ANNUAL REPORT 2023

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. Mohammad Shabir Ahmed Khan
Director

Mr. Nauman Ansari
Managing Director & Chief Executive Officer

Audit Committee

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Chairman

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Mr. Mohammad Shabir Ahmed Khan
Chairman

Risk Committee

Mr. Mohammad Shabir Ahmed Khan
Chairman

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Executive Committee

H.H. Sayyid Juland Jaifar Salim Al Said
Chairman

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Mr. Mohammad Shabir Ahmed Khan
Member

Mr. Nauman Ansari
Member

Remuneration & Compensation Committee

H.H. Sayyid Juland Jaifar Salim Al Said
Chairman

Mr. Faisal Ali Ibrahim Al Siyabi
Member

Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani
Member

Mr. Mohammad Shabir Ahmed 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 2023 results are as follows:

Alhamdulillah, your Company has recorded a profit before tax of Rs 941 million (US$ 3.3 million) despite of uncertain economic environment due to domestic and external factors. Increase in policy rate by 600 during the year and soaring volumetric growth in earning assets driven by government borrowings translated into higher net interest income. The provisions registered increase by Rs 876 million reflects higher provision mainly due to adoption of IFRS 9.

- As at December 31, 2023, Company's total assets stood at Rs 367,003 million (US$ 1,302 million) depicting a growth of 133% from last year.
- Advance portfolio stood at Rs 16,180 million (US$ 57.4 million) compared to Rs 19,421 million (US$ 68.9 million) in 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.
- Deposit reached to Rs 12,218 million (US$ 43.3 million). Deposit mobilization from the retail sector stands at Rs 2,129 million (US$ 7.6 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

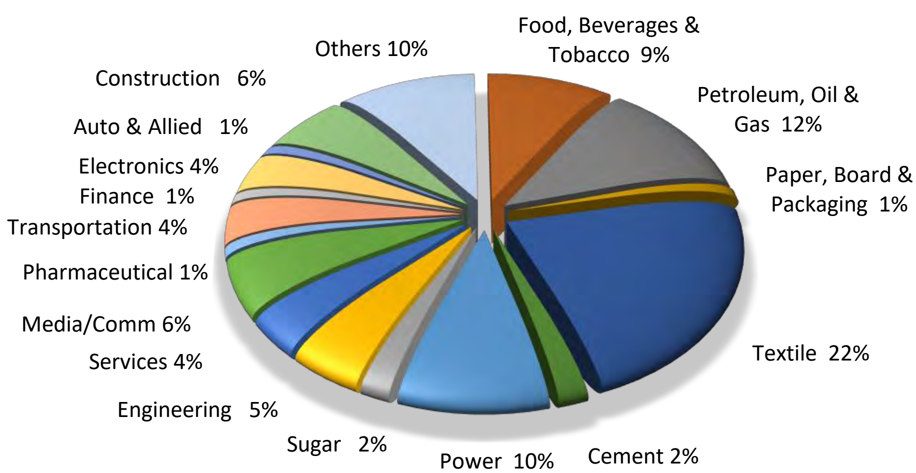
In 2023, Corporate Banking Department rolled out disbursements of Rs 3,135 million, compared to Rs 7,116 million in 2022, translating into a decline of 12.7% in the advances portfolio. This reduction was primarily attributed to the challenging economic conditions characterized by persistent inflationary pressures, elevated borrowing costs, significant depreciation of the PKR, low foreign exchange reserves, import constraints, deteriorating security conditions, and political instability. These multifaceted challenges significantly dampened the business environment, leading to a cautious approach among businesses across various sectors towards expansion initiatives and credit uptake from the private sector.

To address these challenges, the department strategically shifted its focus towards close monitoring of the existing portfolio to proactively identify and mitigate signs of distress. Substantial managerial time and resources were allocated to the recovery of non-performing loans, underscoring a proactive approach aimed at safeguarding the interests of the Company and its stakeholders.

Despite the prevailing difficulties, the Corporate Banking Department successfully maintained a well-diversified advances portfolio. The majority of the portfolio comprised long-term finance, followed by medium-term, short-term, and lease finance, each with smaller shares. Within this diversified portfolio, the Textile sector held the largest share, accounting for 22% of the total loan portfolio, followed by the Oil & Gas, IPP/Power, and Food & Allied sectors, which accounted for shares of 12%, 10%, and 9% of the advances portfolio respectively. This portfolio diversification mitigates sector-specific risks and enhances the overall resilience of the loan portfolio amidst the challenging economic landscape.

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

Sector Exposure



Investment Banking

During 2023, Pak Oman actively participated in various financial transactions, including Rated, Unsecured, and Privately Placed Tier-II TFC Issue of BOPL amounting to Rs 350 million, Syndicated Term Finance Facility for Agha Steel Industries Limited to the extent of Rs 100 million, Rated and Secured Sukuk Issue of Abhi (Pvt.) Limited amounting to Rs 100 million, Rated, Secured, and Privately Placed Sukuk Issue of OBS Pakistan (Pvt.) Limited to the extent of Rs 200 million, and Pakistan's first Gender Bond, issued by Kashf Foundation in the form of a Rated, Secured and Privately Placed TFC, to the extent of Rs 300 million.

Furthermore, in its capacity as Trustee/Issue Agent, Pak Oman facilitated various Term Finance Certificates, Sukuks, and Commercial Papers for numerous esteemed entities, including but not limited to Abhi (Pvt.) Limited, Askari Bank Limited, Berger Paints Pakistan Limited, China Power Hub Generation Company (Pvt.) Limited, Convenience Stores (Pvt.) Limited, Gas & Oil Pakistan Limited, Ghani Chemical

Industries Limited, HBL Microfinance Bank Limited, JDW Sugar Mills Limited, JS Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Mughal Iron & Steel Industries Limited, Nishat Mills Limited, NRSP Microfinance Bank Limited, OLP Financial Services Pakistan Limited, Pakistan Mortgage Refinance Company Limited, Sadaqat Limited, Samba Bank Limited, Shakarganj Food Products Limited, TPL Corp Limited, TPL Properties Limited, TPL Trakker Limited, and United Bank Limited.

These engagements highlight Pak Oman's significant role in facilitating diverse financial transactions and serving as a trusted partner for various entities across the corporate and financial landscape.

Treasury

I am delighted to report a resilient financial performance for the year 2023, with particular emphasis on contribution of Treasury department in achieving financial goals. Despite the challenges posed by evolving economic landscape, our Treasury team has played pivotal role and provide ancillary support in safeguarding and optimizing our financial resources throughout the year.

In a dynamic economic environment, effective cash management is crucial, and our Treasury team has successfully implemented strategies to optimize cash flows, ensuring that we maintain a healthy liquidity position to meet our operational needs and capital expenditure requirements. Treasury team has been vigilant in identifying and mitigating potential risks by closely monitoring marketing conditions and implementing appropriate strategies, safeguarding our financial stability.

Treasury has carefully navigated investment opportunities, balancing risk and return to maximize shareholder value. Prudent investment strategy has yielded favorable returns, reflecting efficient diversification of our investment portfolio.

The Corporate Sales Desk remained engaged throughout the year, actively promoting and selling Government and corporate debt securities. Additionally, the team managed to achieved regulatory targets, resulting in successful renewal of Primary Dealership license for the year 2023-2024.

Risk Management

Risk constitutes an inherent element in all banking operations. The effective management of risk is a collective responsibility, overseen by the Board of Directors through its Board Risk Management Committee (BRMC). The Board plays a crucial role in approving the Risk Management Framework, encompassing the risk appetite statement, thereby delineating the entire risk management process. The BRMC evaluates the efficiency of risk controls through regular reporting.

The management has established several committees, including the Risk Management Committee (RMC), Credit Committee (CC), Asset Liability Committee (ALCO), and IT Steering Committee (ITSC), tasked with ongoing monitoring of various risks undertaken by the company to ensure comprehensive risk coverage. This proactive approach ensures that no risks are overlooked. Pak Oman is committed to enhancing its risk infrastructure by incorporating risk automation solutions and information technology security tools to streamline risk processes and remain competitive within the industry.

Beyond core business functions, the Risk Management Department (RMD) serves as a secondary line of defense. The RMD is organized into distinct functions, including Market & Liquidity Risk, Financial

Institution Risk, Credit Policy & Research, Credit Risk Management, Operational Risk, Basel Reporting, and Compliance. This organizational structure reinforces the company's overall risk management capabilities.

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

At Pak Oman Investment Company Limited, our role as a responsible corporate citizen is integral to our vision. We are dedicated to empowering communities through the socio-economic development of underprivileged and marginalized groups. In recognizing the breadth of our influence on customers, employees, and stakeholders, Pak Oman Investment Company Limited is committed to making a positive impact. Our efforts are consistently aimed at encouraging community growth and development. This proactive stance is critical to our strategy, emphasizing our dedication to building a sustainable future for all.

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 07, 2024

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, 2023, together with the Auditors' Report thereon.

Macroeconomic overview

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is not slowing down as expected, taking a toll on employment and activity, reflecting favorable supply side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024. Global growth, estimated at 3.1 percent in 2023 and is projected to remain at 3.1 percent in 2024 before rising modestly to 3.2 percent in 2025.

Commodity price spikes from geopolitical shocks, including continued attacks in the Red Sea and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions and may impact the growth projections.

Pakistan's GDP growth for FY 2023 was 0.3%, compared to 6.1% in FY 2022, as the combination of macroeconomic factors and political instability took their toll however, FY 2024 commenced on a more positive note with the announcement of the Standby Arrangement (SBA) with the IMF. High frequency indicators begun to show improvement, gradual reopening of imports enhanced availability of essential production inputs. The Large-Scale Manufacturing and the agriculture sector is reflecting a positive trend.

The release of tranches from IMF, along with inflow of dollars from friendly countries improved SBP's reserves However, the release of import backlog payments, along with speculative activity, continued to depreciate the currency with the PKR/USD touching a low of Rs 307. Since then, a crackdown on FX activity along with tightened rules for exchange companies and stricter monitoring have delivered positive results, sharply narrowing the differential between the interbank and kerb markets.

Since the last rate increase in June 2023, the SBP has maintained a status quo on the Policy Rate. In its last monetary policy meeting in January 2024, it kept the rate unchanged at 22%, contrary to market expectations. In support of its decision, the SBP cited the declining inflationary trend, reflecting the positive impact of tight monetary policy stance duly supported by ongoing fiscal consolidation, lower global commodity prices, and improved domestic crop output and supplies However, the positive impact of these developments is being diluted by sizable adjustments in administered energy prices, especially from

November 2023 onwards. SBP expects average inflation to fall in the range of 23 – 25 percent in FY24 and continue to trend down noticeably in FY25.

Pakistan's General Election took place and electoral outcome unveiled intriguing dynamics within the political arena. The decisions made by the incoming government will play a pivotal role in steering the course of economic recovery. Immediate challenges awaiting the new government will be to negotiate a new bigger IMF program and formulating the budget for 2025 balancing key economic reforms, that IMF requires such as adjusting power tariffs, containing fiscal expenditures, broadening tax base and currency adjustments and at the same time providing relief to the masses.

Financial Performance

FY 23	FY 22		FY 23	FY 22
$ in millions			***Rs in millions***	
7.05	2.38	Profit before provision	1,989	672
(3.71)	(0.60)	Provision and write offs - net	(1,048)	(172)
3.34	**1.78**	**Profit before taxation**	**941**	**501**
(0.84)	(0.60)	Taxation	(236)	(167)
2.50	**1.18**	**Profit after taxation**	**705**	**334**
0.041	0.0019	Earning per share	1.15	0.54

Financial Position

FY 23	FY 22		FY 23	FY 22
$ in millions			***Rs in millions***	
31.01	30.86	Shareholders' equity	8,739	8,699
57.40	68.90	Advances	16,180	19,421
1,191	446	Investments	335,736	125,711
1,302	559	Total Assets	367,003	157,700

Profit before tax of the Company increased by Rs 440 million or 88% over last year. The increase in profit is the confluence of higher volumes and spreads despite of ballooning provisions. Increase in policy rate by 600 bps during the year and soaring volumetric growth in earning assets driven by government borrowings translated into higher net interest income. The provisions registered increase by Rs 876 million reflects higher provision mainly due to adoption of IFRS 9.

Company's total assets increased to Rs 367,003 million (US$ 1,302 million) compared to Rs 157,700 million (US$ 559 million), depicting a growth of 133% 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. 210,026 million (US$ 745 million) or 168% to reach at Rs. 335,736 million (US$ 1,191 million). 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 16,180 million (US$ 57.4 million) compared to Rs 19,421 million (US$ 68.9 million). 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, 2023 were Rs 12,218 million (US$ 43.3 million) declined by Rs 1,302 million (US$ 4.6 million) from last year. Deposit mobilization from the retail sector stands at Rs 2,129 million (US$ 7.6 million).

Your Company's capital adequacy ratio (CAR) stood at 15.49% as of December 31, 2023, well above the minimum domestic regulatory benchmark of 11.50%.

Appropriation and Dividend

The board has recommended the followings:

	Rs in millions
Transfer to statutory reserves	141.022
Cash Dividend @ Rs 0.55 per share	338.250

Credit Rating

In June 2023, 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 2023 were re-affirmed to CGR – 9, which signifies very high level of corporate governance.

Pak Oman Asset Management Company

During the year 2023 the average assets under management (AUMs) of Pak Oman Asset Management Company Limited (POAMCL) was Rs 8.1 billion depicting a growth of 11% from last year. PACRA (Credit Rating Agency) re-affirmed Credit Rating of POAMCL rating at AM3++ with stable outlook. POAMCL have a complete basket of investments solutions to cater the investments needs of its present and potential customers. The Company performed better and has improved its bottom line and it is expected to continue its performance.

Risk Management Framework

The Risk Management Framework serves as the guiding force for the risk management process at Pak Oman. The primary objective of the framework is to assess and measure the risks associated with business activities and routine operations, ensuring that these risks remain within defined parameters.

Our risk management structure is built upon the following key principles:

- Maximizing risk-adjusted returns in alignment with the business strategy.
- Establishing clear ownership of risks.
- Conducting prudent risk assessments through approved policies and procedures.
- Implementing robust risk control measures and reporting mechanisms.
- Validating the effectiveness of the framework and associated processes.

From the identification and prioritization of risks to their mitigation and ongoing monitoring, the management's emphasis is on fostering a culture of risk awareness throughout the organization as an integral aspect of risk governance.

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 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

As more fully explained in notes 4 to the Financial Statements, the Company has adopted IFRS-9 The Financial Instruments. This primarily impacts loss provisioning of financial assets which are now determined on an expected credit loss model. Accordingly, The Company has recorded net expected credit loss of Rs 788 million which was adjusted against retained earnings. The Company has also recorded net increase in equity by Rs 167 million due to reclassification of investments from available for sale to fair value through other comprehensive income.

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*	3	3
Mr. Mohammad Shabbir Ahmed Khan**	4	4
Mr. Mohammad Zalmai Rahman Uddin Khan (Acting MD/CEO) ***	2	2
Mr. Nauman Ansari MD / CEO ****	4	4

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 Jaifer 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 *	1	1	1	1
Mr. Mohammad Shabbir Ahmed Khan **	3	3	2	2
Mr. Mohammad Zalmai Rahman Uddin Khan (Acting MD/CEO) ***	2	2	N/A	N/A
Mr. Nauman Ansari MD / CEO ****	3	3	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 Jaifer Salim Al Said*****	2	2	N/A	N/A
Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani	3	3	4	4
Mr. Faisal Ali Ibrahim Al Siyabi	3	3	4	4
Mr. Omar Hamid Khan *	1	1	2	2
Mr. Mohammad Shabbir Ahmed Khan**	2	2	2	2
Mr. Mohammad Zalmai Rahman Uddin Khan (Acting MD/CEO) ***	N/A	N/A	N/A	N/A
Mr. Nauman Ansari MD / CEO ****	N/A	N/A	N/A	N/A

*Member till April 27, 2023.
** Member effective from on May 23, 2023 till date.
***Former Acting MD / CEO till June 04, 2023.
**** MD / CEO effective from June 05, 2023 till date.
*****Joined HR Committee as Chairman effective from October 2023 till date.

Changes in Board of Directors

The Government of Pakistan has appointed Mr. Nauman Ansari, as Managing Director and Mr. Nauman has joined the Company effective from 5th June 2023.

Mr. Nauman is a senior Finance and Banking professional with 30 years of multi-functional and varied experience gained at some of the leading global, regional and local banking institutions including Standard Chartered Bank, Bank of America, ABN Amro and Fortis bank. His last two assignments were as President and CEO of Bank Alfalah Limited and Faysal Bank Limited.

Mr. Nauman main areas of experience are: Corporate and Investment Banking; Risk Management; Project Finance; Financial / Institutional Banking; International Trade Finance and Credit Markets.

Mr. Nauman has served on numerous Boards of Directors including Pakistan Institute of Corporate Governance (PICG), Overseas Investors Chamber of Commerce and Industry (OICCI) and Executive Committee of the Pakistan Banking Association (PBA). Currently Mr. Ansari is Independent Director / Chairman, Board of Directors of Parwaaz Financial Services Limited. Mr. Ansari is a graduate of Miami University, USA.

Mr. Omer Hamid Khan left from Board of Directors on 27th April 2023. The Board wishes to place on record its appreciation for contribution. Mr. Mohammad Shabir Ahmed Khan joined the Board of Directors from 23rd May 2023, nominated by Government of Pakistan. Mr. Khan is Sloan fellow of London Business School and a graduate in Computer Science. Mr. Khan has 4 decades of experience with global corporations in Europe and Pakistan. Including ten-years as the Spanish representative on the $110B+ Eurofighter project with additional responsibility for diverse technology transfer to Spain. He has established and managed high-tech greenfield operations in both developed and emerging markets. Pioneered Internet banking as early as 1999 with the largest global bank at the time and pioneered Mobile Payments as early as 2005 with Telenor Mobile (Oslo) as head of Group Operations/IT Strategy.

Process of Appointment and Nomination of Board members:

Pak Oman has two directors and the Chairman nominated by the (Oman Investment Authority-OIA) 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 Management Committee (BRMC): 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 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.

The recent performance evaluation was carried out by an external independent evaluator and a formal report was issued. The evaluation report was discussed by the Chairman with the Board of Directors in its 122nd meeting held on October 26, 2023. The Board of Directors noted the contents of Board of Directors Annual Evaluation for the year 2022 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 2024.

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, 2023 according to their un-audited financial statements were Rs 252 million and Rs 172 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

Nauman Ansari
Managing Director /
Chief Executive Officer

Sayyid Juland Jaifar Salim Al Said
Chairman

Karachi, March 07, 2024

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 2023 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

COVID-19 وبائی مرض سے عالمی معاشی بحالی، یوکرین پر روس کے حملے، اور زندگی گزارنے کی لاگت کا بحران حیرت انگیز طور پر لچکدار ثابت ہو رہا ہے۔ افراط زر توقع کے مطابق کم نہیں ہو رہا ہے، جس سے روزگار اور سرگرمیاں متاثر ہو رہی ہیں، سازگار سپلائی سائیڈ پیش رفت کی عکاسی کرتی ہے اور مرکزی بینکوں کی طرف سے سختی، جس نے افراط زر کی توقعات کو لنگر انداز کر رکھا ہے۔ ایک ہی وقت میں، بلند شرح سود جس کا مقصد افراط زر سے لڑنا ہے اور بلند قرضوں کے درمیان مالی امداد کی واپسی 2024 میں ترقی پر وزن ڈالنے کی توقع ہے۔ عالمی ترقی، جس کا تخمینہ 2023 میں 3.1 فیصد ہے اور 2024 میں 3.1 فیصد رہنے کا امکان ہے اور 2025 میں یہ 3.2 فیصد تک بڑھ جائے گی۔

جغرافیائی سیاسی جھٹکوں سے اجناس کی قیمتوں میں اضافہ، بشمول بحیرہ احمر میں مسلسل حملوں اور سپلائی میں رکاوٹیں یا زیادہ مسلسل بنیادی افراط زر سخت مالیاتی حالات کو طول دے سکتا ہے اور ترقی کے تخمینوں کو متاثر کر سکتا ہے۔

مالی سال 2023 میں پاکستان کی جی ڈی پی کی شرح نمو 0.3 فیصد تھی، جو کہ مالی سال 2022 میں 6.1 فیصد تھی، کیونکہ میکرو اکنامک عوامل اور سیاسی عدم استحکام نے ان کا نقصان اٹھایا تاہم، مالی سال 2024 کا آغاز IMF کے ساتھ اسٹینڈ بائی ارینجمنٹ (SBA) کے اعلان کے ساتھ زیادہ مثبت نوٹ پر ہوا۔ اعلی تعدد کے اشارے بہتری دکھانا شروع ہو گئے، درآمدات کے بتدریج دوبارہ کھلنے سے ضروری پیداواری خام مال کی دستیابی میں اضافہ ہوا۔ بڑے پیمانے پر مینوفیکچرنگ اور زراعت کا شعبہ ایک مثبت رجحان کی عکاسی کر رہا ہے۔

IMF سے قسطوں کے اجراء کے ساتھ ساتھ دوست ممالک سے ڈالر کی آمد نے SBP کے ذخائر کو بہتر کیا تاہم، درآمدی بیک لاگ ادائیگیوں کا اجراء، قیاس آرائیوں کے ساتھ ساتھ، PKR/USD 307 روپے کی کم ترین سطح کو چھونے کے ساتھ کرنسی کی قدر میں کمی کا سلسلہ جاری رہا۔ اس کے بعد سے، ایکسچینج کمپنیوں کے لیے سخت

قوانین اور سخت نگرانی کے ساتھ FX سرگرمی پر کریک ڈاؤن نے مثبت نتائج دیے ہیں، جس سے انٹربینک اور کرب مارکیٹوں کے درمیان فرق کو تیزی سے کم کیا گیا ہے۔

جون 2023 میں آخری شرح میں اضافے کے بعد سے، اسٹیٹ بینک نے پالیسی ریٹ پر جمود برقرار رکھا ہے۔ جنوری 2024 میں اپنی آخری مانیٹری پالیسی میٹنگ میں، اس نے مارکیٹ کی توقعات کے برعکس شرح کو 22% پر برقرار رکھا۔اپنے فیصلے کی حمایت میں، SBP نے گرتی ہوئی افراط زر کے رجحان کا حوالہ دیا، جو مالیاتی پالیسی کے سخت موقف کے مثبت اثرات کی عکاسی کرتا ہے جو کہ جاری مالیاتی استحکام، کموڈٹی کی عالمی قیمتوں میں کمی، اور ملکی فصلوں کی پیداوار اور رسد میں بہتری کے ذریعے درست طریقے سے حمایت کرتا ہے۔ تاہم، ان پیش رفتوں کے مثبت اثرات کو زیر انتظام توانائی کی قیمتوں میں خاص طور پر نومبر 2023 کے بعد سے بڑے پیمانے پر ایڈجسٹمنٹ کے ذریعے کم کیا جا رہا ہے۔ اسٹیٹ بینک کو توقع ہے کہ مالی سال 24 میں اوسط افراط زر 23 سے 25 فیصد کی حد میں گرے گا اور مالی سال 25 میں نمایاں طور پر نیچے کا رجحان جاری رہے گا۔

پاکستان کے عام انتخابات ہوئے اور انتخابی نتائج نے سیاسی میدان میں دلچسپ حرکیات سے پردہ اٹھایا۔ آنے والی حکومت کی جانب سے کیے گئے فیصلے معاشی بحالی کے راستے کو آگے بڑھانے میں اہم کردار ادا کریں گے۔ نئی حکومت کے سامنے آنے والے فوری چیلنجز ایک نئے بڑے آئی ایم ایف پروگرام پر گفت و شنید اور 2025 کے بجٹ کو اہم اقتصادی اصلاحات میں توازن پیدا کرنا ہوں گے، جس کی آئی ایم ایف کو ضرورت ہے جیسے بجلی کے نرخوں کو ایڈجسٹ کرنا، مالی اخراجات پر مشتمل، ٹیکس کی بنیاد کو وسیع کرنا اور کرنسی میں ایڈجسٹمنٹ اور ایک ہی وقت میں۔ عوام کو ریلیف فراہم کرنا۔

مالیاتی کارکردگی

مالی سال 2023	مالی سال 2022		مالی سال 2023	مالی سال 2022
ملین امریکی ڈالر			ملین پاکستانی روپے	
7.05	2.38	منافع قبل از پرووِیژن	1,989	672
(3.71)	(0.60)	پرووِیژن اور رائٹ آف - نیٹ	(1,048)	(172)
3.34	**1.78**	منافع قبل از محصول	**941**	**501**
(0.84)	(0.60)	محصول	(236)	(167)
2.50	**1.18**	منافع بعد از محصول	**705**	**334**
0.041	0.0019	فی حصص آمدنی	1.15	0.54

مالی حالت

FY 22	**FY 21**		**FY 22**	**FY 21**
ملین امریکی ڈالر			**ملین پاکستانی روپے**	
31.01	30.86	حصص یافتگان کی ایکوئٹی	8,739	8,699
57.40	68.90	قرضہ جات	16,180	19,421
1,191	446	سرمایہ کاری	335,736	125,711
1,302	559	کل اثاثہ جات	367,003	157,700

کمپنی کے ٹیکس سے قبل منافع میں گزشتہ سال کے مقابلے میں 440 ملین روپے یا 88 فیصد اضافہ ہوا۔ منافع میں اضافہ غیر فعال قرضوں کے خلاف پرووِیژن کے باوجود زیادہ حجم اور پھیلاؤ کا سنگم ہے۔۔ سال کے دوران پالیسی کی شرح میں 600 بی پی ایس کا اضافہ اور حکومتی قرضوں سے چلنے والے اثاثوں کی آمدنی میں حجم کی شرح میں اضافہ جس کا ترجمہ خالص سود کی آمدنی میں کیا گیا۔ بنیادی طور پر IFRS 9 کو اپنانے کی وجہ سے رجسٹرڈ پرووِیژنز میں 876 ملین روپے کا اضافہ زیادہ پرووِیژن کو ظاہر کرتا ہے۔

کمپنی کے کل اثاثے 157,700 ملین (US$ 559 ملین) کے مقابلے میں بڑھ کر 367,003 ملین روپے (US$ 1,302 ملین) ہو گئے، جو کہ گزشتہ سال کے مقابلے میں 133 فیصد اضافہ کو ظاہر کرتا ہے۔ اثاثوں میں اضافہ بنیادی طور پر سرکاری سیکیورٹیز میں زیادہ سرمایہ کاری سے ہوا ہے۔

سرمایہ کاری 210,026 ملین روپے (745 ملین امریکی ڈالر) یا 168 فیصد اضافے کے ساتھ 335,736 ملین روپے (1,191 ملین امریکی ڈالر) تک پہنچنے کے ساتھ اثاثوں کی ترقی میں بنیادی محرک رہی۔ یہ اضافہ بڑی حد تک خطرے سے پاک حکومت کی 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 19,421 ملین (US$68.9 ملین) کے مقابلے میں 16,180 ملین روپے (57.4 ملین امریکی ڈالر) رہا۔ کمپنی میکرو اکنامک ماحول پر غیر یقینی صورتحال کی وجہ سے اپنی قرض کی کتاب 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 2023 تک کل ڈپازٹس 12,218 ملین روپے (43.3 ملین امریکی ڈالر) تھے جو گزشتہ سال کے مقابلے میں 1,302 ملین روپے (US$ 4.6 ملین) کم ہو گئے۔ ریٹیل سیکٹر سے ڈپازٹ موبلائزیشن 2,129 ملین روپے (7.6 ملین امریکی ڈالر) ہے۔

31 دسمبر 2023 تک آپ کی کمپنی کا کیپیٹل ایکویسی ریشو 15.49% (CAR) تھا، جو کہ 11.50% کے کم از کم ڈومیسٹک ریگولیٹری بینچ مارک سے زیادہ ہے۔

مختص اور ڈیویڈنڈ

بورڈ نے مندرجہ ذیل سفارشات کی ہیں:

	ملین پاکستانی روپے
دستوری ذخائر کی مد میں	141.022
کیش ڈیویڈینڈ @ 0.55 روپیہ فی حصص	338.250

کریڈٹ ریٹنگ

جون 2023 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، 2023 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

سال 2023 کے دوران پاک عمان اثاثہ مینجمنٹ کمپنی لمیٹڈ (POAMCL) کے اوسط زیر انتظام اثاثہ جات (AUMs) 8.1 بلین روپے تھے جو گزشتہ سال کے مقابلے میں 11 فیصد اضافہ کو ظاہر کرتا ہے۔ PACRA (کریڈٹ ریٹنگ ایجنسی) نے مستحکم آؤٹ لک کے ساتھ AM3++ پر POAMCL کی کریڈٹ ریٹنگ کی دوبارہ تصدیق کی۔
POAMCL کے پاس اپنے موجودہ اور ممکنہ صارفین کی سرمایہ کاری کی ضروریات کو پورا کرنے کے لیے سرمایہ کاری کے حل کی ایک مکمل حل ہے۔ کمپنی نے بہتر کارکردگی کا مظاہرہ کیا اور توقع ہے کہ وہ اپنی کارکردگی کو جاری رکھے گی۔

کاروباری خطرے کے انتظام کا ڈھانچہ

رسک مینجمنٹ فریم ورک پاک عمان میں رسک مینجمنٹ کے عمل کے لیے رہنما قوت کے طور پر کام کرتا ہے۔ فریم ورک کا بنیادی مقصد کاروباری سرگرمیوں اور معمول کی کارروائیوں سے وابستہ خطرات کا اندازہ لگانا اور ان کی پیمائش کرنا ہے، اس بات کو یقینی بنانا کہ یہ خطرات متعین پیرامیٹرز کے اندر رہیں۔
ہمارا رسک مینجمنٹ ڈھانچہ بڑے پیمانے پر درج ذیل اصولوں پر مبنی ہے:

• کاروباری حکمت عملی کے ساتھ سیدھ میں رسک ایڈجسٹ شدہ منافع کو زیادہ سے زیادہ کرنا۔
• خطرات کی واضح ملکیت قائم کرنا۔
• منظور شدہ پالیسیوں اور طریقہ کار کے ذریعے خطرے کی محتاط تشخیص کا انعقاد۔
• رسک کنٹرول کے مضبوط اقدامات اور رپورٹنگ میکانزم کو نافذ کرنا۔
• فریم ورک اور متعلقہ عمل کی تاثیر

خطرات کی شناخت اور ترجیح سے لے کر ان کے تخفیف اور جاری نگرانی تک، انتظامیہ کا زور پوری کمپنی میں خطرے سے متعلق آگاہی کے کلچر کو فروغ دینے پر ہے جو کہ رسک گورننس کے ایک لازمی پہلو کے طور 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 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

جیسا کہ نوٹ 4 میں مالیاتی بیانات کی مزید وضاحت کی گئی ہے، کمپنی نے The Financial Instruments IFRS-9 کو اپنایا ہے۔ یہ بنیادی طور پر مالیاتی اثاثوں کے نقصان کی فراہمی کو متاثر کرتا ہے جس کا تعین متوقع کریڈٹ نقصان پر ہوتا ہے۔ اس کے مطابق، کمپنی نے 788 ملین روپے کا خالص متوقع کریڈٹ نقصان ریکارڈ کیا ہے جسے برقرار رکھی گئی آمدنی کے مقابلے میں ایڈجسٹ کیا گیا تھا۔ کمپنی نے ایکویٹی میں 167 ملین روپے کا خالص اضافہ بھی ریکارڈ کیا ہے جس کی وجہ دیگر جامع آمدنی کے ذریعے فروخت کے لیے دستیاب سرمایہ کاری سے منصفانہ قیمت تک دوبارہ درجہ بندی کی گئی ہے۔

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*	3	3
جناب شبیر احمد خان**	4	4
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او***	2	2
جناب نعمان انصاری****	4	4

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*	1	1	1	1
جناب شبیر احمد خان**	2	2	3	3
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او***	N/A	N/A	2	2
جناب نعمان انصاری****	N/A	N/A	3	3

	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	2
جناب ایہام عبد العزیز عبد القادر الغاسانی	4	4	3	3
جناب فیصل علی ابراہیم ا لسیابي	4	4	3	3
جناب عمر حامد خان*	2	2	1	1
جناب شبیر احمد خان**	2	2	2	2
جناب محمد زلمئے رحمان الدین خان قائم مقام ایم ڈی / سی ای او***	N/A	N/A	N/A	N/A
جناب نعمان انصاری****	N/A	N/A	N/A	N/A

*27 اپریل 2023 تک ممبر۔

** ممبر 23 مئی 2023 سے آج تک موثر ہے۔

***سابق قائم مقام ایم ڈی / سی ای او جون 04، 2023 تک۔

**** ایم ڈی / سی ای او 05 جون 2023 سے آج تک موثر ہے۔

***** اکتوبر 2023 سے آج تک مؤثر HR کمیٹی میں بطور چیئرمین شامل ہوئے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

حکومت پاکستان نے جناب نعمان انصاری کو منیجنگ ڈائریکٹر مقرر کیا ہے اور جناب نعمان نے 5 جون 2023 سے کمپنی میں شمولیت اختیار کی ہے۔

جناب نعمان ایک سینئر فنانس اور بینکنگ پروفیشنل ہیں جن کے پاس 30 سال کا ملٹی فنکشنل اور متنوع تجربہ ہے جو اسٹینڈرڈ چارٹرڈ بینک، بینک آف امریکہ، اے بی این امرو اور فورٹیس بینک سمیت کچھ معروف عالمی، علاقائی اور مقامی بینکنگ اداروں میں حاصل کر چکے ہیں۔ ان کی آخری دو ذمہ داریاں بینک الفلاح لمیٹڈ اور فیصل بینک لمیٹڈ کے صدر اور سی ای او کی حیثیت سے تھیں۔

جناب نعمان کے تجربے کے اہم شعبے یہ ہیں: کارپوریٹ اور انویسٹمنٹ بینکنگ؛ رسک مینجمنٹ؛ پروجیکٹ فنانس؛ مالیاتی / ادارہ جاتی بینکنگ؛ بین الاقوامی تجارتی فنانس اور کریڈٹ مارکیٹس۔

جناب نعمان پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG)، اوور سیز انویسٹرز چیمبر آف کامرس اینڈ انڈسٹری (OICCI) اور پاکستان بینکنگ ایسوسی ایشن (PBA) کی ایگزیکٹو کمیٹی سمیت متعدد بورڈز آف ڈائریکٹرز میں خدمات انجام دے چکے ہیں۔ فی الحال جناب انصاری آزاد ڈائریکٹر / چیئرمین، پرواز فنانشل سروسز لمیٹڈ کے بورڈ آف ڈائریکٹرز ہیں۔ جناب انصاری میامی یونیورسٹی، امریکہ کے گریجویٹ ہیں۔

جناب عمر حامد خان 27 اپریل 2023 کو بورڈ آف ڈائریکٹرز سے رخصت ہوئے۔ بورڈ ان کی شراکت کے لیے تعریف کرتا ہے۔ حکومت پاکستان کی طرف سے نامزد کردہ جناب محمد شبیر احمد خان نے 23 مئی 2023 کو بورڈ آف ڈائریکٹرز میں شمولیت اختیار کی۔ مسٹر خان لندن بزنس اسکول کے سلوان فیلو اور کمپیوٹر سائنس میں گریجویٹ ہیں۔ جناب خان کو یورپ اور پاکستان میں عالمی اداروں کے ساتھ 4 + یورو B دہائیوں کا تجربہ ہے۔ اسپین میں متنوع ٹیکنالوجی کی منتقلی کے لیے اضافی ذمہ داری کے ساتھ 110$ فائٹر پروجیکٹ پر ہسپانوی نمائندے کے بطور دس سال رہے۔ انہوں نے ترقی یافتہ اور ابھرتی ہوئی دونوں منڈیوں میں ہائی ٹیک گرین فیلڈ آپریشنز قائم کیے ہیں اور ان کا انتظام کیا ہے۔ اس وقت کے سب سے بڑے عالمی بینک کے ساتھ 1999 کے اوائل میں انٹرنیٹ بینکنگ کا آغاز کیا اور 2005 کے اوائل میں ٹیلی نار موبائل (اوسلو) کے ساتھ گروپ آپریشنز / آئی ٹی اسٹریٹیجی کے سربراہ کے طور پر موبائل ادائیگیوں کا آغاز کیا۔

بورڈ ممبران کی تقرری اور نامزدگی کا عمل:

پاک عمان کے دو ڈائریکٹرز اور چیئرمین (عمان انویسٹمنٹ اتھارٹی) 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 مناسبت 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 (BRMC): کمیٹی خطرے کینگرانی اور پروفائل کے حوالے سے بورڈ کو خطرے سے متعلق رسک پروفائل کے سلسلے میں اندرونی BRMC معاملات بشمول گورننس کی نگرانی اور مشورے کی ذمہ دار ہے۔ 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 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۔

حالیہ کارکردگی کا جائزہ ایک بیرونی آزاد تشخیص کار کے ذریعہ کیا گیا تھا اور ایک رسمی رپورٹ جاری کی گئی تھی۔ جائزہ رپورٹ پر چیئرمین نے بورڈ آف ڈائریکٹرز کے ساتھ 26 اکتوبر 2023 کو ہونے والی اپنی 122ویں میٹنگ میں تبادلہ خیال کیا۔ بورڈ آف ڈائریکٹرز نے سال 2022 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 2024 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 2023 تک پراویڈنٹ اور گریجویٹی فنڈز کی سرمایہ کاری ان کے غیر آڈٹ شدہ مالیاتی بیانات کے مطابق بالترتیب 252 ملین روپے اور 172 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

نعمان انصاری	**جلند جیفر سلم آل سعید**
مینجنگ ڈائریکٹر اور چیف ایکزیکیوٹیو	چیئرمین

کراچی ، 7 مارچ 2024

Pak Oman Investment Company Limited
Six Years Financial Summary

Rupees in '000

December 31	2023	2022	2021	2020	2019	2018
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and balances with treasury banks	532,767	346,449	173,449	214,433	153,271	122,604
Balances with other banks	131,113	1,624,409	1,490,702	1,318,436	1,974,796	2,275,589
Lendings to financial institutions	-	5,135,762	1,953,578	3,600,000	8,132,475	5,434,296
Investments	335,736,123	125,710,845	101,787,711	68,217,290	59,375,922	28,433,357
Advances	16,179,969	19,420,996	19,720,493	20,935,305	20,024,133	20,480,702
Property and equipment	846,505	765,310	82,611	89,045	75,723	95,732
Right-of-use assets	87,089	94,936	112,382	130,194	125,488	-
Intangibles	-	-	-	-	5	437
Deferred tax assets - net	1,396,492	647,217	398,502	226,542	337,826	439,439
Other assets	12,092,961	3,954,452	2,155,949	2,074,831	1,883,175	828,316
Assets held-for-sale	-	-	384,708	-	-	-
Total assets	**367,003,019**	**157,700,376**	**128,260,085**	**96,806,076**	**92,082,814**	**58,110,472**
LIABILITIES						
Borrowings	340,891,244	132,900,975	103,997,150	70,551,769	73,681,026	39,961,645
Deposits and other accounts	12,218,415	13,520,897	14,353,682	15,869,130	8,576,392	9,010,490
Liabilities against assets subject to finance lease	2,267	3,139	3,935	197	610	992
Other liabilities	5,151,620	2,575,687	1,149,464	1,301,947	1,471,325	994,407
Total Liabilities	**358,263,546**	**149,000,698**	**119,504,231**	**87,723,043**	**83,729,353**	**49,967,534**
NET ASSETS	**8,739,473**	**8,699,678**	**8,755,854**	**9,083,033**	**8,353,461**	**8,142,938**
REPRESENTED BY						
Share capital	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Reserves	1,751,681	1,922,289	1,855,525	1,759,985	1,265,504	1,164,643
Surplus / (deficit) on revaluation of assets	407,448	(18,918)	(1,050)	348,498	161,727	39,425
Unappropriated profit	430,344	646,307	751,379	824,550	776,230	788,870
	8,739,473	**8,699,678**	**8,755,854**	**9,083,033**	**8,353,461**	**8,142,938**
PROFITABILITY						
Mark-up/Return/Interest earned	67,477,562	17,487,556	8,016,889	8,993,366	7,521,051	3,550,116
Mark-up/Return/Interest expensed	(64,657,033)	(16,653,077)	(6,800,985)	(7,444,829)	(6,500,194)	(2,710,409)
Net mark-up/interest income	2,820,529	834,479	1,215,904	1,548,537	1,020,857	839,707
Fee, commission and brokerage income	46,534	96,397	76,168	44,241	41,637	60,348
Capital gain & dividend income	255,880	232,354	132,546	617,675	192,288	80,355
Other income	23,630	147,872	9,526	8,894	2,344	20,861
Total non markup/interest income	326,044	476,623	218,240	670,810	236,269	161,564
Gross Income	3,146,573	1,311,102	1,434,144	2,219,347	1,257,126	1,001,271
Operating expenses and other charges	(1,157,886)	(638,896)	(733,388)	(737,257)	(609,415)	(584,028)
Profit before provisions	**1,988,687**	**672,206**	**700,756**	**1,482,090**	**647,711**	**417,243**
Credit loss allowance and write offs - net	(1,048,174)	(171,686)	(49,316)	(144,952)	34,136	332,101
Profit before taxation	**940,513**	**500,520**	**651,440**	**1,337,138**	**681,847**	**749,344**
Taxation	(235,402)	(166,699)	(173,740)	(364,732)	(177,543)	(284,934)
Profit after taxation	**705,111**	**333,821**	**477,700**	**972,406**	**504,304**	**464,410**
CASH FLOW STATEMENT - SUMMARY						
Cash flow from operating activities	176,623,368	18,606,303	45,898,172	(40,873)	38,624,252	(10,063,973)
Cash flow from investing activities	(177,619,682)	(17,929,133)	(45,309,053)	(123,154)	(38,463,255)	10,710,960
Cash flow from financing activities	(309,437)	(370,463)	(457,837)	(431,171)	(431,123)	(430,994)
Cash and cash equivalents at the beginning of the year	1,970,858	1,664,151	1,532,869	2,128,067	2,398,193	2,182,200
* Cash and cash equivalents at the end of the year	665,107	1,970,858	1,664,151	1,532,869	2,128,067	2,398,193
Financial Ratios						
Return on Equity	8.1%	3.8%	5.4%	11.2%	6.1%	5.7%
Return on Assets	0.3%	0.2%	0.4%	1.0%	0.7%	0.8%
Profit before tax ratio	29.9%	38.2%	45.4%	60.2%	54.2%	74.8%
Gross spread ratio	4.2%	4.8%	15.2%	17.2%	13.6%	23.7%
Total Assets to shareholders' fund	41.99	18.13	14.65	10.66	11.02	7.14
Weighted average cost of debt	20.38%	13.02%	7.38%	9.70%	11.92%	6.88%
Capital adequacy ratio (CAR)	15.49%	21.92%	16.47%	17.19%	15.57%	17.29%
Share Information						
Cash dividend per share	5.50%	5.00%	6.00%	7.50%	7.00%	7.00%
Basic and diluted earnings per share	1.15	0.54	0.78	1.58	0.82	0.76
Breakup value per shares	14.21	14.15	14.24	14.77	13.58	13.24

* 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.

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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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Following instances of non-compliance with the requirements of the Rules were observed which are not stated in the Statement of Compliance:

Serial No.	Reference	Description
1	Rule 7	At least one female director shall be appointed on the board

It may be noted that Company has voluntarily adopted the Listed Companies Code of Corporate Governance Regulations, 2019

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

KARACHI
DATED: March 07, 2024
UDIN: CR202310067UGaNtnHdw

BDO EBRAHIM & CO.
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, 2023

SBP vide BPRD Circular No. 14 dated October 20, 2016 has advised that the requirement in terms of Prudential Regulation G-1 with regards to the applicability of Code of Corporate Governance (CCG) issued by the Securities and Exchange Commission of Pakistan shall not be applicable on DFIs. However, it is expected that all DFIs will continue to follow the best practices on corporate governance. Accordingly, 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. Mohammad Shabir Ahmed Khan – Member
Executive directors	Mr. Nauman Ansari – Member
Female directors	Nil**

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

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

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

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

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

9. Out of five directors, two director have completed Director' Training Program namely H.H. Juland Jaifar Salim Al Said and Mr. Nauman Ansari, rest of the three directors of the Company plan to complete the same during 2024;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

Board/ Committees	Members
Board	1. H.H Juland Salim Al Said (Chairman) 2. Mr. Faisal Ali Ibrahim Al Siyabi 3. Mr. Mohammad Shabir Ahmed Khan 4. Mr. Al Ayham Al Ghassani 5. Mr. Nauman Ansari (Managing Director)
Audit	1. Mr. Al Ayham Al Ghassani (Chairman) 2. Mr. Mohammad Shabir Ahmed Khan 3. Mr. Faisal Ali Ibrahim Al Siyabi
Executive Committee	1. H.H Juland Salim Al Said (Chairman) 2. Mr. Mohammad Shabir Ahmed Khan 3. Mr. Faisal Ali Ibrahim Al Siyabi 4. Mr. Nauman Ansari (Managing Director)
Risk Committee	1. Mr. Mohammad Shabir Ahmed Khan (Chairman) 2. Mr. Al Ayham Al Ghassani 3. Mr. Faisal Ali Ibrahim Al Siyabi
Remuneration and Compensation Committee	1. H.H. Juland Jaifer Al Said (Chairman) 2. Mr. Faisal Ali Ibrahim Al Siyabi 3. Mr. Mohammad Shabir Ahmed Khan 4. Mr. Al Ayham Al Ghassani

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

14. The frequency of meetings of the committee were as per following, -

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

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and behalf of the Board

Juland Jaifar Salim Al Said
Chairman

Nauman Ansari
Managing Director
& Chief Executive Officer

Karachi: March 07, 2024

STATEMENT OF INTERNAL CONTROLS
For the year ended December 31, 2023

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, 2023 to Board Audit Committee (BAC).

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

Karachi: March 07, 2024

UNCONSOLIDATED FINANCIAL STATEMENTS OF PAK OMAN INVESTMENT COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

Basis for Opinion

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

Information Other than the Unconsolidated 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, 2023 but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we 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.

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

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

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

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

KARACHI
DATED: 07 MAR 2024
UDIN:AR202310067Z9TgKatBp

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,890	1,229	Cash and balances with treasury banks	5	532,767	346,449
465	5,763	Balances with other banks	6	131,113	1,624,409
-	18,221	Lendings to financial institutions	7	-	5,135,762
1,191,142	446,003	Investments	8	335,736,123	125,710,845
57,404	68,903	Advances	9	16,179,969	19,420,996
3,003	2,715	Property and equipment	10	846,505	765,310
309	337	Right-of-use assets	11	87,089	94,936
-	-	Intangible assets	12	-	-
4,955	2,296	Deferred tax assets	13	1,396,492	647,217
42,904	14,030	Other assets	14	12,092,961	3,954,452
-	-	Assets held-for-sale		-	-
1,302,072	559,497			367,003,019	157,700,376
		LIABILITIES			
-	-	Bills payable		-	-
1,209,432	471,513	Borrowings	15	340,891,244	132,900,975
43,349	47,970	Deposits and other accounts	16	12,218,415	13,520,897
8	11	Liabilities against assets subject to finance lease	17	2,267	3,139
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
18,276	9,138	Other liabilities	18	5,151,620	2,575,687
1,271,065	528,632			358,263,546	149,000,698
31,007	30,865	**NET ASSETS**		8,739,473	8,699,678
		REPRESENTED BY			
21,819	21,819	Share capital	19	6,150,000	6,150,000
6,215	6,820	Reserves	20	1,751,681	1,922,289
1,446	(67)	Surplus / (Deficit) on revaluation of assets	21	407,448	(18,918)
1,527	2,293	Unappropriated profit		430,344	646,307
31,007	30,865			8,739,473	8,699,678
		CONTINGENCIES AND COMMITMENTS	22		

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
239,400	62,043	Mark-up / return / interest earned	23	67,477,562	17,487,556
229,394	59,083	Mark-up / return / interest expensed	24	64,657,033	16,653,077
10,006	2,960	Net mark-up / interest income		2,820,529	834,479
		NON MARK-UP / INTEREST INCOME			
165	342	Fee and commission income	25	46,534	96,397
621	341	Dividend income		174,983	96,056
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
287	484	Gain on securities	26	80,897	136,298
84	525	Other income	27	23,630	147,872
1,157	1,692	Total non mark-up / interest income		326,044	476,623
11,163	4,652	**Total Income**		3,146,573	1,311,102
		NON MARK-UP / INTEREST EXPENSES			
3,248	2,160	Operating expenses	28	915,519	608,776
860	107	Other charges	29	242,367	30,120
4,108	2,267	Total non mark-up / interest expenses		1,157,886	638,896
7,055	2,385	**PROFIT BEFORE PROVISIONS**		1,988,687	672,206
(3,719)	(609)	Credit loss allowance and write offs - net	30	(1,048,174)	(171,686)
-	-	Extra ordinary / unusual items		-	-
3,336	1,776	**PROFIT BEFORE TAXATION**		940,513	500,520
(835)	(591)	Taxation	31	(235,402)	(166,699)
2,501	1,185	**PROFIT FOR THE YEAR**		705,111	333,821
(US $)				(Rupees)	
0.0041	0.0019	**BASIC AND DILUTED EARNINGS PER SHARE**	32	1.15	0.54

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

2023	2022		2023	2022
(US Dollar in '000)			(Rupees in '000)	
2,501	1,185	**PROFIT AFTER TAXATION FOR THE YEAR**	705,111	333,821
		OTHER COMPREHENSIVE INCOME		
		Items that may be reclassified to profit and loss account in subsequent periods:		
1,066	(905)	Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	300,546	(254,980)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(27)	(32)	Remeasurement loss on defined benefit obligations - net of tax	(7,714)	(9,019)
6	-	Movement in surplus / (deficit) on revaluation of investments in equity investments - net of tax	1,832	-
(154)	1,182	Movement in surplus on revaluation of property and equipments - net of tax	(43,452)	333,054
-	(340)	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	-	(95,942)
(175)	810		(49,334)	228,093
3,392	1,090	**TOTAL COMPREHENSIVE INCOME**	956,323	306,934

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

	Share capital	-------- (Reserves) -----------		Surplus / (deficit) on revaluation of		Unappropriated profit	Total
		Statutory reserve	General reserve	Investments	Property and equipments / Non-banking assets		
	------ (Rupees in '000) ------						
Balance as at January 01, 2022	6,150,000	1,543,895	311,630	(96,992)	95,942	751,379	8,755,854
Profit after taxation for the year ended 31 December 2022	-	-	-	-	-	333,821	333,821
Other comprehensive income - net of tax							
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(254,980)	-	-	(254,980)
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(9,019)	(9,019)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	237,112	-	237,112
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-
	-	-	-	(254,980)	237,112	(9,019)	(26,887)
Transfer to statutory reserve	-	66,764	-	-	-	(66,764)	-
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
Balance as at January 01, 2023	6,150,000	1,610,659	311,630	(351,972)	333,054	646,307	8,699,678
Impact of adopting IFRS 9 - Note 4	-	-	-	167,440	-	(788,335)	(620,895)
Balance as at January 01, 2023 - Restated	6,150,000	1,610,659	311,630	(184,532)	333,054	(142,028)	8,078,783
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	705,111	705,111
Other comprehensive income - net of tax							
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	300,546	-	-	300,546
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	1,832	-	-	1,832
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(7,714)	(7,714)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(43,452)	-	(43,452)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-
	-	-	-	302,378	(43,452)	(7,714)	251,212
Transfer to statutory reserve	-	141,022	-	-	-	(141,022)	-
Transfer to general reserve	-	-	(311,630)	-	-	311,630	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	11,867	11,867
Transaction with owners, recorded directly in equity							
Final cash dividend - December 31, 2022 declared subsequent to the year end (Rs. 0.50 per share)	-	-	-	-	-	(307,500)	(307,500)
Balance as at December 31, 2023	6,150,000	1,751,681	-	117,846	289,602	430,344	8,739,473

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
3,336	1,776	Profit before taxation		940,513	500,520
(621)	(341)	Less: Dividend income		(174,983)	(96,056)
2,715	1,435			765,530	404,464
		Adjustments:			
255	168	Depreciation	10.1	71,947	47,338
52	62	Depreciation on right-of-use assets	10.1	14,693	17,446
-	-	Amortization	12	-	-
3,719	609	Credit loss allowance and write-offs	30	1,048,174	171,686
(20)	(5)	(Gain) on sale / disposal of property and equipment		(5,711)	(1,275)
44	48	liability against right-of-use assets	24	12,309	13,469
4	2	Finance charges on leased assets	28	1,065	667
58	(3)	Unrealised loss / (gain) on held-for-trading securities	26	16,442	(940)
4,112	881			1,158,919	248,391
6,827	2,316			1,924,449	652,855
		(Increase) / Decrease in operating assets			
18,221	(11,290)	Lendings to financial institutions		5,135,762	(3,182,184)
(112,546)	(21,010)	Securities classified as FVPL		(31,722,329)	(5,922,029)
3,751	690	Advances		1,057,214	194,364
(22,368)	(4,683)	Other assets (excluding advance taxation)		(6,304,631)	(1,319,883)
(112,942)	(36,293)			(31,833,984)	(10,229,732)
		Increase / (decrease) in operating liabilities			
737,919	102,546	Borrowings		207,990,269	28,903,825
(4,621)	(2,955)	Deposits		(1,302,482)	(832,785)
9,022	4,965	Other liabilities (excluding current taxation)		2,542,453	1,399,293
742,320	104,556			209,230,240	29,470,333
636,205	70,579			179,320,705	19,893,456
(9,570)	(4,567)	Income tax paid		(2,697,337)	(1,287,153)
626,635	66,012	**Net cash flow generated from operating activities**		176,623,368	18,606,303
		CASH FLOW FROM INVESTING ACTIVITIES			
(630,012)	(66,100)	Net Investments in securities classified as FVOCI		(177,575,525)	(18,630,967)
-	-	Net Investments in amortized cost securities		-	-
58	1,992	Investments in associates		16,280	561,485
(284)	(4)	Investment in subsidiary		(80,000)	(1,250)
592	501	Dividend received		166,994	141,256
(593)	(44)	Investments in property and equipment		(167,029)	(12,328)
70	45	Disposal of property and equipment		19,598	12,671
(630,169)	(63,610)	**Net cash flow used in investing activities**		(177,619,682)	(17,929,133)
		CASH FLOW FROM FINANCING ACTIVITIES			
(7)	(5)	Payments of lease obligations		(1,937)	(1,463)
(1,091)	(1,309)	Dividend paid		(307,500)	(369,000)
(1,098)	(1,314)	**Net cash flow used in financing activities**		(309,437)	(370,463)
(4,632)	1,088	**Increase in cash and cash equivalents**		(1,305,751)	306,707
6,992	5,904	Cash and cash equivalents at beginning of the year	33	1,970,858	1,664,151
2,360	6,992	**Cash and cash equivalents at end of the year**	33	665,107	1,970,858

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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 February 09, 2023.

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 Standards IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions.

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. 281.8607 to 1 US Dollar has been used for 2023 and 2022 as it was the prevalent rate as on December 31, 2023.

2.4 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following stantdards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendmends to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- 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
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The Company adopted the narrow-scope amendments to the International Accounting Standard (lAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments 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' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendmends to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

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 credit loss allowance against loans and advances	4.9 & 30
Classification and credit loss allowance against investments	4.9 & 30
Impairment	4.9 & 30
Current and deferred taxation	4.8, 13 & 31
Useful lives of fixed, right of use assets and intangible assets, depreciation, amortisation and revaluation	4.3, 10, 11 & 12
Determination of lease term and borrowing rate	4.3 & 17.1
Non - banking assets acquired in satisfaction of claims	4.17 & 14
Defined benefit plan related assumptions	4.4 & 35

a) 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.

b) 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.

c) **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.

d) **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.

e) **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.

f) **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 4.4.1 and 35 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 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the Company are the same as those applied in previuos financial years, except that the classification, recognitions, measurement and impairment of financial instruments are now accounted for under IFRS 9 Financial Instruments.

EARLY ADOPTION OF IFRS 9

On 1 January 2023, the Company adopted IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for:

- Classification and measurement of financial instruments; and
- Recognition and measurement of expected credit losses.

The Company has not restated comparative information. This primarily impacts provisioning of financial assets which is determined on an expected credit loss basis under IFRS 9, however the provisioning is recorded higher of amount determined under IFRS 9 and the prudential regulations requirements of SBP.

The Company has recorded net expected credit loss of Rs 788 million which was adjusted against retained earnings. The Company also recorded net increase in equity of Rs 167 million due to reclassification of investments from Available For Sale to Fair Value through Other Comprehensive Income.

The adoption of IFRS 9 resulted in following:

	Rupees in '000
Equity:	
As at December 31, 2022	8,699,678
IFRS 9 impact	
Credit loss allowances	(1,176,619)
Reclassification adjustments in relation to adopting IFRS 9	249,910
Related deferred tax impact	305,814
	(620,895)
As at January 01, 2023 - restated	8,078,783
Balances with other banks:	
As at December 31, 2022	1,624,409
IFRS 9 impact	
Credit loss allowances	(1,185)
As at January 01, 2023 - restated	1,623,224
Investments:	
As at December 31, 2022	125,710,845
IFRS 9 impact	
Credit loss allowances	(20,072)
Reclassification adjustments in relation to adopting IFRS 9	249,910
	229,838
As at January 01, 2023 - restated	125,940,683
Advances:	
As at December 31, 2022	19,420,996
IFRS 9 impact	
Credit loss allowances	(1,150,618)
As at January 01, 2023 - restated	18,270,378
Other liabilities:	
As at December 31, 2022	2,575,687

	Rupees in '000
IFRS 9 impact	
Credit loss allowances	4,744
As at January 01, 2023 - restated	2,580,431

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 Fixed assets

Property

The Company follows the revaluation model as allowed under International Accounting Standard 16: 'Property, Plant and Equipment'. In accordance with the 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.

4.3.1 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.

4.3.2 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.

4.3.3 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.

4.3.4 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.

4.3.5 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.

4.4 Staff retirement benefits

4.4.1 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, 2023.

4.4.2 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.

4.4.3 Compensated absences

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

4.5 Foreign currencies

4.5.1 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.

4.6 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.

4.7 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.

4.8 Taxation

4.8.1 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.

4.8.2 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.

4.9 Credit loss allowances / Impairment

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

4.9.1 Expected credit losses

Expected credit losses are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

4.9.2 Measurement

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information that is forward looking. The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

4.9.3 Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Forward-looking economic assumptions are incorporated where relevant and where they influence credit risk, such as GDP growth rates, interest rates, Consumer price Index among others. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally.

4.9.4 Probability of default (PD)

The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as GDP forecasts, Exports and Consumer price Index. The PD is estimated at a point in time that means it will fluctuate in line with the economic cycle. The term structure of the PD is based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.

4.9.5 Loss given default (LGD)

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Company expects to receive.

4.9.6 Exposure at default (EAD)

The estimates of LGD are based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The expected balance sheet exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments, together with the impact of forward-looking economic assumptions where relevant.

4.9.7 Recognition

Stage 1: 12 months expected credit losses

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Stage 2: Significant increase in credit risk

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are 60 days past due.

Stage 3: Credit impaired (or defaulted) exposures

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The Company uses a PD of 100% and LGD is used as per SBP instructions. Therefore, the stage 3 providing are aligned with regulatory requirements.

Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. Under IFRS 9, the Company's accounting policy for taking benefit of collateral assigned to it through its lending arrangements is to consider liquid collateral only. Due to the complexities involved in the regarding non-liquid collateral realization and lack of historical experience to demonstrate recoveries through realization of such collaterals, a hair cut of 100% was used for non-liquid collaterals.

4.9.8 Forborne loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

4.10 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.

4.11 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.

4.12 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.

4.13 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 31,2023.

4.14 Financial instruments

The Company classifies its financial assets into the following categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Financial assets held at amortised cost and fair value through other comprehensive income

Debt instruments held at amortised cost or held at fair value through other comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

Contingent events that would change the amount and timing of cash flows;

- Leverage features
- Prepayment and extension terms
- Terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse arrangements); and
- Features that modify consideration of the time value of money e.g. periodical reset of interest r

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Company manages financial assets to generate cash flows.

The Company makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management. Factors considered include:

- How the performance of the product business line is evaluated and reported to the Company's management.
- How managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected;
- The risks that affect the performance of the business model and how those risks are managed; and

BUSINESS MODEL ASSESMENT

The Company's business model assessment is as follows:

Business model	Business objective	Characteristics	Businesses	Products
Hold to collect	Intent is to originate financial assets and hold them to maturity, collecting the contractual cash flows over the term of the instrument	- Providing financing and originating assets to earn interest income as primary income stream. - Performing credit risk management activities - Cost to include funding cost, transaction cost and impairment losses.	- Corporate Lending	- Loans and advances - Debt securities

Business model	Business objective	Characteristics	Businesses	Products
Hold to collect and sell	Business objective met through both hold to collect and by selling financial assets	- Portfolios held for liquidity needs; or where a certain interest yield profile is maintained; or that are normally rebalanced to achieve matching of duration of assets and liabilities. - Income streams come from interest income, fair value changes and impairment losses.	- Treasury	- Debt securities
Fair value through profit or loss	All other business All other business and managing financial assets on a fair value basis.	- Assets that are originated, purchased, and sold for profit taking. - Performance of the portfolio is evaluated on a fair value basis. - Income streams are from fair value changes or trading gains or losses	- Treasury	- Trading portfolios

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows (hold to collect) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (Hold to collect and sell) are classified as held at FVOCI.

Both a hold to collect business model and a hold to collect and sell business model involve holding financial assets to collect the contractual cash flows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed. Hold to collect business models are characterised by asset sales that are incidental to meeting the objectives under which a group of assets is managed. Sales of assets under a hold to collect business model can be made to manage increases in the credit risk of financial assets but sales for other reasons should be infrequent or insignificant.

Cash flows from the sale of financial assets under a hold to collect and sell business model, by contrast, are integral to achieving the objectives under which a particular group of financial assets are managed. This may be the case where frequent sales of financial assets are required to manage the liquidity requirements or to meet regulatory requirements to demonstrate liquidity of financial instruments. Sales of assets under hold to collect and sell business models are therefore both more frequent and more significant in value than those under the hold to collect model.

Equity instruments designated as held at FVOCI

Company may elects to classify irrevocably its non-trading equity instrument acquired for strategic purposes as held at FVOCI. Dividends received are recognised in profit or loss. Gains and losses on these equity instruments are recognised directly in equity and are never recycled to profit and loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss.

Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Initial recognition

Purchases and sales of financial assets and liabilities are initially recognised on the settlement date. All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments elected FVOCI.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

4.15 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.

4.16 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.

4.16.1 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.

4.17 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.

4.18 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	2023	2022
		(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		120	120
Foreign currencies	5.1	403	324
		523	444
With State Bank of Pakistan in			
Local currency current account	5.2	532,146	345,716
With National Bank of Pakistan in			
Local currency current account		98	289
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
		532,767	346,449

5.1 This includes foreign currency units amounting to OMR 550 (2022: 550)

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

	Note	2023	2022
		(Rupees in '000)	

6 BALANCES WITH OTHER BANKS

	Note	2023	2022
In Pakistan:			
In current accounts		111,059	11,729
In deposit accounts	6.1	2,563	1,601,434
		113,622	1,613,163
Outside Pakistan:			
In current accounts		18,718	11,246
Less: Credit loss allowance held against balances with other banks		(1,227)	-
		131,113	1,624,409

6.1 These include term deposit receipts (TDRs) with various commercial banks Rs nil (2022: Rs. 1,600 million) maturing from (2022: January 2023 to February 2023). These carry mark-up rates ranging from (2022: 16.50% to 17.50%) per annum.

6.2 Credit loss allowance held against balances with other banks

	2023	2022
Opening balance	-	-
Impact of adopting IFRS 9	1,185	-
Charges / reversals		
Charge for the year	42	-
Reversals for the year	-	-
	42	-
Closing balance	1,227	-

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
Placements		-	-
Repurchase agreement lendings (Reverse Repo)	7.1	-	5,135,762
Less: Credit loss allowance held against lending to financial institutions		-	-
		-	5,135,762

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 carried mark-up rates ranging from 16% to 16.90% per annum in 2022 and matured in January 2023.

	Note	2023	2022
		(Rupees in '000)	
7.2 Particulars of lendings			
In local currency		-	5,135,762

7.3 Securities held as collateral against Lending to financial institutions

	Note	2023			2022		
		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
Pakistan Investment Bonds		-	-	-	-	769,650	769,650
	7.3.1	-	-	-	-	5,135,762	5,135,762

7.3.1 Market value of these securities amounted to Rs. 5,181 million in December 2022.

7.3.2 The Company does not hold overseas classified placements.

7.4 Lending to Fis - Particulars of credit loss allowance

		2023		2022	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
Domestic		Rupees in '000			
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		-	-	-	-

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	-	-

	2022			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	-	-

8 INVESTMENTS

	2023				2022			
	Cost / Amortised Cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- (Rupees in '000) ----------							
8.1 Investments by type								
Debt Instruments								
Classified / Measured at FVTPL								
Federal Government securities	50,204,251	-	(12,403)	50,191,848	18,481,922	-	4,039	18,485,961
Non-Government debt securities	-	-	-	-	-	-	-	-
	50,204,251	-	(12,403)	50,191,848	18,481,922	-	4,039	18,485,961
Classified / Measured at FVOCI								
Federal Government securities	280,759,955	-	(78,846)	280,681,109	103,425,370	-	(547,378)	102,877,992
Non-Government debt securities	3,664,377	(437,328)	20,507	3,247,556	3,545,556	(399,254)	22,047	3,168,349
	284,424,332	(437,328)	(58,339)	283,928,665	106,970,926	(399,254)	(525,331)	106,046,341
Equity instruments								
Classified / Measured at FVTPL								
Listed shares	-	-	-	-	-	-	-	-
Classified / Measured at FVOCI								
Shares								
Listed shares	122,119	-	1,318	123,437	-	-	-	-
Unlisted shares	346,266	(111,717)	249,910	484,459	346,266	(111,717)	-	234,549
	468,385	(111,717)	251,228	607,896	346,266	(111,717)	-	234,549
Associates	683,067	(70,726)	-	612,341	699,347	(70,726)	-	628,621
Subsidiary	681,995	(286,622)	-	395,373	601,995	(286,622)	-	315,373
Total Investments	336,462,030	(906,393)	180,486	335,736,123	127,100,456	(868,319)	(521,292)	125,710,845

8.2 Investments by segments

	2023				2022			
	Cost / Amortised Cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	161,606,720	-	(177,570)	161,429,150	57,954,092	-	16,260	57,970,352
Pakistan Investment Bonds	163,311,165	-	97,242	163,408,407	63,953,200	-	(559,599)	63,393,601
Ijara Sukuk	6,046,321	-	(10,921)	6,035,400	-	-	-	-
	330,964,206	-	(91,249)	330,872,957	121,907,292	-	(543,339)	121,363,953
Shares								
- Listed companies	122,119	-	1,318	123,437	-	-	-	-
- Unlisted companies	346,266	(111,717)	249,910	484,459	346,266	(111,717)	-	234,549
	468,385	(111,717)	251,228	607,896	346,266	(111,717)	-	234,549
Non-Government debt securities								
- Term finance certificate - listed	355,926	(177,145)	(699)	178,082	725,806	(166,932)	(28,730)	530,144
- 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	893,995	(238,638)	7,394	662,751	821,772	(210,777)	8,235	619,230
- Commercial papers	-	-	-	-	92,545	-	-	92,545
	3,664,377	(437,328)	20,507	3,247,556	3,545,556	(399,254)	22,047	3,168,349
Associates								
Japan Power Generation Limited	70,726	(70,726)	-	-	70,726	(70,726)	-	-
Pak Oman Microfinance Bank Limited	-	-	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	32,266	-	-	32,266	126,005	-	-	126,005
Pak Oman Islamic Asset Allocation Fund	97,492	-	-	97,492	39,389	-	-	39,389
Pak Oman Advantage Asset Allocation Fund	100,579	-	-	100,579	102,249	-	-	102,249
Askari High Yield Scheme	105,357	-	-	105,357	50,679	-	-	50,679
Askari Cash Fund	118,370	-	-	118,370	150,152	-	-	150,152
Pak Oman Daily Dividend Fund	48,130	-	-	48,130	50,000	-	-	50,000
Pak Oman Government Securities Fund	110,147	-	-	110,147	110,147	-	-	110,147
	683,067	(70,726)	-	612,341	699,347	(70,726)	-	628,621
Subsidiary								
Pak Oman Asset Management Company Limited	681,995	(286,622)	-	395,373	601,995	(286,622)	-	315,373
Total investments	336,462,030	(906,393)	180,486	335,736,123	127,100,456	(868,319)	(521,292)	125,710,845

8.2.1 Investments given as collateral

	2023				2022			
	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	160,747,511	-	(177,656)	160,569,855	53,312,305	-	13,850	53,326,155
Pakistan Investment Bonds	144,428,963	-	108,584	144,537,547	50,425,230	-	(401,555)	50,023,675
	305,176,474	-	(69,072)	305,107,402	103,737,535	-	(387,705)	103,349,830
Shares								
- Unlisted companies	-	-	-	-	226,000	-	-	226,000
	-	-	-	-	226,000	-	-	226,000
Associates								
Japan Power Generation Limited	70,726	(70,726)	-	-	70,726	(70,726)	-	-
Total investments	305,247,200	(70,726)	(69,072)	305,107,402	104,034,261	(70,726)	(387,705)	103,575,830

8.3 Credit loss allowance for diminution in value of investments

	2023	2022
	(Rupees in '000)	
8.3.1 Opening balance	868,319	808,674
Impact of adopting IFRS 9	20,072	-
Charges / reversals		
Charge for the year	32,018	76,644
Reversals for the year	(14,016)	(10,091)
	18,002	66,553
Transfers - net	-	(6,908)
Closing balance	906,393	868,319

8.3.2 Particulars of credit loss allowance against debt securities

		2023		2022	
		Outstanding amount	Credit loss allowance	NPI	Provision
		(Rupees in '000)			
Domestic					
Performing	**Stage 1**	2,999,855	4,118	-	-
Underperforming	**Stage 2**	219,850	8,986	-	-
Non-performing	**Stage 3**				
Other assets especially mentioned		-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		444,672	424,224	444,971	399,254
		3,664,377	437,328	444,971	399,254
Total		3,664,377	437,328	444,971	399,254

8.3.3 The Company does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

8.3.4 Particlurs of credit loss allowance

8.3.4.1 Investments - exposure

	2023		
	Stage 1	**Stage 2**	**Stage 3**
	------------- Rupees in '000 ------------		
Opening balance	2,980,734	119,851	444,971
New investments	350,000	-	-
Investments derecognised or repaid	(330,879)	(1)	(299)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	100,000	-
Transfer to stage 3	-	-	-
	19,121	99,999	(299)
Amounts written off / charged Off	-	-	-
Other changes (to be specific)	-	-	-
Closing balance	2,999,855	219,850	444,672

8.3.4.2 Investments - Credit loss allowance

	2023		
	Stage 1	**Stage 2**	**Stage 3**
	------------- Rupees in '000 ------------		
Gross carrying amount - Current year	-	-	399,254
Impact of adopting IFRS 9	5,720	14,352	-
New investments	2,122		
Investments derecognised or repaid	(3,724)	(9,597)	24,970
Transfer to stage 1			
Transfer to stage 2		4,231	
Transfer to stage 3			
	(1,602)	(5,366)	24,970
Amounts written off / charged off	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-
Changes (to be specific)	-	-	-
Closing balance - Current year	4,118	8,986	424,224

* Implementation of IFRS 9 was done in first quarter of 2023.

8.4 Quality of securities

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

	Note	2023	2022
		Cost	
Federal Government securities - Government guaranteed		(Rupees in '000)	
Pakistan Investment Bonds	8.7	147,423,060	60,728,952
Market Treasury Bills	8.8	133,336,895	42,696,418
		280,759,955	103,425,370
Shares			
Listed companies			
Commercial Banks		41,559	-
Fertilizer		26,940	-
Power Generation & Distribution		8,885	-
Oil & Gas Exploration Companies		44,735	-
		122,119	-

Unlisted companies	2023		2022	
	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	475,910	226,000	226,000
	346,266	484,459	346,266	234,549

	2023	2022
	Cost	
	(Rupees in '000)	
Non Government debt securities		
Categorization based on long-term rating		
by credit rating agency		
Listed		
- A+, A, A-	349,860	350,000
- B+, B, B-	49,851	
- CCC and below	-	49,851
	399,711	399,851
Unlisted		
- AA+, AA, AA-	1,512,773	1,539,024
- A+, A, A-	1,207,221	1,061,710
- BB+, BB, BB-	-	100,000
- B+, B, B-	100,000	-
- CCC and below	444,672	444,971
	3,264,666	3,145,705
	3,664,377	3,545,556

8.5 Investment in associates

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

	2023	2022	2023	2022	Holding	Break-up value per share / unit / NAV	Latest available unaudited financial statements	Name of the chief executive
	Number of shares / units		(Rupees in '000)			(Rupees)		
8.5.2 Shares / Mutual Funds								
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	2,543,449	1,039,574	97,492	39,389	93.22%	46.43	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	2,602,653	2,661,966	100,579	102,249	99.60%	50.02	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	611,264	2,386,300	32,266	126,005	14.78%	53.31	31-Dec-23**	Ms. Sadaf Kazmi
Askari High Yield Scheme	1,021,473	493,084	105,357	50,679	25.12%	109.23	31-Dec-23**	Ms. Sadaf Kazmi
Askari Cash Fund	1,158,301	1,469,282	118,370	150,152	14.00%	114.46	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Daily Dividend Fund	6,043,523	5,312,693	48,130	50,000	98.08%	10.00	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	10,196,704	10,193,726	110,147	110,147	4.41%	10.87	31-Dec-23**	Ms. Sadaf Kazmi
			683,067	699,347				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

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 **	Name of the chief executive
	---------- (Rupees in '000) ----------							
Assets	228,469	134,840	134,503	2,553,075	490,262	971,117	61,851	
Liabilities	7,718	7,537	3,747	34,804	45,649	23,877	233	
Total income	94,199	31,614	38,128	662,437	117,038	375,025	19,216	
Profit / (loss) before taxation	87,780	25,345	32,569	624,575	464,363	353,478	17,768	
Profit / (loss) after taxation	87,780	25,345	32,569	624,575	464,363	353,478	17,768	

**Published Net Asset Value / Unaudited financial statements

8.6 Investment in subsidiary

	2023	2022	2023	2022				
	Number of shares		(Rupees in '000)		%	(Rupees)		
Pak Oman Asset Management Company Limited (note 8.6.2)	1,176,603,212	755,550,580	681,995	601,995	99.46%	0.20186	31-Dec-23	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. The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

	2023
Discount rate	23.80%
Terminal growth rate	4.00%

8.7 The investments in Pakistan investment bonds are maturing upto November 2031 (2022: November 2031) and the effective yield ranges from 9.78% to 26.49% (2022: 9.78% to 18.35%) per annum.

8.8 Market treasury bills carry yield ranging 21.27% to 21.43% (2022: 15.25% to 17.10%) per annum with maturities upto October 2023 (2022: October 2023).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	15,044,600	17,821,388	2,535,945	2,225,121	17,580,545	20,046,509
Margin trading		1,637,677	228,927	-	-	1,637,677	228,927
Advances - gross		16,682,277	18,050,315	2,535,945	2,225,121	19,218,222	20,275,436
Credit loss against advances							
Stage 1		10,443	-	-	-	10,443	-
Stage 2		676,586	-	-	-	676,586	-
Stage 3	9.8	-	-	2,351,224	854,440	2,351,224	854,440
		687,029	-	2,351,224	854,440	3,038,253	854,440
Advances - net of credit allowance		15,995,248	18,050,315	184,721	1,370,681	16,179,969	19,420,996

9.1 Includes Net investment in Finance Lease as disclosed below:

	2023			2022		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	136,383	105,888	242,271	249,102	227,108	476,210
Residual value	80,170	29,685	109,855	53,041	72,503	125,544
Minimum lease payments	216,553	135,573	352,126	302,143	299,611	601,754
Financial charges for future periods	(30,506)	(22,188)	(52,694)	(52,791)	(43,486)	(96,277)
Present value of minimum lease payments	186,047	113,385	299,432	249,352	256,125	505,477

9.1.1 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 109.855 million (2022: Rs. 125.544 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 18).

9.2 Particulars of advances (Gross)

	2023	2022
	(Rupees in '000)	
In local currency	19,218,222	20,275,436

9.3 Staff loans include personal loans and house loans amounting to Rs. 145.45 million (2022: 104.97 million) given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2023: 5) percent per annum, while no mark-up is charged on personal loans.

9.4 Advances - Exposure

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Performing	Non-performing	Total
	(Rupees in '000)						
Opening balance	13,349,705	4,700,610	2,225,121	20,275,436	18,550,800	1,919,000	20,469,800
Impact of adopting IFRS 9	-	-	-	-	-	-	-
New Advances	857,940	-	-	857,940	7,116,220	334,728	7,450,948
Advances derecognised or repaid	(1,375,537)	(1,508,180)	(154,381)	(3,038,098)	(7,281,977)	(28,607)	(7,310,584)
Transfer to stage 1	657,739	-	-	657,739	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-
Transfer to stage 3	-	-	465,205	465,205	-	-	-
	140,142	(1,508,180)	310,824	(1,057,214)	(165,757)	306,121	140,364
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Other changes	-	-	-	-	(334,728)	-	(334,728)
Closing balance	13,489,847	3,192,430	2,535,945	19,218,222	18,050,315	2,225,121	20,275,436

9.5 Advances - Particulars of credit loss allowance

	2023				2022		
	Stage 1	Stage 2*	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
New Advances	477	-	-	477	-	-	-
Advances derecognised or repaid	(17,418)	367,795	308,557	658,934	-	-	-
Transfer to stage 1	1,619	-	-	1,619	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-
Transfer to stage 3	-	-	372,165	372,165	-	-	-
	(15,322)	367,795	680,722	1,033,195	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Other changes	-	-	-	-	105,343	(210)	105,133
Closing balance	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

* The total provision recorded for stage 2 advances amounts to Rs. 676.5 million which includes subjective provisioning for seven clients amounting to Rs. 412 million.

9.6 Advances - Credit loss allowance details

Internal / Extrernal rating / stage clasification	**2023 Stage 1**	**Stage 2**	**Stage 3**
	------------------(Rupees in '000)---------------		
Outstanding gross exposure			
Performing - Stage 1			
(to be specified)	13,489,847	-	-
Under Performing - Stage 2			
(to be specified)	-	3,192,430	-
Non-perfroming - Stage 3			
Other assets especially mentioned	-	-	188,425
Substandard	-	-	-
Doubtful	-	-	465,205
Loss	-	-	1,882,315
	-	-	2,535,945
Total	13,489,847	3,192,430	2,535,945
Corresponding ECL			
Stage 1 and stage 2			
(to be specified as shown above)	10,443	676,586	-
Stage 3	-	-	2,351,224
	10,443	676,586	2,351,224

9.7 Advances include Rs. 2,535.945 million (2022: Rs 2,225.121 million) which have been placed under non-performing status as detailed below:

Category of Classification	**2023 Non-performing loans**	**Credit loss allowance**	**2022 Non-performing loans**	**Provision**
	------------------------------------ (Rupees in '000) ------------------------------------			
Domestic				
Other assets especially mentioned	188,425	150,740	197,210	-
Substandard	-	-	750,000	77,183
Doubtful	465,205	372,165	334,728	9,944
Loss	1,882,315	1,828,319	943,183	767,313
	2,535,945	2,351,224	2,225,121	854,440

9.7.1 Provision is recorded net of security deposit of Rs. 4.068million (2022: Rs. 4.397 million).

9.8 **Particulars of credit loss allowance against advances**

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
Charge for the year	2,570	442,721	798,314	1,243,605	117,732	-	117,732
Reversals	(17,892)	(74,926)	(117,592)	(210,410)	(12,389)	(210)	(12,599)
	(15,322)	367,795	680,722	1,033,195	105,343	(210)	105,133
Amounts written off	-	-	-	-	-	-	-
Closing balance	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

9.8.1 **Particulars of credit loss against advances**

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
In local currency	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440
	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

9.9 The Company does not hold overseas classified advances.

9.10 **Particulars of write offs**

9.10.1 **Against provisions**

	2023	2022
	(Rupees in '000)	
Directly charged to profit and loss account	-	-

		2023	2022
		(Rupees in '000)	

10 PROPERTY AND EQUIPMENTS

	Note	2023	2022
Property and equipments	10.1	846,505	765,310
Advance for capital expenditure		-	-
		846,505	765,310

10.1 Property and Equipments

	2023							
	Office premises*	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - Vehicle	Total
	(Rupees in '000)							
As at January 01, 2023								
Cost	752,427	35,062	10,472	23,941	11,782	55,261	5,608	894,553
Accumulated depreciation	(44,182)	(17,270)	(8,020)	(17,324)	(10,693)	(29,698)	(2,056)	(129,243)
Net book value	708,245	17,792	2,452	6,617	1,089	25,563	3,552	765,310
Year ended December 31, 2023								
Opening net book value	708,245	17,792	2,452	6,617	1,089	25,563	3,552	765,310
Additions	-	3,803	1,888	5,793	1,875	153,670	-	167,029
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-
Transfer from Non-banking assets	-	-	-	-	-	-	-	-
Disposals	-	(3,047)	-	-	(174)	(10,666)	-	(13,887)
Depreciation charge	(37,605)	(3,329)	(961)	(3,556)	(721)	(24,654)	(1,121)	(71,947)
Closing net book value	670,640	15,219	3,379	8,854	2,069	143,913	2,431	846,505
As at December 31, 2023								
Cost / Revalued amount	752,427	34,855	12,207	29,734	13,009	182,109	5,608	1,029,949
Accumulated depreciation	(81,787)	(19,636)	(8,828)	(20,880)	(10,940)	(38,196)	(3,177)	(183,444)
Net book value	670,640	15,219	3,379	8,854	2,069	143,913	2,431	846,505
Rate of depreciation (percentage)	5%	10%	20%	33.33%	20%	20%	20%	

	Note	2022							
		Office premises *	**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	35,062	12,256	16,992	12,682	90,072	5,608	214,798
Accumulated depreciation		(36,505)	(13,879)	(10,024)	(15,079)	(10,836)	(44,929)	(935)	(132,187)
Net book value		5,621	21,183	2,232	1,913	1,846	45,143	4,673	82,611
Year ended December 31, 2022									
Opening net book value		5,621	21,183	2,232	1,913	1,846	45,143	4,673	82,611
Additions		-	-	1,529	6,949	250	3,600	-	12,328
Movement in surplus on assets revalued during the year	10.1.1 & 10.1.2	371,912	-	-	-	-	-	-	371,912
Transfer from Non-banking assets		338,389	-	-	-	-	-	-	338,389
Disposals		-	-	(413)	-	(282)	(10,701)	-	(11,396)
Depreciation charge		(7,677)	(3,391)	(896)	(2,245)	(725)	(12,479)	(1,121)	(28,534)
Closing net book value		708,245	17,792	2,452	6,617	1,089	25,563	3,552	765,310
As at December 31, 2022									
Cost / Revalued amount		752,427	35,062	10,472	23,941	11,782	55,261	5,608	894,553
Accumulated depreciation		(44,182)	(17,270)	(8,020)	(17,324)	(10,693)	(29,698)	(2,056)	(129,243)
Net book value		708,245	17,792	2,452	6,617	1,089	25,563	3,552	765,310
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 4.3 to the financial statements, during the year 2022, 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 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.

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:

	2023	2022
	(Rupees in '000)	
Improvements	1,704	1,476
Office equipments	6,894	6,483
Computer equipments	16,002	14,709
Furniture and fixtures	9,031	9,175
Vehicles	3,411	7,029
	37,042	38,872

10.3 Details of disposals of assets 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	1,605	1,605	-	1,965	1,965	Negotiations	M/S Makani Motors
Toyota Corolla	1,821	1,821	-	2,363	2,363	Negotiations	MA Services
Toyota Corolla	2,874	2,682	192	766	574	Company policy	Mr. Jehangir Shah (Former Executive)
Toyota Corolla	3,255	1,519	1,736	1,736	-	Company policy	Mr. Jehangir Shah (Former Executive)
Toyota Corolla	7,776	778	6,998	6,998	-	Company policy	Mr. Jehangir Shah (Former Executive)
Honda BRV	3,532	1,884	1,648	2,724	1,076	Company policy	Mr. Muhammad Waqas Mahmood (Former Executive)
Honda Civic	2,785	2,785	-	557	557	Company policy	Syed Abdullah Jamal Ahmed Naqvi (Executive)
Honda Civic	2,935	2,935	-	587	587	Company policy	Mr. Zalmai Rahmanuddin Khan (Executive)
	26,583	16,009	10,574	17,696	7,122		
Furniture and fixture	250	170	80	80	-	Company policy	Mr. Muhammad Waqas Mahmood (Former E
Furniture and fixture	150	56	94	94	-	Company policy	Ms. Aaiza Khan (Former Executive)
Furniture and fixture	249	249	-		-	Company policy	Mr. Jehangir Shah (Former Executive)
Mobile Phone	153	153	-	-	-	Company policy	Mr. Jehangir Shah (Former Executive)
Others	4,248	1,109	3,139	95	(3,044)		
	31,633	17,746	13,887	17,965	4,078		

	2023	2022
	(Rupees in '000)	

11 RIGHT-OF-USE-ASSETS

As at January 01,		
Cost	156,112	156,112
Accumulated depreciation	(61,176)	(43,730)
Net Carrying amount at January 01,	94,936	112,382
Additions during the year	14,440	-
Deletions during the year		
Cost	(10,266)	-
Accumulated depreciation	2,672	-
	(7,594)	-
Depreciation Charge for the year	(14,693)	(17,446)
Net Carrying amount As at December 31,	87,089	94,936
As at December 31,		
Cost	160,286	156,112
Accumulated depreciation	(73,197)	(61,176)
Net Carrying amount As at December 31,	87,089	94,936
Rate of depreciation (percentage)	10%	10%

12 INTANGIBLE ASSETS

Computer Software

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	-	-
Additions	-	-
Disposals	-	-
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%

13 DEFERRED TAX ASSETS

	January 01, 2023	Recognized in Profit and loss account	Recognized in Recognised in OCI	December 31, 2023
	-----------------------------(Rupees in '000)-----------------------------			
Deductible Temporary Differences on				
Credit loss allowance against investments and others	263,205	55,259	8,580	327,044
Assets subject to finance lease	(136)	72	-	(64)
Amortisation of premium on Federal Government securities	4,057	(1,280)	-	2,777
Credit loss allowances against advances	281,965	523,251	379,703	1,184,919
Accelerated tax depreciation allowances	16,007	13,738	-	29,745
	565,098	591,040	388,283	1,544,421
Taxable Temporary Differences on				
Net investment in finance lease	45,130	31,402	-	76,532
Revaluation on investments classified as FVTPL	(1,333)	6,170	-	4,837
Revaluation on investments classified as FVTOCI	173,359	-	(248,402)	(75,043)
Revaluation on fixed asset / non-banking assets	(135,037)	14,363	(31,584)	(152,258)
Dividend receivables	-	(1,997)	-	(1,997)
	82,119	49,938	(279,986)	(147,929)
	647,217	640,978	108,297	1,396,492

	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 assets / 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

	Note	2023	2022
		(Rupees in '000)	

14 OTHER ASSETS

	Note	2023	2022
Income/ mark-up accrued in local currency		6,231,061	2,194,746
Dividend income receivable		7,989	-
Mark-up / profit receivable on purchase of securities		2,393,703	363,277
Security deposits		4,824	3,486
Prepayments		35,533	30,645
Receivable against sale of investments		215,768	-
Advance taxation (payments less provisions)		3,166,197	1,340,308
Non-banking assets acquired in satisfaction of claims	14.1	-	-
Defined benefit plan	35.2	-	-
Others		37,886	21,990
		12,092,961	3,954,452
Less: Credit loss allowance held against other assets		-	-
Other assets (net of credit loss allowance)		12,092,961	3,954,452
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	-	-
Other assets - total		12,092,961	3,954,452

14.1 Non-banking assets acquired in satisfaction of claims

	2023	2022
Opening balance	-	357,193
Disposals	-	-
Depreciation	-	(18,804)
Transfer to fixed assets	-	(338,389)
Impairment	-	-
Closing balance	-	-

15 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from the State Bank of Pakistan:	15.2		
- Long term financing facility (LTFF)		2,084,778	2,595,426
- Financing Scheme for Renewable Energy		235,204	274,253
- Financing facility for storage of agricultural produce (FFSAP)		28,846	36,539
- Temporary Economic Refinance Facility (TERF)		195,946	208,186
Repurchase agreement borrowings	15.3	292,639,130	104,263,504
Long term borrowings	15.4	3,950,000	4,691,667
Short term loan / running finance	15.5	15,000,000	94,887
Bai Muajjal	15.6	-	4,000,718
Total secured		314,133,904	116,165,180

	Note	2023	2022
		(Rupees in '000)	
Unsecured			
Placements	15.7	4,220,000	-
Murabaha financing	15.8	22,537,340	16,735,795
Total unsecured		26,757,340	16,735,795
		340,891,244	132,900,975

15.1 Particulars of borrowings with respect to currencies

	2023	2022
In local currency	340,891,244	132,900,975

15.2 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% (2022: 1% to 8%) per annum. These are repayable within 10 years (2022: 10 years).

15.3 The mark up rate on these repurchase agreement borrowings, maturing in January 2024 (2022: January 2023 to March 2023), ranges between 22% to 23% (2022: 15.23% to 16.11%) per annum. Securities having cost of Rs. 289,531 million (2022: Rs 104,796 million) have been pledged against these borrowings.

15.4 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.

15.5 The mark up rate on these short-term loan / running finance facility is 21.65% (2022: three months KIBOR + 0.25%). The above facility are secured against government securities (2022: loan and advances receivable).

15.6 The mark up rate on these Bai Muajjal secured against government securities, maturing in (2022: June 2023) is (2022: 16.99%) per annum.

15.7 The mark up rate on these placement financing maturing in January 2024 is from 22.10% to 22.50% per annum (2022: Nil).

15.8 The mark up rate on these murabaha financing, maturing from January 2024 to May 2024 (2022: January 2023 to April 2023) is from 20.95% to 22.05% (2022:9%) per annum.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2023 In local currency	2023 Total	2022 In local currency	2022 Total
		---------------------------------- (Rupees in '000) ----------------------------------			
Certificates of investment					
Financial institutions		705,500	705,500	3,154,000	3,154,000
Others		11,512,915	11,512,915	10,366,897	10,366,897
	16.1 &16.2	12,218,415	12,218,415	13,520,897	13,520,897

16.1 The rate of return on deposits maturing between January 2024 to December 2024 (2022: January 2023 to January 2024) ranges between 16.15% to 23.25% (2022: 10.10% to 17.03%) per annum.

16.2 Composition of deposits

	2023	2022
	(Rupees in '000)	
Individuals	2,129,061	2,063,136
Government (Federal and Provincial)	5,700,843	2,573,466
Banking Companies	-	-
Non-Banking Financial Institutions	705,500	3,154,000
Private Sector	3,683,011	5,730,295
	12,218,415	13,520,897

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2023 Minimum lease payments	2023 Financial charges for future periods	2023 Principal outstanding	2022 Minimum lease payments	2022 Financial charges for future periods	2022 Principal outstanding
	------------------------------------ (Rupees in '000) ------------------------------------					
Not later than one year	1,124	169	955	1,124	252	872
Later than one year and upto five years	1,393	81	1,312	2,517	250	2,267
	2,517	250	2,267	3,641	502	3,139

17.1 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% (2022: 9.17%) per annum.

	Note	2023	2022
		(Rupees in '000)	

18 OTHER LIABILITIES

	Note	2023	2022
Mark-up/ return/ interest payable in local currency		4,422,998	2,164,548
Accrued expenses		429,745	75,778
Defined benefit plan liabilities	35.2	15,062	13,643
Security deposits against investment in finance lease	9.1.1	109,855	125,544
Taxation		-	-
Payable against purchase of investments		-	-
Lease liability against right-of-use assets	18.1	116,203	127,954
Withholding tax and sales tax payable		10,957	12,263
Credit loss allowances against off-balance sheet obligations	18.2	1,679	-
Others		45,121	55,957
		5,151,620	2,575,687

18.1 Lease liability against right-of-use assets

	2023	2022
As at January 01,	127,954	138,708
Additions	14,441	-
Deletion	(9,228)	-
Finance charge	12,309	13,469
Payments	(29,273)	(24,223)
As at December 31,	116,203	127,954

18.2 Credit loss allowance against off-balance sheet obligations

	2023	2022
Opening balance	-	-
Exchange adjustment	-	-
Charge for the year	1,679	-
Reversals	-	-
	1,679	-
Amount written off	-	-
Closing balance	1,679	-

19 SHARE CAPITAL

19.1 Authorized Capital

2023	2022		2023	2022
(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

19.2 Issued, subscribed and paid-up

2023	2022		2023	2022
(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

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

20 RESERVES

	Note	2023	2022
		(Rupees in '000)	
Statutory reserve	20.1	1,751,681	1,610,659
General reserve		-	311,630
		1,751,681	1,922,289

20.1 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. 141.022 million (2022: Rs. 66.764 million).

	Note	2023	2022
		(Rupees in '000)	

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2023	2022
Surplus / (Deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		(58,339)	(525,331)
- Securities measured at FVOCI - Equity		251,228	-
- Property and Equipment		474,758	497,095
- Non-banking assets acquired in satisfaction of claims	21.1	-	-
		667,647	(28,236)
Deferred tax Asset / (Liability) on surplus on revaluation of:			
- Securities measured at FVOCI - Debt		22,752	173,359
- Securities measured at FVOCI - Equity		(97,795)	
- Property and Equipment		(185,156)	(164,041)
- Non-banking assets acquired in satisfaction of claims	21.1	-	-
		(260,199)	9,318
		407,448	(18,918)

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

	2023	2022
Surplus on revaluation as at January 01	-	135,129
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)
Transfer to fixed assets	-	(131,381)
	-	-
Less: related deferred tax liability on:		
Revaluation as at January 01	-	(39,187)
Revaluation recognised during the year	-	-
Incremental depreciation charged during the year	-	(4,168)
Transfer to fixed assets	-	43,355
	-	-
	-	-

	Note	2023	2022
		(Rupees in '000)	

21.2 Surplus on revaluation of fixed assets

		2023	2022
Surplus on revaluation as at January 01		497,095	-
Recognised during the year		-	371,912
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(22,337)	(6,198)
Transfer from non-banking assets		-	131,381
		474,758	497,095
Less: related deferred tax liability on:			
Revaluation as at January 01		(164,041)	-
Revaluation recognised during the year		-	(122,731)
Incremental depreciation charged during the year		(21,115)	2,045
Transfer from non-banking assets		-	(43,355)
		(185,156)	(164,041)
		289,602	333,054

22 CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
Guarantees	22.1	988,645	797,255
Commitments	22.2	6,138,569	1,137,889
Other contingent liabilities	22.3	70,726	458,197
		7,197,940	2,393,341

22.1 Guarantees:

		2023	2022
Financial guarantees		988,645	797,255

22.2 Commitments:

		2023	2022
Commitments in respect of:			
forward government securities transactions			
Purchase of Government securities		5,087,589	13,559
Sale of Government securities		450,282	16,062
		5,537,871	29,621
Commitments for:			
advances		600,698	1,108,268
		6,138,569	1,137,889

	Note	2023	2022
		(Rupees in '000)	

22.3 Other contingent liabilities:

	Note	2023	2022
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
Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited		-	-
Workers' Welfare Fund		-	161,471
		70,726	458,197

22.3.1 This represents shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2022: 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 This represents investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating (2022: 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.

23 MARK-UP / RETURN / INTEREST EARNED

	2023	2022
On:		
Loans and advances	3,394,179	2,231,840
Investments	62,634,680	14,368,845
Lendings to financial institutions	1,374,899	720,470
Balances with banks	73,804	166,401
	67,477,562	17,487,556

24 MARK-UP / RETURN / INTEREST EXPENSED

	2023	2022
Deposits	2,392,060	1,414,241
Borrowings	62,252,664	15,225,367
Lease liability against right-of-use assets	12,309	13,469
	64,657,033	16,653,077

		Note	2023	2022
			(Rupees in '000)	
25	**FEE AND COMMISSION INCOME**			
	Credit related fees		18,145	43,410
	Investment banking fees		25,299	30,084
	Commission on guarantees		3,090	3,960
	Underwriting commission of Government securities auction		-	18,943
			46,534	96,397
26	**GAIN/(LOSS) ON SECURITIES**			
	Realised	26.1	97,339	135,358
	Unrealised - FVTPL		(16,442)	940
			80,897	136,298
26.1	**Realised gain on:**			
	Federal Government securities		90,147	88,397
	Non-Government debt securities		1,678	747
	Mutual funds		1,482	17,903
	Shares		4,032	28,311
			97,339	135,358
27	**OTHER INCOME**			
	Gain on sale of property and equipment - net		5,711	1,275
	Rental income		17,919	8,819
	Reversal of Workers' Welfare Fund		-	137,778
			23,630	147,872
28	**OPERATING EXPENSES**			
	Total compensation expense	28.1	640,932	409,837
	Property expense			
	Rent and taxes		-	-
	Utilities cost		10,098	6,352
	Security (including guards)		1,036	700
	Repair and maintenance (including janitorial charges)		14,893	10,908
	Depreciation on right-of-use assets	11	14,693	17,446
	Depreciation on improvements	10.1	3,329	3,391
	Depreciation on office premises	10.1	37,605	7,677
			81,654	46,474

	Note	2023	2022
		(Rupees in '000)	
Information technology expenses			
Software maintenance		1,248	1,220
Hardware maintenance		677	451
Depreciation on computer equipment	10.1	3,556	2,245
Amortisation	12	-	-
Network charges		3,286	3,131
Others		1,214	1,403
		9,981	8,450
Other operating expenses			
Directors' fees and allowances		32,250	34,575
Legal and professional charges		58,775	9,727
Travelling and conveyance		18,448	24,010
Depreciation	28.4	27,457	34,025
Training and development		1,532	981
Postage and courier charges		456	741
Communication		11,097	9,014
Stationery and printing		1,627	1,476
Marketing, advertisement & publicity		1,204	1,837
Donations	28.2	30	2,110
Auditors' remuneration	28.3	3,474	2,127
Membership and subscriptions		2,878	2,545
Transportation		5,783	4,159
Insurance		4,346	2,627
Finance charges on leased assets		1,065	667
Entertainment and canteen expenses		5,117	4,891
Maintenance charges - Non-banking assets		-	2,424
Others		7,413	6,079
		182,952	144,015
Total operating expenses		915,519	608,776

	Note	2023	2022
		(Rupees in '000)	

28.1 Total compensation expenses

Employees' remuneration			
i) Fixed		390,659	312,630
ii) Variable			
of which;			
Cash bonus / awards etc		168,920	30,000
Charge for defined benefit plan	35.6.1	20,602	20,982
Contribution to defined contribution plan		21,210	17,285
Utilities		2,997	3,788
Medical		12,620	11,949
Others		23,924	13,203
Grand total		640,932	409,837

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

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

Audit fee	2,000	1,200
Half yearly review	675	450
Special certifications and sundry advisory services	562	407
Out-of-pocket expenses	237	70
	3,474	2,127

28.4 This includes depreciation on non-banking assets (2022: Rs.18.804) million.

29 OTHER CHARGES

Penalties imposed by State Bank of Pakistan		-	-
Fees, commission and other brokerage charges	29.1	242,367	30,120
		242,367	30,120

29.1 Other charges include provision is respect of Workers' Welfare Fund amounting to Rs.204.305 million (2022: Nil).

	Note	2023	2022
		(Rupees in '000)	

30 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

	Note	2023	2022
Credit loss / (reversal) allowance for diminution in value of investments	8.3.1	18,002	66,553
Credit loss / (reversal) allowance against loans & advances	9.8	1,033,195	105,133
Credit loss / (reversal) allowance against balances with other banks		42	-
Credit loss / (reversal) allowance against lendings to Fis		-	-
Credit loss / (reversal) allowance against off-balance sheet items		(3,065)	-
		1,048,174	171,686

31 TAXATION

	2023	2022
Current	805,300	380,506
Prior years	71,080	30,076
Deferred	(640,978)	(243,883)
	235,402	166,699

31.1 Relationship between tax expense and accounting profit

	2023	2022
Profit before taxation	940,513	500,520
Tax at the applicable rate of 39% (2022: 33%)	366,800	165,172
Tax effect of income taxed at reduced rate	(48,030)	(13,772)
Prior year	71,080	30,076
Due to change in Rate of tax from 33% to 39%	(117,739)	-
Others	(36,709)	(14,777)
	235,402	166,699

31.2 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.

	Note	2023	2022
		(Rupees in '000)	
32 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		705,111	333,821
		2023	**2022**
		Numbers in '000	
Weighted average number of ordinary shares in issue		615,000	615,000
Basic and diluted earnings per share		1.15	0.54

32.1 There were no convertible dilutive potential ordinary shares outstanding on December 31,2023 and 2022.

33 CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and balances with treasury banks	5	532,767	346,449
Balances with other banks	6	132,340	1,624,409
		665,107	1,970,858

34 STAFF STRENGTH

	(Number)	
Permanent	89	61
Temporary / contractual	5	25
Total staff strength	94	86

35 DEFINED BENEFIT PLAN

35.1 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.

	2023	2022
Number of employees under the scheme		

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

Gratuity fund	89	61

35.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2023 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2023	2022
	(Number)	
Discount rate	15.50	14.50
Expected short term rate of increase in salary levels	12.00	15.00
Expected long term rate of increase in salary levels	15.50	14.50
Expected rate of return on plan assets	15.50	14.50

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.

	Note	2023	2022
		(Rupees in '000)	

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

	Note	2023	2022
Present value of defined benefit obligation	35.3	187,483	167,322
Fair value of plan assets	35.4	(172,421)	(153,679)
(Receivable) / payable	35.5	15,062	13,643

35.3 Movement in defined benefit obligation

		2023	2022
Obligation at the beginning of the year		167,322	191,932
Current service cost		20,932	22,331
Interest cost		21,157	16,788
Benefits paid during the year		(42,830)	(64,095)
Remeasurement (gain) / loss		20,902	366
Obligation at the end of the year		187,483	167,322

35.4 Movement in fair value of plan assets

		2023	2022
Fair value at the beginning of the year		153,679	196,832
Interest income on plan assets		21,486	18,137
Contribution by the Company		31,829	15,900
Benefits paid during the year		(42,830)	(64,095)
Remeasurement gain on plan assets		8,257	(13,095)
Fair value at the end of the year	35.7	172,421	153,679

35.5 Movement in receivable under defined benefit plan

		2023	2022
Opening balance		13,643	(4,900)
Charge for the year	35.6.1	20,602	20,982
Re-measurement (gain) / loss recognised in other comprehensive income during the year		12,646	13,461
Contributions by the Company - net		(31,829)	(15,900)
Closing balance		15,062	13,643

	2023	2022
	(Rupees in '000)	

35.6 Charge for defined benefit plans

35.6.1 Cost recognised in the profit and loss account

	2023	2022
Current service cost	20,932	22,331
Net interest on defined benefit asset	(330)	(1,349)
Expected return on plan assets	-	-
Actuarial loss	-	-
	20,602	20,982

35.6.2 Re-measurement recognised in OCI during the year

	2023	2022
Actuarial (gain) / loss on obligation	20,902	366
Actuarial gain on plan assets	(8,256)	13,095
Total re-measurements (gain) / loss recognised in OCI	12,646	13,461

35.7 Components of plan assets

Particulars	2023		2022	
	(Rupees in '000)	%	(Rupees in '000)	%
Cash and cash equivalents - net	7	0.00%	429	0.28%
Government securities	172,414	100.00%	153,250	99.72%
Certificate of investments	-	-	-	-
	172,421	100.00%	153,679	100.00%

35.8 Sensitivity analysis

	2023	2022
1% increase in discount rate	(11,356)	(11,192)
1% decrease in discount rate	12,652	12,732
1% increase in expected rate of salary increase	13,455	13,392
1% decrease in expected rate of salary increase	(12,262)	(11,961)

35.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at December 31, 2023 is 6.4 years (2022: 7.15 years).

Distribution of timing of benefit payments

Years		
1	20,460	39,265
2	11,241	11,756
3	10,994	4,393
4	52,849	4,341
5	56,469	37,836
6 to 10	73,209	64,096
11 and above	557,657	637,527

35.10	Expected contributions to be paid to the funds in the next financial year	25,361	18,186
35.11	Expected charge for the next financial year	25,361	18,186

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. 25.361 million as per the actuarial valuation report of the Company as of December 31, 2023.

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 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.

36 DEFINED CONTRIBUTION PLAN

36.1 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.

36.2 Contribution made during the year	**2023**	**2022**
	(Rupees in '000)	
Contribution by the Company	21,210	17,285
Contribution by employees	21,210	17,285
	42,420	34,570

The number of employees covered under the defined contribution plan as at December 31, 2023 are 89 (2022: 61).

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expenses

Items	2023				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	8,400	23,850	-	-	-
Managerial remuneration					
i) Fixed	-	-	28,039	141,379	32,255
ii) Total variable					
of which					
a) Cash bonus / awards	-	-	-	56,643	2,345
b) Bonus and awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	1,881	9,246	1,930
Contribution to defined contribution plan	-	-	2,002	8,976	1,797
Utilities	-	-	1,759	650	-
Medical	-	-	260	-	-
Others	-	-	723	1,234	-
Total	8,400	23,850	34,664	218,128	38,327
Number of persons	1	3	1	11	7

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.

37.1.1 The managing director and certain executives are provided with free use of Company maintained cars.

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

Sr. No.	Name of Director	2023					
		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	1,200	8,700
3	Faisal Ali Ibrahim Al Siyabi	2,625	-	1,650	1,650	1,125	7,050
4	Mohammad Shabir Ahmed Khan	1,500	1,125	750	900	750	5,025
5	Omar Hamid Khan	1,125	375	450	750	375	3,075
	Total	12,075	6,375	4,350	4,800	4,650	32,250

During the year, Mr. Omar Hamid Khan left and Mr. Mohammad Shabir Ahmed Khan joined the Board of Directors nominated by the Government of Pakistan.

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

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 credit loss allowance / impairment of investments has been determined in accordance with the Company's accounting policy as stated in notes 4.9 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 credit loss allowance against advances has been calculated in accordance with the Company's accounting policy as stated in note 4.9 and 4.10.

The re-pricing profile, effective rates and maturity are stated in notes 43.3, 43.5.1 and 43.5.2 respectively.

38.1 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	**2023**		**2022**	
	Book value	**Fair value**	**Book value**	**Fair value**
	------------------------------- (Rupees in '000)	-------------------------------------		
Assets				
Cash and balances with treasury banks	532,767	532,767	346,449	346,449
Balances with other banks	131,113	131,113	1,624,409	1,624,409
Lendings to financial institutions	-	-	5,135,762	5,135,762
Investments	335,736,123	335,820,109	125,710,845	125,745,934
Advances	16,179,969	16,179,969	19,420,996	19,420,996
Other assets	8,891,231	8,891,231	2,583,499	2,583,499
Assets held-for-sale	-	-	-	-
	361,471,203	361,555,189	154,821,960	154,857,049

On-balance sheet financial instruments	2023		2022	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Liabilities				
Borrowings	340,891,244	340,891,244	132,900,975	132,900,975
Deposits and other accounts	12,218,415	12,218,415	13,520,897	13,520,897
Liabilities against assets subject to finance lease	2,267	2,267	3,139	3,139
Other liabilities	5,136,558	5,136,558	2,562,044	2,562,044
	358,248,484	358,248,484	148,987,055	148,987,055
	3,222,719	3,306,705	5,834,905	5,869,994
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.

38.2 The carrying value of all financial assets and liabilities in the unconsolidated financial statements approximate to their fair values except for certain investments.

38.3 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:

	2023			
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	-	330,872,957	-	330,872,957
Shares	123,437	-	-	123,437
Non-Government debt securities	-	3,247,556	-	3,247,556
Mutual funds	-	612,341	-	612,341
Financial assets - disclosed but not measured at fair value				
Investments	-	-	879,832	879,832
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims		-	-	-

On balance sheet financial instruments	2022 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
Shares		-	-	-
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	-	-	-	-

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2023 Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/profit	137,118	(224,641)	2,908,052	2,820,529
Non mark-up / return / interest income	21,822	218,427	85,795	326,044
Total income	158,940	(6,214)	2,993,847	3,146,573
Segment direct expenses	618,395	85,888	453,603	1,157,886
Provisions / (reversals)	1,030,130	-	18,044	1,048,174
Profit before tax	(1,489,585)	(92,102)	2,522,200	940,513

	2023 Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Balance sheet				
Cash & bank balances	-	-	663,880	663,880
Investments	-	1,615,610	334,120,513	335,736,123
Lendings to financial institutions			-	-
Advances - performing	14,357,571	-	1,637,677	15,995,248
non-performing	184,721	-		184,721
Others	2,020,088	73,909	12,329,050	14,423,047
Total assets	16,562,380	1,689,519	348,751,120	367,003,019
Borrowings	15,558,082	1,568,473	323,764,689	340,891,244
Subordinated debt	-	-	-	-
Deposits and other accounts	551,402	56,248	11,610,765	12,218,415
Others	337,486	23,220	4,793,181	5,153,887
Total liabilities	16,446,970	1,647,941	340,168,635	358,263,546
Equity	115,410	41,578	8,582,485	8,739,473
Total equity & liabilities	16,562,380	1,689,519	348,751,120	367,003,019
Contingencies & Commitments	1,589,343	70,726	5,537,871	7,197,940

	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

40 TRUST ACTIVITIES

The Company is serving as the Trustee and/or Issue/Investment Agent for various Term Finance Certificates, Sukuks and Commercial Papers. The Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries, and fulfilling all its obligations and duties in accordance with the provisions of the respective transaction documents. The combined value of debt securities as at December 31, 2023 amounted to Rs. 105.8 billion (December 31, 2022: Rs. 85 billion).

The Company undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Company and, therefore, are not included as such in the financial statements. Assets held under trust having Face Value of Rs 41.6 billion (2022: 43.1 billion).

41 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.

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

	2023						2022					
	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	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	601,995	699,347	-	226,000	-	-	600,745	1,260,832	-	226,000
Investment made during the year	-	-	80,000	163,978	-	-	-	-	1,250	547,598	-	-
Investment redeemed / disposed off during the year	-	-	-	(180,258)	-	-	-	-	-	(724,375)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(384,708)	-	-
Closing balance	-	-	681,995	683,067	-	226,000	-	-	601,995	699,347	-	226,000
Credit loss allowance for diminution in value of investments	-	-	286,622	70,726	-	-	-	-	286,622	70,726	-	-
Advances												
Opening balance	-	43,028	-	68,200	-	-	-	45,005	-	68,200	-	-
Addition during the year	-	52,473	-	-	-	-	-	8,950	-	-	-	-
Repaid during the year	-	(32,998)	-	-	-	-	-	(10,927)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	62,503	-	68,200	-	-	-	43,028	-	68,200	-	-
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-

	2023						2022					
	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	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	7,989	-	-	-	-	-	-	-	-
Credit loss allowance against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	20,600	-	-	-	-	-	3,377	-	-	-	-
Received during the year	-	215,957	-	-	-	-	-	112,390	-	-	-	-
Withdrawn during the year	-	(200,685)	-	-	-	-	-	(95,167)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	35,872	-	-	-	-	-	20,600	-	-	-	-
Other Liabilities												
Interest / mark-up payable	-	741	-	-	-	-	-	155	-	-	-	-
Payable to staff retirement fund	-	-	-	-	15,062	-	-	-	-	-	13,643	-
Other liabilities												
Outright sale of securities	-	-	-	-	12,052,441				-	3,017,486	10,530,225	
Outright purchase of securities	-	-	-	-	12,063,180	-	-	-	-	587,132	10,574,364	-
Contingencies and Commitments												
Other contingencies	-	-	-	70,726	-	-	-	-	-	70,726	-	226,000

41.2 Related party transactions

	2023						2022					
	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	-	2,376	-	-	-	-	-	1,842	-	-	-	-
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	103,468	-	67,800	-	-	-	38,245	-	56,500
Net gain on sale of securities	-	-	-	1,482	740	-	-	-	-	17,888	1,560	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	4,863	-	-	-	-	-	1,330	-	-	-	-
Operating expenses												
Non- Executive Directors' fees and allowances	32,250	-	-	-	-	-	34,575	-	-	-	-	-
Compensation expenses		252,792	-	-	-	-	-	269,675	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	21,210	-	-	-	-	-	17,285	-
Charge for defined benefit plan	-	-	-	-	20,602	-	-	-	-	-	20,982	-
Legal and professional charges	-	-	20,116	-	-	-	-	-	-	-	-	-

	2023	2022
	(Rupees in '000)	

42 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2023	2022
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,150,000	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,366,217	7,164,149
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,366,217	7,164,149
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	6,366,217	7,164,149
Risk Weighted Assets (RWAs):		
Credit risk	18,295,884	25,699,246
Market risk	19,048,355	4,064,453
Operational risk	3,745,856	2,918,559
Total	41,090,095	32,682,258
Common Equity Tier 1 Capital Adequacy ratio	15.49%	21.92%
Tier 1 Capital Adequacy Ratio	15.49%	21.92%
Total Capital Adequacy Ratio	15.49%	21.92%
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.

	2023	2022
Leverage Ratio (LR):		
Eligible Tier 1 Capital	6,366,217	7,164,149
Total Exposures	349,762,349	160,045,303
Leverage Ratio	1.82%	4.48%

	2023	2022
	(Rupees in '000)	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	20,542,211	9,368,544
Total Net Cash Outflow	27,286,996	11,730,333
Liquidity Coverage Ratio	75.28%	79.87%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,861,964	22,645,526
Total Required Stable Funding	22,191,193	21,709,665
Net Stable Funding Ratio	103.02%	104.31%

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 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 , and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at the minimum prescribed level of 11.50% by SBP.

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.

- 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.

- 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.

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 42 summarizes the composition of regulatory capital and the ratios of the Company for the year ended December 31, 2023.

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.

42.3 The Company's CAR as at December 31, 2023 is 15.49% (2022: 21.92%) 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 shall 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 15.49% demonstrates that the company is geared to absorb major risks / shocks in the present market scenario.

42.4 Transition to IFRS 9 Financial Instruments

	(Un-audited)			
	31 December 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
	(Rupees in '000)			
ASSETS				
Cash and balances with treasury banks	346,449	-	-	346,449
Balances with other banks	1,624,409	(1,185)	-	1,623,224
Lendings to financial institutions	5,135,762	-	-	5,135,762
Investments	125,710,845	(20,072)	249,910	125,940,683
Advances	19,420,996	(1,150,618)	-	18,270,378
Property and equipment	765,310	-	-	765,310
Right-of-use assets	94,936	-	-	94,936
Intangible assets	-	-	-	-
Deferred tax assets	647,217	388,284	(82,470)	953,031
Other assets	3,954,452	-	-	3,954,452
Assets held-for-sale	-	-	-	-
	157,700,376	(783,591)	167,440	157,084,225

	(Un-audited)			
	31 December 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
	(Rupees in '000)			
LIABILITIES				
Bills payable	-	-	-	-
Borrowings	132,900,975	-	-	132,900,975
Deposits and other accounts	13,520,897	-	-	13,520,897
Lease Liabilities	3,139	-	-	3,139
Subordinated debt	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	2,575,687	4,744	-	2,580,431
	149,000,698	4,744	-	149,005,442
NET ASSETS	8,699,678	(788,335)	167,440	8,078,783
REPRESENTED BY				
Share capital	6,150,000	-	-	6,150,000
Reserves	1,922,289	-	-	1,922,289
Surplus / (Deficit) on revaluation of assets	(18,918)	-	167,440	148,522
Unappropriated profit	646,307	(788,335)	-	(142,028)
	8,699,678	(788,335)	167,440	8,078,783

43 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.

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 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

		2023			2022		
Exposure	**Rating Category**	**Amount Outstanding**	**Deduction CRM***	**Net amount**	**Amount Outstanding**	**Deduction CRM***	**Net amount**
		(Rupees in '000)					
Corporate	0	-	-	-	-	-	-
	1	2,402,752	-	2,402,752	1,905,374	-	1,905,374
	2	7,517,972	(42,447)	7,475,525	8,782,922	(2,792)	8,780,131
	3-4	516,681	(130,000)	386,681	334,953	(9,875)	325,078
	5-6	-	-	-	-	-	-
	Unrated	6,280,576	(728,670)	5,551,906	7,204,934	(215,906)	6,989,028
		16,717,981	(901,117)	15,816,864	18,228,183	(228,573)	17,999,610
Banks	0	-	-	-	-	-	-
	1	131,211	-	131,211	6,760,171	-	6,760,171
	2-3	-	-	-	278,676	(154,000)	124,676
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		131,211	-	131,211	7,038,847	(154,000)	6,884,847

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:

43.1.1 **Lendings to financial institutions**

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Public / Government	-	-	-	-	-	-	-	-	-
Private	-	5,135,762	-	-	-	-	-	-	-
	-	5,135,762	-	-	-	-	-	-	-

43.1.2 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Textile	156,090	193,590	81,090	81,090	70	-	60,641	60,711	60,641
Chemical and Pharmaceuticals	200,000	-	-	-	1,931	-	-	1,931	-
Cement	-	-	-	-	-	-	-	-	-
Sugar	-	-	-	-	-	-	-	-	-
Footwear and Leather garments	-	-	-	-	-	-	-	-	-
Automobile and transportation equipment	-	92,545	-	-	-	-	-	-	-
Electronics and electrical appliances	85,000	85,000	85,000	85,000	-	-	85,000	85,000	85,000
Construction	150,000	-	-	-	191	-	-	191	-
Power (electricity), gas, water, sanitary	375,000	475,000	-	-	177	-	-	177	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-
Exports/Imports	-	-	-	-	-	-	-	-	-
Transport, storage and communication	229,433	257,210	166,932	166,932	483	-	166,932	167,415	166,932
Financial	333,336,814	124,252,958	15,404	15,404	1,266	8,986	15,404	25,656	15,404
Insurance	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
Others	96,246	96,545	96,246	96,545	-	-	96,247	96,247	71,277
	334,628,583	125,452,848	444,672	444,971	4,118	8,986	424,224	437,328	399,254

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Public / Government	331,463,806	122,256,795	-	-	312	-	-	312	-
Private	3,164,777	3,196,053	444,672	444,971	3,806	8,986	424,224	437,016	399,254
	334,628,583	125,452,848	444,672	444,971	4,118	8,986	424,224	437,328	399,254

43.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Agriculture, Forestry, Hunting and Fishing	-	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-	-
Textile	3,781,811	4,110,849	288,985	313,947	2,062	-	284,916	286,978	309,878
Chemical and Pharmaceuticals	191,131	295,689	-	-	97	683	-	780	-
Cement	363,838	385,621	-	-	-	23,753	-	23,753	-
Sugar	372,859	793,785	226,000	232,000	84	-	226,000	226,084	94,947
Footwear and Leather garments	-	-	-	-	-	-	-	-	-
Automobile and transportation equipment	266,140	303,503	-	-	-	15,949	-	15,949	-
Electronics and electrical appliances	368,750	531,250	-	50,000	109	15,200	-	15,309	50,000
Construction	274,307	275,693	271,111	271,111	-	24	221,184	221,208	-
Power (electricity), Gas, Water, Sanitary	3,529,028	3,522,033	256,625	265,410	2,462	199,649	218,940	421,051	68,200
Wholesale and Retail Trade	81,819	73,150	-	-	65	632	-	697	-
Exports/Imports	-	-	-	-	-	-	-	-	-
Transport, Storage and Communication	2,367,473	2,397,588	-	-	1,891	-	-	1,891	-
Financial	1,792,839	519,088	5,161	5,161	150	-	5,161	5,311	5,161
Insurance	-	-	-	-	-	-	-	-	-
Services	1,284,815	2,076,654	-	1,018	591	90,925	-	91,516	1,018
Individuals	145,447	104,967	-	-	31	-	-	31	-
Others	4,397,965	4,885,566	1,488,063	1,086,474	2,901	329,771	1,395,023	1,727,695	325,236
	19,218,222	20,275,436	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440

Credit risk by public / private sector

	Gross advances		Non-performing advances		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Public/ Government	740,741	740,741	-	-	-	-	-	-	-
Private	18,477,481	19,534,695	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440
	19,218,222	20,275,436	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440

43.1.4 Contingencies and Commitments

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Textile	300,000	335,842
Chemical and Pharmaceuticals	225,000	-
Power (electricity), Gas, Water, Sanitary	-	500,000
Insurance	-	50,000
Services	-	50,000
Others	75,698	172,426
	600,698	1,108,268
Credit risk by public / private sector		
Public/ Government	-	-
Private	600,698	1,108,268
	600,698	1,108,268

43.1.5 Concentration of Advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 6,616.425 million (2022: Rs 7,365.029 million) are as following:

	2023	2022
Funded	6,616,425	7,365,029
Non Funded	-	-
Total Exposure	6,616,425	7,365,029

The sanctioned limits against these top 10 exposures aggregated to Rs 9,405 million (2022: Rs 9405 million)

Total funded classified therein	2023		2022	
	Amount	Credit loss allowance held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	188,425	150,740	197,210	-
Substandard	-	-	750,000	77,183
Doubtful	465,205	372,165	334,728	9,944
Loss	1,882,315	1,828,319	943,183	767,313
Total	2,535,945	2,351,224	2,225,121	854,440

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

2023

Province/Region	Disbursements	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	3,135,278	688,071	1,397,207	-	-	1,050,000	-

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	-

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 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.

43.2.1 Statement of financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	532,767	-	532,767	346,449	-	346,449
Balances with other banks	131,113	-	131,113	1,624,409	-	1,624,409
Lendings to financial institutions	-	-	-	5,135,762	-	5,135,762
Investments	4,863,166	330,872,957	335,736,123	4,346,892	121,363,953	125,710,845
Advances	16,179,969	-	16,179,969	19,420,996	-	19,420,996
Property and equipment	846,505	-	846,505	765,310	-	765,310
Right-of-use assets	87,089	-	87,089	94,936		94,936
Intangible assets	-	-	-	-	-	-
Deferred tax assets	1,396,492	-	1,396,492	647,217	-	647,217
Other assets	12,092,961	-	12,092,961	3,954,452	-	3,954,452
Assets held-for-sale	-		-	-		-
	36,130,062	330,872,957	367,003,019	36,336,423	121,363,953	157,700,376

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 Company is not exposed to major foreign currency risk as its assets and liabilities are primarily denominated in Pakistani rupees.

	2023		2022	
	Foreign Currency Assets	Net foreign currency exposure	Foreign Currency Assets	Net foreign currency exposure
United States Dollar	30	30	43	43
Omani Riyal	18,688	18,688	11,203	11,203
	18,718	18,718	11,246	11,246

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------------------------------ (Rupees in '000) ------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(187)	-	(116)	-
- 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 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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account *	-	-	-	-
- Other comprehensive income	(159,635)	-	(151,504)	-

* 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 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.

	2023 Banking book	2023 Trading book	2022 Banking book	2022 Trading book
	---------- (Rupees in '000) ----------			
Impact of 1% change in interest rates on:				
Profit and loss account *	-	-	-	(20,762)
Other comprehensive income *	3,087,898	(234,933)	210,828	(226,241)

* Earning approach

43.3.1 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
		2023										
			Exposed to yield / interest risk									
		---------- (Rupees in '000) ----------										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		532,767	-	-	-	-	-	-	-	-	-	532,767
Balances with other banks	5.00%	131,113	1,336	-	-	-	-	-	-	-	-	129,777
Lendings to financial institutions	0.00%	-	-	-	-	-	-	-	-	-	-	-
Investments	22.21%	335,736,123	35,247,736	56,553,021	92,397,375	140,720,582	1,421,416	4,776,137	2,528,236	476,010	-	1,615,610
Advances	21.57%	16,179,969	4,071,028	8,281,491	1,425,930	291,263	520,324	477,334	683,727	378,273	28,065	22,534
Assets held-for-sale		-	-	-	-	-	-	-	-	-	-	-
Other assets		8,891,231	-	-	-	-	-	-	-	-	-	8,891,231
		361,471,203	39,320,100	64,834,512	93,823,305	141,011,845	1,941,740	5,253,471	3,211,963	854,283	28,065	11,191,919
Liabilities												
Borrowings	21.95%	340,891,244	315,242,639	2,734,729	20,667,326	288,208	504,265	460,678	658,017	335,382	-	-
Deposits and other accounts	21.93%	12,218,415	5,684,462	1,970,648	1,522,368	3,040,937	-	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	2,267	76	154	236	489	1,047	265	-	-	-	-
Other liabilities		5,136,558	-	-	-	-	-	-	-	-	-	5,136,558
		358,248,484	320,927,177	4,705,531	22,189,930	3,329,634	505,312	460,943	658,017	335,382	-	5,136,558
On-balance sheet gap		3,222,719	(281,607,077)	60,128,981	71,633,375	137,682,211	1,436,428	4,792,528	2,553,946	518,901	28,065	6,055,361
Non-Financial assets		5,531,816										
Non-Financial liabilities		15,062										
Total Net Assets		8,739,473										
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			(281,607,077)	60,128,981	71,633,375	137,682,211	1,436,428	4,792,528	2,553,946	518,901	28,065	6,055,361
Cumulative yield / interest risk sensitivity gap			(281,607,077)	(221,478,096)	(149,844,721)	(12,162,510)	(10,726,082)	(5,933,554)	(3,379,608)	(2,860,707)	(2,832,642)	3,222,719

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

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 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.

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 of the Company

2023

	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	532,767	-		532,767	-	-	-								
Balances with other banks	131,113	-	131,113	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	335,736,123	-	17,381,900	-	70,793	311,051	20,423,395	6,125,779	2,070,434	140,972,997	22,504,484	27,768,588	53,421,219	44,085,483	600,000
Advances	16,179,969	-	42,233	89,244	443,848	526,779	1,939,530	1,393,366	864,519	877,452	3,168,363	2,495,137	2,549,100	1,738,968	51,430
Property and equipment	846,505	-	-	-	8,288	8,289	8,288	24,865	24,539	24,539	84,510	116,117	87,512	206,873	252,685
Right of use assets	87,089	-	-	-	668	668	668	2,004	2,004	2,004	8,014	8,014	16,028	40,071	6,946
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	1,396,492	-	-	-	(31,374)	(2,215)	(2,214)	(11,816)	11,077	11,077	(6,316)	26,675	1,414,151	70,841	(83,394)
Other assets	12,092,961	-	1,748,705	136,223	892,783	1,216,841	1,105,225	3,690,374	6,504	3,166,871	15,140	18,399	79,954	15,942	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	367,003,019	-	19,303,951	758,234	1,385,006	2,061,413	23,474,892	11,224,572	2,979,077	145,054,940	25,774,195	30,432,930	57,567,964	46,158,178	827,667
Liabilities															
Borrowings	340,891,244	-	123,848,322	158,150,481	32,243,836	63,077	1,009,152	20,833,993	832,619	284,756	1,837,598	794,011	658,017	335,382	-
Deposits and other accounts	12,218,415	-	1,101,128	473,090	2,752,975	910,792	815,161	1,522,368	2,715,062	1,927,839	-	-	-	-	-
Liabilities against assets subject to finance lease	2,267	-	-	-	76	77	77	236	242	247	1,047	265	-	-	-
Others liabilities	5,151,620	-	1,169,257	1,646,623	459,490	80,020	730,616	840,835	182,209	12,885	16,028	6,013	7,644	-	-
	358,263,546	-	126,118,707	160,270,194	35,456,377	1,053,966	2,555,006	23,197,432	3,730,132	2,225,727	1,854,673	800,289	665,661	335,382	-
Net assets	8,739,473	-	(106,814,756)	(159,511,960)	(34,071,371)	1,007,447	20,919,886	(11,972,860)	(751,055)	142,829,213	23,919,522	29,632,641	56,902,303	45,822,796	827,667

Share capital	6,150,000
Reserves	1,751,681
Unappropriated profit	430,344
Surplus on revaluation of assets	407,448
	8,739,473

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
Property and equipment	765,310	-	-	(318)	6,298	5,981	5,980	17,942	16,806	16,806	59,337	49,824	90,112	206,255	290,287
Right of use assets	94,936	-	-	318	318	636	636	1,907	1,907	1,907	7,630	7,630	15,260	56,787	-
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

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 of the Company

	2023									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	532,767	532,767	-	-	-	-	-	-	-	-
Balances with other banks	131,113	131,113	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	335,736,123	17,452,693	20,734,446	6,125,779	143,043,431	22,504,484	27,768,588	53,421,219	44,085,483	600,000
Advances	16,179,969	575,325	2,466,309	1,393,366	1,741,971	3,168,363	2,495,137	2,549,100	1,738,968	51,430
Property and equipment	846,505	8,288	16,577	24,865	49,078	84,510	116,117	87,512	206,873	252,685
Right of use assets	87,089	668	1,336	2,004	4,008	8,014	8,014	16,028	40,071	6,946
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	1,396,492	(31,374)	(4,429)	(11,816)	22,154	(6,316)	26,675	1,414,151	70,841	(83,394)
Other assets	12,092,961	2,777,711	2,322,066	3,690,374	3,173,375	15,140	18,399	79,954	15,942	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-
	367,003,019	21,447,191	25,536,305	11,224,572	148,034,017	25,774,195	30,432,930	57,567,964	46,158,178	827,667
Liabilities										
Borrowings	340,891,244	314,242,639	1,072,229	20,833,993	1,117,375	1,837,598	794,011	658,017	335,382	-
Deposits and other accounts	12,218,415	4,327,193	1,725,953	1,522,368	4,642,901	-	-	-	-	-
Liabilities against assets subject to finance lease	2,267	76	154	236	489	1,047	265	-	-	-
Others liabilities	5,151,620	3,275,370	810,636	840,835	195,094	16,028	6,013	7,644	-	-
	358,263,546	321,845,278	3,608,972	23,197,432	5,955,859	1,854,673	800,289	665,661	335,382	-
Net assets	8,739,473	(300,398,087)	21,927,333	(11,972,860)	142,078,158	23,919,522	29,632,641	56,902,303	45,822,796	827,667
Share capital	6,150,000									
Reserves	1,751,681									
Unappropriated profit	430,344									
Surplus on revaluation of assets	407,448									
	8,739,473									

	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
Property and equipment	765,310	5,980	11,961	17,942	33,612	59,337	49,824	90,112	206,255	290,287
Right of use assets	94,936	636	1,272	1,907	3,814	7,630	7,630	15,260	56,787	-
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									

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 Company in their meeting held on 07 March 2024 have:

- proposed 5.5% cash dividend amounting to Rs 338.250 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.

45 GENERAL

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

45.2 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.

46 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on 07 March 2024 by the Board of Directors of the Company.

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	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: Indus Public College** Address: Maymar Plaza, 3rd Floor, FL-3K-2, Block 1, KDA Scheme No 24, Gulshan-e-Iqbal, Karachi.	Mr. Asif Izhar: CNIC 42101-2972848-9	Mr. Izhar ul Haq	1,018	415	1,108	2,541	-	-	318	318
2	**Name: Century Packages (Pvt.) Ltd** Address: Plot no. 160, Sector 24, Korangi Industrial Area, Karachi	Mr. Mohammad Salman Aslam : CNIC 42301-0494729-9 Mr. Mohammad Aslam Qureshi : CNIC 42301-1862954-7	Mr. Mohammad Aslam Qureshi Mr. Muhammad Suleman Qureshi	63,617	24,297	29	87,943	-	25,612	-	25,612
3	**Name: Dynasel Ltd** Address:21-Commercial Area Cavalry Ground, Lahore	Mr. Haroon Niazi - CNIC 35202-8915628-1 Mr. Aquil Lotia - CNIC 423019047065-9 Mr. Zahid Hussain - CNIC 35200-3246490-5 Mr. Muhammad Yousaf - CNIC 420006-799164-7 Mr. Aly Khan-CNIC 42301-0194988-3 Mr. Mohammad Aftab Alam CNIC :42101-1217121-9 Mr. Shafi-Ud-Din Ghani Khan CNIC 42301-0899912-1	Mr. MHK Niazi Mr. Luqman Lotia Mr. Mian Waheed Ur Rehman Mr. Abdul Latif Mr. Habib Ullah Khan Mr. Muhammad Saoof Ahmed Mr. Abdul Ghani Khan	50,000	11,583	53,638	115,221	-	-	12,122	12,122
				114,635	36,295	54,775	205,705	-	25,612	12,440	38,052

CONSOLIDATED FINANCIAL STATEMENTS OF
PAK OMAN INVESTMENT COMPANY LIMITED
FOR THE YEAR ENDED
DECEMBER 31, 2023

BDO

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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, 2023, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policies information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion 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 changes in equity and the consolidated statement of cash flows 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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

KARACHI

DATE: 08 MAR 2024

UDIN: AR202310067Yc5y7jk6I

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,890	1,229	Cash and balances with treasury banks	5	532,801	346,474
510	5,766	Balances with other banks	6	143,670	1,625,259
-	18,221	Lendings to financial institutions	7	-	5,135,762
1,190,304	445,020	Investments	8	335,499,968	125,433,755
57,404	68,903	Advances	9	16,179,969	19,420,996
3,032	2,748	Property and equipment	10	854,571	774,471
314	361	Right-of-use assets	11	88,596	101,846
342	343	Intangible assets	12	96,416	96,559
4,685	2,088	Deferred tax assets	13	1,320,595	588,518
43,366	14,444	Other assets	14	12,223,227	4,071,258
-	-	Assets held-for-sale		-	-
1,301,847	559,123			366,939,813	157,594,898
		LIABILITIES			
-	-	Bills payable		-	-
1,209,432	471,513	Borrowings	15	340,891,244	132,900,975
43,349	47,970	Deposits and other accounts	16	12,218,415	13,520,897
8	11	Liabilities against assets subject to finance lease	17	2,267	3,139
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
18,705	9,551	Other liabilities	18	5,272,774	2,691,873
1,271,494	529,045			358,384,700	149,116,884
30,353	30,078	**NET ASSETS**		8,555,113	8,478,014
		REPRESENTED BY			
21,819	21,819	Share capital	19	6,150,000	6,150,000
6,215	6,820	Reserves	20	1,751,681	1,922,289
1,446	(67)	Surplus / (Deficit) on revaluation of assets	21	407,448	(18,918)
868	1,502	Unappropriated profit		244,685	423,376
30,348	30,074	Equity attributable to shareholder of Group		8,553,814	8,476,747
5	4	Non-controlling interest		1,299	1,267
30,353	30,078			8,555,113	8,478,014

CONTINGENCIES AND COMMITMENTS 22

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
239,420	62,044	Mark-up / return / interest earned	23	67,483,135	17,487,657
229,395	59,093	Mark-up / return / interest expensed	24	64,657,425	16,655,876
10,025	2,951	Net mark-up / interest income		2,825,710	831,781
		NON MARK-UP / INTEREST INCOME			
415	508	Fee and commission income	25	117,018	143,122
254	205	Dividend income		71,514	57,810
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
285	347	Gain on securities	26	80,315	97,899
534	412	Share of profit from associates - net of tax		150,651	116,044
95	550	Other income	27	26,869	155,102
1,583	2,022	Total non mark-up / interest income		446,367	569,977
11,608	4,973	**Total Income**		3,272,077	1,401,758
		NON MARK-UP / INTEREST EXPENSES			
3,490	2,335	Operating expenses	28	983,700	658,160
-	-	Workers Welfare Fund		-	-
860	107	Other charges	29	242,367	30,120
4,350	2,442	Total non mark-up / interest expenses		1,226,067	688,280
7,258	2,531	**PROFIT BEFORE PROVISIONS**		2,046,010	713,478
(3,719)	(387)	Credit loss allowance and write offs - net	30	(1,048,174)	(109,186)
-	-	Extra ordinary / unusual items		-	-
3,539	2,144	**PROFIT BEFORE TAXATION**		997,836	604,292
(906)	(702)	Taxation	31	(255,421)	(197,910)
2,633	1,442	**PROFIT AFTER TAXATION**		742,415	406,382
		ATTRIBUTABLE TO:			
2,633	1,440	Shareholders of the Group		742,383	405,779
-	2	Non-controlling interest		32	603
2,633	1,442			742,415	406,382
(US $)				(Rupees)	
0.0043	0.0023	**BASIC AND DILUTED EARNINGS PER SHARE**	32	1.21	0.66

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

2023	2022		2023	2022
(US Dollar in '000)			(Rupees in '000)	
2,633	1,442	**PROFIT AFTER TAXATION FOR THE YEAR**	742,415	406,382
		OTHER COMPREHENSIVE INCOME		
		Items that may be reclassified to profit and loss account in subsequent periods:		
1,066	(905)	Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	300,546	(254,980)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(27)	(32)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	(7,714)	(9,019)
6	-	Movement in surplus / (deficit) on revaluation of investments in equity investments - net of tax	1,832	-
(154)	1,182	Movement in surplus on revaluation of property and equipments - net of tax	(43,452)	333,054
-	(340)	Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	-	(95,942)
(175)	810		(49,334)	228,093
3,524	1,347	**TOTAL COMPREHENSIVE INCOME**	993,627	379,495
		ATTRIBUTABLE TO:		
3,524	1,345	Shareholders of the Group	993,595	378,892
-	2	Non-controlling interest	32	603
3,524	1,347		993,627	379,495

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

	Share capital	---------- (Reserves) ------------		Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
		Statutory reserve	General reserve	Investments	Property and equipments / Non-banking assets				
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Balance as at January 01, 2022	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									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(254,980)	-	-	(254,980)	-	(254,980)
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(9,019)	(9,019)	-	(9,019)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	237,112	-	237,112	-	237,112
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
	-	-	-	(254,980)	237,112	(9,019)	(26,887)	-	(26,887)
Transfer to statutory reserve	-	66,764	-	-	-	(66,764)	-	-	-
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
Balance as at January 01, 2023	6,150,000	1,610,659	311,630	(351,972)	333,054	423,376	8,476,747	1,267	8,478,014
Impact of adopting IFRS 9 - Note 4	-	-	-	167,440	-	(788,335)	(620,895)		(620,895)
Balance as at January 01, 2023 - Restated	6,150,000	1,610,659	311,630	(184,532)	333,054	(364,959)	7,855,852	1,267	7,857,119
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	742,383	742,383	32	742,415
Other comprehensive income - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	300,546	-	-	300,546	-	300,546
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	1,832	-	-	1,832	-	1,832
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	(7,714)	(7,714)	-	(7,714)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(43,452)	-	(43,452)	-	(43,452)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
	-	-	-	302,378	(43,452)	(7,714)	251,212	-	251,212
Transfer to statutory reserve	-	141,022	-	-	-	(141,022)	-	-	-
Transfer to general reserve	-	-	(311,630)	-	-	311,630	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	11,867	11,867	-	11,867
Transaction with owners, recorded directly in equity									
Final cash dividend - December 31, 2022 declared subsequent to the year end (Rs. 0.50 per share)	-	-	-	-	-	(307,500)	(307,500)	-	(307,500)
Balance as at December 31, 2023	6,150,000	1,751,681	-	117,846	289,602	244,685	8,553,814	1,299	8,555,113

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

2023	2022		Note	2023	2022
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
3,539	2,144	Profit before taxation		997,836	604,292
(254)	(205)	Less: Dividend income		(71,514)	(57,810)
3,285	1,939			926,322	546,482
		Adjustments:			
263	178	Depreciation	10.1	74,083	50,108
65	77	Depreciation on right-of-use assets	10.1	18,311	21,838
1	-	Amortization	12	143	133
3,719	387	Credit loss allowance and write-offs	30	1,048,174	109,186
(20)	(11)	(Gain) on sale / disposal of property and equipment		(5,711)	(3,005)
(534)	(412)	Share of profit from associates - net of tax		(150,651)	(116,044)
45	53	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	24	12,679	14,877
4	2	Finance charges on leased assets	28	1,065	667
55	(3)	Unrealised loss / (gain) on held-for-trading securities	26	15,542	(940)
3,598	271			1,013,635	76,820
6,883	2,210			1,939,957	623,302
		(Increase) / Decrease in operating assets			
18,221	(11,290)	Lendings to financial institutions		5,135,762	(3,182,184)
(112,809)	(21,010)	Securities classified as FVPL		(31,796,399)	(5,922,029)
3,751	690	Advances		1,057,214	194,364
(22,410)	(4,621)	Other assets (excluding advance taxation)		(6,316,555)	(1,302,494)
(113,247)	(36,231)			(31,919,978)	(10,212,343)
		Increase / (decrease) in operating liabilities			
737,919	102,470	Borrowings		207,990,269	28,882,325
(4,621)	(2,955)	Deposits		(1,302,482)	(832,785)
9,042	4,945	Other liabilities (excluding current taxation)		2,548,836	1,393,661
742,340	104,460			209,236,623	29,443,201
635,976	70,439			179,256,602	19,854,160
(9,585)	(4,569)	Income tax paid		(2,701,694)	(1,287,934)
626,391	65,870	Net cash flow generated from operating activities		176,554,908	18,566,226
		CASH FLOW FROM INVESTING ACTIVITIES			
(630,013)	(66,075)	Net Investments in securities classified as FVOCI		(177,575,790)	(18,624,059)
-	-	Net Investments in amortized cost securities		-	-
430	2,239	Investments in associates		121,231	631,222
-	(4)	Investment in subsidiary		-	(1,250)
225	365	Dividend received		63,525	103,010
(596)	(44)	Investments in Property and equipment		(168,070)	(12,328)
70	53	Deposal in Property and equipment		19,598	14,970
(629,884)	(63,466)	Net cash flow used in investing activities		(177,539,506)	(17,888,435)
		CASH FLOW FROM FINANCING ACTIVITIES			
(7)	(5)	Payments of lease obligations		(1,937)	(1,463)
(1,091)	(1,309)	Dividend paid		(307,500)	(369,000)
(1,098)	(1,314)	Net cash flow used in financing activities		(309,437)	(370,463)
(4,591)	1,090	Increase in cash and cash equivalents		(1,294,035)	307,328
6,995	5,905	Cash and cash equivalents at beginning of the year	33	1,971,733	1,664,405
2,404	6,995	Cash and cash equivalents at end of the year	33	677,698	1,971,733

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

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
Managing Director / Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

1 STATUS AND NATURE OF BUSINESS

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 (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.

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 and accordingly three funds of Askari Investment Management Limited are now under the management of the subsidiary company.

1.2 The Group's associates are as follows:

Entity	Country of Incorporation	Nature of business	Holding %	
			2023	2022
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance	14.78	31.01
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance	93.22	38.41
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance	99.60	99.58
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	4.41	4.79
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance	25.12	11.55
Askari Cash Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance	14.00	3.02
Pak Oman Daily Dividend Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance	98.08	53.10
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is	11.29	11.29

2 BASIS OF PRESENTATION

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 February 09, 2023.

Consolidated financial statements

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, 2023 and the audited financial statements of the subsidiary (POAMCL) for the year ended December 31, 2023. The financial statements used for the equity accounting of associates are disclosed in Note 8.5.

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

2.1 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; 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 Standards IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions.

Accordingly, the requirements of these standards have not been considered in preparation of these consolidated 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. 281.8607 to 1 US Dollar has been used for 2023 and 2022 as it was the prevalent rate as on December 31, 2023.

2.4 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- 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
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The Group adopted the narrow-scope amendments to the International Accounting Standard (lAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Group to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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 Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	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' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

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 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:

	Note
Classification and credit loss allowance against loans and advances	4.9 & 30
Classification and credit loss allowance against investments	4.9 & 30
Impairment	4.9 & 30
Current and deferred taxation	4.8, 13 & 31
Useful lives of fixed, right of use assets and intangible assets, depreciation, amortisation and revaluation	4.3, 10, 11 & 12
Determination of lease term and borrowing rate	4.3 & 17.1
Non - banking assets acquired in satisfaction of claims	4.17 & 14
Defined benefit plan related assumptions	4.4 & 35

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) Provisions against off - balance sheet obligations

The Holding 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 Holding 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 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 4.4.1 and 35 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 Group's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the group are the same as those applied in previous financial years, except that the classification, recognitions, measurement and impairment of financial instruments are now accounted for under IFRS 9 Financial Instruments.

EARLY ADOPTION OF IFRS 9

On 1 January 2023, the holding Company adopted IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for:

- Classification and measurement of financial instruments; and
- Recognition and measurement of expected credit losses.

The Holding Company has not restated comparative information. This primarily impacts provisioning of financial assets which is determined on an expected credit loss basis under IFRS 9, however the provisioning is recorded higher of amount determined under IFRS 9 and the prudential regulations requirements of SBP.

The Holding Company has recorded net expected credit loss of Rs 788 million which was adjusted against retained earnings. The Company also recorded net increase in equity of Rs 167 million due to reclassification of investments from Available For Sale to Fair Value through Other Comprehensive Income.

The adoption of IFRS 9 resulted in following:

	Rupees in '000
Equity:	
As at December 31, 2022	8,478,014
IFRS 9 impact	
Credit loss allowances	(1,176,619)
Reclassification adjustments in relation to adopting IFRS 9	249,910
Related deferred tax impact	305,814
	(620,895)
As at January 01, 2023 - restated	7,857,119
Balances with other banks:	
As at December 31, 2022	1,625,259
IFRS 9 impact	
Credit loss allowances	(1,185)
As at January 01, 2023 - restated	1,624,074
Investments:	
As at December 31, 2022	125,433,755
IFRS 9 impact	
Credit loss allowances	(20,072)
Reclassification adjustments in relation to adopting IFRS 9	249,910
	229,838
As at January 01, 2023 - restated	125,663,593
Advances:	
As at December 31, 2022	19,420,996
IFRS 9 impact	
Credit loss allowances	(1,150,618)
As at January 01, 2023 - restated	18,270,378

	Rupees in '000
Other liabilities:	
As at December 31, 2022	2,691,873
IFRS 9 impact	
Credit loss allowances	4,744
As at January 01, 2023 - restated	2,696,617

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 Fixed assets

Property

The Group follows the revaluation model as allowed under International Accounting Standard 16: 'Property, Plant and Equipment'. In accordance with the policy the Office premises of the group 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.

4.3.1 Property and equipment – owned

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

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

4.3.2 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.

4.3.3 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.

4.3.4 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.

4.3.5 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.

4.4 Staff retirement benefits

4.4.1 Defined benefit plan

The Holding 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, 2023.

4.4.2 Defined contribution plan

The Holding 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 holding company are charged to profit and loss account for the year.

4.4.3 Compensated absences

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

4.5 Foreign currencies

4.5.1 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.

4.6 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.

4.7 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 receiv
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.

4.8 Taxation

4.8.1 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.

4.8.2 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 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.

4.9 Credit loss allowances / Impairment

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

4.9.1 Expected credit losses

Expected credit losses are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

4.9.2 Measurement

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information that is forward looking. The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

4.9.3 Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Forward-looking economic assumptions are incorporated where relevant and where they influence credit risk, such as GDP growth rates, interest rates, Consumer price Index among others. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally.

4.9.4 Probability of default (PD)

The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as GDP forecasts, Exports and Consumer price Index. The PD is estimated at a point in time that means it will fluctuate in line with the economic cycle. The term structure of the PD is based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.

4.9.5 Loss given default (LGD)

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the group expects to receive.

4.9.6 Exposure at default (EAD)

The estimates of LGD are based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The expected balance sheet exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments, together with the impact of forward-looking economic assumptions where relevant.

4.9.7 Recognition

Stage 1: 12 months expected credit losses

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Stage 2: Significant increase in credit risk

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the group considers that there has been a significant increase in credit risk when contractual payments are 60 days past due.

Stage 3: Credit impaired (or defaulted) exposures

For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The group uses a PD of 100% and LGD is used as per SBP instructions. Therefore, the stage 3 providing are aligned with regulatory requirements.

Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. Under IFRS 9, the Group's accounting policy for taking benefit of collateral assigned to it through its lending arrangements is to consider liquid collateral only. Due to the complexities involved in the regarding non-liquid collateral realization and lack of historical experience to demonstrate recoveries through realization of such collaterals, a hair cut of 100% was used for non-liquid collaterals.

4.9.8 Forborne loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

4.10 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.

4.11 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.

4.12 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.

4.13 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 31,2023.

4.14 Financial instruments

The Group classifies its financial assets into the following categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Financial assets held at amortised cost and fair value through other comprehensive income

Debt instruments held at amortised cost or held at fair value through other comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

Contingent events that would change the amount and timing of cash flows;

- Leverage features
- Prepayment and extension terms
- Terms that limit the group's claim to cash flows from specified assets (e.g., non-recourse arrangements); and
- Features that modify consideration of the time value of money e.g. periodical reset of interest rates.

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the group manages financial assets to generate cash flows.

The Group makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management. Factors considered include:

- How the performance of the product business line is evaluated and reported to the Group's management.
- How managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected;
- The risks that affect the performance of the business model and how those risks are managed; and

BUSINESS MODEL ASSESSMENT

The Group's business model assessment is as follows:

Business model	Business objective	Characteristics	Businesses	Products
Hold to collect	Intent is to originate financial assets and hold them to maturity, collecting the contractual cash flows over the term of the instrument	- Providing financing and originating assets to earn interest income as primary income stream. - Performing credit risk management activities - Cost to include funding cost, transaction cost and impairment losses.	- Corporate Lending	- Loans and advances - Debt securities
Hold to collect and sell	Business objective met through both hold to collect and by selling financial assets	- Portfolios held for liquidity needs; or where a certain interest yield profile is maintained; or that are normally rebalanced to achieve matching of duration of assets and liabilities - Income streams come from interest income, fair value changes and impairment losses.	- Treasury	- Debt securities
Fair value through profit or loss	All other business All other business and managing financial assets on a fair value basis.	- Assets that are originated, purchased, and sold for profit taking. - Performance of the portfolio is evaluated on a fair value basis. - Income streams are from fair value changes or trading gains or losses	- Treasury	- Trading portfolios

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows (hold to collect) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (Hold to collect and sell) are classified as held at FVOCI.

Both a hold to collect business model and a hold to collect and sell business model involve holding financial assets to collect the contractual cash flows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed. Hold to collect business models are characterised by asset sales that are incidental to meeting the objectives under which a group of assets is managed. Sales of assets under a hold to collect business model can be made to manage increases in the credit risk of financial assets but sales for other reasons should be infrequent or insignificant.

Cash flows from the sale of financial assets under a hold to collect and sell business model, by contrast, are integral to achieving the objectives under which a particular group of financial assets are managed. This may be the case where frequent sales of financial assets are required to manage the liquidity requirements or to meet regulatory requirements to demonstrate liquidity of financial instruments. Sales of assets under hold to collect and sell business models are therefore both more frequent and more significant in value than those under the hold to collect model.

Equity instruments designated as held at FVOCI

Group may elects to classify irrevocably its non-trading equity instrument acquired for strategic purposes as held at FVOCI. Dividends received are recognised in profit or loss. Gains and losses on these equity instruments are recognised directly in equity and are never recycled to profit and loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss.

Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Initial recognition

Purchases and sales of financial assets and liabilities are initially recognised on the settlement date. All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method.

Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments elected FVOCI.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

4.15 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.

4.16 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.

4.16.1 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.

4.17 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.

4.18 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	2023	2022
		(Rupees in '000)	

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2023	2022
In hand			
Local currency		154	145
Foreign currencies	5.1	403	324
		557	469
With State Bank of Pakistan in			
Local currency current account	5.2	532,146	345,716
With National Bank of Pakistan in			
Local currency current account		98	289
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
		532,801	346,474

5.1 This includes foreign currency amounting to OMR 550. (2022: OMR 550).

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

6 BALANCES WITH OTHER BANKS

	Note	2023	2022
In Pakistan:			
In current accounts		111,059	11,729
In deposit accounts	6.1	15,120	1,602,284
		126,179	1,614,013
Outside Pakistan:			
In current accounts		18,718	11,246
Less: Credit loss allowance held against balances	6.2	(1,227)	-
		143,670	1,625,259

6.1 These include term deposit receipts (TDRs) with various commercial banks Rs. Nil (2022: Rs. 1,600 million) maturing from (2022: January 2023 to February 2023). These carry mark-up rates ranging from (2022: 16.50% to 17.50%) per annum.

6.2 Credit loss allowance held against balances with other banks

	2023	2022
Opening balance	-	-
Impact of adopting IFRS 9	1,185	-
Charges / reversals		
Charge for the year	42	-
Reversals for the year	-	-
	42	-
Closing balance	1,227	-

	Note	2023	2022
		(Rupees in '000)	

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
Placements		-	-
Repurchase agreement lendings (Reverse Repo)	7.1	-	5,135,762
Less: Credit loss allowance held against lending to financial institutions		-	-
		-	5,135,762

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 carried mark-up rates ranging from 16% to 16.90% per annum in 2022 and matured in January 2023.

7.2 Particulars of lendings

	2023	2022
In local currency	-	5,135,762

7.3 Securities held as collateral against Lending to financial institutions

	Note	2023			2022		
		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
Pakistan Investment Bonds		-	-	-	-	769,650	769,650
	7.3.1	-	-	-	-	5,135,762	5,135,762

7.3.1 Market value of these securities amounted to Rs. 5,181 million in December 2022.

7.3.2 The Group does not hold overseas classified placements.

7.4 Lending to Fis - Particulars of credit loss allowance

		2023		2022	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
Domestic		Rupees in '000			
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		-	-	-	-

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	-	-

	2022			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	-	-	-	-

8 INVESTMENTS

	2023				2022			
	Cost / Amortised Cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	---------- (Rupees in '000) ----------							
8.1 Investments by type								
Debt Instruments								
Classified / Measured at FVTPL								
Federal Government securities	50,278,321	-	(11,503)	50,266,818	18,481,922	-	4,039	18,485,961
Non-Government debt securities	-	-	-	-	-	-	-	-
	50,278,321	-	(11,503)	50,266,818	18,481,922	-	4,039	18,485,961
Classified / Measured at FVOCI								
Federal Government securities	280,759,955	-	(78,846)	280,681,109	103,425,370	-	(547,378)	102,877,992
Non-Government debt securities	3,664,377	(437,328)	20,507	3,247,556	3,545,556	(399,254)	22,047	3,168,349
	284,424,332	(437,328)	(58,339)	283,928,665	106,970,926	(399,254)	(525,331)	106,046,341
Equity instruments								
Classified / Measured at FVTPL								
Listed shares	-	-	-	-	-	-	-	-
Classified / Measured at FVOCI								
Shares								
Listed shares	122,384	-	1,318	123,702	-	-	-	-
Unlisted shares	346,266	(111,717)	249,910	484,459	346,266	(111,717)	-	234,549
	468,650	(111,717)	251,228	608,161	346,266	(111,717)	-	234,549
Associates	696,324	-	-	696,324	666,904	-	-	666,904
Total Investments	335,867,627	(549,045)	181,386	335,499,968	126,466,018	(510,971)	(521,292)	125,433,755

8.2 Investments by segments

	2023				2022			
	Cost / Amortised Cost	Credit loss allowance	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	161,606,720	-	(177,570)	161,429,150	57,954,092	-	16,260	57,970,352
Pakistan Investment Bonds	163,311,165	-	97,242	163,408,407	63,953,200	-	(559,599)	63,393,601
Ijara Sukuk	6,120,391	-	(10,021)	6,110,370	-	-	-	-
	331,038,276	-	(90,349)	330,947,927	121,907,292	-	(543,339)	121,363,953
Shares								
- Listed companies	122,384	-	1,318	123,702	-	-	-	-
- Unlisted companies	346,266	(111,717)	249,910	484,459	346,266	(111,717)	-	234,549
	468,650	(111,717)	251,228	608,161	346,266	(111,717)	-	234,549
Non-Government debt securities								
- Term finance certificate - listed	355,926	(177,145)	(699)	178,082	725,806	(166,932)	(28,730)	530,144
- 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	893,995	(238,638)	7,394	662,751	821,772	(210,777)	8,235	619,230
- Commercial papers	-	-	-	-	92,545	-	-	92,545
	3,664,377	(437,328)	20,507	3,247,556	3,545,556	(399,254)	22,047	3,168,349
Associates								
Japan Power Generation Limited	-	-	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	32,586	-	-	32,586	135,399	-	-	135,399
Pak Oman Islamic Asset Allocation Fund	118,096	-	-	118,096	39,847	-	-	39,847
Pak Oman Advantage Asset Allocation Fund	130,191	-	-	130,191	103,104	-	-	103,104
Askari High Yield Scheme	111,581	-	-	111,581	53,767	-	-	53,767
Askari Cash Fund	132,583	-	-	132,583	162,706	-	-	162,706
Pak Oman Daily Dividend Fund	60,436	-	-	60,436	53,127	-	-	53,127
Pak Oman Income Fund (Formerly Pak Oman Government Securities Fund)	110,851	-	-	110,851	118,954	-	-	118,954
	696,324	-	-	696,324	666,904	-	-	666,904
Total investments	335,867,627	(549,045)	181,386	335,499,968	126,466,018	(510,971)	(521,292)	125,433,755

8.2.1 Investments given as collateral

	2023				2022			
	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	160,747,511	-	(177,656)	160,569,855	53,312,305	-	13,850	53,326,155
Pakistan Investment Bonds	144,428,963	-	108,584	144,537,547	50,425,230	-	(401,555)	50,023,675
	305,176,474	-	(69,072)	305,107,402	103,737,535	-	(387,705)	103,349,830
Shares								
- Unlisted companies	-	-	-	-	226,000	-	-	226,000
	-	-	-	-	226,000	-	-	226,000
Total investments	305,176,474	-	(69,072)	305,107,402	103,963,535	-	(387,705)	103,575,830

8.3 Credit loss allowance for diminution in value of investments

	2023	2022
	(Rupees in '000)	
8.3.1 Opening balance	510,971	506,918
Impact of adopting IFRS 9	20,072	-
Charges / reversals		
Charge for the year	32,018	14,144
Reversals for the year	(14,016)	(10,091)
	18,002	4,053
Transfers - net	-	-
Closing balance	549,045	510,971

8.3.2 Particulars of credit loss allowance against debt securities

		2023		2022	
		Outstanding amount	Credit loss allowance	NPI	Provision
		(Rupees in '000)			
Domestic					
Performing	**Stage 1**	2,999,855	4,118	-	-
Underperforming	**Stage 2**	219,850	8,986	-	-
Non-performing	**Stage 3**				
Other assets especially mentioned		-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		444,672	424,224	444,971	399,254
		3,664,377	437,328	444,971	399,254
Total		3,664,377	437,328	444,971	399,254

8.3.3 The Group does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

	2023 Stage 1	Stage 2	Stage 3
		Rupees in '000	

8.3.4 Particulars of credit loss allowance

8.3.4.1 Investments - exposure

	Stage 1	Stage 2	Stage 3
Opening balance	2,980,734	119,851	444,971
New investments	350,000	-	-
Investments derecognised or repaid	(330,879)	(1)	(299)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	100,000	-
Transfer to stage 3	-	-	-
	19,121	99,999	(299)
Amounts written off / charged Off	-	-	-
Other changes	-	-	-
Closing balance	2,999,855	219,850	444,672

	2023 Stage 1	Stage 2	Stage 3
		Rupees in '000	

8.3.4.2 Investments - Credit loss allowance

	Stage 1	Stage 2	Stage 3
Gross carrying amount - Current year	-	-	399,254
Impact of adopting IFRS 9	5,720	14,352	-
New investments	2,122	-	-
Investments derecognised or repaid	(3,724)	(9,597)	24,970
Transfer to stage 1	-	-	-
Transfer to stage 2	-	4,231	-
Transfer to stage 3	-	-	-
	(1,602)	(5,366)	24,970
Amounts written off / charged off	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-
Changes (to be specific)	-	-	-
Closing balance - Current year	4,118	8,986	424,224

* Implementation of IFRS 9 was done in first quarter of 2023.

8.4 Quality of securities

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

	Note	2023	2022
		Cost (Rupees in '000)	
Federal Government securities - Government guaranteed			
Pakistan Investment Bonds	8.6	147,423,060	60,728,952
Market Treasury Bills	8.7	133,336,895	42,696,418
		280,759,955	103,425,370

	Note	2023	2022
		Cost	
Shares:			
Listed Companies			
Commercial Banks		41,559	-
Fertilizer		26,940	-
Power Generation & Distribution		8,885	-
Oil & Gas Exploration Companies		44,735	-
Financial		265	-
		122,384	-

Unlisted companies	2023		2022	
	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	475,910	226,000	226,000
	346,266	484,459	346,266	234,549

Non Government debt securities	2023	2022
Categorization based on long-term rating	Cost	
by credit rating agency	(Rupees in '000)	
Listed		
- A+, A, A-	349,860	350,000
- B+, B, B-	49,851	-
- CCC and below	-	49,851
	399,711	399,851
Unlisted		
- AA+, AA, AA-	1,512,773	1,539,024
- A+, A, A-	1,207,221	1,061,710
- BB+, BB, BB-	-	100,000
- B+, B, B-	100,000	-
- CCC and below	444,672	444,971
	3,264,666	3,145,705
	3,664,377	3,545,556

8.8 Investment in associates

8.8.1 The Group holds investment in ordinary shares of Rs. 10 each in the following entities:

	2023	2022	2023	2022	Holding	Break-up value per share / unit / NAV (Rupees)	Latest available unaudited financial statements	Name of the chief executive
	Number of shares / units		(Rupees in '000)					
8.8.2 Shares / Mutual Funds								
Japan Power Generation Limited	17,622,878	17,622,878	-	-	11.29%	(42.59)	30-June-17*	Mr. Amir Sana is the official liquidator
Pak Oman Advantage Islamic Income Fund	2,543,449	1,039,574	32,586	135,399	14.78%	53.31	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Islamic Asset Allocation Fund	2,602,653	2,661,966	118,096	39,847	93.22%	46.43	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	611,264	2,386,300	130,191	103,104	99.60%	50.02	31-Dec-23**	Ms. Sadaf Kazmi
Askari High Yield Scheme	1,021,473	493,084	111,581	53,767	25.12%	109.23	31-Dec-23**	Ms. Sadaf Kazmi
Askari Cash Fund	1,158,301	1,469,282	132,583	162,706	14.00%	114.46	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Daily Dividend Fund	6,043,523	5,312,693	60,436	53,127	98.08%	10.00	31-Dec-23**	Ms. Sadaf Kazmi
Pak Oman Income Fund (Formerly Pak Oman Government Securities Fund)	10,196,704	10,193,726	110,851	118,954	4.41%	10.87	31-Dec-23**	Ms. Sadaf Kazmi
			696,324	666,904				

**Published Net Asset Value
* Unaudited financial statements

8.8.3 The above associates are incorporated in Pakistan.

8.8.4 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 **
	(Rupees in '000)						
Assets	228,469	134,840	134,503	2,553,075	490,262	971,117	61,851
Liabilities	7,718	7,537	3,747	34,804	45,649	23,877	233
Total income	94,199	31,614	38,128	662,437	117,038	375,025	19,216
Profit / (loss) before taxation	87,780	25,345	32,569	624,575	464,363	353,478	17,768
Profit / (loss) after taxation	87,780	25,345	32,569	624,575	464,363	353,478	17,768

**Published Net Asset Value / Unaudited financial statements

8.9 The investments in Pakistan investment bonds are maturing upto November 2031 (2022: November 2023) and the effective yield ranges from 9.78% to 26.49% (2022: 9.78% to 18.35%) per annum.

9 Market treasury bills carry yield ranging 21.27% to 21.43% (2022: 15.25% to 17.10%) per annum with maturities upto October 2023 (2022: October 2023).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	15,044,600	17,821,388	2,535,945	2,225,121	17,580,545	20,046,509
Margin trading		1,637,677	228,927	-	-	1,637,677	228,927
Advances - gross		16,682,277	18,050,315	2,535,945	2,225,121	19,218,222	20,275,436
Credit loss against advances							
Stage 1		10,443	-	-	-	10,443	-
Stage 2		676,586	-	-	-	676,586	-
Stage 3	9.8	-	-	2,351,224	854,440	2,351,224	854,440
		687,029	-	2,351,224	854,440	3,038,253	854,440
Advances - net of credit allowance		15,995,248	18,050,315	184,721	1,370,681	16,179,969	19,420,996

9.1 Includes Net investment in Finance Lease as disclosed below:

	2023			2022		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	136,383	105,888	242,271	249,102	227,108	476,210
Residual value	80,170	29,685	109,855	53,041	72,503	125,544
Minimum lease payments	216,553	135,573	352,126	302,143	299,611	601,754
Financial charges for future periods	(30,506)	(22,188)	(52,694)	(52,791)	(43,486)	(96,277)
Present value of minimum lease payments	186,047	113,385	299,432	249,352	256,125	505,477

9.1.1 In respect of the aforementioned finance leases the Group holds an aggregate sum of Rs. 109.855 million (2022: Rs. 125.544 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 18).

9.2 Particulars of advances (Gross)

	2023	2022
	(Rupees in '000)	
In local currency	19,218,222	20,275,436

9.3 Staff loans include personal loans, car loans and house loans amounting to Rs. 145.45 million (2022: 104.97 million) given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2023: 5) percent per annum, while no mark-up is charged on personal loans.

9.4 Advances - Exposure

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Performing	Non-performing	Total
	(Rupees in '000)						
Opening balance	13,349,705	4,700,610	2,225,121	20,275,436	18,550,800	1,919,000	20,469,800
Impact of adopting IFRS 9	-	-	-	-	-	-	-
New Advances	857,940	-	-	857,940	7,116,220	334,728	7,450,948
Advances derecognised or repaid	(1,375,537)	(1,508,180)	(154,381)	(3,038,098)	(7,281,977)	(28,607)	(7,310,584)
Transfer to stage 1	657,739	-	-	657,739	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-
Transfer to stage 3	-	-	465,205	465,205	-	-	-
	140,142	(1,508,180)	310,824	(1,057,214)	(165,757)	306,121	140,364
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Other changes	-	-	-	-	(334,728)	-	(334,728)
Closing balance	13,489,847	3,192,430	2,535,945	19,218,222	18,050,315	2,225,121	20,275,436

9.5 Advances - Particulars of credit loss allowance

	2023				2022		
	Stage 1	Stage 2*	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
New Advances	477	-	-	477	-	-	-
Advances derecognised or repaid	(17,418)	367,795	308,557	658,934	-	-	-
Transfer to stage 1	1,619	-	-	1,619	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-
Transfer to stage 3	-	-	372,165	372,165	-	-	-
	(15,322)	367,795	680,722	1,033,195	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Other changes	-	-	-	-	105,343	(210)	105,133
Closing balance	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

* The total provision recorded for stage 2 advances amounts to Rs. 676.5 million which includes subjective provisioning for seven clients amounting to Rs. 412 million.

9.6 Advances - Credit loss allowance details

Internal / External rating / stage classification

	2023		
	Stage 1	**Stage 2**	**Stage 3**
	----------Rupees in '000----------		
Outstanding gross exposure			
Performing - Stage 1			
(to be specified)	13,489,847	-	-
Under Performing - Stage 2			
(to be specified)	-	3,192,430	-
Non-performing - Stage 3			
Other assets especially mentioned	-	-	188,425
Substandard	-	-	-
Doubtful	-	-	465,205
Loss	-	-	1,882,315
	-	-	2,535,945
Total	13,489,847	3,192,430	2,535,945
Corresponding ECL			
Stage 1 and stage 2			
(to be specified as shown above)	10,443	676,586	-
Stage 3	-	-	2,351,224
	10,443	676,586	2,351,224

9.7 Advances include Rs. 2,535.945 million (2022: Rs 2,225.121 million) which have been placed under non-performing status as detailed below:

Category of Classification	**2023**		**2022**	
	Non-performing loans	**Credit loss allowance**	**Non-performing loans**	**Provision**
	---------- (Rupees in '000) ----------			
Domestic				
Other assets especially mentioned	188,425	150,740	197,210	-
Substandard	-	-	750,000	77,183
Doubtful	465,205	372,165	334,728	9,944
Loss	1,882,315	1,828,319	943,183	767,313
	2,535,945	2,351,224	2,225,121	854,440

9.7.1 Provision is recorded net of security deposit of Rs. 4.068million (2022: Rs. 4.397 million).

9.8 Particulars of credit loss allowance against advances

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
Charge for the year	2,570	442,721	798,314	1,243,605	117,732	-	117,732
Reversals	(17,892)	(74,926)	(117,592)	(210,410)	(12,389)	(210)	(12,599)
	(15,322)	367,795	680,722	1,033,195	105,343	(210)	105,133
Amounts written off	-	-	-	-	-	-	-
Closing balance	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

9.8.1 Particulars of credit loss against advances

	2023				2022		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
In local currency	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440
	10,443	676,586	2,351,224	3,038,253	854,440	-	854,440

9.9 The Group does not hold overseas classified advances.

9.10 Particulars of write offs

9.10.1 Against provisions

	2023	2022
	(Rupees in '000)	
Directly charged to profit and loss account	-	-

10 PROPERTY AND EQUIPMENTS

		2023	2022
		'(Rupees in '000)	
Property and equipments	10.1	854,571	774,471
Advance for capital expenditure		-	-
		854,571	774,471

10.1 Property and Equipments

	2023							
	Office premises*	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - Vehicle	Total
	(Rupees in '000)							
As at January 01, 2023								
Cost	752,427	47,310	15,101	29,197	13,831	55,228	5,608	918,702
Accumulated depreciation	(44,182)	(23,089)	(10,907)	(22,313)	(12,021)	(29,663)	(2,056)	(144,231)
Net book value	708,245	24,221	4,194	6,884	1,810	25,565	3,552	774,471
Year ended December 31, 2023								
Opening net book value	708,245	24,221	4,194	6,884	1,810	25,565	3,552	774,471
Additions	-	3,803	1,888	6,834	1,875	153,670	-	168,070
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-
Transfer from Non-banking assets	-	-	-	-	-	-	-	-
Disposals	-	(3,047)	-	-	(174)	(10,666)	-	(13,887)
Depreciation charge	(37,605)	(4,350)	(1,472)	(4,034)	(847)	(24,654)	(1,121)	(74,083)
Closing net book value	670,640	20,627	4,610	9,684	2,664	143,915	2,431	854,571
As at December 31, 2023								
Cost / Revalued amount	752,427	47,103	16,836	36,031	15,058	182,076	5,608	1,055,139
Accumulated depreciation	(81,787)	(26,476)	(12,226)	(26,347)	(12,394)	(38,161)	(3,177)	(200,568)
Net book value	670,640	20,627	4,610	9,684	2,664	143,915	2,431	854,571
Rate of depreciation (percentage)	5%	10%	20%	33.33%	20%	20%	20%	

	Note	Office premises *	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - Vehicle	Total
		2022							
		(Rupees in '000)							
As at January 01, 2022									
Cost		42,126	47,310	16,885	22,248	14,731	91,931	5,608	240,839
Accumulated depreciation		(36,505)	(18,473)	(12,402)	(19,211)	(11,986)	(46,216)	(935)	(145,728)
Net book value		5,621	28,837	4,483	3,037	2,745	45,715	4,673	95,111
Year ended December 31, 2022									
Opening net book value		5,621	28,837	4,483	3,037	2,745	45,715	4,673	95,111
Additions		-	-	1,529	6,949	250	3,600	-	12,328
Movement in surplus on assets revalued during the year	10.1.1 & 10.1.2	371,912	-	-	-	-	-	-	371,912
Transfer from Non-banking assets		338,389	-	-	-	-	-	-	338,389
Disposals		-	-	(413)	-	(282)	(11,270)	-	(11,965)
Depreciation charge		(7,677)	(4,616)	(1,405)	(3,102)	(903)	(12,480)	(1,121)	(31,304)
Closing net book value		708,245	24,221	4,194	6,884	1,810	25,565	3,552	774,471
As at December 31, 2022									
Cost / Revalued amount		752,427	47,310	15,101	29,197	13,831	55,228	5,608	918,702
Accumulated depreciation		(44,182)	(23,089)	(10,907)	(22,313)	(12,021)	(29,663)	(2,056)	(144,231)
Net book value		708,245	24,221	4,194	6,884	1,810	25,565	3,552	774,471
Rate of depreciation (percentage)		5%	10%	20%	33.33%	20%	20%	20%	

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

10.1.1 As more fully explained in note 4.3 to the financial statements, during the year 2022, 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 Company were revalued 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.

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:

	2023	2022
	(Rupees in '000)	
Improvements	1,704	1,476
Office equipments	8,221	8,544
Computer equipments	20,702	18,842
Furniture and fixtures	9,303	10,641
Vehicles	3,411	7,029
	43,341	46,532

10.3 Details of disposals of 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	1,605	1,605	-	1,965	1,965	Negotiations	M/S Makani Motors
Toyota Corolla	1,821	1,821	-	2,363	2,363	Negotiations	MA Services
Toyota Corolla	2,874	2,682	192	766	574	Holding company policy	Mr. Jehangir Shah (Former Executive)
Toyota Corolla	3,255	1,519	1,736	1,736	-	Holding company policy	Mr. Jehangir Shah (Former Executive)
Toyota Corolla	7,776	778	6,998	6,998	-	Holding company policy	Mr. Jehangir Shah (Former Executive)
Honda BRV	3,532	1,884	1,648	2,724	1,076	Holding company policy	Mr. Muhammad Waqas Mahmood (Former Executive)
Honda Civic	2,785	2,785	-	557	557	Holding company policy	Syed Abdullah Jamal Ahmed Naqvi (Executive)
Honda Civic	2,935	2,935	-	587	587	Holding company policy	Mr. Zalmai Rahmanuddin Khan (Executive)
	26,583	16,009	10,574	17,696	7,122		
Furniture and fixture	250	170	80	80	-	Holding company policy	Mr. Muhammad Waqas Mahmood (Former Executive)
Furniture and fixture	150	56	94	94	-	Holding company policy	Ms. Aaiza Khan (Former Executive)
Furniture and fixture	249	249	-		-	Holding company policy	Mr. Jehangir Shah (Former Executive)
Mobile Phone	153	153	-	-	-	Holding company policy	Mr. Jehangir Shah (Former Executive)
Others	4,248	1,109	3,139	95	(3,044)		
	31,633	17,746	13,887	17,965	4,078		

	Note	2023	2022
		(Rupees in '000)	
11 RIGHT-OF-USE-ASSETS			
As at January 01,			
Cost		176,476	176,476
Accumulated depreciation		(74,630)	(52,792)
Net Carrying amount at January 01,		101,846	123,684
Additions during the year		14,440	-
Deletions during the year			
Cost		(20,981)	-
Accumulated depreciation		11,602	-
		(9,379)	-
Depreciation Charge for the year		(18,311)	(21,838)
Net Carrying amount As at December 31,		88,596	101,846
As at December 31,			
Cost		169,935	176,476
Accumulated depreciation		(81,339)	(74,630)
Net Carrying amount As at December 31,		88,596	101,846
Rate of depreciation (percentage)		10%	10%

12 INTANGIBLE ASSETS

	Note	2023	2022
Computer software	12.1	112	255
Goodwill	12.2	96,304	96,304
		96,416	96,559

12.1 Computer Software

		2023	2022
As at January 01,			
Cost		19,121	19,144
Accumulated amortisation		(18,866)	(18,756)
Net book value		255	388
Year ended December 31			
Opening net book value		255	388
Additions		-	-
Disposals		-	-
Amortisation charge		(143)	(133)
Closing net book value		112	255
As at December 31,			
Cost		19,121	19,121
Accumulated amortisation		(19,009)	(18,866)
Net book value		112	255
Rate of amortisation		33%	33%

	Note	2023	2022
		(Rupees in '000)	

12.2 Goodwill

	2023	2022
Allocation of Goodwill		
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)
	96,304	96,304

12.3 As at December 31, 2023, the gross carrying amount of fully amortised intangible assets still in use amounted to Rs. 15.156 million (2022: Rs. 15.156 million).

13 DEFERRED TAX ASSETS

	January 01, 2023	Recognized in Profit and loss account	Recognised in OCI	December 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on				
Credit loss allowance against investments and others	168,620	38,061	8,580	215,261
Assets subject to finance lease	(136)	72	-	(64)
Amortisation of premium on Federal Government securities	4,057	(1,280)	-	2,777
Credit loss allowances against advances	281,965	523,251	379,703	1,184,919
Accelerated tax depreciation allowances	16,007	13,738	-	29,745
Accumulated tax losses - POAMCL	35,886	-	-	35,886
	506,399	573,842	388,283	1,468,524
Taxable Temporary Differences on				
Net investment in finance lease	45,130	31,402	-	76,532
Revaluation on investments classified as FVTPL	(1,333)	6,170	-	4,837
Revaluation on investments classified as FVTOCI	173,359	-	(248,402)	(75,043)
Revaluation on fixed asset / non-banking assets	(135,037)	14,363	(31,584)	(152,258)
Dividend receivables	-	(1,997)	-	(1,997)
	82,119	49,938	(279,986)	(147,929)
	588,518	623,780	108,297	1,320,595

	January 01, 2022	Recognized in Profit and loss account	Recognised in OCI	December 31, 2022
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	147,006	21,614	-	168,620
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
Accumulated tax losses - POAMCL	35,886			35,886
	416,159	90,240	-	506,399
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 assets / 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
	369,393	214,293	4,832	588,518

14 OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income/ mark-up accrued in local currency		6,231,061	2,194,746
Dividend income receivable		7,989	-
Mark-up / profit receivable on purchase of securities		2,393,703	363,277
Security deposits		5,918	4,920
Prepayments		26,680	13,773
Receivable against sale of investments		215,768	-
Advance taxation (payments less provisions)		3,213,245	1,385,820
Non-banking assets acquired in satisfaction of claims	14.1	-	-
Receivable from funds under management and investment advisory clients		90,977	86,732
Defined benefit plan	35.2	-	-
Others		37,886	21,990
		12,223,227	4,071,258
Less: Credit loss allowance held against other assets		-	-
Other assets (net of credit loss allowance)		12,223,227	4,071,258
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	-	-
Other assets - total		12,223,227	4,071,258

14.1 Non-banking assets acquired in satisfaction of claims

	2023	2022
Opening balance	-	357,193
Disposals	-	-
Depreciation	-	(18,804)
Transfer to fixed assets	-	(338,389)
Impairment	-	-
Closing balance	-	-

15 BORROWINGS

	Note	2023	2022
Secured			
Borrowings from the State Bank of Pakistan:	15.2		
- Long term financing facility (LTFF)		2,084,778	2,595,426
- Financing Scheme for Renewable Energy		235,204	274,253
- Financing facility for storage of agricultural produce (FFSAP)		28,846	36,539
- Temporary Economic Refinance Facility (TERF)		195,946	208,186
Repurchase agreement borrowings	15.3	292,639,130	104,263,504
Long term borrowings	15.4	3,950,000	4,691,667
Short term loan / running finance	15.5	15,000,000	94,887
Bai Muajjal	15.6	-	4,000,718
Total secured		314,133,904	116,165,180

	Note	2023	2022
		(Rupees in '000)	
Unsecured			
Placements	15.7	4,220,000	-
Murabaha financing	15.8	22,537,340	16,735,795
Total unsecured		26,757,340	16,735,795
		340,891,244	132,900,975

15.1 Particulars of borrowings with respect to currencies

In local currency	340,891,244	132,900,975

15.2 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 holding 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% (2022: 1% to 8%) per annum. These are repayable within 10 years (2022: 10 years).

15.3 The mark up rate on these repurchase agreement borrowings, maturing in January 2024 (2022: January 2023 to March 2023), ranges between 22% to 23% (2022: 15.23% to 16.11%) per annum. Securities having cost of Rs. 289,531 million (2022: Rs 104,796 million) have been pledged against these borrowings.

15.4 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.

15.5 The mark up rate on these short-term loan / running finance facility is 21.65% (2022: three months KIBOR + 0.25%). The above facility are secured against government securities (2022: loan and advances receivable).

15.6 The mark up rate on these Bai Muajjal secured against government securities, maturing in (2022: June 2023) is (2022: 16.99%) per annum.

15.7 The mark up rate on these placement financing maturing in January 2024 is from 22.10% to 22.50% per annum (2022: Nil).

15.8 The mark up rate on these murabaha financing, maturing from January 2024 to May 2024 (2022: January 2023 to April 2023) is from 20.95% to 22.05% (2022:9%) per annum.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2023 In local currency	2023 Total	2022 In local currency	2022 Total
		----- (Rupees in '000) -----			
Certificates of investment					
Financial institutions		705,500	705,500	3,154,000	3,154,000
Others		11,512,915	11,512,915	10,366,897	10,366,897
	16.1 & 16.2	12,218,415	12,218,415	13,520,897	13,520,897

16.1 The rate of return on deposits maturing between January 2024 to December 2024 (2022: January 2023 to January 2024) ranges between 16.15% to 23.25% (2022: 10.10% to 17.03%) per annum.

16.2 Composition of deposits

	2023	2022
	(Rupees in '000)	
Individuals	2,129,061	2,063,136
Government (Federal and Provincial)	5,700,843	2,573,466
Banking Companies	-	-
Non-Banking Financial Institutions	705,500	3,154,000
Private Sector	3,683,011	5,730,295
	12,218,415	13,520,897

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2023 Minimum lease payments	2023 Financial charges for future periods	2023 Principal outstanding	2022 Minimum lease payments	2022 Financial charges for future periods	2022 Principal outstanding
	----- (Rupees in '000) -----					
Not later than one year	1,124	169	955	1,124	252	872
Later than one year and upto five years	1,393	81	1,312	2,517	250	2,267
	2,517	250	2,267	3,641	502	3,139

17.1 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% (2022: 9.17%) per annum.

	Note	2023	2022
		(Rupees in '000)	

18 OTHER LIABILITIES

	Note	2023	2022
Mark-up / return / interest payable in local currency		4,422,998	2,164,548
Accrued expenses		433,289	80,233
Defined benefit plan liabilities	35.2	15,062	13,643
Security deposits against investment in finance leas	9.1.1	109,855	125,544
Taxation		-	-
Payable against purchase of investments		-	-
Lease liability against right-of-use assets	18.1	118,290	137,894
Withholding tax and sales tax payable		16,763	12,263
Sales tax and federal excise duty payable		86,341	83,688
Credit loss allowances against off-balance sheet obligations		1,679	-
Others		68,497	74,060
		5,272,774	2,691,873

18.1 Lease liability against right-of-use assets

	2023	2022
As at January 01,	137,894	152,322
Additions	14,810	-
Deletion	(12,368)	-
Finance charge	12,679	14,877
Payments	(34,355)	(29,305)
As at December 31,	118,660	137,894

18.2 Credit loss allowance against off-balance sheet obligations

	2023	2022
Opening balance	-	-
Exchange adjustment	-	-
Charge for the year	1,679	-
Reversals	-	-
	1,679	-
Amount written off	-	-
Closing balance	1,679	-

19 SHARE CAPITAL

19.1 Authorized Capital

2023	2022		2023	2022
(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

19.2 Issued, subscribed and paid-up

2023	2022		2023	2022
(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

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

20 RESERVES

	Note	2023	2022
		(Rupees in '000)	
Statutory reserve	20.1	1,751,681	1,610,659
General reserve		-	311,630
		1,751,681	1,922,289

20.1 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. 141.022 million (2022: Rs. 66.764 million).

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2023	2022
(Deficit) / Surplus on revaluation of:			
- Securities measured at FVOCI - Debt		(58,339)	(525,331)
- Securities measured at FVOCI - Equity		251,228	-
- Property and Equipment		474,758	497,095
- Non-banking assets acquired in satisfaction of claims	21.1	-	-
		667,647	(28,236)

	Note	2023	2022
		(Rupees in '000)	
Deferred tax Asset / (Liability) on surplus on revaluation of:			
- Securities measured at FVOCI - Debt		22,752	173,359
- Securities measured at FVOCI - Equity		(97,795)	
- Property and Equipment		(185,156)	(164,041)
- Non-banking assets acquired in satisfaction of claims	21.1	-	-
		(260,199)	9,318
		407,448	(18,918)

21.1 Surplus on revaluation of non-banking assets

	2023	2022
Surplus on revaluation as at January 01	-	135,129
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)
Transfer to fixed assets	-	(131,381)
	-	-
Less: related deferred tax liability on:		
Revaluation as at January 01	-	(39,187)
Revaluation recognised during the year	-	-
Incremental depreciation charged during the year	-	(4,168)
Transfer to fixed assets	-	43,355
	-	-
	-	-

21.2 Surplus on revaluation of fixed assets

	2023	2022
Surplus on revaluation as at January 01	497,095	-
Recognised during the year	-	371,912
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(22,337)	(6,198)
Transfer from non-banking assets	-	131,381
	474,758	497,095
Less: related deferred tax liability on:		
Revaluation as at January 01	(164,041)	-
Revaluation recognised during the year	-	(122,731)
Incremental depreciation charged during the year	(21,115)	2,045
Transfer from non-banking assets	-	(43,355)
	(185,156)	(164,041)
	289,602	333,054

	Note	2023	2022
		(Rupees in '000)	

22 CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
Guarantees	22.1	988,645	797,255
Commitments	22.2	6,138,569	1,137,889
Other contingent liabilities	22.3	70,726	458,197
		7,197,940	2,393,341

22.1 Guarantees:

	2023	2022
Financial guarantees	988,645	797,255

22.2 Commitments:

	2023	2022
Commitments in respect of:		
forward government securities transactions		
Purchase of Government securities	5,087,589	13,559
Sale of Government securities	450,282	16,062
	5,537,871	29,621
Commitments for:		
advances	600,698	1,108,268
	6,138,569	1,137,889

22.3 Other contingent liabilities:

	Note	2023	2022
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
Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited		-	-
Workers Welfare Fund		-	161,471
		70,726	458,197

22.3.1 This represents shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2022: 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 This represents investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating (2022: 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.

22.4 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, 2023.

		Note	2023	2022
			(Rupees in '000)	
23	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	Loans and advances		3,394,179	2,231,840
	Investments		62,634,942	14,368,845
	Lendings to financial institutions		1,374,899	720,470
	Balances with banks		79,115	166,502
			67,483,135	17,487,657
24	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		2,392,060	1,414,241
	Borrowings		62,252,686	15,226,758
	Lease liability against right-of-use assets		12,679	14,877
			64,657,425	16,655,876
25	**FEE AND COMMISSION INCOME**			
	Credit related fees		18,145	43,410
	Investment banking fees		25,299	30,084
	Commission on guarantees		3,090	3,960
	Underwriting commission of Government securities auction		-	18,943
	Remuneration from funds under management		70,484	41,136
	Professional fee		-	5,589
			117,018	143,122
26	**GAIN/(LOSS) ON SECURITIES**			
	Realised	26.1	95,857	96,959
	Unrealised - FVTPL		(15,542)	940
			80,315	97,899
26.1	**Realised gain on:**			
	Federal Government securities		90,147	88,397
	Non-Government debt securities		1,678	747
	Mutual funds		-	-
	Shares		4,032	7,815
			95,857	96,959
27	**OTHER INCOME**			
	Gain on sale of property and equipment-net		5,711	3,005
	Rental income		17,919	8,819
	Reversal of liabilities		1,805	5,500
	Reversal of Workers Welfare Fund		-	137,778
	Others		1,434	-
			26,869	155,102

28 OPERATING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Total compensation expense	28.1	665,186	429,981
Property expense			
Rent and taxes		-	-
Utilities cost		12,304	8,268
Security (including guards)		1,652	1,240
Repair and maintenance (including janitorial charges)		15,734	13,229
Depreciation on right-of-use assets	11	18,311	21,838
Depreciation on improvements	10.1	4,350	4,616
Depreciation on office premises	10.1	37,605	7,677
		89,956	56,868
Information technology expenses			
Software maintenance		2,896	2,818
Hardware maintenance		677	451
Depreciation on computer equipment	10.1	4,034	3,102
Amortisation	12	143	133
Network charges		4,454	3,991
Others		1,449	1,403
		13,653	11,898
Other operating expenses			
Directors' fees and allowances		32,250	34,575
Directors' fees and allowances - Subsidiary Company		-	1,251
Legal and professional charges		65,825	14,154
Travelling and conveyance		20,572	24,085
Depreciation	28.4	28,094	34,713
Training and development		1,532	981
Postage and courier charges		456	741
Communication		12,266	9,014
Stationery and printing		2,253	2,041
Marketing, advertisement & publicity		1,204	1,837
Donations	28.2	30	2,110
Auditors' remuneration	28.3	4,692	2,894
Membership and subscriptions		2,878	2,545
Transportation		5,783	4,860
Insurance		5,129	5,544
Finance charges on leased assets		1,065	667
Entertainment and canteen expenses		6,578	5,559
Maintenance charges - Non-banking assets		-	2,424
Distribution commission		13,553	3,201
Others		10,745	6,217
		214,905	159,413
Total operating expenses		983,700	658,160

	Note	2023	2022
		(Rupees in '000)	

28.1 Total compensation expenses

	Note	2023	2022
Employees' remuneration			
i) Fixed		413,231	331,531
ii) Variable			
of which;			
Cash bonus / awards etc		168,920	30,000
Charge for defined benefit plan	35.6.1	20,602	20,982
Contribution to defined contribution plan		22,892	18,528
Utilities		2,997	3,788
Medical		12,620	11,949
Others		23,924	13,203
Grand total		665,186	429,981

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

		2023	2022
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

		2023	2022
Audit fee		2,000	1,200
Half yearly review		675	450
Auditors' remuneration of Subsidiary Company		1,218	767
Special certifications and sundry advisory services		562	407
Out-of-pocket expenses		237	70
		4,692	2,894

28.4 This includes depreciation on non-banking assets Rs. Nil (2022: Rs.18.804) million.

29 OTHER CHARGES

		2023	2022
Penalties imposed by State Bank of Pakistan		-	-
Fees, commission and other brokerage charges		242,367	30,120
		242,367	30,120

29.1 Other charges include provision is respect of Workers Welfare Fund amounting to Rs.204.305 million (2022: Nil).

	Note	2023	2022
		(Rupees in '000)	

30 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET

	Note	2023	2022
Credit loss / (reversal) allowance for diminution in value of investments	8.3.1	18,002	4,053
Credit loss / (reversal) allowance against loans & advances	9.8	1,033,195	105,133
Credit loss / (reversal) allowance against balances with other banks		42	-
Credit loss / (reversal) allowance against lendings to FIs		-	-
Credit loss / (reversal) allowance against off-balance sheet items		(3,065)	-
		1,048,174	109,186

31 TAXATION

	2023	2022
Current	808,121	382,127
Prior years	71,080	30,076
Deferred	(623,780)	(214,293)
	255,421	197,910

31.1 Relationship between tax expense and accounting profit

	2023	2022
Profit before taxation	997,836	604,292
Tax at the applicable rate of 39% (2022: 33%)	389,156	199,416
Tax effect of income taxed at reduced rate	(48,030)	(13,772)
Prior year	71,080	30,076
Due to change in Rate of tax from 33% to 39%	(117,739)	-
Others	(39,046)	(17,810)
	255,421	197,910

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 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.

31.2.2 Pak Oman Asset Management Company Limited (the Subsidiary Company)

As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Subsidiary Company has been applied effective from 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, 2023.

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	2023	2022
			(Rupees in '000)	
32	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the year		742,415	406,382
			2023	**2022**
			Numbers in '000	
	Weighted average number of ordinary shares in issue		615,000	615,000
	Basic and diluted earnings per share		1.21	0.66

32.1 There were no convertible dilutive potential ordinary shares outstanding on December 31,2023 and 2022.

33 CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and balances with treasury banks	5	532,801	346,474
Balances with other banks	6	144,897	1,625,259
		677,698	1,971,733

34 STAFF STRENGTH

	(Number)	
Permanent	104	76
Temporary / contractual	21	43
Total staff strength	125	119

35 DEFINED BENEFIT PLAN

35.1 General Description

The holding 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	2023	2022
	(Number)	

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

	2023	2022
Gratuity fund	89	76

35.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2023 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2023	2022
	(Number)	
Discount rate	15.50	14.50
Expected short term rate of increase in salary levels	12.00	15.00
Expected long term rate of increase in salary levels	15.50	14.50
Expected rate of return on plan assets	15.50	14.50

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 holding Company, at the beginning of the period, for returns over the entire life of the related obligation.

	Note	2023	2022
		(Rupees in '000)	

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

	Note	2023	2022
Present value of defined benefit obligation	35.3	187,483	167,322
Fair value of plan assets	35.4	(172,421)	(153,679)
(Receivable) / payable	35.5	15,062	13,643

35.3 Movement in defined benefit obligation

	2023	2022
Obligation at the beginning of the year	167,322	191,932
Current service cost	20,932	22,331
Interest cost	21,157	16,788
Benefits paid during the year	(42,830)	(64,095)
Remeasurement (gain) / loss	20,902	366
Obligation at the end of the year	187,483	167,322

		Note	2023	2022
			(Rupees in '000)	
35.4	**Movement in fair value of plan assets**			
	Fair value at the beginning of the year		153,679	196,832
	Interest income on plan assets		21,486	18,137
	Contribution by the holding Company		31,829	15,900
	Benefits paid during the year		(42,830)	(64,095)
	Remeasurement gain on plan assets		8,257	(13,095)
	Fair value at the end of the year	35.7	172,421	153,679
35.5	**Movement in receivable under defined benefit plan**			
	Opening balance		13,643	(4,900)
	Charge for the year	35.6.1	20,602	20,982
	Re-measurement (gain) / loss recognised in other comprehensive income during the year		12,646	13,461
	Contributions by the holding Company - net		(31,829)	(15,900)
	Closing balance		15,062	13,643
35.6	**Charge for defined benefit plans**			
35.6.1	**Cost recognised in the profit and loss account**			
	Current service cost		20,932	22,331
	Net interest on defined benefit asset		(330)	(1,349)
	Expected return on plan assets		-	-
	Actuarial loss		-	-
			20,602	20,982
35.6.2	**Re-measurement recognised in OCI during the year**			
	Actuarial (gain) / loss on obligation		20,902	366
	Actuarial gain on plan assets		(8,256)	13,095
	Total re-measurements (gain) / loss recognised in OCI		12,646	13,461

35.7 Components of plan assets

Particulars	**2023**		**2022**	
	(Rupees in '000)	**%**	**(Rupees in '000)**	**%**
Cash and cash equivalents - net	7	0.00%	429	0.28%
Government securities	172,414	100.00%	153,250	99.72%
Certificate of investments	-	-	-	-
	172,421	100.00%	153,679	100.00%

	Note	2023	2022
		(Rupees in '000)	

35.8 Sensitivity analysis

1% increase in discount rate		(11,356)	(11,192)
1% decrease in discount rate		12,652	12,732
1% increase in expected rate of salary increase		13,455	13,392
1% decrease in expected rate of salary increase		(12,262)	(11,961)

35.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at December 31, 2023 is 6.4 years (2022: 7.15 years).

Distribution of timing of benefit payments

Years			
1		20,460	39,265
2		11,241	11,756
3		10,994	4,393
4		52,849	4,341
5		56,469	37,836
6 to 10		73,209	64,096
11 and above		557,657	637,527

35.10 Expected contributions to be paid to the funds in the next financial year		25,361	18,186
35.11 Expected charge for the next financial year		25,361	18,186

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. 25.361 million as per the actuarial valuation report of the holding Company as of December 31, 2023.

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.

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	**2023**	**2022**
	(Rupees in '000)	
Contribution by the Group	22,892	18,528
Contribution by employees	22,892	18,528
	45,784	37,056

The number of employees covered under the defined contribution plan as at December 31, 2023 are 104 (2022: 76).

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expenses

Items	2023				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/
	Chairman	Non-Executives			
Fees and allowances etc.	8,400	23,850	-	-	-
Managerial remuneration					
i) Fixed	-	-	28,039	156,499	32,255
ii) Total variable					
of which					
a) Cash bonus / awards	-	-	-	56,643	2,345
b) Bonus and awards in shares	-	-	-	-	-
				-	
Charge for defined benefit plan	-	-	1,881	9,246	1,930
Contribution to defined contribution plan	-	-	2,002	8,976	1,797
Utilities	-	-	1,759	650	-
Medical	-	-	260	-	-
Others	-	-	723	1,234	-
Total	8,400	23,850	34,664	233,248	38,327
Number of persons	1	3	1	12	7

Items	2022				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/
	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 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	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.

37.1.1 The managing director and certain executives are provided with free use of Company maintained cars.

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

Sr. No.	Name of Director	2023					
		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	1,200	8,700
3	Faisal Ali Ibrahim Al Siyabi	2,625	-	1,650	1,650	1,125	7,050
4	Mohammad Shabir Ahmed Khan	1,500	1,125	750	900	750	5,025
5	Omar Hamid Khan	1,125	375	450	750	375	3,075
	Total	12,075	6,375	4,350	4,800	4,650	32,250

During the year 2023, Mr. Omar Hamid Khan left and Mr. Mohammad Shabir Ahmed Khan joined the Board of Directors nominated by the Government of Pakistan.

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

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 credit loss allowance / impairment of investments has been determined in accordance with the Group's accounting policy as stated in notes 4.9 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 credit loss allowance against advances has been calculated in accordance with the Group's accounting policy as stated in note 4.9 and 4.10.

The re-pricing profile, effective rates and maturity are stated in notes 43.3, 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.

On-balance sheet financial instruments	**2023**		**2022**	
	Book value	**Fair value**	**Book value**	**Fair value**
	------- (Rupees in '000) -------			
Assets				
Cash and balances with treasury banks	532,801	532,801	346,474	346,474
Balances with other banks	143,670	143,670	1,625,259	1,625,259
Lendings to financial institutions	-	-	5,135,762	5,135,762
Investments	335,499,968	335,583,954	125,433,755	125,433,755
Advances	16,179,969	16,179,969	19,420,996	19,420,996
Other assets	8,983,302	8,983,302	2,671,665	2,671,665
Assets held-for-sale	-	-	-	-
	361,339,710	361,423,696	154,633,911	154,633,911

On-balance sheet financial instruments	2023		2022	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Liabilities				
Borrowings	340,891,244	340,891,244	132,900,975	132,900,975
Deposits and other accounts	12,218,415	12,218,415	13,520,897	13,520,897
Liabilities against assets subject to finance lease	2,267	2,267	3,139	3,139
Other liabilities	5,257,712	5,257,712	2,678,230	2,678,230
	358,369,638	358,369,638	149,103,241	149,103,241
	2,970,072	3,054,058	5,530,670	5,530,670
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 Group.

38.2 The carrying value of all financial assets and liabilities in the consolidated financial statements approximate to their fair values except for certain investments.

38.3 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:

On balance sheet financial instruments	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	330,947,927	-	330,947,927
Shares	123,702	-	-	123,702
Non-Government debt securities	-	3,247,556	-	3,247,556
Mutual funds	-	696,324	-	696,324
Financial assets - disclosed but not measured at fair value				
Investments	-	-	484,459	484,459
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	-	-

On balance sheet financial instruments	2022 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
Provincial Government Securities				-
Shares		-	-	-
Non-Government debt securities	-	3,168,349	-	3,168,349
Foreign Securities				-
Others (to be specified)				-
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	-	-	-	-

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2023 Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	------------------ (Rupees in '000) ------------------				
Profit & Loss					
Net mark-up/return/profit	137,118	(224,641)	2,908,052	5,181	2,825,710
Non mark-up / return / interest income	21,822	264,127	85,795	74,623	446,367
Total income	158,940	39,486	2,993,847	79,804	3,272,077
Segment direct expenses	618,395	85,888	453,603	68,181	1,226,067
Provisions / (reversals)	1,030,130	-	18,044	-	1,048,174
Profit before tax	(1,489,585)	(46,402)	2,522,200	11,623	997,836

	2023 Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	------------------ (Rupees in '000) ------------------				
Balance sheet					
Cash & bank balances	-	-	663,880	12,591	676,471
Investments	-	1,304,485	334,120,248	75,235	335,499,968
Lendings to financial institutions			-		-
Advances - performing	14,357,571	-	1,637,677	-	15,995,248
non-performing	184,721	-		-	184,721
Others	2,020,088	(37,874)	12,329,050	272,141	14,583,405
Total assets	16,562,380	1,266,611	348,750,855	359,967	366,939,813
Borrowings	15,573,210	1,177,231	324,140,803	-	340,891,244
Subordinated debt	-	-	-	-	-
Deposits and other accounts	551,402	56,248	11,610,765	-	12,218,415
Others	337,486	23,220	4,793,181	121,154	5,275,041
Total liabilities	16,462,098	1,256,699	340,544,749	121,154	358,384,700
Equity	100,282	9,912	8,206,106	238,813	8,555,113
Total equity & liabilities	16,562,380	1,266,611	348,750,855	359,967	366,939,813
Contingencies & Commitments	1,589,343	70,726	5,537,871	-	7,197,940

	2022 Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	------------------ (Rupees in '000) ------------------				
Profit & Loss					
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

	2022				
	Corporate Banking	**Investment Banking**	**Treasury**	**Asset Management**	**Total**
	---- (Rupees in '000) ----				
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	793,817	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	965,243	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

40 TRUST ACTIVITIES

The holding Company is serving as the Trustee and/or Issue/Investment Agent for various Term Finance Certificates, Sukuks and Commercial Papers. The Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries, and fulfilling all its obligations and duties in accordance with the provisions of the respective transaction documents. The combined value of debt securities as at December 31, 2023 amounted to Rs. 105.8 billion (December 31, 2022: Rs. 85 billion).

The holding Company undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Company and, therefore, are not included as such in the financial statements. Assets held under trust having Face Value of Rs 41.6 billion (2022: 43.1 billion).

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 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 financial statements are as follows:

	2023					2022				
	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)									
Balances with other banks										
In current accounts	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	666,904	-	226,000	-	-	1,182,082	-	226,000
Investment made during the year	-	-	163,978	-	-	-	-	547,598	-	-
Investment redeemed / disposed off during the year	-	-	(134,558)	-	-	-	-	(693,383)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	(369,393)	-	-
Closing balance	-	-	696,324	-	226,000	-	-	666,904	-	226,000
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	-	43,028	68,200	-	-	-	45,005	68,200	-	-
Addition during the year	-	52,473	-	-	-	-	8,950	-	-	-
Repaid during the year	-	(32,998)	-	-	-	-	(10,927)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	62,503	68,200	-	-	-	43,028	68,200	-	-
Provision held against advances	-	-	68,200	-	-	-	-	68,200	-	-

	2023					2022				
	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)									
Other Assets										
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Receivable from funds under management and investment advisory clients		-	90,977	-	-	-	-	86,732	-	-
Other receivable	-	-	7,989	-	-	-	-		-	-
Credit loss allowance against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	20,600	-	-	-	-	3,377	-	-	-
Received during the year	-	215,957	-	-	-	-	112,390	-	-	-
Withdrawn during the year	-	(200,685)	-	-	-	-	(95,167)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	35,872	-	-	-	-	20,600	-	-	-
Other Liabilities										
Interest / mark-up payable	-	741	-	-	-	-	155	-	-	-
Payable to staff retirement fund	-	-	-	15,062	-	-	-	-	13,643	-
Other liabilities										
Outright sale of securities	-	-	-	12,052,441				3,017,486	10,530,225	
Outright purchase of securities	-	-	-	12,063,180	-	-	-	587,132	10,574,364	-
Contingencies and Commitments										
Other contingencies	-	-	70,726	-	-	-	-	70,726	-	226,000

41.2 **Related party transactions**

	2023					2022				
	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)									
Income										
Mark-up / return / interest earned	-	2,376	-	-	-	-	1,842	-	-	-
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	103,468	-	67,800	-	-	38,245	-	56,500
Net gain on sale of securities	-	-	1,482	740	-	-	-	(15)	1,560	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	4,863	-	-	-	-	1,330	-	-	-
Operating expenses										
Non- Executive Directors' fees and allowances	32,250	-	-	-	-	34,575	-	-	-	-
Compensation expenses		267,912	-	-	-	-	288,145	-	-	-
Contribution to defined contribution plan	-	-	-	22,892	-	-	-	-	18,528	-
Charge for defined benefit plan	-	-	-	20,602	-	-	-	-	20,982	-

	2023	2022
	(Rupees in '000)	

42 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2023	2022
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,150,000	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,019,477	6,887,059
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,019,477	6,887,059
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	6,019,477	6,887,059
Risk Weighted Assets (RWAs):		
Credit risk	17,715,086	25,145,958
Market risk	19,053,937	4,064,453
Operational risk	3,944,317	3,058,962
Total	40,713,340	32,269,373
Common Equity Tier 1 Capital Adequacy ratio	14.79%	21.34%
Tier 1 Capital Adequacy Ratio	14.79%	21.34%
Total Capital Adequacy Ratio	14.79%	21.34%
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.

	2023	2022
Leverage Ratio (LR):		
Eligible Tier 1 Capital	6,019,477	6,887,059
Total Exposures	370,862,034	157,656,768
Leverage Ratio	1.62%	4.37%

	2023	2022
	(Rupees in '000)	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	20,542,211	9,368,544
Total Net Cash Outflow	27,286,996	11,730,333
Liquidity Coverage Ratio	75.28%	79.87%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,861,964	22,645,526
Total Required Stable Funding	22,191,193	21,709,665
Net Stable Funding Ratio	103.02%	104.31%

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 holding company;

- 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 , and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at the minimum prescribed level of 11.50% by SBP.

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.

- 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.

- 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.

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, 2023.

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.

42.3 The Group's CAR as at December 31, 2023 is 14.79% (2022: 21.34%) of its risk weighted exposure.

The calculation of capital adequacy enables the Group to assess the long term soundness. The Group has successfully managed in the past and shall in the future its Capital requirements/ needs. Based on the directives of the Board, the Group has built a health portfolio of assets and liabilities focusing on quality. CAR of 14.79% demonstrates that the Group is geared to absorb major risks / shocks in the present market scenario.

42.4 **Transition to IFRS 9 Financial Instruments**

	31 December 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	346,474	-	-	346,474
Balances with other banks	1,625,259	(1,185)	-	1,624,074
Lendings to financial institutions	5,135,762	-	-	5,135,762
Investments	125,433,755	(20,072)	249,910	125,663,593
Advances	19,420,996	(1,150,618)	-	18,270,378
Property and equipment	774,471	-	-	774,471
Right-of-use assets	101,846	-	-	101,846
Intangible assets	96,559	-	-	96,559
Deferred tax assets	588,518	388,284	(82,470)	894,332
Other assets	4,071,258	-	-	4,071,258
Assets held-for-sale	-	-	-	-
	157,594,898	(783,591)	167,440	156,978,747

	31 December 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
		(Rupees in '000)		
LIABILITIES				
Bills payable	-	-	-	-
Borrowings	132,900,975	-	-	132,900,975
Deposits and other accounts	13,520,897	-	-	13,520,897
Lease Liabilities	3,139	-	-	3,139
Subordinated debt	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	2,691,873	4,744	-	2,696,617
	149,116,884	4,744	-	149,121,628
NET ASSETS	8,478,014	(788,335)	167,440	7,857,119
REPRESENTED BY				
Share capital	6,150,000	-	-	6,150,000
Reserves	1,922,289	-	-	1,922,289
Surplus / (Deficit) on revaluation of assets	(18,918)	-	167,440	148,522
Unappropriated profit	423,376	(788,335)	-	(364,959)
Equity attributable to shareholder of holding company	8,476,747	(788,335)	167,440	7,855,852
Non-Controlling Interest	1,267			1,267
	8,478,014	(788,335)	167,440	7,857,119

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. 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

Exposures	Rating Category	2023 Amount Outstanding	2023 Deduction CRM*	2023 Net amount	2022 Amount Outstanding	2022 Deduction CRM*	2022 Net amount
		---------- (Rupees in '000) ----------					
Corporate	0	-	-	-	-	-	-
	1	2,402,752	-	2,402,752	1,905,374	-	1,905,374
	2	7,517,972	(42,447)	7,475,525	8,782,922	(2,792)	8,780,131
	3-4	516,681	(130,000)	386,681	334,953	(9,875)	325,078
	5-6	-	-	-	-	-	-
	Unrated	6,280,576	(728,670)	5,551,906	7,204,934	(215,906)	6,989,028
		16,717,981	(901,117)	15,816,864	18,228,183	(228,573)	17,999,610
Banks	0	-	-	-	-	-	-
	1	131,211	-	131,211	6,760,171	-	6,760,171
	2-3	-	-	-	278,676	(154,000)	124,676
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		131,211	-	131,211	7,038,847	(154,000)	6,884,847

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 financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.5 to 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		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Public / Government	-	-	-	-	-	-	-	-	-
Private	-	5,135,762	-	-	-	-	-	-	-
	-	5,135,762	-	-	-	-	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Textile	156,090	193,590	81,090	81,090	70	-	60,641	60,711	60,641
Chemical and Pharmaceuticals	200,000	-	-	-	1,931	-	-	1,931	-
Cement	-	-	-	-	-	-	-	-	-
Sugar	-	-	-	-	-	-	-	-	-
Footwear and Leather garments	-	-	-	-	-	-	-	-	-
Automobile and transportation equipment	-	92,545	-	-	-	-	-	-	-
Electronics and electrical appliances	85,000	85,000	85,000	85,000	-	-	85,000	85,000	85,000
Construction	150,000	-	-	-	191	-	-	191	-
Power (electricity), gas, water, sanitary	375,000	475,000	-	-	177	-	-	177	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-
Exports/Imports	-	-	-	-	-	-	-	-	-
Transport, storage and communication	229,433	257,210	166,932	166,932	483	-	166,932	167,415	166,932
Financial	333,410,884	124,252,958	15,404	15,404	1,266	8,986	15,404	25,656	15,404
Insurance	-	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
Others	96,246	96,545	96,246	96,545	-	-	96,247	96,247	71,277
	334,702,653	125,452,848	444,672	444,971	4,118	8,986	424,224	437,328	399,254

Credit risk by public / private sector

	Gross investments		Non-performing investments		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
	(Rupees in '000)								
Public / Government	331,537,876	122,256,795	-	-	312	-	-	312	-
Private	3,164,777	3,196,053	444,672	444,971	3,806	8,986	424,224	437,016	399,254
	334,702,653	125,452,848	444,672	444,971	4,118	8,986	424,224	437,328	399,254

43.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
					(Rupees in '000)				
Agriculture, Forestry, Hunting and Fishing	-	-	-	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-	-	-	-
Textile	3,781,811	4,110,849	288,985	313,947	2,062	-	284,916	286,978	309,878
Chemical and Pharmaceuticals	191,131	295,689	-	-	97	683	-	780	-
Cement	363,838	385,621	-	-	-	23,753	-	23,753	-
Sugar	372,859	793,785	226,000	232,000	84	-	226,000	226,084	94,947
Footwear and Leather garments	-	-	-	-	-	-	-	-	-
Automobile and transportation equipment	266,140	303,503	-	-	-	15,949	-	15,949	-
Electronics and electrical appliances	368,750	531,250	-	50,000	109	15,200	-	15,309	50,000
Construction	274,307	275,693	271,111	271,111	-	24	221,184	221,208	-
Power (electricity), Gas, Water, Sanitary	3,529,028	3,522,033	256,625	265,410	2,462	199,649	218,940	421,051	68,200
Wholesale and Retail Trade	81,819	73,150	-	-	65	632	-	697	-
Exports/Imports	-	-	-	-	-	-	-	-	-
Transport, Storage and Communication	2,367,473	2,397,588	-	-	1,891	-	-	1,891	-
Financial	1,792,839	519,088	5,161	5,161	150	-	5,161	5,311	5,161
Insurance	-	-	-	-	-	-	-	-	-
Services	1,284,815	2,076,654	-	1,018	591	90,925	-	91,516	1,018
Individuals	145,447	104,967	-	-	31	-	-	31	-
Others	4,397,965	4,885,566	1,488,063	1,086,474	2,901	329,771	1,395,023	1,727,695	325,236
	19,218,222	20,275,436	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440

Credit risk by public / private sector

	Gross advances		Non-performing advances		Credit loss allowance held				
	2023	2022	2023	2022	Stage 1	Stage 2	Stage 3	Total 2023	2022
					(Rupees in '000)				
Public/ Government	740,741	740,741	-	-	-	-	-	-	-
Private	18,477,481	19,534,695	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440
	19,218,222	20,275,436	2,535,945	2,225,121	10,443	676,586	2,351,224	3,038,253	854,440

43.1.4 Contingencies and Commitments

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Textile	300,000	335,842
Chemical and Pharmaceuticals	225,000	-
Power (electricity), Gas, Water, Sanitary	-	500,000
Insurance	-	50,000
Services	-	50,000
Others	75,698	172,426
	600,698	1,108,268
Credit risk by public / private sector		
Public/ Government	-	-
Private	600,698	1,108,268
	600,698	1,108,268

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 6,616.425 million (2022: Rs 7,365.029 million) are as following:

	2023	2022
Funded	6,616,425	7,365,029
Non Funded	-	-
Total Exposure	6,616,425	7,365,029

The sanctioned limits against these top 10 exposures aggregated to Rs 9,405 million (2022: Rs 9405 million)

Total funded classified therein

	2023		2022	
	Amount	Credit loss allowance held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	188,425	150,740	197,210	-
Substandard	-	-	750,000	77,183
Doubtful	465,205	372,165	334,728	9,944
Loss	1,882,315	1,828,319	943,183	767,313
Total	2,535,945	2,351,224	2,225,121	854,440

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

2023

Province/Region	Disbursements	Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	3,135,278	688,071	1,397,207	-	-	1,050,000	-

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	-

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.

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 Statement of financial position split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	532,801	-	532,801	346,474	-	346,474
Balances with other banks	143,670	-	143,670	1,625,259	-	1,625,259
Lendings to financial institutions	-	-	-	5,135,762	-	5,135,762
Investments	4,552,041	330,947,927	335,499,968	4,069,802	121,363,953	125,433,755
Advances	16,179,969	-	16,179,969	19,420,996	-	19,420,996
Property and equipment	854,571	-	854,571	774,471	-	774,471
Right-of-use assets	88,596	-	88,596	101,846	-	101,846
Intangible assets	96,416	-	96,416	96,559	-	96,559
Deferred tax assets	1,320,595	-	1,320,595	588,518	-	588,518
Other assets	12,223,227	-	12,223,227	4,071,258	-	4,071,258
Assets held-for-sale	-		-	-		-
	35,991,886	330,947,927	366,939,813	36,230,945	121,363,953	157,594,898

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.

	2023		2022	
	Foreign Currency Assets	**Net foreign currency exposure**	**Foreign Currency Assets**	**Net foreign currency exposure**
United States Dollar	30	30	43	43
Omani Riyal	18,688	18,688	11,203	11,203
	18,718	18,718	11,246	11,246

	2023		2022	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	------------------------------ (Rupees in '000) ------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(187)	-	(116)	-
- Other comprehensive income	-	-	-	-

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.

	2023		2022	
	Banking book	**Trading book**	**Banking book**	**Trading book**
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account *	-	-	-	-
- Other comprehensive income	**(159,635)**	-	(151,504)	-

* 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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on:				
Profit and loss account *	-	-	-	(20,762)
Other comprehensive income *	3,087,898	(234,933)	210,828	(226,241)

* Earning approach

43.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2023										
		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		532,801	-	-	-	-	-	-	-	-	-	532,801
Balances with other banks	5.00%	143,670	13,893	-	-	-	-	-	-	-	-	129,777
Lendings to financial institutions	0.00%	-	-	-	-	-	-	-	-	-	-	-
Investments	22.21%	335,499,968	35,247,736	56,553,021	92,472,345	140,720,582	1,421,416	4,776,137	2,528,236	476,010	-	1,304,485
Advances	21.57%	16,179,969	4,071,028	8,281,491	1,425,930	291,263	520,324	477,334	683,727	378,273	28,065	22,534
Assets held-for-sale		-	-	-	-	-	-	-	-	-	-	-
Other assets		8,983,302	-	-	-	-	-	-	-	-	-	8,983,302
		361,339,710	39,332,657	64,834,512	93,898,275	141,011,845	1,941,740	5,253,471	3,211,963	854,283	28,065	10,972,899
Liabilities												
Borrowings	21.95%	340,891,244	315,242,639	2,734,729	20,667,326	288,208	504,265	460,678	658,017	335,382	-	-
Deposits and other accounts	21.93%	12,218,415	5,684,462	1,970,648	1,522,368	3,040,937	-	-	-	-	-	-
Liabilities against assets subject to finance lease	9.17%	2,267	76	154	236	489	1,047	265	-	-	-	-
Other liabilities		5,257,712	-	-	-	-	-	-	-	-	-	5,257,712
		358,369,638	320,927,177	4,705,531	22,189,930	3,329,634	505,312	460,943	658,017	335,382	-	5,257,712
On-balance sheet gap		2,970,072	(281,594,520)	60,128,981	71,708,345	137,682,211	1,436,428	4,792,528	2,553,946	518,901	28,065	5,715,187
Non-Financial assets		5,600,103										
Non-Financial liabilities		15,062										
Total Net Assets		8,555,113										
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			(281,594,520)	60,128,981	71,708,345	137,682,211	1,436,428	4,792,528	2,553,946	518,901	28,065	5,715,187
Cumulative yield / interest risk sensitivity gap			(281,594,520)	(221,465,539)	(149,757,194)	(12,074,983)	(10,638,555)	(5,846,027)	(3,292,081)	(2,773,180)	(2,745,115)	2,970,072

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
		2022										
		Exposed to yield / interest risk										
		(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

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 Group's business and operational activities.

The Group has instituted sound operational risk 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 operational risk 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 Group 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.

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 Group on a daily basis.

43.5.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

	Total	Upto 1 day	Over 1 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	532,801	-		532,801	-	-	-								
Balances with other banks	143,670	-	143,670	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	335,499,968	-	17,381,900	-	70,793	311,051	20,423,395	6,126,044	2,070,434	140,972,997	22,504,484	27,768,588	53,109,829	44,160,453	600,000
Advances	16,179,969	-	42,233	89,244	443,848	526,779	1,939,530	1,393,366	864,519	877,452	3,168,363	2,495,137	2,549,100	1,738,968	51,430
Property and equipment	854,571	-	-	-	8,288	8,289	8,288	24,865	24,539	24,539	84,510	116,117	95,578	206,873	252,685
Right of use assets	88,596	-	-	-	668	668	668	2,004	2,004	2,004	8,014	8,014	17,535	40,071	6,946
Intangible assets	96,416	-	-	-	-	-	-	-	-	-	-	-	96,416	-	-
Deferred tax assets	1,320,595	-	-	-	(31,374)	(2,215)	(2,214)	(11,816)	11,077	11,077	(6,316)	26,675	1,338,254	70,841	(83,394)
Other assets	12,223,227	-	1,748,705	136,223	892,783	1,216,841	1,105,225	3,820,640	6,504	3,166,871	15,140	18,399	79,954	15,942	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	366,939,813	-	19,316,508	758,268	1,385,006	2,061,413	23,474,892	11,355,103	2,979,077	145,054,940	25,774,195	30,432,930	57,286,666	46,233,148	827,667
Liabilities															
Borrowings	340,891,244	-	123,848,322	158,150,481	32,243,836	63,077	1,009,152	20,833,993	832,619	284,756	1,837,598	794,011	658,017	335,382	-
Deposits and other accounts	12,218,415	-	1,101,128	473,090	2,752,975	910,792	815,161	1,522,368	2,715,062	1,927,839	-	-	-	-	-
Liabilities against assets subject to finance lease	2,267	-	-	-	76	77	77	236	242	247	1,047	265	-	-	-
Others liabilities	5,272,774	-	1,169,257	1,646,623	459,490	80,020	730,616	961,989	182,209	12,885	16,028	6,013	7,644	-	-
	358,384,700	-	126,118,707	160,270,194	35,456,377	1,053,966	2,555,006	23,318,586	3,730,132	2,225,727	1,854,673	800,289	665,661	335,382	-
Net assets	8,555,113	-	(106,802,199)	(159,511,926)	(34,071,371)	1,007,447	20,919,886	(11,963,483)	(751,055)	142,829,213	23,919,522	29,632,641	56,621,005	45,897,766	827,667
Share capital	6,150,000														
Reserves	1,751,681														
Unappropriated profit	244,685														
Surplus on revaluation of assets	407,448														
Non-controlling interest	1,299														
	8,555,113														

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
Property and equipment	774,471	-	-	(318)	6,298	5,981	5,980	17,942	16,806	16,806	59,337	49,824	99,273	206,255	290,287
Right of use assets	101,846	-	-	318	318	636	636	1,907	1,907	1,907	7,630	7,630	22,170	56,787	-
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														

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 of the Group

2023

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	532,801	532,801	-	-	-	-	-	-	-	-
Balances with other banks	143,670	143,670	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	335,499,968	17,452,693	20,734,446	6,126,044	143,043,431	22,504,484	27,768,588	53,109,829	44,160,453	600,000
Advances	16,179,969	575,325	2,466,309	1,393,366	1,741,971	3,168,363	2,495,137	2,549,100	1,738,968	51,430
Property and equipment	854,571	8,288	16,577	24,865	49,078	84,510	116,117	95,578	206,873	252,685
Right of use assets	88,596	668	1,336	2,004	4,008	8,014	8,014	17,535	40,071	6,946
Intangible assets	96,416	-	-	-	-	-	-	96,416	-	-
Deferred tax assets	1,320,595	(31,374)	(4,429)	(11,816)	22,154	(6,316)	26,675	1,338,254	70,841	(83,394)
Other assets	12,223,227	2,777,711	2,322,066	3,820,640	3,173,375	15,140	18,399	79,954	15,942	-
Assets held-for-sale	-	-	-	-	-	-	-	-	-	-
	366,939,813	21,459,782	25,536,305	11,355,103	148,034,017	25,774,195	30,432,930	57,286,666	46,233,148	827,667
Liabilities										
Borrowings	340,891,244	314,242,639	1,072,229	20,833,993	1,117,375	1,837,598	794,011	658,017	335,382	-
Deposits and other accounts	12,218,415	4,327,193	1,725,953	1,522,368	4,642,901	-	-	-	-	-
Liabilities against assets subject to finance lease	2,267	76	154	236	489	1,047	265	-	-	-
Others liabilities	5,272,774	3,275,370	810,636	961,989	195,094	16,028	6,013	7,644	-	-
	358,384,700	321,845,278	3,608,972	23,318,586	5,955,859	1,854,673	800,289	665,661	335,382	-
Net assets	8,555,113	(300,385,496)	21,927,333	(11,963,483)	142,078,158	23,919,522	29,632,641	56,621,005	45,897,766	827,667

Share capital	6,150,000
Reserves	1,751,681
Unappropriated profit	244,685
Surplus on revaluation of assets	407,448
Non-controlling interest	1,299
	8,555,113

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
Property and equipment	774,471	5,980	11,961	17,942	33,612	59,337	49,824	99,273	206,255	290,287
Right of use assets	101,846	636	1,272	1,907	3,814	7,630	7,630	22,170	56,787	-
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

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 07 March 2024 have:

- proposed 5.5% cash dividend amounting to Rs 338.25 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 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 07 March 2024 by the Board of Directors of the Group.

Nauman Ansari	Muhammad Amin	Mohammad Shabir Ahmed Khan	Faisal Ali Ibrahim Al Siyabi	Juland Jaifar Salim Al Said
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, 2023

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	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: Indus Public College** Address: Maymar Plaza, 3rd Floor, FL-3K-2, Block 1, KDA Scheme No 24, Gulshan-e-Iqbal, Karachi.	Mr. Asif Izhar: CNIC 42101-2972848-9	Mr. Izhar ul Haq	1,018	415	1,108	2,541	-	-	318	318
2	**Name: Century Packages (Pvt.) Ltd** Address: Plot no. 160, Sector 24, Korangi Industrial Area, Karachi	Mr. Mohammad Salman Aslam : CNIC 42301-0494729-9 Mr. Mohammad Aslam Qureshi : CNIC 42301-1862954-7	Mr. Mohammad Aslam Qureshi Mr. Muhammad Suleman Qureshi	63,617	24,297	29	87,943	-	25,612	-	25,612
3	**Name: Dynasel Ltd** Address:21-Commercial Area Cavalry Ground, Lahore	Mr. Haroon Niazi - CNIC 35202-8915628-1 Mr. Aquil Lotia - CNIC 423019047065-9 Mr. Zahid Hussain - CNIC 35200-3246490-5 Mr. Muhammad Yousaf - CNIC 420006-799164-7 Mr. Aly Khan-CNIC 42301-0194988-3 Mr. Mohammad Aftab Alam CNIC :42101-1217121-9 Mr. Shafi-Ud-Din Ghani Khan CNIC 42301-0899912-1	Mr. MHK Niazi Mr. Luqman Lotia Mr. Mian Waheed Ur Rehman Mr. Abdul Latif Mr. Habib Ullah Khan Mr. Muhammad Saoof Ahmed Mr. Abdul Ghani Khan	50,000	11,583	53,638	115,221	-	-	12,122	12,122
				114,635	36,295	54,775	205,705	-	25,612	12,440	38,052