others		21,990	9,484
		4,071,258	2,155,855
Less: Provision held against other assets		-	-
Other assets (net of provisions)		4,071,258	2,155,855
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	-	135,129
Other assets - total		4,071,258	2,290,984

		2022	2021
13.1	Market value of non-banking assets acquired in satisfaction of claims	-	375,991

The property has been revalued by an independent professional valuer as at 31 December 2022. 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

	2022	2021
Opening balance	357,193	375,991
Revaluation	-	-
Depreciation	(18,804)	(18,798)
Transfer to fixed assets	(338,389)	-
Impairment	-	
Closing balance	-	357,193

		Note	2022	2021
			(Rupees in '000)	
14	**BORROWINGS**			
	Secured			
	Borrowings from the State Bank of Pakistan:			
	- Long term financing facility (LTFF)		2,595,426	2,499,104
	- Financing Power Plants Using Renewable Energy (REPP)	14.2	274,253	265,565
	- Financing facility for storage of agricultural produce (FFSAP)		36,539	44,231
	- Temporary Economic Refinance Facility (TERF)		208,186	87,975
	Repurchase agreement borrowings	14.3	104,263,504	90,633,437
	Long term borrowings	14.4	4,691,667	3,354,833
	Short term running finance	14.5	94,887	153,816
	Bai Muajjal	14.6	4,000,718	6,076,567
	Total secured		116,165,180	103,115,528
	Unsecured			
	Placements	14.7	-	500,000
	Bai Muajjal / Murabaha financing	14.8	16,735,795	403,122
	Total unsecured		16,735,795	903,122
			132,900,975	104,018,650

14.1 Particulars of borrowings with respect to currencies

	2022	2021
In local currency	132,900,975	104,018,650

14.2 The holding 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 8% (2021: 1% to 4.50%) per annum. These are repayable within 10 years (2021: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing from January 2023 to March 2023 (2021: January 2022 to March 2022), ranges between 15.23% to 16.11% (2021: 9.75% to 10.75%) per annum. Securities having cost of Rs. 104,796 million (2021: Rs 90,466 million) have been pledged against these borrowings.

14.4 These long-term borrowings carrying mark up at the rate of KIBOR plus spread negotiated with Bank. 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% (2021: 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 in June 2023 (2021: March 2022 to June 2022) is 16.99% (2021: 7.95% to 11.52%) per annum.

14.7 The mark up rate on these placement financing (2021: maturing in January 2022) is Nil (2021: 9%) per annum.

14.8 The mark up rate on these murabaha financing, maturing from Janaury 2023 to April 2023 (2021: January 2022) is 9% (2021:9%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

	2022		2021	
	In local currency	**Total**	**In local currency**	**Total**
	(Rupees in '000)			
Certificates of investment				
Financial institutions	3,154,000	3,154,000	3,500,000	3,500,000
Others	10,366,897	10,366,897	10,853,682	10,853,682
	13,520,897	13,520,897	14,353,682	14,353,682

15.1 The rate of return on deposits maturing between January 2023 to January 2024 (2021: January 2022 to January 2023) ranges between 10.10% to 17.03% (2021: 7.25% to 12%) per annum.

15.2 Composition of deposits

	2022	2021
	(Rupees in '000)	
Individuals	2,063,136	1,926,113
Government (Federal and Provincial)	2,573,466	2,650,000
Banking companies	-	2,000,000
Non-banking financial institutions	3,154,000	1,500,000
Private sector	5,730,295	6,277,569
	13,520,897	14,353,682

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2022			2021		
	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	252	872	1,124	328	796
Later than one year and upto five	2,517	250	2,267	3,640	501	3,139
	3,641	502	3,139	4,764	829	3,935

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% (2021: 9.17%) 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	2022	2021
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		2,164,548	541,534
Accrued expenses		80,233	312,471
Defined benefit plan liabilities	35.2	13,643	-
Security deposits against investment in finance leas	9.1.1	125,544	124,867
Taxation		-	-
Advance rent		-	-
Sales tax and federal excise duty payable		83,688	90,786
Lease liability against right-of-use assets	17.1	137,894	152,322
Others		86,323	47,894
		2,691,873	1,269,874

17.1 Lease liability against right-of-use assets

As at 01 January	152,322	161,438
Additions - net	-	-
Finance charges	14,877	16,287
Payments	(29,305)	(25,403)
As at 31 December	137,894	152,322

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 November 10, 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 November 10, 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

18 SHARE CAPITAL

18.1 Authorized capital

2022	2021			
(Number of shares)				
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

2022	2021		2022	2021
(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 (2021: through Ministry of Finance) each holds 307,495,900 (2021: 307,495,900) ordinary shares of the Holding Company, while 4,100 (2021: 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	2022	2021
		(Rupees in '000)	
Statutory reserve	19.1	1,610,659	1,543,895
General reserve	19.2	311,630	311,630
		1,922,289	1,855,525

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. 66.764 million (2021: Rs. 95.540 million).

	Note	2022	2021
		(Rupees in '000)	

20 SURPLUS ON REVALUATION OF ASSETS

	Note	2022	2021
Surplus on revaluation of			
- Available for sale securities		(525,331)	(136,609)
- Fixed assets		497,095	
- Non-banking assets acquired in satisfaction of claims	20.1	-	135,129
		(28,236)	(1,480)
Deferred tax liability on surplus on revaluation of:			
- Available for sale securities		173,359	39,617
- Fixed assets		(164,041)	
- Non-banking assets acquired in satisfaction of claims	20.1	-	(39,187)
		9,318	430
		(18,918)	(1,050)

20.1 Surplus on revaluation of non-banking assets acquired in

	2022	2021
Surplus on revaluation as at January 01,	135,129	138,873
Recognised during the year	-	-
Realised on disposal during the year	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(3,748)	(3,744)
Transfer to fixed assets	(131,381)	-
	-	135,129
Less: Related deferred tax liability on:		
- Revaluation as at January 01,	(39,187)	(40,272)
- revaluation recognised during the year	-	-
- Incremental depreciation charged during the year	(4,168)	1,085
Transfer to fixed assets	43,355	
	-	(39,187)
	-	95,942

	Note	2022	2021
		(Rupees in '000)	

20.2 Surplus on revaluation of fixed assets

Surplus on revaluation as at January 01		-	-
Recognised during the year		371,912	-
Realised on disposal during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(6,198)	-
Transfer from non-banking assets		131,381	-
		497,095	-
Less: related deferred tax liability on:			
- revaluation as at January 01		-	-
- Realised on disposal during the year		-	-
- revaluation recognised during the year		(122,731)	-
- incremental depreciation charged during the year		2,045	-
Transfer from non-banking assets		(43,355)	-
		(164,041)	-
		333,054	-

21 NON-CONTROLLING INTEREST

	2021	2021
	(Rupees in '000)	
Opening balance	1,914	6,619
Further acquisition in subsidiary	(1,250)	(2,445)
Change during the year	603	(2,260)
Closing balance	1,267	1,914

22 CONTINGENCIES AND COMMITMENTS

		2022	2021
		(Rupees in '000)	
- Guarantees	21.1	797,255	702,520
- Commitments	21.2	1,137,889	1,226,443
- Other contingent liabilities	21.3	458,197	332,726
		2,393,341	2,261,689

22.1 Guarantees:

- Financial guarantees	797,255	702,520

		Note	2021	2020
22.2	**Commitments:**		**(Rupees in '000)**	
	Commitments in respect of:			
	- forward government securities transactions	21.2.1	29,621	-
	Commitments for:			
	- advances and net investment in finance lease		1,108,268	1,226,443
			1,137,889	1,226,443

			2021	2020
22.2.1	**Commitments in respect of forward government securities**			
	Purchase		13,559	-
	Sale		16,062	-
			29,621	-

		Note	2021	2020
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		-	36,000
	Workers' Welfare Fund	22.3.3	161,471	-
			458,197	332,726

22.3.1 Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2021: 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 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Company filed a Constitutional Petition in Sindh High Court challenging the applicability of the Act to the Company on the grounds including being a trans-provisional organisation and inclusion of Financial Services under the definition of Industrial Undertakings. The Sindh High Court has granted an interim relief. The petition is pending with Sindh High Court and management is of the view that the possibility of an outflow of an economic resource is remote therefore, no provision is required to be maintained.

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 December 31, 2022.

23 MARK-UP / RETURN / INTEREST EARNED

	Note	2022	2021
		(Rupees in '000)	
On:			
a) Loans and advances		2,231,840	1,604,885
b) Investments		14,368,845	6,186,275
c) Lendings to financial institutions		720,470	102,858
d) Balances with banks		166,502	123,085
		17,487,657	8,017,103

24 MARK-UP / RETURN / INTEREST EXPENSED

	Note	2022	2021
Deposits		1,414,241	926,009
Borrowings		15,226,758	5,863,056
Lease liability against right-of-use assets		14,877	16,287
		16,655,876	6,805,352

25 FEE AND COMMISSION INCOME

	Note	2022	2021
Credit related fees		43,410	48,655
Investment banking fees		30,084	18,256
Commission on guarantees		3,960	3,305
Underwriting commission of Government securities auction		18,943	5,952
Remuneration from funds under management		41,136	56,669
Fee from investments advisory services		-	-
Professional fee		5,589	4,537
		143,122	137,374

26 GAIN ON SECURITIES

	Note	2022	2021
Realised	26.1	96,959	56,761
Unrealised - held for trading		940	(604)
		97,899	56,157

26.1 Realised gain on:

	Note	2022	2021
Federal Government Securities		88,397	117,145
Non-Government debt securities		747	(54,174)
Shares		7,815	(6,210)
		96,959	56,761

27 OTHER INCOME

	Note	2022	2021
Gain on sale of fixed assets - net	10.3	3,005	10,288
Rent on property		8,819	2,873
Gain on derecognition of right-of-use assets - net		-	-
Reversal of liabilities		5,500	6,295
Front end load		-	29
Reversal of Workers' Welfare Fund		137,778	
Others		-	1,050
		155,102	20,535

		Note	2022	2021
			(Rupees in '000)	
28	**OPERATING EXPENSES**			
	Total compensation expense	28.1	429,981	507,176
	Property expense			
	Rent & taxes		-	-
	Utilities cost		8,268	6,318
	Security (including guards)		1,240	1,132
	Repair & maintenance (including janitorial charges)		13,229	13,397
	Depreciation on right-of-use assets		21,838	22,198
	Depreciation on improvements	10.1	4,616	4,580
	Depreciation on office premises		7,677	2,106
			56,868	49,731
	Information technology expenses			
	Software maintenance		2,818	1,959
	Hardware maintenance		451	27
	Depreciation	10.1	3,102	2,150
	Amortisation	11	133	12
	Network charges		3,991	2,731
	Others		1,403	1,149
			11,898	8,028
	Other operating expenses			
	Directors' fees and allowances		34,575	37,575
	Directors' fees and allowances - Subsidiary Company		1,251	3,688
	Legal & professional charges		14,154	17,489
	Travelling & conveyance		24,085	12,624
	Depreciation	28.4	34,713	39,310
	Training & development		981	2,452
	Postage & courier charges		741	902
	Communication		9,014	8,045
	Stationery & printing		2,041	1,680
	Marketing, advertisement & publicity		1,837	5,016
	Donations	28.2	2,110	-
	Auditors' remuneration	28.3	2,894	3,464
	Membership and subscriptions		2,545	5,014
	Transportation		4,860	9,844
	Insurance		5,544	6,645
	Finance charges on leased assets		667	325

	Note	2022	2021
		(Rupees in '000)	
Entertainment and canteen expenses		5,559	6,038
Maintenance charges (non-banking assets)		2,424	3,165
Distribution commission		3,201	4,743
Others		6,217	7,522
		159,413	175,541
Total operating expenses		658,160	740,476

28.1 Total compensation expenses

	Note	2022	2021
Fees and allowances etc.		-	-
Employees' remuneration			
i) Fixed		331,531	353,858
ii) Variable			
of which;			
a) Cash Bonus / awards etc.		30,000	96,720
b) Commission		-	-
Charge for defined benefit plan	35.6	20,982	19,232
Contribution to defined contribution plan		18,528	19,968
Utilities		3,788	4,573
Medical		11,949	10,313
Others		13,203	2,512
		429,981	507,176

28.2 Donations made in excess of Rs 0.5 million are as follows:

	2022	2021
Flood Affectees	1,980	-

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

	2022	2021
Audit fee	1,200	1,200
Half yearly review	450	450
Auditors' remuneration of Subsidiary Company	767	1,215
Special certifications and sundry advisory services	407	332
Out-of-pocket expenses	70	267
	2,894	3,464

28.4 This includes depreciation on non-banking assets Rs 18.804 (2021: Rs 18.798) million.

		Note	2022	2021
			(Rupees in '000)	
29	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		-	1,601
	Fees, commission, and others		30,120	40,452
			30,120	42,053
30	**PROVISIONS / (REVERSALS) & WRITE OFFS - NET**			
	(Reversals) / Provisions for diminution in value of investments	8.3.1	4,053	(121,736)
	Provisions against loans & advances	9.5	105,133	97,397
	Other provisions / write offs		-	36,311
	Impairment loss on intangible assets		-	126,969
			109,186	138,941
31	**TAXATION**			
	Current		382,127	206,759
	Prior years		30,076	-
	Deferred		(214,293)	(10,918)
			197,910	195,841
31.1	**Relationship between tax expense and accounting profit**			
	Profit before taxation		604,292	564,570
	Tax at the applicable rate of 33% (2021: 29%)		199,416	163,725
	Deferred tax asset (recognized) / not recognized		-	-
	Tax effect of income taxed at reduced rate		(13,772)	(15,366)
	Prior year		30,076	-
	Others		(17,810)	47,482
			197,910	195,841

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 no provision is required.

31.2.2 Pak Oman Asset Management Company Limited (the

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 June 13, 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 June 30, 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 July 01, 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 December 31, 2022.

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 June 30, 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 December 31, 2021.

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.

	Note	2022	2021
		Rupees in '000	

32 BASIC AND DILUTED EARNINGS PER SHARE

Profit attributable to shareholders of the Parent Company		**405,779**	370,989
		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		**0.66**	0.60

32.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2022 and 2021.

33 CASH AND CASH EQUIVALENTS

	Note	2022	2021
Cash and balances with treasury banks	5	346,474	173,463
Balances with other banks	6	1,625,259	1,490,942
		1,971,733	1,664,405

34 STAFF STRENGTH

	2022	2021
	(Number)	
Permanent	76	84
Temporary / contractual	43	46
Total staff strength	119	130

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 November 01, 2002 and approved by the Commissioner of Income Tax with effect from January 31, 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 December 31, 2022.

	2022	2021
Number of Employees under the scheme	**(Number)**	

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

Gratuity fund	61	64

35.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at December 31, 2022 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2022	2021
	(Percent per annum)	
Discount rate	14.50	10.50
Expected short term rate of increase in salary levels	15.00	10.00
Expected long term rate of increase in salary levels	14.50	10.50
Expected rate of return on plan assets	14.50	10.50

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.

	Note	2022	2021
		(Rupees in '000)	

35.2 Reconciliation of payable to / (receivable from) defined benefit plan

	Note	2022	2021
Present value of defined benefit obligation	35.3	167,322	191,932
Fair value of plan assets	35.4	(153,679)	(196,832)
Payable / (receivable)	35.5	13,643	(4,900)

35.3 Movement in defined benefit obligation

	2022	2021
Obligation at the beginning of the year	191,932	165,326
Current service cost	22,331	20,022
Interest cost	16,788	15,704
Benefits paid during the year	(64,095)	(8,523)
Remeasurement (gain) / loss	366	(598)
Obligation at the end of the year	167,322	191,932

	Note	2022	2021
		(Rupees in '000)	

35.4 Movement in fair value of plan assets

	Note	2022	2021
Fair value at the beginning of the year		196,832	161,993
Interest income on plan assets		18,137	16,494
Contribution by the Holding Company		15,900	22,872
Benefits paid during the year		(64,095)	(8,523)
Remeasurement gain on plan assets		(13,095)	3,996
Fair value at the end of the year	35.7	153,679	196,832

35.5 Movement in receivable under defined benefit plan

	Note	2022	2021
Opening balance		(4,900)	3,333
Charge for the year	35.6	20,982	19,232
Re-measurement (gain) / loss recognised in other comprehensive		13,461	(4,592)
Contributions by the Holding Company - net		(15,900)	(22,872)
Closing balance		13,643	(4,900)

35.6 Charge for defined benefit plans

35.6.1 Cost recognised in the profit and loss account

	2022	2021
Current service cost	22,331	20,022
Net interest on defined benefit asset	(1,349)	(790)
	20,982	19,232

35.6.2 Re-measurement recognised in OCI during the year

	2022	2021
Actuarial (gain) / loss on obligation	366	(598)
Actuarial (gain) on plan assets	13,095	(3,995)
Total re-measurements recognised in OCI	13,461	(4,592)

35.7 Components of plan assets

Particulars	2022 (Rupees in '000)	2022 %	2021 (Rupees in '000)	2021 %
Cash and cash equivalents - net	429	0.28%	21,189	10.77%
Government securities	153,250	99.72%	175,643	89.23%
Certificates of investment	-	-	-	0.00%
	153,679	100.00%	196,832	100.00%

35.8 Sensitivity analysis

	2022 (Rupees in '000)	2021 (Rupees in '000)
1% increase in discount rate	(11,192)	(11,144)
1% decrease in discount rate	12,732	12,755
1 % increase in expected rate of salary increase	13,392	13,564
1 % decrease in expected rate of salary increase	(11,961)	(12,066)

35.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at December 31, 2022 is 7.15 years (2021: 6.23 years).

Distribution of timing of benefit payments

Years		
1	39,265	80,198
2	11,756	3,462
3	4,393	9,819
4	4,341	3,615
5	37,836	3,558
6 to 10	64,096	76,732
11 and above	637,527	322,986
	18,186	20,800

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

35.11 Expected charge for the next financial year	18,186	20,800

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. 18.186 million as per the actuarial valuation report of the Company as of December 31, 2022.

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

	2022	2021
	(Rupees in '000)	
Contribution by Holding Company	17,285	19,086
Contribution by employees	17,285	19,086
	34,570	38,172
Contribution by Subsidiary Company	1,243	882
Contribution by employees	1,243	882
	2,486	1,764

The number of employees covered under the defined contribution plan as at December 31, 2022 is 84 (2021: 84).

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expenses

Items	2022				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	8,400	26,175	-	-	-
Managerial remuneration					
i) Fixed	-	-	45,621	126,257	23,559
ii) Total Variable					
of which					
a) Cash Bonus / awards	-	-	64,295	21,000	3,375
b) Bonus & awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	6,431	6,128	1,495
Contribution to defined contribution plan	-	-	3,257	6,730	1,644
Utilities	-	-	3,477	482	-
Medical			1,092	-	-
Others	-	-	1,977	1,398	-
Total	8,400	26,175	126,150	161,995	30,073
Number of persons	**1**	**3**	**1**	**12**	**6**

* During the Year 2022, Mr. Bahauddin Khan MD/CEO completed his contract period.

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.

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

		2022					
Sr. No.	Name of Director	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	4,200	3,000	-	-	1,200	8,400
2	Ayham Abdul Aziz Qadar Al Ghassani	2,625	1,875	1,500	1,500	1,350	8,850
3	Faisal Ali Ibrahim Al Siyabi	2,625	-	1,500	1,650	1,875	7,650
4	Omar Hamid Khan	2,625	1,875	1,800	1,500	1,875	9,675
	Total	12,075	6,750	4,800	4,650	6,300	34,575

		2021					
Sr. No.	Name of Director	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 in year 2021.

Further, during the year 2021 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.

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

	2022		2021	
	Book value	**Fair value**	**Book value**	**Fair value**
	------------------------------- (Rupees in '000)		------------------------------------	
Assets				
Cash and balances with treasury banks	346,474	346,474	173,463	173,463
Balances with other banks	1,625,259	1,625,259	1,490,942	1,490,942
Lendings to financial institutions	5,135,762	5,135,762	1,953,578	1,953,578
Investments	125,433,755	125,433,755	101,442,517	101,442,517
Advances	19,420,996	19,420,996	19,720,493	19,720,493
Other assets	2,671,665	2,671,665	1,412,314	1,412,314
Assets held-for-sale	-	-	352,163	352,163
	154,633,911	154,633,911	126,545,470	126,545,470
Liabilities				
Borrowings	132,900,975	132,900,975	104,018,650	104,018,650
Deposits and other accounts	13,520,897	13,520,897	14,353,682	14,353,682
Liabilities against assets subject to finance lease	3,139	3,139	3,935	3,935
Other liabilities	2,678,230	2,678,230	1,269,874	1,269,874
	149,103,241	149,103,241	119,646,141	119,646,141
	5,530,670	5,530,670	6,899,329	6,899,329
	-	-	-	-

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 / Non-Government Debt 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:

	2022			
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	-	121,363,953	-	121,363,953
Non-Government debt securities	-	3,168,349	-	3,168,349
Mutual funds	666,904	-	-	666,904
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	-	-	-	-

	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
Shares	-	-	-	-
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

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2022				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & loss account					
Net mark-up/return/profit	198,462	(130,373)	766,390	(2,698)	831,781
Non mark-up / return / interest income	130,567	216,703	168,752	53,955	569,977
Total Income	329,029	86,330	935,142	51,257	1,401,758
Segment direct expenses	346,357	34,753	257,786	49,384	688,280
Provisions / (reversals)	105,133	(10,091)	14,144	-	109,186
Profit before tax	(122,461)	61,668	663,212	1,873	604,292
Balance sheet					
Cash & Bank balances	-	-	1,970,819	914	1,971,733
Investments	-	901,453	124,532,302	-	125,433,755
Lendings to financial institutions			5,135,762		5,135,762
Advances - performing	17,821,388	-	228,927	-	18,050,315
- non-performing	1,370,681	-	-	-	1,370,681
Others	1,085,623	41,772	4,239,935	265,322	5,632,652
Total assets	20,277,692	943,225	136,107,745	266,236	157,594,898
Borrowings	17,559,011	793,818	114,548,147	-	132,900,975
Subordinated debt	-	-	-	-	-
Deposits and other accounts	1,738,350	145,099	11,637,448	-	13,520,897
Others	440,957	26,327	2,111,542	116,186	2,695,012
Total liabilities	19,738,318	965,244	128,297,137	116,186	149,116,884
Equity	539,374	(22,018)	7,810,608	150,050	8,478,014
Total equity & liabilities	20,277,692	943,225	136,107,745	266,236	157,594,898
Contingencies & Commitments	2,002,600	301,005	89,736	-	2,393,341

	2021				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & loss account					
Net mark-up/return/profit	379,280	(99,901)	936,525	(4,153)	1,211,751
Non mark-up / return / interest income	51,960	89,994	75,158	72,215	289,327
Total Income	431,240	(9,907)	1,011,683	68,062	1,501,078
Segment direct expenses	375,933	35,789	321,666	64,179	797,567
(Reversals) / Provisions	97,397	2,177	(123,913)	163,280	138,941
Profit before tax	(42,090)	(47,873)	813,930	(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

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, OLP Financial Services Pakistan Limited, NRSP Microfinance Bank Limited, United Bank Limited, Kashf Foundation, K-Electric Limited, Berger Paints Pakistan Limited, China Power Hub Generation Company (Pvt.) Limited, Gas & Oil Pakistan Limited, Lucky Electric Power Company Limited, Nishat Mills Limited, Masood Textile Mills Limited, Mughal Iron & Steel Industries Limited, Shakarganj Food Products Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited, TPL Trakker Limited and TPL Corp Limited. The 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:

	2022					2021				
	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	-	-	1,182,082	-	226,000	-	-	1,217,498	-	726,000
Investment made during the year	-	-	547,598	-	-	-	-	1,195,031	-	-
Investment redeemed / disposed off during the year	-	-	(693,383)	-	-	-	-	(1,230,447)	-	-
Transfer in / (out) - net	-	-	(369,393)	-	-	-	-	-	-	(500,000)
Closing balance	-	-	666,904	-	226,000	-	-	1,182,082	-	226,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	-	45,005	68,200	-	-	-	51,021	68,200	-	524,566
Addition during the year	-	8,950	-	-	-	-	8,297	-	-	-
Repaid during the year		(10,927)			-	-	(14,313)			(71,700)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(452,866)
Closing balance	-	43,028	68,200	-	-	-	45,005	68,200	-	-
Provision held against advances	-	-	**68,200**	-	-	-	-	68,200	-	-

	2022					2021				
	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	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	4,900	-
Other receivable	-	-	86,732	-	-	-	-	85,994	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	3,377	-	-	-	-	5,532	-	6,871	-
Received during the year	-	112,390	-	-	-	-	43,388	-	3,923	-
Withdrawn during the year	-	(95,167)	-	-	-	-	(45,543)	-	(10,794)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	20,600	-	-	-	-	3,377	-	-	-
Other liabilities										
Interest / mark-up payable	-	155	-	-	-	-	4	-	-	-
Payable to staff retirement fund	-	-	-	13,643	-	-	-	-	-	-
Outright sale of securities	-	-	3,017,486	10,530,225	-	-	-	1,470,950	6,177,570	-
Outright purchase of securities	-	-	587,132	10,574,364	-	-	-	155,883	5,896,182	-
Contingencies and Commitments										
Other contingencies	-	-	70,726	-	226,000	-	-	70,726	-	226,000

41.2 Related party transactions

	2022					2021				
	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	-	1,842	-	-	-	-	1,399	7,109	-	52,334
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	38,245	-	56,500	-	-	11,678	-	45,200
Net gain on sale of securities	-	-	(15)	1,560	-	-	-	15,598	(272)	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	1,330	-	-	-	-	355	-	48	-
Operating expenses										
Non- Executive Directors' fees and allowances	34,575	-	-	-	-	37,575	-	-	-	-
Compensation expenses	-	288,145	-	-	-	-	355,269	-	-	-
Contribution to defined contribution plan	-	-	-	18,528	-	-	-	-	19,968	-
Charge for defined benefit plan	-	-	-	20,982	-	-	-	-	19,232	-

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	(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	6,887,059	6,566,601
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,887,059	6,566,601
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	6,887,059	6,566,601
Risk Weighted Assets (RWAs):		
Credit Risk	25,145,958	23,565,628
Market Risk	4,064,453	13,901,012
Operational Risk	3,058,962	3,001,190
Total	32,269,373	40,467,830
Common Equity Tier 1 Capital Adequacy ratio	21.34%	16.23%
Tier 1 Capital Adequacy Ratio	21.34%	16.23%
Total Capital Adequacy Ratio	21.34%	16.23%
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.

	2022	2021
Leverage Ratio (LR):		
Eligible Tier 1 Capital	6,887,059	6,566,601
Total Exposures	157,656,768	128,183,137
Leverage Ratio	4.37%	5.12%

	2022	2021
	(Rupees in '000)	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,368,544	10,987,504
Total Net Cash Outflow	11,730,333	16,181,833
Liquidity Coverage Ratio	80%	68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,645,526	21,726,820
Total Required Stable Funding	21,709,665	20,582,830
Net Stable Funding Ratio	104.31%	105.56%

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 December 31, 2021.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Group.

42.3 The Group's CAR as at December 31, 2021 was 21.34% (2021: 16.23%) 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 21.34% demonstrates that the Group is geared to absorb major risks / shocks in the present market scenario.

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 risk management function regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. Stringent measures such as close monitoring, on-site visits and regular follow-ups are carried out for high risk customers. Moreover, POICL has also implemented Green Banking regulations and every project / credit proposal is reviewed as per the approved green banking procedures.

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

		2022			2021		
Exposures	Rating category	Amount outstanding	Deduction CRM*	Net amount	Amount outstanding	Deduction CRM*	Net amount
		---- (Rupees in '000) ----					
Corporate	0	-	-	-	-	-	-
	1	1,905,374	-	1,905,374	1,986,008	-	1,986,008
	2	8,782,922	(2,792)	8,780,131	8,214,875	(1,140)	8,213,735
	3-4	334,953	(9,875)	325,078	668,397	(9,875)	658,522
	5-6	-	-	-	-	-	-
	Unrated	7,204,934	(215,906)	6,989,028	8,080,848	(152,038)	7,928,810
		18,228,183	(228,573)	17,999,610	18,950,128	(163,053)	18,787,075
Banks	0	-	-	-	-	-	-
	1	6,760,171	-	6,760,171	3,444,280	-	3,444,280
	2-3	278,676	(154,000)	124,676	64,676	-	64,676
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		7,038,847	(154,000)	6,884,847	3,508,956	-	3,508,956

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	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	5,135,762	1,953,578	-	-	-	-
	5,135,762	1,953,578	-	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Textile	193,590	231,090	81,090	81,090	60,641	60,641
Electronics and electrical appliances	85,000	132,043	85,000	85,000	85,000	85,000
Power (electricity), Gas, Water, and Sanitary	475,000	855,247	-	-	-	-
Transport, Storage and Communication	257,210	295,079	166,932	177,023	166,932	177,023
Financial	124,252,958	99,296,756	15,404	15,404	15,404	15,404
Others	96,545	96,545	96,545	96,545	71,277	57,133
	125,452,848	100,906,760	444,971	455,062	399,254	395,201

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Public / Government	122,256,795	97,869,309	-	-	-	-
Private	3,196,053	3,037,451	444,971	455,062	399,254	395,201
	125,452,848	100,906,760	444,971	455,062	399,254	395,201

43.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Textile	4,110,849	3,920,666	313,947	313,947	309,878	309,878
Chemical and Pharmaceuticals	295,689	561,607	-	-	-	-
Cement	385,621	403,729	-	-	-	-
Sugar	793,785	700,045	232,000	240,000	94,947	43,009
Automobile and transportation equipment	303,503	303,346	-	-	-	-
Electronics and electrical appliances	531,250	466,667	50,000	50,000	50,000	50,000
Construction	275,693	385,073	271,111	-	-	-
Power (electricity), Gas, Water, and Sanitary	3,522,033	3,921,149	265,410	272,570	68,200	68,200
Wholesale and Retail Trade	73,150	157,519	-	-	-	-
Transport, Storage and Communication	2,397,588	2,481,703	-	-	-	-
Financial	519,088	978,885	5,161	5,161	5,161	5,161
Services	2,076,654	1,809,940	1,018	2,076	1,018	607
Individuals	104,967	94,185	-	-	-	-
Others	4,885,566	4,285,286	1,086,474	1,035,246	325,236	272,242
	20,275,436	20,469,800	2,225,121	1,919,000	854,440	749,097

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Public / Government	740,741	814,815	-	-	-	-
Private	19,534,695	19,654,985	2,225,121	1,919,000	854,440	749,097
	20,275,436	20,469,800	2,225,121	1,919,000	854,440	749,097

43.1.4 Contingencies and Commitments

Credit risk by industry sector	2022	2021
	(Rupees in '000)	
Agriculture, Forestry, Hunting and Fishing	-	-
Mining and Quarrying	-	-
Textile	335,842	-
Power (electricity), Gas, Water, and Sanitary	500,000	-
Transport, Storage and Communication	-	25,000
Financial	-	300,000
Others	172,426	901,443
	1,108,268	1,226,443

Credit risk by public / private sector	2022	2021
Public / Government	-	-
Private	1,108,268	1,226,443
	1,108,268	1,226,443

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 7,365.029 million (2021: Rs 7,776.246 million) are as following:

	2022	2021
	(Rupees in '000)	
Funded	7,365,029	7,776,246
Non funded	-	-
Total exposure	7,365,029	7,776,246

The sanctioned limits against these top 10 exposures aggregated to Rs 9,405 million (2021: Rs 11,342 million)

Total funded classified therein	2022		2021	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	197,210	-	204,370	-
Substandard	750,000	77,183	750,000	44,840
Doubtful	334,728	9,944	-	-
Loss	943,183	767,313	964,630	704,257
Total	2,225,121	854,440	1,919,000	749,097

43.1.6 Advances - Province / region-wise disbursement & utilization

2022

Province / region	Disbursements	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	**7,116,220**	**2,331,246**	**2,233,531**	**600,000**	**366,519**	**1,584,924**	**-**

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	-

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 reviews and recommends 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

	2022			2021		
	Banking book	**Trading book**	**Total**	**Banking book**	**Trading book**	**Total**
	---------- (Rupees in '000) ----------					
Cash and balances with treasury banks	346,474	-	346,474	173,463	-	173,463
Balances with other banks	1,625,259	-	1,625,259	1,490,942	-	1,490,942
Lendings to financial institutions	5,135,762	-	5,135,762	1,953,578	-	1,953,578
Investments	4,069,802	121,363,953	125,433,755	4,167,048	97,275,469	101,442,517
Advances	19,420,996	-	19,420,996	19,720,493	-	19,720,493
Fixed assets	876,317	-	876,317	218,795	-	218,795
Intangible assets	96,559	-	96,559	96,692	-	96,692
Deferred tax assets	588,518	-	588,518	369,393	-	369,393
Other assets	4,071,258	-	4,071,258	2,290,984	-	2,290,984
Assets held-for-sale	-	-	-	352,163	-	352,163
	36,230,945	121,363,953	157,594,898	30,833,551	97,275,469	128,109,020

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.

	2022		2021	
	Foreign currency assets	Net foreign currency exposure	Foreign currency assets	Net foreign currency exposure
	---------------------------- (Rupees in '000) ----------------------------			
United States Dollar	**43**	**43**	55	55
Omani Riyal	**11,203**	**11,203**	7,932	7,932
	11,246	**11,246**	7,987	7,987

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	---------------------------- (Rupees in '000) ----------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss	**(116)**	-	**(82)**	-
- 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, 2022.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	---------------------------- (Rupees in '000) ----------------------------			
Impact of 5% change in equity prices on				
- Profit and loss account *	**-**	**-**	**-**	-
- Other comprehensive income	(151,504)	-	(214,904)	-

* 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.

	2022		2021	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	----------------------------- (Rupees in '000) -----------------------------			
Impact of 1% change in interest rates on				
Profit and loss account *	-	(20,762)	-	(34,991)
Other comprehensive income *	210,828	(226,241)	141,148	(219,479)

* Earning approach

43.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2022										
		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 instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		346,474	-	-	-	-	-	-	-	-	-	346,474
Balances with other banks	17.71%	1,625,259	1,102,284	500,000	-	-	-	-	-	-	-	22,975
Lendings to financial institutions	16.65%	5,135,762	5,135,762	-	-	-	-	-	-	-	-	-
Investments	16.41%	125,433,755	30,704,017	63,492,608	24,183,616	660,482	1,617	4,913,501	576,461	-	-	901,453
Advances	16.12%	19,420,996	5,565,696	6,451,071	4,396,625	296,568	599,986	529,223	940,789	602,885	26,160	11,993
Assets held-for-sale		-	-	-	-	-	-	-	-	-	-	-
Other assets		2,671,665	-	-	-	-	-	-	-	-	-	2,671,665
		154,633,911	42,507,759	70,443,679	28,580,241	957,050	601,603	5,442,724	1,517,250	602,885	26,160	3,954,560
Liabilities												
Borrowings	15.47%	132,900,975	46,611,517	75,530,838	7,934,968	295,696	583,965	501,750	885,436	556,805	-	-
Deposits and other accounts	15.88%	13,520,897	5,367,588	2,665,778	1,494,900	3,988,799	3,832	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	3,139	70	141	216	446	955	1,047	264	-	-	-
Other liabilities		2,678,230	-	-	-	-	-	-	-	-	-	2,678,230
		149,103,241	51,979,175	78,196,757	9,430,084	4,284,941	588,752	502,797	885,700	556,805	-	2,678,230
On-balance sheet gap		5,530,670	(9,471,416)	(7,753,078)	19,150,157	(3,327,891)	12,851	4,939,927	631,550	46,080	26,160	1,276,330
Non-Financial assets		2,960,987										
Non-Financial liabilities		13,643										
Total Net Assets		8,478,014										
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			(9,471,416)	(7,753,078)	19,150,157	(3,327,891)	12,851	4,939,927	631,550	46,080	26,160	1,276,330
Cumulative yield / interest risk sensitivity gap			(9,471,416)	(17,224,494)	1,925,663	(1,402,228)	(1,389,377)	3,550,550	4,182,100	4,228,180	4,254,340	5,530,670

	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		173,463	-	-	-	-	-	-	-	-	-	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

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.

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.

Besides the Board which is responsible for formulation of over all policy, the following are involved in Liquidity Risk Management Process:

- 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

2022

	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	346,474	-	-	346,474	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,625,259	-	25,259	-	1,100,000	500,000	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,135,762	-	5,135,762	-	-	-	-	-	-	-	-	-	-	-	-
Investments	125,433,755	-	-	-	11,970,808	19,697,483	25,624,787	3,504,086	7,067,383	854,714	6,185,551	22,592,620	13,957,186	13,379,137	600,000
Advances	19,420,996	-	47,742	71,137	682,953	460,107	762,960	1,417,916	1,170,976	1,153,996	4,089,222	3,393,630	3,849,419	2,169,167	151,771
Fixed assets	876,317	-	-	-	6,616	6,617	6,616	19,849	18,713	18,713	66,967	57,454	121,443	263,042	290,287
Intangible assets	96,559	-	-	-	-	-	-	-	-	-	-	-	96,559	-	-
Deferred tax assets	588,518	-	-	-	(21,656)	(5,169)	(5,168)	(12,572)	82,869	82,868	(28,301)	(84)	517,487	72,945	(94,701)
Other assets	4,071,258	-	582,892	110,395	311,849	876,547	186,687	1,997,511	946	945	-	-	3,486	-	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	157,594,898	-	5,791,655	528,006	14,050,570	21,535,585	26,575,882	6,926,790	8,340,887	2,111,236	10,313,439	26,043,620	18,545,580	15,884,291	947,357
Liabilities															
Borrowings	132,900,975	-	11,254,465	25,789	33,664,596	28,498,223	45,295,115	7,934,968	823,627	592,902	2,200,632	1,168,417	885,436	556,805	-
Deposits and other accounts	13,520,897	-	498,760	252,506	4,616,322	1,635,787	1,029,991	1,494,900	1,696,757	2,292,042	3,832	-	-	-	-
Liabilities against assets subject to finance lease	3,139	-	-	-	70	70	71	216	221	225	955	1,047	264	-	-
Others liabilities	2,691,873	-	333,389	6,756	718,200	404,967	701,803	324,162	106,290	23,800	40,283	16,027	16,196	-	-
	149,116,884	-	12,086,614	285,051	38,999,188	30,539,047	47,026,980	9,754,246	2,626,895	2,908,969	2,245,702	1,185,491	901,896	556,805	-
Net assets	8,478,014	-	(6,294,959)	242,955	(24,948,618)	(9,003,462)	(20,451,098)	(2,827,456)	5,713,992	(797,733)	8,067,737	24,858,129	17,643,684	15,327,486	947,357
Share capital	6,150,000														
Reserves	1,922,289														
Unappropriated profit	423,376														
Surplus on revaluation of assets	(18,918)														
Non-controlling interest	1,267														
	8,478,014														

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	173,463	-	-	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														

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

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	346,474	346,474	-	-	-	-	-	-	-	-
Balances with other banks	1,625,259	1,125,259	500,000	-	-	-	-	-	-	-
Lendings to financial institutions	5,135,762	5,135,762	-	-	-	-	-	-	-	-
Investments	125,433,755	11,970,808	45,322,270	3,504,086	7,922,097	6,185,551	22,592,620	13,957,186	13,379,137	600,000
Advances	19,420,996	801,832	1,223,067	1,417,916	2,324,972	4,089,222	3,393,630	3,849,419	2,169,167	151,771
Fixed assets	876,317	6,616	13,233	19,849	37,426	66,967	57,454	121,443	263,042	290,287
Intangible assets	96,559	-	-	-	-	-	-	96,559	-	-
Deferred tax assets	588,518	(21,656)	(10,337)	(12,572)	165,737	(28,301)	(84)	517,487	72,945	(94,701)
Other assets	4,071,258	1,005,136	1,063,234	1,997,511	1,891	-	-	3,486	-	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-
	157,594,898	20,370,231	48,111,467	6,926,790	10,452,123	10,313,439	26,043,620	18,545,580	15,884,291	947,357
Liabilities										
Borrowings	132,900,975	44,944,850	73,793,338	7,934,968	1,416,529	2,200,632	1,168,417	885,436	556,805	-
Deposits and other accounts	13,520,897	5,367,588	2,665,778	1,494,900	3,988,799	3,832	-	-	-	-
Liabilities against assets subject to					-					
finance lease	3,139	70	141	216	446	955	1,047	264	-	-
Others liabilities	2,691,873	1,058,345	1,106,770	324,162	130,090	40,283	16,027	16,196	-	-
	149,116,884	51,370,853	77,566,027	9,754,246	5,535,864	2,245,702	1,185,491	901,896	556,805	-
Net assets	8,478,014	(31,000,622)	(29,454,560)	(2,827,456)	4,916,259	8,067,737	24,858,129	17,643,684	15,327,486	947,357
Share capital	6,150,000									
Reserves	1,922,289									
Unappropriated profit	423,376									
Surplus on revaluation of assets	(18,918)									
Non-controlling interest	1,267									
	8,478,014									

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 from financial institutions	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									

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 March 02, 2023 have:

- proposed 5% cash dividend amounting to Rs 307.5 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.

46 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on March 02, 2023 by the Board of Directors of the Group.

Mohammad Zalmai Rahman Uddin Khan	Muhammad Amin	Omar Hamid Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Acting Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Annexure I

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

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				(9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	**Name:** H. Sheikh Noor-ud-Din & Sons (Private) Limited - **Address**:4KM, Off Ferozepur Road, New	Mr. Furqan Sarwar - 35201-1429159-3 Mr. Ahmar Sarwar - 90406-0187092-9 Mr. Farhan Sarwar - 35201-8499236-3 Mr. Farhaj Sarwar - 35200-2740559-1	Mr. Muhammad Sarwar Mr. Muhammad Sarwar Mr. Muhammad Sarwar Mr. Muhammad Sarwar	500,603	132,678	6,310	639,591	-	169,142	14,314	183,456
				500,603	**132,678**	**6,310**	**639,591**	**-**	**169,142**	**14,314**	**183,456**