Chairman's review

I am pleased to present the annual financial statements of Pak-Libya Holding Company (Private) Limited for the year ended 31 December 2022.

The year 2022 was a difficult year globally where most of the world economies faced various challenges and conflicts resulting high commodities prices, energy costs, overall inflation and interest rates.

In Pakistan, overall economic environment remained subdued and started to give negative signals after sudden change in interest rate scenario, uncontrolled inflation and negative behaviour of capital and money markets; macro-level indicators of the economy and changing global landscape proved tough for the business environment.

The management of the Company, carefully re-adjusted its position and aligned with the economic and market situations in currently unprecedented increasing interest rates scenario. The year proved challenging for the Company however, it managed to demonstrate its commitment and resilience while accepting any challenge that came in its way.

The Company has been regularly revisiting its business processes in a continuously evolving regulatory environment and adopting necessary changes in a cost effective manner to ensure compliance with statutory requirements together with attainment of its objectives especially long-term sustainable growth.

In the uncertain times, the shareholders remained committed to support the Company and has injected additional equity to resolve long outstanding matter of statutory capital requirements. It has, however, been important for the Board to consider the position of the Company in the markets in which it operates and to ensure that outcome of potential future challenges would be materialised in a manner in which the Board wants them to be transpired.

Hence, the Board will keep its work and performance under regular review and will revisit the governance principles to ensure best practices.

I firmly believe that the Company, management and staff will face all challenges with positivity to achieve Company's ultimate objective of *creating long-term value for our clients, shareholders, employees and other stakeholders*.

I have no doubt that given the continuous dedication and team spirit of our employees as well as the continuous support of our shareholders, Pak Libya shall prosper in the years ahead.

Acknowledgements

I would like to express my sincere gratitude to all the stakeholders for the confidence they continue to repose in the Company. I also want to express my sincere appreciation to the shareholders; LAFICO, MoF and SBP, for their continued support.

Sd/-
Chairman

4th May 2023

Directors' Report

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Pak Libya Holding Company (Private) Limited ("Pak-Libya") along with annual audited financial statements and the auditor's report thereon for the year ended 31 December 2022.

Economic Overview

The economic momentum witnessed in the second half of year 2021 with increase in local demand in large scale manufacturing, autos and POL products was short-lived and faced challenges like continuous increase in oil & energy prices, supply chain issues, commodity supercycle prices as well as continuously increasing inflation.

The stock market remained subdued and range bound, posting a negative 9.5% return for the year. It fluctuated between a low of KSE-100 index 39,279 in December 2022 to a peak of 46,602, early in the year, in April 2022. The market kept looking for triggers but failed to gain momentum on account of multi-pronged factors such as interest rates rise, inflation, current account deficit and related pressure on Rupee/Dollar parity.

Prolonged negotiations with IMF and delay in conclusion of an agreement with stiff prior actions, including continuous increase in interest rates and commitment from other countries, also unnerved the markets resulting in weakening of Pak Rupee against US Dollar and nervousness in the stock market. In year 2022, the inflation kept creeping up and the CPI was clocked at 24.5% while interest rates reached to an exceptional high level of 17% in December 2022 and has increased further by 500 bps during the first four month of the year 2023.

Political uncertainties, current account deficit and rising inflation resulting in possibility of further abrupt rise in interest rates are the main challenges being faced by the economy in the current year.

Corporate Performance

The increase in policy rates toward the 4th quarter of 2021 gave a disconcerting signal to money, stock or foreign exchange markets. The US$ has seen its all-time high exchange price whilst the energy prices are continuously rising. The Capital market remained subdued due to the attraction available in the Money market investment as a result of extraordinary high interest rates and political developments.

Resultantly, the quality of asset mix remained dominant with investments in debt securities due to interest rate scenario together with gradual build-up of loan & advances portfolios.

During the year 2022, the gross mark-up income was PKR 8.104 billion compared to PKR 2.958 billion whilst loss before tax was PKR 218.46 million as compared to profit before tax of PKR 42.46 million in last year.

The margins of the Company also declined, compared to last year; net interest margin (NIM) was significantly impacted due to certain investment in Government Securities portfolio at a fixed rate which was less than its weighted average borrowing rate. To address the situation, the management readjusted its overall Government Securities portfolio to mitigate the increase in interest rate together with borrowing arrangements for stable funding resources at highly competitive rates. As a result, the NIM has become positive after the yearend i.e. January 2023.

The management of the Company, after critical evaluation of its options, the impact of KEL non-yielding assets (power plant) on the operations and thorough negotiations, managed to finalise an out-right sale deal duly approved by the Board and ratified by the shareholders. Consequently, the management disposed-off these non-banking (non-yielding) assets (power plant) under an offer of out-right sale and made a gain of PKR 198.14 million (net of impairment). The outright sale and availability of free cash flows of PKR 1,000 million has a significant favourable impact on the operations of the Company.

The asset base of the Company has increased by 206.96% reflecting growth in Debt Investment and Credit portfolios compared to FY2021. On the assets side, management aims to double the total asset in 5 years having focus on sustainable growth in Loans & Advances being the key driver of growth.

The liabilities have also increased by 244.06%, with noticeable continuous increase in deposits which increased by 22.97% in line with strategy. The continued focus is to have stable funding resources including individual deposit mobilisation activity. The objective is to reduce the reliance on repo borrowing and have a leverage ratio ranging between six to ten times.

At year end, Company's capital free of loss stood at PKR 5.762 billion; the management has a plan in place to bridge the MCR shortfall through organic growth as approved by the Board.

Investment Banking, Syndication & Advisory (IBSA) and Corporate, Commercial & SME (CC&SME)

Considering the core activity of the Company, significant efforts are being made to increase the credit portfolio. The loan & advances portfolio (net of recoveries and provisions) has increased from PKR 6.312 billion last year to PKR 9.743 billion. Further, overall non-government debt securities portfolio has also been maintained and stood at 2,211.83 million. During the year, both teams earned net interest income of PKR 183.57 million.

The management exercised extra caution in selecting clients, for IBSA and CC&SME, through stringent risk assessment and pressed hard on rigorous post disbursement monitoring considering the challenging business environment.

Treasury & Fund Management (TFM)

TFM carefully selected instruments and managed to build a portfolio yielding positive spread; the department continuously mitigating the impact of interest rate increase on certain investment in Government Securities portfolio at a fixed rate which was less than its weighted average borrowing rate.

However, considering huge volatility in interest rate curve together with increase in frequency of MPC meeting and delayed IMF agreement, it has become a speculative matter showing negative market sentiments and uncertain future outlook.

TFM, in addition to mobilising resources at competitive rates for business units continued to supplement our core business income through secondary market investments and selected investments in debt instruments.

Securities Portfolio Management (SPM)

Economic and political uncertainty, at domestic and international levels, showing no signs of stable capital market; low trading volumes and current weighted average cost of equity securities portfolio had already impacted the profitability due to impairment and fewer opportunities for capital gains.

During the year, SPM increased its dividend income on the equity securities portfolio. The management has been continuously reviewing its equity portfolio and making efforts to make the portfolio diversified and dynamic. The additional impairment charged at yearend was of PKR 34.61 million whilst PKR 66.02 million has reversed, during the year, due to disposal of related shares.

Back Offices Support (Risk Control Functions)

The Risk Control Functions have performed their role diligently and ensured smooth operations of the Company during the entire year; the cross functional teams provided end-to-end support to conclude the activities. The coordinated efforts achieved business objectives while mitigated operational risks, continuity of business activities under an efficient business continuity plan. The teams also played a vital role in implementation of IFRS-9 which enabled the Company for early adoption of the standard.

A brief summary of the financial results and financial position is as follows:

	2022	2021
	PKR in thousands	
Year-end balances:		
Total assets	**124,690,684**	40,621,204
Total liabilities	**120,579,424**	35,046,346
Net assets	**4,111,260**	5,574,858
Shareholders' equity (net):		
Share capital	**8,141,780**	8,141,780
Reserves	**380,654**	380,654
(Deficit)/Surplus on revaluation of assets – net of tax	**(2,012,716)**	(847,361)
Accumulated loss	**(2,398,459)**	(2,100,215)
Advance against shares subscription	**-**	-
Total	**4,111,260**	5,574,858
For the year:		
Profit/(Loss) before taxation	**(218,460)**	42,467
Profit/(Loss) after taxation	**(306,498)**	40,883
Earnings/(Loss) per share – PKR	**(376.45)**	50.63

The Company had transferred, in FY2021, an amount equal to 20% of profit after taxation to statutory reserves as per the applicable legal requirements.

In view of the minimum capital requirement (MCR), at yearend, no amount could be considered for distribution of dividends (bonus or cash) to the shareholders. We are, however, confident that since the MCR requirement is completed, the Company will earn sufficient profits to enable dividend distributions to its shareholders.

The Pakistan Credit Rating Agency (PACRA) maintained its credit ratings for the year 2022, however, as a result of persistent efforts and commitment to focus on core issues, the future outlook of the Company has been upgraded from 'Stable' and assigned as 'Positive':

Short term A1+

Long term AA–

These ratings denote a low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement. Further, changes in the accounting policies are duly disclosed in the financial statements.
- International Financial Reporting Standards, as applicable in Pakistan for DFIs, have been followed in the preparation of financial statements.
- There are no doubts regarding the Company's ability to continue as a going concern.
- Tax contingencies have been disclosed in the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The system of internal controls including internal controls over financial reporting is sound in design and has been effectively implemented and monitored.
- Summary of key operational and financial data for the last six years is enclosed.

Corporate Social Responsibility

The Company has always remained active in fulfilling its social responsibility and will continue its efforts on this front in future as well. However, currently, we were unable to support certain notable, reputed charitable institution due to the minimum capital requirement and related SBP prudential regulations.

Green Banking Initiative

The Company has adopted a Green Banking policy wherein Pak-Libya aims to obtain relevant documents, for loaning to new projects, that have been specified in the Environment Protection Act whilst for existing loans, management will evaluate adherence to the Environment Quality Standards established by the environment agencies. In an event, where the borrower is not compliant to any of the set standards, the Company will encourage and assist them in coming up with better environment protection measures.

The management has nominated a Green Banking Officer and is in the process of establishing a Green Banking Office to collect and consolidate data/information on green banking activities and initiatives for its onward reporting to the senior management/Board and SBP, as and when such data/information is sought.

Consumer Grievances Handling Mechanism

The Company is committed to providing its customers quality services and highest level of satisfaction therefore has adopted a formal policy and established process to deal with consumer grievances. The management through complaint handling mechanism, ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible.

All complaints get handled through Centralised Complaint Management System under the supervision of Head of HRA and SVP (RMRC).

Board Composition

During the year, certain vacancies existed on the Board. In January 2022, the non-executive directors nominated by LAFICO, Mr. Bashir Blkasm Omer and Mr. Abdulfatah Ashour Ali Ejayedi have been replaced at the Board. The LAFICO has nominated, on 30th June 2022, Mr. Bashir Blkasm Omer (replacing Mr. Khaled Joma Ezarzor) as an Executive director (Deputy Managing Director) whereas, Mr. Jehad Jamal El-Barag was nominated as non-executive director (replacing Mr. Mr. Abdulfatah Ashour Ali Ejayedi) on 3rd January 2023, whose Fit and Proper Test was also cleared by the State Bank of Pakistan on 20th February 2023. Moreover, during the year, GoP nominee non-executive director, Dr. Muhammad Tahir Noor had completed his term on 21st April 2022 while his replacement has not been nominated yet.

Performance Evaluation of the Board

The Company engages Pakistan Institute of Corporate Governance (PICG), a specialised institute, for the performance evaluation of the Board members. The external evaluator gives an independent view and perspective about overall performance of Board. The Chairman of the Board communicates the results internally to all board members.

Risk Management Framework

The Risk Management Structure of the Company is overseen by the Board's Risk Management Committee (BRMC) which has further entrusted the task to the Management's Risk Management Committee (MRMC) to carry out the assessment and supervision/monitoring of all types of risks, the Company is exposed to and work on a strategy and action plan to mitigate the risks on the basis of Company's overall risk appetite.

The Credit Policy and Credit Manuals for the Company are updated and modified based on changing risk and regulatory environment and are being implemented for a better and comprehensive evaluation, on a continuous basis, of credit exposure that each client brings in. The Obligor Risk Rating model and Facility Risk Rating model emphasising upon internal ratings model covering objective aspects are used for respective evaluation of risks. Consequently, the risk appetite has been further elaborated to include specific limits. Furthermore, the monitoring and reporting mechanism has also been strengthened with an aim to improve the overall credit risk management process.

We believe that a sound and effective Operational Risk Function is critical for uninterrupted workflow of operations round the year. Thus, staying watchful of any contingency that may arise and to ensure continuity of our business operations a BCP site is being maintained. Moreover, an operational risk database is being regularly maintained to comply with the regulatory requirement as well as to keep a regular check on the incidents that need to be addressed on a prompt basis and also to evaluate the effective functioning of the operational risk mechanism.

We also have in place a Company-wide documented business continuity plan at each business unit with a view to manage risk emanating from operational activities. During the year, we continued to strengthen our Internal Controls and hence brought about various improvements in our integrated IT system keeping in view the best practices and to cater our reporting requirements. Furthermore, our Compliance, Risk Management and overall Internal Control structure remained robust and the implementation of SBP guidelines and framework on Internal Control over Financial Reporting (ICFR) remained steadfast.

The market risk function continues to monitor market related risks. Stress Testing analyses are used to assess impact of key potential risks on existing exposures. The market risk policy with elaborated interest rate risk is in place. Also, the guidelines on monitoring and reporting of interest rate risks have been enhanced in the overall market risk management framework.

The Company also has a Liquidity Risk Management Policy, in addition to the Liquidity Management Policy, in place. The Liquidity Risk Management Manual includes detailed and comprehensive processes to manage various liquidity aspects and Contingency Funding Plan.

The Company continues to maintain its CAR well above prescribed regulatory thresholds throughout the year based on applicable Basel II and Basel III requirements. Internal Capital Adequacy Assessment Process (ICAAP) framework has been reviewed in view of the guidelines issued by SBP and implemented to make the process more robust and effective. Moreover, efforts are underway to comply with regulatory Minimum Capital Requirement (MCR) of PKR 6 billion. The MoF and LAFICO (both the shareholders) have injected additional equity to increase the loss absorption capacity, smooth operations and long-term sustainable growth of the Company. In this regard, the authorised capital of the Company has increased to PKR 10 billion.

Growth in the Company's portfolio is being managed effectively to avoid risk concentration through established limits in every important/relevant area. Amendments in the limits had/have been duly made in line with revision in the Prudential Regulations, if any. The Company aims at business growth by assuming direct exposure or through risk participation. Risk Management function proactively contributes for taking exposure within the defined risk parameters.

The Company continued to strengthen compliance program during the year with appropriate KYC/AML controls in place and ensuring regulatory compliance and awareness through the forum of Compliance Committee of the Management. All policies, procedures and products are reviewed from compliance perspective along with maintaining relationship with regulatory authorities. The Company's overall Risk Management Framework is robust. The Company continues to put in efforts to further improve and strengthen the risk management and internal control framework.

Statement on Internal Controls

A sound system of internal controls is in place to achieve organisational objectives and continuous improvement is made therein in light of the changing requirements of the business and operating environment. Management has evaluated the internal controls, including internal controls over financial reporting as effective and the Board endorses the same evaluation. The State Bank of Pakistan, in view of the strengthened control environment has granted exemption to the Company from annual submission of external auditor's long form report on internal control over financial reporting (ICFR).

Comments of Auditors in their Audit Report

The external auditors have expressed a qualified opinion on the investment in Summit Bank (counter party) and Silk Bank (counter party) TFC's amounting to PKR 498.50 million, as referred in note 8.2.6 and 8.2.7 to the accompanying financial statements as they were unable to obtain sufficient appropriate audit evidence to determine the recoverability of these TFCs.

Furthermore, they have added emphasis of matter paragraph in their audit report while referred note 1.2 to the accompanying financial statements relating to overall business and economic environment and Company's plan regarding minimum capital requirements. The opinion of auditors is not qualified in respect of this matter.

Comments of Auditors in their Review Report on Best Practices of Corporate Governance

Auditors have not highlighted any non-compliance in their review report on Company's Statement of Best Practices of Corporate Governance.

Statement of Investment of Provident and Gratuity Funds

The values of investments (excluding cash at bank) of provident fund and gratuity fund as at 31 December 2021 were PKR 141.53 million and PKR 145.31 million respectively based on the audited accounts of these funds.

Details of Board Meetings and Board Sub-committee meetings attendances and their memberships

During the year, four meetings of the Board of Directors were held and attended by directors as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Mohamed Mahmoud Shawsh	Chairman	2	2
Dr. Muhammad Tahir Noor	Director	2	2
Mr. Abrar Ahmed Mirza	Director	4	4
Mr. Bashir B. Omer	Deputy Managing Director	2	2
Mr. Khurram Hussain	Managing Director	4	4
Mr. Khaled Joma Ezarzor	Deputy Managing Director	4	4
Mr. Abdulfatah Ashour Ali Ejaedi	Director	-	-

Details of Audit Committee Meetings

During the year, two meetings of the audit committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Dr. Muhammad Tahir Noor	Chairman	2	2
Mr. Abrar Ahmed Mirza	Member	2	2
Mr. Abdulfatah Ashour Ali Ejayedi	Member	-	-

Details of Risk Management Committee Meetings

During the year, one meeting of the risk management committee was held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Abrar Ahmed Mirza	Chairman	1	1
Mr. Bashir B. Omer	Member	1	1
Mr. Abdulfatah Ashour Ali Ejayedi	Member	-	-
Mr. Khaled Joma Ezarzor	Member	-	-

Details of Human Resource Management Committee Meetings

During the year, no human resource management committee meeting was held.

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Mohamed Mahmoud Shawsh	Chairman	-	-
Dr. Muhammad Tahir Noor	Member	-	-
Mr. Abdulfatah Ashour Ali Ejayedi	Member	-	-

Details of Credit/Investment Committee Meeting of the Board

During the year, no credit/investment committee meeting was held.

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Mohamed Mahmoud Shawsh	Chairman	-	-
Mr. Abrar Ahmed Mirza	Member	-	-
Mr. Khurram Hussain	Member	-	-

Auditors

The present auditors, M/s Yousuf Adil, Chartered Accountants (An Independent Correspondent Firm to Deloitte Touche Tohmatsu Limited) have retired and being eligible, have offered themselves for re-appointment. The Audit Committee has recommended re-appointment of auditors for the year ending 31 December 2023 which has been endorsed by the Board of Directors.

Pattern of Shareholding

Shareholders	Shareholding (%)
Government of Pakistan through Ministry of Finance/State Bank of Pakistan	50
Government/State of Libya through Libyan Foreign Investment Company (LAFICO)	50
Total	**100**

Company Outlook

Consequent to the disposal of Power Plant (non-banking assets), deposit mobilisation as stable funding source and determination to increase the advances portfolio, being the core activity, we understand and believe that the Company will be able to achieve its target of sustainable profitability and long term growth. The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets which are a source of potential earnings.

Moreover, new long-term credit lines are being negotiated to fill in the liquidity gaps and to ensure contingency funding planning. Therefore, the Company has been regularly reviewing its assets and liabilities mix together with available resources, and has taken various measures to tighten the controls over operating cost to ensure favourable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

In terms of recoverability of investment in TFCs amounting to PKR 398.58 million, the management has evaluated overall situation vis-à-vis issuer Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to its minimum capital requirements. In this regard, the issuer Bank has requested SBP a separate in-principal approval for the period covering till 27 October 2023. Therefore, management has not provided any impairment on the said TFCs on subjective basis due to the recent developments & negotiations, and has been following up for the amicable resolution of the matter and complete recovery.

The Company, being a DFI, has a specific business model, therefore, business aspects and commercial sense cannot be ignored. However, existing and evolving regulatory requirements governing capital, leverage, and liquidity, together with the steps we have taken/need to take to adapt to them, have been critical for the Company in terms of its long-term sustainable growth and to create a safer and more resilient financial system overall.

In view of the efforts being made by the management we are optimistic about our Company's future growth, profitability and sustainability.

Acknowledgements

On behalf of the Board and the Management, we would like to express our sincere gratitude to the customers and all stakeholders of Pak-Libya for their confidence that they continue to repose in the Company. We would also like to express our appreciation to the shareholders; LAFICO and SBP, including MoF, for their continued support and guidance and to the employees of the Company for their steadfast trust and loyalty.

On behalf of the Board of Directors

Sd/-

Bashir B. Omer
Deputy Managing Director

Sd/-

Khurram Hussain
Managing Director & CEO

4th May 2023

Summary of key operational and financial data for last six years

PKR in millions	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Gross Approvals*	7,641	5,784	4,401	2,357	2,313	2,427
Disbursements	6,550	2,757	2,500	1,767	2,540	1,799
Investments - net	79,477	2,929	5,907	7,188	2,132	-
Recoveries - Principal	2,010	2,506	1,031	1,598	2,151	1,001
Redemption - Investments	310	616	698	672	259	225
Gross Income	8,218	2,988	3,713	1,954	1,507	1,335
Net interest income	(2)	606	713	77	260	265
Net profit/(loss) before tax	(218)	42	460	(277)	(261)	84
Taxation - net	88	2	156	27	62	36
Net profit/(loss) after tax	(306)	41	304	(304)	(323)	48
Shareholders' Equity - net	4,111	5,575	5,963	5,254	4,168	4,555
Total assets	124,691	40,621	37,010	29,089	20,428	19,163
Staff strength (number)**	102	98	104	103	106	111

* Include rollover
** Including outsourced staff

Note: Figures of respective years include impacts of restatements (as applicable)

ناظمین کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2022 کو ختتام پذیر سال پر ہم پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ ("پاک لیبیا") کی ڈائریکٹرز رپورٹ مع محاسب شدہ (audited) سالانہ مالیاتی گوشوارے اور محاسبین (auditor's) کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

سال 2021 کے دوسرے نصف میں معاشی تیزی دکھائی دینے کے ساتھ بڑے پیمانے کی صنعتی پیداوار، گاڑیوں اور POL کی مصنوعات کی مقامی طلب میں اضافہ عارضی ثابت ہوا اور اسے مسلسل بڑھتی ہوئی تیل اور توانائی کی قیمتوں یں اضافہ، سپلائی چین (supply chain) کے مسائل، اجناس کا سپر سائیکل(commodity supercycle) قیمتیں کے ساتھ ساتھ مسلسل بڑھتی ہوئی افراط زر جیسے مسائل کا سامنا کیا۔

اسٹاک مارکیٹ سست رینج باؤنڈ(range bound) رہیں اورسال کے لیے منفی9.5 فیصد منافع کا اندراج کیا۔KSE-100 انڈیکس کا اتارچڑھاؤ دسمبر 2022 کی39,279 پوائنٹس کی کم سطح سے سال کے آغاز میں اپریل 2022 کی 46,602 پوائنٹس کی بلند ترین سطح کے درمیان رہا۔ مارکیٹ متحرک ہونے کے اسباب کی تلاش میں رہی لیکن رفتار حاصل کرنے میں ناکام رہی جس کی وجہ کثیر الجہتی عوامل تھے مثلاً سودی نرخوں میں اضافہ، افراط زر، جاری کھاتے کا خسارہ اور متعلقہ پاکستانی روپے/ڈالر کے شرح مبادلہ پر دباؤ شامل ہیں۔

IMF کے ساتھ طویل مذاکرات اور معاہدے پر پہنچنے میں تاخیر کے ساتھ سخت پیشگی اقدامات بشمول مسلسل سودی نرخوں میں اضافہ اور دیگر ملکوں کی جانب سے یقین دہانیوں جیسےاقدامات نے مارکیٹ کے لیے پریشانیوں میں اضافہ کیا جس کا نتیجہ پاکستانی روپے کی امریکی ڈالر کے مقابلے میں قدرمیں کمی اور اسٹاک مارکیٹ میں گھبراہٹ کی صورت میں نکلا۔ سال 2022 میں افراط زر میں سست روی سے بڑھ رہا تھا اور صارف کی قیمتوں کا انڈیکس (CPI) 24.5 فیصد تھاتاہم دسمبر2022 میں سودی نرخ 17 فیصد کی غیر معمولی بلند سطح پر پہنچ گیا تھا اور اس میں سال 2023 کے پہلے چار ماہ کے دوران 500 بیسس پوائنٹس کا اضافہ ہو چکا ہے۔

جاری سال میں ملکی معیشت کو درپیش مسائل بشمول سیاسی غیر یقینی، جاری کھاتے کا خسارہ اور بڑھتا ہوئی افراط زر سے امکان ہے کہ اچانک سودی نرخوں میں اضافہ ہو جائے۔

اداراتی کارکردگی

سال 2021 کے چوتھی سہ ماہی میں پالیسی نرخوں میں اضافہ نے منی (money)، اسٹاک اور غیر ملکی زرمبادلہ کی مارکیٹوں کو بے اطمینانی کا اشارہ دیا گیا تھا۔ امریکی ڈالر کی تاریخی بلند شرح مبادلہ کی قیمت رہی جبکہ توانائی کی قیمتیں مسلسل بڑھ رہیں تھیں۔ سرمایہ کی منڈی سست رہی جس کی وجہ منی مارکیٹ میں سرمایہ کاری کے مواقع دستیاب تھے جو غیر معمولی بلند سودی نرخ اور سیاسی پیش رفت کے سبب تھیں۔

نتیجتاً، سودی نرخوں کے پس منظر کے ساتھ بتدریج قرضہ جات اور ایڈوانسز میں اضافے کی وجہ سے ڈیبٹ سیکیوریٹیز (debt securities) میں سرمایہ کاری کے ساتھ اثاثہ جات کے آمیزے(asset mix) کا معیار نمایاں رہا۔

گذشتہ سال کے مقابلے میں کمپنی کا نفع کم ہوا، گورنمنٹ سیکیوریٹیز پورٹ فولیو(Government Securities portfolio) جو فکسڈ نرخ (fixed rate) پر تھا جو اس کے وہیٹڈ ایورج باروئینگ ریٹ (weighted average borrowing rate) سے کم تھا ، میں کچھ سرمایہ کاری کرنے کے کی وجہ سے خالص سودی نفع (net interest margin) خاصہ متاثر ہوا۔ اس صورتحال کے تدارک کے لیے ، انتظامیہ نے تمام گورنمنٹ سیکیوریٹیز پورٹ فولیو کو دوبارہ مرتب کیا ہے جس سودی نرخ میں اضافےاور ادھار کے انتظام کے لیے حل نکالا جائے تاکہ زیادہ مسابقتی شرح پر مستحکم فنڈنگ ذرائع حاصل ہوں۔ اس کے نتیجے میں سال کے اختتام کے بعد یعنی جنوری 2023 میں خالص سودی نفع (net interest margin) مثبت ہوگیا۔

کمپنی کی انتظامیہ نے کمپنی کے آپریشنز پر کاموکی انرجی لمیٹڈ (KEL)، غیرپیداواری (non-yielding) اثاثہ جات (پاور پلانٹ) کے اثرات کے سلسلے میں دستیاب مواقعوں کا گہرائی سے جائزہ لینےاور مذاکرات کے بعد اسے فوری طور پر فروخت کا فیصلہ کیا گیا جس کی منظوی بورڈ نے کی اور حصص کنندگان نے اس کی توثیق کر دی ہے۔ نتیجتاً، انتظامیہ نے غیرپیداواری نان بینکنگ(non-yielding) اثاثہ جات (پاور پلانٹ) کی فوری فروخت کی پیشکش کے تحت فروخت کر دیا ہے اور 198.14ملین روپے حاصل کر لیے ہیں (net of impairment) ۔ فوری فروخت او ر 1,000ملین روپے کا فری کیش فلوز (free cash flows) نے کمپنی کے آپریشن پر خاصہ مناسب اثر ڈالا ہے۔

کمپنی کے اثاثہ جات کی بنیاد میں 206.96 فیصد کا اضافہ ہوا جومالی سال 2021 کے مقابلے میں رواں سال ڈیٹ میں سرمایہ کاری اور کریڈٹ پورٹ فولیو کی نمو کو ظاہر کرتا ہے۔اثاثہ جات کے سلسلے میں انتظامیہ کا ارادہ ہے کہ اگلے پانچ سالوں میں کل اثاثہ جات کو دو گنا کر دے اور تسلسل سے نمو دینے والے قرضہ اور قرضوں کے پورٹ فولیو ز میں اضافہ کرے جو نمو کے اصل محرک ہیں۔

مالی واجبات میں بھی244.06 فیصد کا اضافہ ہوا جس میں قابل توجہ ڈپازٹس میں مسلسل اضافہ ہواجو بڑھ کر 22.97 فیصد ہو گیا جو حکمت عملی کے عین مطابق ہے۔ مسلسل توجہ مستحکم فنڈنگ کے ذرائع بشمول انفرادی ڈپازٹس کو متحرک کرنے کی سرگرمیوں کے۔ مقاصد یہ ہے کہ ریپو(Repo) ادھار قرضوں پر انحصار کم کیا جائے اور لیوریج (leverage) کا تناسب چھ سے دس گنا کی رینج میں رہے۔

سال کے اختتام پر، کمپنی کا کیپیٹل بنا کسی نقصان کے5.762 ارب روپے رہا، انتظامیہ کے پاس بورڈ سے منظور شدہ منصوبہ ہے کہ MCR کی organic growth سے پوری کی جائے ۔

سرمایہ کاری بینکاری، سینڈیکیشن اور ایڈوائزی (IBSA) اورر اداراتی، تجارتی اور اسمال میڈیم انٹرپرائزیز (CC&SME)

کمپنی کی بنیادی کاروباری سرگرمیوں کو مد نظر رکھتے ہوئے کریڈٹ پورٹ فولیو میں اضافے کے لیے خاصی اہم کوششیں کی جا رہی ہیں۔قرضداری اور ایڈوانسز کاپورٹ فولیو (وصولیابیوں اور مختصات کا خالص) گذشتہ سال کے 6.312ارب پاکستانی روپے سے بڑھ کر9.743 ارب پاکستانی ہو گیا ۔مزید یہ کہ غیر گورنمنٹ مجموعی ڈیٹ سیکیوریٹیز (debt securities) پورٹ فولیو کو برقرار رکھا اور اس کی مالیت2,211.83 ملین روپے رہی۔ سال کے دوران دونوں ٹیموں نے183.57 ملین روپے کی خالص سودی آمدنی کمائی ۔

انتظامیہ IBSA اور CC&SME کے لیے گاہکوں کے انتخاب میں غیر معمولی احتیاط کا استعمال کرتی ہے اور ایسا کرنے میں خطرے کے سخت تخمینے اور بعد از قرضہ کی فراہمی سخت نگرانی کے عمل کے ذریعے سے کیا جاتا ہے جو مشکل کاروباری حالات کو مدنظر رکھ کر کیا جاتا ہے۔

خزانہ اور فنڈ مینجمنٹ (TFM)

خزانہ اور فنڈ مینجمنٹ (TFM) ڈپارٹمنٹ نے، مالی دستاویزات (instruments) کا انتخاب پوری توجہ سے کیا اور مثبت نتائج دینے والے پورٹ فولیو کی تعمیر کی، متعلقہ شعبے نے کچھ سرمایہ کاری جو گورنمنٹ سیکیوریٹیز پورٹ فولیو (Government Securities portfolio) جو فکسڈ نرخ (fixed rate) پر تھا جو اس کے وہیٹڈ ایورج بوروینگ ریٹ(weighted average borrowing rate) سے کم تھا، پر سودی نرخوں کے اضافے سے ہونے والے اثرات کو مسلسل حل کرنے کی کوششوں میں لگا رہا۔

تاہم،سودی نرخوں میں بہت زیادہ اتار چڑھاؤ (volatility) کے پس منظر میں اور اس کے ساتھMPC اجلاس کی تعداد میں اضافہ اور IMF معاہدے کی تاخیر، یہ معاملہ قیاس آرائی کا سبب بن چکا ہے جو منفی کیفیت اور غیر یقینی مستقبل کا منظر نامہ دکھاتا ہے۔

خزانہ اور فنڈ مینجمنٹ (TFM) نے، کاروبار کی اکائیوں کے لیے مالی ذرائع کو مسابقتی نرخوں پر متحرک کیا تاکہ وہ ہمارے بنیادی کاروبار میں ثانوی بازار میں سرمایہ کاری اور منتخب ڈیبٹ (debt) کی مالیاتی دستاویزات (instruments) میں سرمایہ کاری کے ذریعے ،بنیادی کاروبار کی آمدنی میں اضافے میں حصہ ڈالنا جاری ۔

سیکیوریٹیز پورٹ فولیو مینجمنٹ (SPM)

ملکی اور عالمی سطح پر معاشی اور سیاسی غیر یقینی کی صورتحال کیپیٹل مارکیٹ میں کسی بھی قسم کے استحکام کے اشارے نہیں دکھا رہا ہے، تجارت کا کم حجم، اور موجودہ ملکیتی سرمائے کے سیکیوریٹیز پورٹ فولیو(equity securities portfolio) کا وہیٹڈ اوسط (weighted average) کے اور گنے چنے مواقعوں کی وجہ سے پہلے ہی منافع بخشی کو متاثر کر چکا تھا۔

سال کے دوران، ملکیتی سرمایہ کے سیکیوریٹیز پورٹ فولیو(SPM) میں منقسمہ منافع (dividend) کی آمدنی میں اضافہ دکھایا۔ انتظامیہ، ملکیتی سرمایہ AFS پورٹ فولیو کا مسلسل جائزہ لیتی رہتی ہے اور کوشش کر رہی ہے کہ پورٹ فولیو کو متنوع (diversified) اور متحرک (dynamic) بنایا جائے۔ سال کے اختتام پر خرابی (impairment)کا اضافی خرچہ 34.61 ملین روپے تھا جس میں سے متعلقہ حصص کی فروخت سے 66.02 ملین روپے واپس ہو چکے ہیں۔

پس منظر سے معاونت کرنے والے دفاتر(Back Offices Support) اور رسک کنٹرول فنکشنز(Risk Control Functions)

سال کے دوران، ر رسک کنٹرول فنکشنز(Risk Control Functions) نے اپنا کام عمدگی سے سرانجام دیا اور کمپنی کے آپریشن کو یقینی بنایا، دوسرے شعبوں کی فعال ٹیموں نے، اول تا آخر، کاروباری سرگرمیوں کو نتیجہ خیز بنانے میں معاونت فراہم کی۔ مربوط کوششوں سے کاروبار کے مقاصد حاصل کیے، جبکہ ایک موثر کاروبار کے تسلسل کے منصوبے کے تحت آپریشن سے متعلق خطرات کو کم کیا اور کاروباری سرگرمیوں کا تسلسل بھی جاری رکھا۔ ٹیم نے IFRS-9 کے نفاذ میں بھی اہم کردار ادا کیا جس کی وجہ سے کمپنی معیار (standard) کو جلد اپنانے میں مدد دی۔

مالیاتی نتائج اور مالیاتی صورتحال کا مختصر خلاصہ درج ذیل ہے؛

	2022		2021
اختتام سال کے بقایا جات	پاکستانی روپے 000 میں		
کل اثاثہ جات	124,690,684		40,621,204
کل مالیاتی واجبات	120,579,424		35,046,346
خالص اثاثہ جات	4,111,260		5,574,858
حصص کنندگان کا ملکیتی سرمایہ (خالص)			
حصص کیپٹل	8,141,780		8,141,780
ذخائر	380,654		380,654
اثاثہ جات دوبارہ قدرپیمائی پر (کمی)/ اضافہ - محصول کا خالص	(2,012,716)		(847,361)
جمع شدہ مجموعی نقصان	(2,398,459)		(2,100,215)
شیئرز سبسکرپشن پر ایڈوانس	-		-
مجموعہ	4,111,260		5,574,858
برائے سال			
منافع/ (نقصان) قبل از محصول	(218,460)		42,467
منافع/ (نقصان) بعد از محصول	(306,498)		40,883
آمدنی/(نقصان) فی حصص (پاکستانی روپے)	(376.45)		50.63

مالی سال 2021 میں کمپنی نے منافع بعد از محصو ل کا 20 فیصد کی مالیت کے مساوی رقم لازمی ذخائر میں منتقل کر دی ہے جو مروجہ قانونی ضروریات کے مطابق ہے۔

کمپنی کو کم سے کم سرمایہ رکھنے کی ضرورت (MCR) میں درپیش کمی کو مدِنظر رکھتے ہوئے منقسمہ آمدنی (بونس یا نقد) کی حصص یافتگان میں تقسیم کے لیے کسی رقم پر غور نہیں کیا جا سکا ہے۔ تاہم ہم پر اعتماد ہیں کہ جیسے ہی کمپنی کی کم سے کم سرمایہ رکھنے کی ضرورت(MCR) کی تعمیل مکمل ہوتے ہی کمپنی مناسب منافع کمانے لگے گی اور اس قابل ہو گی کہ اپنے حصص کنندگان کی منقسمہ منافع تقسیم کر سکے گی۔

سال 2022 کے لیے پاکستان کی کریڈٹ ریٹنگ ایجنسی (PACRA) نے پاک لیبیا کی گذشتہ سال کی کریڈٹ درجہ بندی کو برقرار رکھا جو درج ذیل ہے۔تاہم، مسلسل کوششوں اور جانفشانی سے بنیادی مسائل کے حل پر توجہ رکھنے کے نتیجے میں کمپنی کے مستقبل کا منظر نامہ میں بہتری ہونے پر منفی سے مستحکم ہو گئی ہے جو درج ذیل ہے ؛

قلیل المدت A1+

طویل المدت AA-

یہ درجہ بندیاں قرضہ جات کی وصولیابی کے کم خطرے کی نشاندہی کرتی ہے اور مالیاتی ادائیگیوں کی یقین دہانیوں کی بروقت ادا کرنے کی انتہائی مضبوط صلاحیت کو ظاہر کرتی ہیں۔

اداراتی اور مالیاتی رپورٹنگ کے ڈھانچے پر بیان

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت ، عملی امور کے نتائج، نقد بہاؤ (cash flows,) اور ملکیتی سرمائے (equity) میں تبدیلی بہتر طور پر پیش کرتے ہیں۔
- کمپنی نے موزوں کھاتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط تخمینوں پر رکھی ہے۔ مزید یہ کہ ان پالیسیوں میں تبدیلیوں کو مناسب طور پر مالیاتی گوشواروں میں بیان کیا گیا ہے۔
- پاکستان میں ترقیاتی مالیاتی اداروں (DFIs) پر قابلِ اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں۔
- کمپنی کی ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- مستقبل میں محصول کی غیر یقینی ضروریات کو مالیاتی دستاویزات میں ظاہر کر دیا گیا ہے۔
- اداراتی نظم و ضبط کی بہترین مشقوں (practices) سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- اندرونی نگرانی کا نظام اور اندرونی نگرانی کی مالیاتی رپورٹنگ کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور نگرانی کی جاتی ہے۔
- گذشتہ چھ سالوں کے آپریشنل اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

اداراتی سماجی ذمہ داری

کمپنی ہمیشہ سے اپنی سماجی ذمہ داری پوری کرنے کے لیے سرگرم رہی ہے اور مستقبل میں بھی اس محاذ پر کوششیں جاری رکھے گی۔ تاہم، کمپنی کی کار کردگی کے باوجود، ہم بینک دولت پاکستان کے کم سے کم سرمایہ کی پابندی اورSBP محتاط ضوابط (Prudential Regulations) کی وجہ سے ہم نمایاں اور معروف خیراتی اداروں کی مدد نہیں کر سکے۔

سبز بینکاری کا آغاز

کمپنی سبز بینکاری کی پالیسی اپنا چکا ہے، جس کے تحت پاک لیبیا نئے منصوبوں کے لیے قرضہ کی فراہمی کے لیے متعلقہ دستاویزات طلب کرتا ہے جن کو ماحول کے تحفظ ایکٹ میں بیان کیا جا چکا ہے جبکہ موجودہ قرضہ جات میں، انتظامیہ ماحول کی ایجنسیز کے تشکیل کردہ ماحول کے معیار کی کسوٹی کی پیروی کا اندازہ لگاتی ہے۔ کسی موقع پر، جہاں قرض لینے والا ماحول کے متعین کسی کسوٹی کی تعمیل نہیں کرتا، تو کمپنی اس کی حوصلہ افزائی اور معاونت کرتی ہے کہ وہ ماحول کے تحفظ کے لیے بہتر اقدامات کرے۔

انتظامیہ سبز بینکاری آفیسر نامزد کر چکی ہے اور گرین بینکاری آفس کی قیام کے مراحل میں ہے تاکہ وہ گرین بینکاری کی سرگرمیوں اور پیشرفتوں کے بارے میں اعداد و شمار / معلومات جمع اور ان کا انضمام (consolidate) کرکے اعلیٰ انتظامیہ/بورڈ اور SBP کوان کے طلب کرنے پر فراہم کرے ۔

صارف کی شکایتوں کے تدارک کا طریقہ کار (Mechanism)

کمپنی اپنے گاہکوں کو معیاری خدمات اور بلند ترین سطح کے اطمینان فراہم کرنے کے لیے پر عزم ہے اس کے لیے باقاعدہ پالیسی اپنا چکی ہے اور گاہکوں کی شکایات کے تدارک کے لیے ایک طریقہ کار وضع کر چکی ہے۔ انتظامیہ نے شکایت کے تدارک کے طریقہ کار (mechanism) کے ذریعے سے اس بات کو یقینی بناتی ہے کہ شکایات کا بروقت ازالہ ہو جائے اور جہاں تک ممکن ہو شکایات کےاعادہ کو روکا جائے۔

تمام شکایات سربراہ HRA اور SVP (RMRC) کی زیر نگرانی مرکزی شکائت مینجمنٹ سسٹم کے ذریعے نپٹائی جاتی ہیں۔

بورڈ کی ساخت (Board Composition)

سال کے دوران بورڈ پر کچھ آسامیاں موجود تھیں۔ جنوری 2022 میںLAFICO کے نامزد نان ایگزیکیوٹیو ڈائریکٹرز، جناب بشیر بلقسم اور جناب عبداللہ فتح عشور کو بورڈ سے تبدیل کر دیا گیا ہے۔ 30 جون LAFICO 2022 نے جناب بشیر ابولقاسم عمر کو(جناب خالد جمعہ الزرزور کی جگہ) بطور ایگزیکیوٹیو ڈائریکٹر(ڈپٹی مینجنگ ڈائریکٹر) نامزد کیا ہے جبکہ 3 جنوری 2023 کو جناب جہاد جمال الباراج کو(جناب عبدالفتاح عاشور علی کی جگہ) نان ایگزیکیوٹیو ڈائریکٹر نامزد کیا ہے اور20 فروری 2023 کو بینک دولت پاکستان نے ان کی نامزدگی کی منظوری دے دی ہے۔ علاوہ ازیں، پاکستان گورنمنٹ کے نامزد نان ایگزیکیوٹیو ڈائریکٹرڈاکٹرمحمد طاہرنور 21 اپریل 2022 کو اپنی تعیناتی کی مدت مکمل کر چکے ہیں اور ان کی جگہ ابھی تک کوئی نامزدگی نہیں ہوئی ہے۔

بورڈ کی کارکردگی کا جائزہ

کمپنی نے بورڈ کے ارکان کی کارکردگی جانچنے کی ذمہ داری ، پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG)، جو ایک بورڈ کے ارکان کی کارکردگی کے تخمینے کے لیے ماہر انسٹیٹیوٹ ہے، کو سونپ دی ہے۔ بیرونی تخمینہ کار، بورڈ کی مجموعی کارکردگی کے بارے میں ایک آزادنہ اور مخصوص نقطہ نظر دیتا ہے ۔ بورڈ کا چیئر مین کارکردگی کے بارے میں نتائج کی اطلاع تمام بورڈ ارکان کو دیتا ہے۔

خطرے سے نپٹنے کا انتظامی ڈھانچہ (Risk Management Framework)

کمپنی کے رسک مینجمنٹ کی ساخت کی نگرانی بورڈ کی رسک مینجمنٹ کمیٹی (BRMC)کرتی ہے جس نے اس کی مزید ذمہ داری، مینجمنٹ رسک مینجمنٹ کمیٹی (MRMC) کو بھی سونپی ہے کہ وہ کمپنی کے مجموعی کاروباری طلب کی بنیاد پر اس کو درپیش خطرات کا تخمینہ لگائے اور ان کو کم کرنے کے لیے حکمتِ عملی بنائے اور عملی اقدام کرے۔

کمپنی کے قرضہ پالیسی اور قرضہ کی ہدایات کے کتابچے (manual) میں خطرات اور قوائد و ضوابط کے تبدیل ہوتے ہوئے ماحول کے مطابق ترمیم یا تجدید کر دی گئی ہے اور ان کا نفاذ کیا جاتا ہے تاکہ ہر گاہک جو خطرہ اپنے ساتھ لاتا ہے اس کی تسلسل سے بہتر اور جامع قدر پیمائی کی جاتی رہی ہے۔ متعلقہ خطرات کی قدر پیمائی کے لیے Obligor Risk Rating Model اور Facility Risk Rating Model کا تبدیل شدہ ڈیزائن مقاصد کا بھر پور احاطہ کرنے کے لیے اندرونی خطرے کی درجہ بندی کے نمونے (Internal Rating Model) پر زور دیتا ہے۔ نتیجتاً، خطرے کے جذب ہونے کی مخصوص حدود کو شامل کرنے کے لیے مزید وضاحت کی جا چکی ہے۔ مزید یہ کہ نگرانی اور رپورٹنگ کے طریقہ کار کو بھی مضبوط کر دیا گیا ہے جس کا مقصد مجموعی قرضوں کے خطرات کے انتظامی طریقِ عمل کو بہتر کیا جانا ہے۔

ہمارا خیال ہے کہ سال کے دوران بنا رکاوٹ کے آپریشن کے کاموں کو جاری رکھنے کے لیے مستحکم آپریشنل رسک فنکشن نہایت اہم ہے۔ اس لیے کسی بھی ناگہانی طور پر درپیش خطرے کے لیے چوکس رہنے اور اپنے کاروبار کے آپریشن کے تسلسل کو یقینی بنانے کے لیے ہم نے، BCP سائٹ کو برقرار رکھا ہے۔ مزید یہ کہ قواند کی تعمیل کے ساتھ ساتھ کوئی حادثہ جس کا تدارک فوری ضروری ہو اور آپریشنل رسک میکنزم کے موثر ہونے کی قدر پیمائی کے لیے آپریشنل رسک کا ڈیٹا بیس با قاعدگی سے رکھا جا رہا ہے۔

عملی سرگرمیوں سے پیدا ہونے والے خطرے کے انتظام کو مدِنظر رکھتے ہوئے ہم پوری کمپنی میں ہر کاروباری یونٹ کے کاروبار کے تسلسل کے لیے دستاویزی منصوبے کو باضابطہ بنا چکے ہیں۔ سال کے دوران ہم نے مروجہ بہترین طرز عمل (practices) اور رپورٹنگ کی ضروریات کو مدِنظر رکھتے ہوئے اپنے اندرونی نگرانی کے نظام کو مضبوط کرنے کا عمل جاری رکھتے ہوئے متعدد اقدامات کئے اور مزید بہتر ی کے ساتھ مربوط IT سسٹم نافذ کیا جا چکا ہے ۔ علاوہ ازیں ہماری تعمیل ، رسک مینجمنٹ اور مجموعی اندرونی نگرانی کا نظام مضبوط ہے اور SBP کی ہدایات کا نفاذ اور مالیاتی رپورٹنگ (ICFR) کے لیے اندرونی نگرانی کا ڈھانچہ مستحکم ہے۔

مارکیٹ رسک فنکشن نے مارکیٹ سے متعلق خطرات کی نگرانی جاری رکھی۔ دباؤ کے جانچ (Stress Testing) کا ستعمال جاری ہے تاکہ موجودہ قرضہ جات کو درپیش اہم خطرات کے ممکنہ اثرات کا اندازہ لگایا جا سکے۔ ترمیم شدہ مارکیٹ رسک پالیسی بمع مفصل شرح سود کے نرخ کا نفاذ کیا جا چکا ہے۔ مجموعی مارکیٹ رسک مینجمنٹ کے ڈھانچے سودی نرخ کے خطرات کے لئے نگرانی اور رپورٹنگ کے رہنما اصول کو بڑھا دیا گیا ہے۔

کمپنی کے پاس سیالیت (liquidity) مینجمنٹ پالیسی کے علاوہ سیالیت رسک مینجمنٹ پالیسی بھی موجود ہے۔ تبدیل شدہ سیالیت رسک مینجمنٹ کی ہدایات کے کتابچے میں سیالیت کے لیے تفصیلی اور جامع ہنگامی پلان شامل ہے۔

کمپنی نے پورے سال میں Basel-II اور Basel-III کی ضروریات کے مطابق اپنے موزوں سرمائے کی شرح کفایت شعاری (CAR) کوضوابط میں دیئے گئے معیار سے بھی بلند درجے پر برقراری جاری رکھی ہے۔ اندرونی سرمایہ کی موزونیت کے تخمینہ کے پراسس (ICAAP) کے ڈھانچہ کا SBP کے فراہم کردہ رہنما اصولوں کی روشنی میں جائزہ لیا گیاتاکہ پراسس کو مضبوط اور موثر بنایا جاسکے۔ مزید یہ کہ SBP کے 6 ارب کے کم سے کم سرمایہ کی دستوری پابندی (MCR) کی تعمیل کے لیے کوششیں جاری ہیں ۔ MoF اور LAFICO (دونوں حصص کنندگان ہیں) نے اضافی ملکیتی سرمایہ کو ڈالا ہے تاکہ کمپنی میں نقصان برداشت کرنے کی استعداد، ہموار آپریشن اور طویل المدت تسلسل سے جاری رہنے والی نمو میں اضافہ کیا جاسکے۔ اس سلسلے میں کمپنی کا منظور شدہ کیپیٹل بڑھا کر 10 ارب روپے کر دیا گیا ہے۔

کمپنی کے پورٹ فولیو کی نمو کی موثر نگرانی کی جا رہی ہے تاکہ ہر اہم / متعلقہ ایریا میں اس کی متعین حدود کے ذریعے سے خطرات کے ارتکاز (concentration) کو روکا جاسکے۔ محتاط ضوابط میں ترمیم ، اگر کوئی واقع ہوئی یا ہو گی تو، اس کے بعد ان حدود کو بھی با ضابطہ طور سے تبدیل کر دیا گیا ہے یا کر دیا جائے گا۔ کمپنی کا ارادہ ہے کہ کاروبار کی ترقی کے لیے براہِ راست شمولیت کے ذریعے خطرہ کو مدنظر رکھتے ہوئے میں اپنا حصہ ڈالے ۔ رسک مینجمنٹ فنکش رسک کے طے شدہ مثبت نکات پر مستعد ی سے حصہ لیتا ہے۔

سال کے دوران کمپنی نے تعمیل کے پروگرام کے کو مستحکم کرنے کا عمل جاری رکھا اور اس کے ساتھ مناسب AML/KYC کے کنٹرول لاگو کیے اور وہ ضوابط کی تعمیل کو یقینی بناتے ہیں اور انتظامیہ کی آگاہی تعمیل (compliance) کمیٹی کے فورم کے ذریعے کرتے رہتے ہیں۔ تمام پالیسیاں، طریق کار اور مالی مصنوعات کا جائزہ تعمیل کے تناظر میں لیا جاتا ہے اور اس کے ساتھ ریگولیٹری اتھارٹیز کے ساتھ تعلقات برقرار رکھے جاتے ہیں۔کمپنی کا مجموعی مالیاتی خطرے سے نپٹنے کا ڈھانچہ مضبوط ہے۔ کمپنی اپنے رسک مینجمنٹ اور اندرونی کنٹرول ڈھانچے کو مزید بہتر اور مضبوط کرنے کے عمل کو جاری رکھے ہوئے ہے۔

اندرونی کنٹرول پر بیان (Statement on Internal Controls)

کمپنی کے مقاصد کو حاصل کرنے کے لیے ایک مضبوط اندرونی کنٹرول کا نظام موجود ہے اور اس میں کاروبار کی ضروریات اور آپریشن کے ماحول میں تبدیلی کی روشنی میں مسلسل بہتری لائی جا رہی ہے۔ انتظامیہ اندرونی کنٹرول بمع مالیاتی رپورٹنگ \ کا اندرونی کنٹرولز کا اندازہ لگا چکی ہے اور اس کو موثر قرار دے چکی ہے جس کی توثیق بورڈ نے بھی کردی ہے۔ کمپنی کے مضبوط کنٹرول کے ماحول کو مد نظر رکھتے ہوئے بینک دولت پاکستان نے کمپنی کو سالانہ بیرونی محتسب کے مالیاتی رپورٹنگ کے اندرونی کنٹرول (ICFR) کے طویل فارم کو جمع کروانے سے استثنیٰ کی منظوری دی ہوئی ہے۔

محاسبین (Auditors) کا اپنی آڈٹ رپورٹ پر تبصرہ

کمپنی کے بیرونی محاسبین (External Auditors) نے سمٹ بینک (کاؤنٹر فریق) اور سلک بینک (کاؤنٹر فریق) کی TFC's میں سرمایہ کاری جس کی مالیت 498.50 ملین روپے ہے اس پر اپنی qualified رائے دے دی ہے جس کا حوالہ منسلک مالیاتی دستاویزات کے نوٹ نمبر 8.2.6 اور 8.2.7 میں دیا گیا ہے جس میں وہ TFC's کی وصولی کے سلسلے میں کافی، مناسب آڈٹ کی شہادت حاصل نہ کر سکے۔

مزید براں انھوں نے اپنی آڈٹ رپورٹ میں منسلک مالیاتی دستاویزات کے نوٹ نمبر 1.2 کا حوالہ دیتے ہوئے مذکورہ بالا پیراگراف پر زور دیا ہے جو مجموعی کاروباری اوراقتصادی ماحول اور کمپنی کے کم سے کم سرمایہ کاری کے منصوبہ بندی سے متعلق ہے۔

محاسبین (Auditors) کا اداراتی نظم و ضبط کی بہترین طرز عمل (Practices) پر ان کی جائزہ رپورٹ میں تبصرہ

محاسبین (Auditors) نے اپنی جائزہ رپورٹ میں اداراتی نظم و ضبط کارکردگی کی بہترین طرز عمل (Practices) پر کسی مادی عدم تعمیل کی نشاندہی نہیں کی ہے۔

پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کا بیان

31 دسمبر2021 پر آڈٹ شدہ گوشواروں کی بنیاد پر پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کی مالیت (علاوہ بینک میں نقد رقم) بالترتیب 141.53ملین پاکستانی روپے اور 145.31 ملین پاکستانی روپے رہی۔

بورڈ کے اجلاس اور بورڈ کی ذیلی کمیٹی کے اجلاس کی حاضری اور ان کی رکنیت کی تفصیلات

سال کے دوران بورڈ کے ناظمین کے 4 اجلاس ہوئے اور ان میں ڈائریکٹرز کی شرکت کی تفصیلات درج ذیل ہیں ۔

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب محمد محمود شاوش	چیئرمین	**2**	**2**
ڈاکٹر محمد طاہر نور	ڈائریکٹر	**2**	**2**
جناب ابرار احمد مرزا	ڈائریکٹر	4	4
بشیر ابو القاسم عمر	ڈپٹی مینجنگ ائریکٹر	2	2
جناب خرم حسین	مینجنگ ائریکٹر	**4**	**4**
جناب خالد جمعہ الرزوز	ڈپٹی مینجنگ ائریکٹر	**4**	**4**
جناب عبدالفتاح عاشور علی	ڈائریکٹر	-	-

آڈٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران آڈٹ کمیٹی کے 2 اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
ڈاکٹر محمد طاہر نور	چیئرمین	2	2
جناب ابرار احمد مرزا	رکن	2	2
جناب عبدالفتاح عاشور علی	رکن	-	-

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران رسک مینجمنٹ کمیٹی کے ایک اجلاس ہوا اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں؛

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب ابرار احمد مرزا	چیئرمین	**1**	**1**
بشیر ابو القاسم عمر	رکن	**1**	**1**
جناب عبدالفتاح عاشور علی	رکن	-	-
جناب خالد جمعہ الزرزور	رکن	-	-

انسانی وسائل کمیٹی کے اجلاس کی تفصیلات

سال کے دوران انسانی وسائل کمیٹی کا کوئی اجلاس نہیں ہوا۔

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب محمد محمود شاوش	چیئرمین	-	-
ڈاکٹر محمد طاہر نور	رکن	-	-
جناب عبدالفتاح عاشور علی	رکن	-	-

کریڈٹ/سرمایہ کاری کمیٹی کے اجلاس کی تفصیلات

سال کے دوران کریڈٹ/سرمایہ کاری کمیٹی کا کوئی اجلا س منعقد نہیں ہوا ۔

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب محمد محمود شاوش	چیئرمین	-	-
ڈاکٹر ابرار احمد مرزا	رکن	-	-
جناب خرم حسین	رکن	-	-

محاسبین (Auditors)

موجودہ محاسب میسرز یوسف عادل، چارٹرڈ اکاؤنٹینٹس (Delloitte Touche Tohmatsu Ltd.) سے والبسطہ ایک آزاد نمائندہ فرم)، کی مدت معاہدہ ختم ہوگئی ہے اور دوبارہ منتخب ہونے کے اہل ہیں اس لیے انہوں نے اپنے دوبارہ انتخاب کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے ان کے دوبارہ انتخاب برائے سال 31 دسمبر2023 تک کے لیے تجویز دی ہے جس کی بورڈ کے ناظمین نے توثیق کر دی ہے۔

حصص کی ملکیت رکھنے کا رجحان

حصص کنندگان	حصص کی ملکیت (٪)
گورنمنٹ آف پاکستان بذریعہ وزارت مالیات / بینک دولت پاکستان (SBP)	50
گورنمنٹ / ریاست آف لیبیا بذریعہ لیبئین فارن انویسٹمنٹ کمپنی (LAFICO)	50
کل	**100**

کمپنی کی امیدِ مستقبل (Company Outlook)

پاور پلانٹ (غیر بینکاری اثاثہ جات) کی فروخت کے نتیجے میں، ڈپازٹس، کوبطور مستحکم فنڈز کے ذریعہ، متحرک کرنا اور ایڈوانس پورٹ فولیو میں اضافے کا عزم، جو کمپنی کی بنیادی سرگرمی ہے، اور ہم سمجھتے ہیں اور یقین رکھتے ہیں کہ کمپنی اپنے تسلسل سے منافع بخشی (profitability) اور طویل المدت نمو کے اہداف حاصل کرنے کے قابل ہو گی۔ انتظامیہ کی توجہ کمپنی کے منافع بخش آپریشن کے تمام ممکنہ مواقعے پر کام کرنے پر ہے بشمول پریشان کن اور نا کارکردگی دکھانے والے اثاثہ جات، جو ممکنہ کمائی کا ذریعہ ہو سکتے ہیں، ان کی وصولیابی کی کوششیں کرنا۔

علاوہ ازیں، طویل المدت کریڈٹ لائن کے لیے مذاکرات جاری ہیں، تاکہ سیالیت (liquidity) کا خلا پورا کیا جاسکے اور غیر متوقع فنڈ کی منصوبہ بندی کو یقینی بنایا جاسکے۔ اس لیے کمپنی باقائدگی سے اپنے اثاثوںاور مالی واجبات کے ساتھ ساتھ دستیاب ذرائع کا جائزہ لیتی رہی ہے، اور اس سلسلے میں آپریٹنگ لاگت کو سختی کے ساتھ کنٹرول کرنے کے اقدامات کیے ہیں تاکہ اس کا منافع بخشی پر بہتر اثر پڑے اور دستوری ضروریات کی تعمیل ہو نے کے ساتھ تسلسل سے طویل المدت نمو حاصل کی جاسکے۔

TFCs میں کی گئی سرمایہ کاری جن کی مالیت398.58 ملین روپے ہے،اس سرمایہ کی وصولیابی (recoverability) کے حوالے سے، اس کے جاری کرنے والے بینک کے ارادے اور ادائیگی کی صلاحیت کے بارے میں کمپنی کی انتظامیہ نے مجموعی صورتحال کا تجزیہ کیا؛ نتیجتاً اس کا خلاصہ یہ ہے کہ دونوں عناصر موجود ہیں جیسا کہ وہ قرضہ (debt) تسلیم کرتے ہیں اور اس کے آپریشن پر کوئی پابندی نہیں ہے، اس ادائیگی میں تاخیر کی وجہ "کم سے کم کیپیٹل کی ضروریات" کا پورا نہ ہونا ہے۔ تاہم اس کے اجراء کرنے والے بینک نے درخواست کی ہے کہ اسے علحدہ سے 27 اکتوبر 2023 تک کی مدت کی اصولی منظوری دی جائے۔ اس لیے کمپنی کی انتظامیہ نے مذکورہ TFCs پر داخلی (subjective) خدشات کی بناء پر اس نقصان (impairment) کی تلافی فراہم نہیں کی ہے جس کی وجہ حالیہ پیش رفت اور جاری مذاکرات ہیں تاکہ اس معاملے کا باہمی رضامندی سے حل ہو اور رقم کی مکمل وصولی ہو۔

ہماری کمپنی، جو ایک ترقیاتی مالی ادارہ (DFI) ہے، اس کے کاروبار کا ایک مخصوص ماڈل ہے، اس لیے، کاروبار کے پہلو اور تجارتی فہم (sense) کو نظر انداز نہیں کیا جا سکتا۔ تاہم، کیپیٹل کا انتظام کرنے والی موجودہ اور نئ آنے والی دستوری ضروریات، لیوریج (leverage) اور سیالیت کے ساتھ

ساتھ ان کا قبول کرنے کے لیے کمپنی کی جانب سے اٹھائے جانے والے اقدامات، کمپنی کے لیے طویل المدت تسلسل سے ہونے والی کے لیے اہم ہے تاکہ مجموعی طور پر ایک محفوظ اور لچکدار مالیاتی نظام کو اپنایا جا سکے۔

انتظامیہ کی جانب سے کی جانے والی کوششوں کی بنیاد پر ہم کمپنی کی مستقبل میں ترقی، منافع بخش ہونے اور اس کے تسلسل کے بارے میں بہت پرامید ہیں۔

ستائش

بورڈ اور انتظامیہ کی جانب سے، ہم اپنے گاہکوں اورپاک-لیبیا کے تمام شرکاء مفاد (stakeholders) کا کمپنی پر مسلسل اعتماد کرتے رہنے پر اظہار ممنونیت کرتے ہیں۔ ہم اپنے حصص یا فتگان: LAFICO اور بینک دولت پاکستان بشمول وزارت خزانہ کی مسلسل حمایت اور رہنمائی اور کمپنی کے ملازمین کے مسلسل اعتماد اور وفاداری کو بھی سراہتے ہیں۔

بورڈآف ڈائریکٹرز کی جانب سے

خرم حسین	**بشیر ابو القاسم عمر**
مینجنگ ڈائریکٹر اور CEO	**ڈپٹی مینجنگ ڈائریکٹر**

4 مئی 2023

گذشتہ چھ سالوں کا اہم آپریشن اور مالیاتی اعداد و شمار

	پاکستانی روپے ملین میں					
مالی سال	2022	2021	2020	2019	2018	2017
مجموعیٔ منظوریاں*	7,641	5,784	4.401	2,357	2,313	2,427
فراہمی قرضہ جات	6,550	2,757	2,500	1,767	2,540	1,799
سرمایہ کاری- خالص	79,477	2,929	5,907	7,188	2,132	-
وصولیابیاں – اصل	2,010	2506	1,031	1,598	2,151	1,001
واگذاری (Redemption)- سرمایہ	310	616	698	672	259	225
مجموعیٔ آمدن	8,218	2,988	3,713	1,954	1,507	1,335
خالص سودی آمدن	(2)	606	713	77	260	265
خالص نفع/نقصان قبل از محصول	(218)	42	460	(277)	(261)	84
محصولات- خالص	88	2	156	27	62	36
خالص نفع/نقصان بعد از محصول	(306)	41	304	(304)	(323)	48
حصص کنندگان کا ملکیتی سرمایہ- خالص	4,111	5,575	5,963	5,254	4,168	4,555
کل اثاثہ جات	124,691	40,621	37.010	29,089	20,428	19,163
افرادی قوت (تعداد)**	102	98	104	103	106	111

* دوبارہ کی جانے والے سرمایہ کاری شامل ہ

** بشمول آؤٹ سورسڈ عملہ

نوٹ: متعلقہ سالوں کے اعداد واشمار میں دوبارہ بیان کے اثرات شامل ہیں (جیسا کہ قابل اطلاق ہے)

STATEMENT OF INTERNAL CONTROLS
FOR THE YEAR ENDED 31 DECEMBER 2022

OVERVIEW OF INTERNAL CONTROL SYSTEM

It is the responsibility of the Company's management to establish and maintain a sound system of internal controls that helps in effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control system comprises of various inter-related components including Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

Due to inherent limitation, internal controls may not prevent or detect and correct, misstatements. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Following is the brief on the internal control systems:

- Management identifies control objectives for key areas, makes necessary policies and procedures for effective controls and ensures implementation of the same.
- Policies for various key areas have been made which have been approved by the Board of Directors.
- Policies and procedures are reviewed and amendments are made to continuously bring required improvements in the same from time to time.
- The Company has internal audit function which reports to the Audit Committee and reviews the application of policies and procedures and ensures identification for rectification of control weaknesses (if any).
- On a regular basis, observation of control environment, appropriate test of transactions, sharing of findings of internal control systems and implementation of relevant appropriate corrective actions are carried out.
- The observations and weaknesses identified and reported by the auditors (internal, external and the State Bank of Pakistan (SBP)) are duly taken into account by the management and necessary control measures are taken to avoid repetition of those observations and exceptions.
- Management endeavors to ensure timely and satisfactory response to the recommendations and suggestions made by the auditors and the same are periodically reviewed for implementation by the internal audit department.
- Budgets and plans are approved by the Board of Directors which are monitored for implementation on periodic basis.
- Due attention is given to enhance overall competence level and knowledge of the employees to achieve the desired level of internal control systems.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

- Documentation for Internal Controls Over Financial Reporting (ICFR) is being updated in current financial year, as well, to incorporate the updated status of processes and controls as a result of new operating activities and implementation of related controls/system. This is aimed to bring further improvement in the ICFR framework of the Company.
- SBP's instructions (specific or general) issued on the matter of ICFR from time to time are being complied at earliest possible timelines.
- The SBP has granted exemption, to the Company, from the requirement of Statutory Auditors' Long Form Report on ICFR. Consequently, the Company has been maintaining the Audit

Committee's annual assessment report on the efficacy of the Internal Control over Financial Reporting as required under circular 'BSD-1 Circular No. 01 of 2021' dated 6th July 2021.

EVALUATION OF INTERNAL CONTROL SYSTEMS INCLUDING INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's internal controls including internal controls over financial reporting are sound in design and are being effectively implemented and monitored. The Company has made efforts during the financial year 2022 to bring further improvements in the internal control systems through implementation of integrated Credit system, Expected Credit Loss model and related automated controls. The new system is under user acceptance testing phase therefore, any gaps identified are being reviewed vis-à-vis in the internal control systems, including internal controls over financial reporting and are targeted to be completed at the earliest possible timeline.

Sd/-	Sd/-
Bashir B. Omer	**Khurram Hussain**
Deputy Managing Director	**Managing Director & CEO**

4th May 2023

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PAK-LIBYA HOLDING COMPANY PRIVATE LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the best practices of The Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **PAK-LIBYA Holding Company Private Limited** (the Company) for the year ended December 31, 2022, in accordance with the requirements of the Regulations to the extent as adopted by the Company.

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

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

The Regulations (as adopted) require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

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

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

yousuf adil
Chartered Accountants

Place: Karachi
Date: May 29, 2023

UDIN: CR2022100577avdg2958

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Libya Holding Company (Private) Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Pak Libya Holding Company (Private) Limited** which comprise the statement of financial position as at December 31, 2022 and the profit and loss account, statement of comprehensive income, the statement of changes in equity, Cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, given the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Investments as disclosed in note 8 include term finance certificates (TFC) amounting to Rs. 498.50 million (December 31, 2021: Rs. 398.58 million) which have been considered recoverable by the management. As fully disclosed in note 8.2.6 and 8.2.7 ,there is a likelihood that these balances may not be fully recoverable due to the financial health of the issuer. In the absence of sufficient appropriate audit evidence, we were unable to determine the extent to which the outstanding principal and accrued interest thereon are likely to be recovered and the timeframe over which such recovery will be made. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Qualified opinion.

Emphasis of Matter

We draw attention to note 1.2 to the accompanying financial statements relating to overall business and economic environment and Company's plan regarding minimum capital requirements. Our opinion is not modified in respect of this matter.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the basis of qualified opinion para,

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

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

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

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

Other matter

The annual financial statements of the Company for the year ended December 31, 2021 was audited by another firm of Chartered Accountants who through their report dated March 25, 2022 expressed qualified opinion thereon.

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: May 26, 2023
UDIN: AR202210057Zmobl0Y4T

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022	2021
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	5	**371,319**	110,575
Balances with other banks	6	**77,866**	197,264
Lendings to financial institutions	7	**3,800,000**	3,800,000
Investments	8	**106,688,510**	27,211,914
Advances	9	**9,742,795**	6,312,474
Fixed assets	10	**68,872**	96,475
Intangible assets	11	**452**	973
Deferred tax asset	12	**400,631**	434,796
Non-banking assets acquired in satisfaction of claim - held for sale	13	**158,086**	814,645
Other assets	13	**3,382,153**	1,642,088
		124,690,684	40,621,204
LIABILITIES			
Bills payable		**-**	-
Borrowings	14	**113,480,048**	30,149,418
Deposits and other accounts	15	**5,627,397**	4,576,353
Liabilities against assets subject to finance lease		**-**	-
Sub-ordinated loans		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	16	**1,471,979**	320,575
		120,579,424	35,046,346
NET ASSETS		**4,111,260**	5,574,858
REPRESENTED BY			
Share capital	17	**8,141,780**	8,141,780
Reserves		**380,655**	380,655
Deficit on revaluation of assets - net of tax	18	**(2,012,716)**	(847,361)
Unappropriated / unremitted loss		**(2,398,459)**	(2,100,216)
		4,111,260	5,574,858
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 44 and annexures I and II form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		------- (Rupees in '000) -------	
Mark-up / return / interest earned	20	8,103,933	2,957,598
Mark-up / return / interest expensed	21	8,105,767	2,351,649
Net mark-up / interest income		(1,834)	605,949
NON MARK-UP / INTEREST INCOME			
Fee and commission income	22	30,742	15,797
Dividend income		82,828	80,017
Foreign exchange income / (loss)		35	(7)
Income / (loss) from derivatives		-	-
Loss on securities - net	23	(34,852)	(79,711)
Other income	24	(155,358)	14,058
Total non mark-up / interest / income		(76,605)	30,154
Total income		(78,439)	636,103
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	25	494,218	476,925
		-	-
Other charges	26	20,218	16,609
Total non mark-up / interest expenses		514,436	493,534
(Loss) / profit before provisions		(592,875)	142,569
(Reversal) / provision and write offs - net	27	(374,415)	100,102
Extraordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(218,460)	42,467
Taxation	28	88,038	1,584
(LOSS) / PROFIT AFTER TAXATION		(306,498)	40,883
		------- (Rupees) -------	
Basic (loss) / earnings per share	29	(376.45)	50.63
Diluted (loss) / earnings per share	30	(376.45)	50.63

The annexed notes 1 to 44 and annexures I and II form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		(Rupees in '000)	
(Loss) / Profit after taxation		**(306,498)**	40,883
Other comprehensive income - net			
Items that may be reclassified to profit and loss account in subsequent years:			
Effect of translation of net investment in foreign branches		-	-
Movement in deficit on revaluation of investments - net of tax*		**(1,165,355)**	(565,737)
		(1,165,355)	(565,737)
Items that will not be reclassified to profit and loss account in subsequent years:			
Remeasurement gain on defined benefit obligations	33.8.2	**8,255**	2,997
Movement in surplus on revaluation of operating fixed assets - net of tax		-	-
Movement in surplus on revaluation of non-banking assets - net of tax		-	-
		8,255	2,997
Total comprehensive loss		**(1,463,598)**	(521,857)

*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes 1 to 44 and annexures I and II form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital		Surplus/ (Deficit) on revaluation of		Unappropriated	
	Head office capital account	Statutory reserve*	Investments	Fixed / Non Banking Assets	Unremitted profit / (loss)	Total
	(Rupees in '000)					
Opening balance as at 1 January 2021	7,871,780	372,478	(281,624)	-	(2,134,569)	5,828,065
Profit after taxation for the year 2021	-	-	-	-	40,883	40,883
Other comprehensive income - net of tax	-	-	(565,737)	-	-	(565,737)
Transfer to statutory reserve	-	8,177	-	-	(8,177)	-
Remeasurement gain on defined benefit obligations	-	-	-	-	2,997	2,997
Transactions with owners, recorded directly in equity						
Issue of share capital	270,000	-	-	-	-	270,000
Stamp duty on shares issuance	-	-	-	-	(1,350)	(1,350)
Opening balance as at 01 January 2022	**8,141,780**	**380,655**	**(847,361)**	**-**	**(2,100,216)**	**5,574,858**
Loss after taxation for the year 2022	-	-	-	-	(306,498)	(306,498)
Other comprehensive income - net of tax	-	-	(1,165,355)	-	-	(1,165,355)
Remeasurement gain on defined benefit obligations	-	-	-	-	8,255	8,255
Closing balance for the year 2022	**8,141,780**	**380,655**	**(2,012,716)**	**-**	**(2,398,459)**	**4,111,260**

*According to BPD Circular No. 15 dated 31 May 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve.

The annexed notes 1 to 44 and annexures I and II form an integral part of these financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		------- (Rupees in '000) -------	
(Loss) / profit before taxation		(218,460)	42,467
Less: Dividend income		(82,828)	(80,017)
		(301,288)	(37,550)
Adjustments:			
Depreciation	10.2	28,266	35,272
Amortisation	11	679	1,075
Reversal of provision against lendings to financial institutions	7	-	(2,497)
Reversal for diminution in the value of investments - net	8.3.1	(51,507)	(49,401)
Provision / (reversal) against loans and advances	9.4	38,165	(302,367)
(Reversal) / provision against non-banking assets acquired in satisfaction of claim - held for sale	13.2.1	(364,715)	364,715
Provision against other assets	13.3.1	3,642	20,221
Reversal against contingencies	27	-	(215,000)
Gain on sale of operating fixed assets	24	(3,949)	(10,325)
		(349,419)	(158,307)
		(650,707)	(195,857)
(Increase) / decrease in operating assets			
Lendings to financial institutions		100,000	(47,503)
Held-for-trading securities		(4,952)	14,803
Advances		(3,468,486)	(336,100)
Others assets (excluding advance taxation)		(263,418)	34,168
		(3,636,856)	(334,632)
Increase / (decrease) in operating liabilities			
Borrowings		83,330,630	3,757,463
Deposits		1,051,044	533,461
Other liabilities		1,159,659	(73,978)
		85,541,333	4,216,946
		81,253,770	3,686,457
Income tax paid		(567,554)	(302,973)
Net cash flow from operating activities		80,686,216	3,383,484
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		(80,634,222)	(2,910,175)
Investments in 'held-to-maturity' securities - net		103,395	(150,760)
Dividend received		82,828	80,017
Purchase of operating fixed assets - net		(10,439)	(34,015)
Proceeds from sale of operating fixed assets		13,568	10,325
Net cash flow used in investing activities		(80,444,870)	(3,004,608)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	270,000
Advance against share subscription		-	(135,000)
Stamp duty on shares issuance		-	(1,350)
Net cash flow from financing activities		-	133,650
Net increase in cash and cash equivalents		241,346	512,526
Cash and cash equivalents at beginning of the year		3,007,839	2,495,313
Cash and cash equivalents at end of the year	31	3,249,185	3,007,839

The annexed notes 1 to 44 and Annexures I and II form an integral part of these financial statements.

Sd/-
Chief Financial Officer

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Managing Director & CEO

Sd/-
Director

Sd/-
Director

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure of the Company for further thirty years upto 14 October 2038. The objectives of the Company interalia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion.

The paid-up capital of the Company (free of losses) as of 31 December 2022 amounted to Rs. 5.762 billion (31 December 2021: Rs. 6.042 billion). The Company was non-compliant with minimum capital requirements at year end, due to loss for the year amounting to PKR 306.498 million, as a result of overall economic conditions. However, another impact in the foreseeable future is implementation of 'IFRS-9: Financial Instruments' effective from January 2023, bringing a change in methodolgy of recognition of impairment from 'incurred loss' to 'expected loss' model.

The economic scenario started to change when the policy rates were increased by 275bps in last quarter of 2021. Contrary to the forward guidance and MPC statement in December 2021, the policy rate has increased by another 625bps during FY2022 which changed the business environment completely. Despite the policy rate of 16% at yearend, uncontrolled inflation, political uncertainty, delay in socio-economic reforms and absence of a workable fiscal policy sent negative signals to the entire economy as merely monitory tightening triggered recessionary phase.

Consequently, the Company's net interest margin (NIM) was significantly impacted since it has an investment in Government Securities portfolio at a fixed rate which was less than its weighted average borrowing rate. Therefore, the management of the Company in the 2nd half of the year readjusted its overall Government Securities portfolio to mitigate the increase in interest rate together with borrowing arrangements for stable funding resources at highly competitive rates. In anticipation subsequent to the yearend, these money market transactions have yield positive results and net interest margin (NIM) has increased significantly yielding profits in monthly management accounts. Management maintains that it should be able to sustain these results in light of expected economic changes. As a result, the NIM has become positive after the yearend i.e. January 2023.

The management recently submitted budgetary estimates to the Board together with steps to improve the Company's liquidity, profitability and cash flows via active cost saving and other measures. Amoung those steps, the successful materialisation of disposal of non-banking assets amounting to Rs. 1.000 billion, is and has far-reaching positive impacts on Company's sustainability and growth vis-à-vis time value of money.

The management is confident that, taking into account the above mentioned, the Company will have sufficient funds to finance its operations and to meet its financial obligations; further, MCR shortfall will be bridged through organic growth and materialisation of certain specific items already included in the Budget FY2023 approved by the Board. Based on these developments, the financial statements have been prepared on a going concern basis.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- The accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

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

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

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

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

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

The SBP through its BSD circular No. 10 dated 26 August 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement', and IAS 40 'Investment Property' for Non-Bank Financial Institutions (NBFIs) in Pakistan. The SECP has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated 28 April 2008. Accordingly, the requirements of these Standard have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

Further, SBP has directed all banks having assets more than Rs. 500 billion and DFIs to implement IFRS 9 'Financial Instruments' with effect from 01 January 2023 vide BPRD Circular No. 03 of 2022 dated July 5, 2022. Accordingly, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP. The management is in process of accessing the impact of applicability of IFRS 9.

The SBP vide BPRD circular No. 2 dated 25 January 2018 has issued revised format of annual financial statements. These financial statements have been presented in accordance with such revised format.

These financial statements represents standalone financial statements of the Company.

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

The following amendments and improvements are effective for the year ended 31 December, 2022. These amendments and improvements 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.

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	01 April, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	01 January, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	01 January, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	01 January, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	01 January, 2022

2.3 Standards, interpretations of and amendments to the published approved accounting standards 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, interpretations and the amendments 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
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	01 January, 2023
Amendments to IFRS 16 ' Leases' -Lease Liability in a Sale and Leaseback	01 January, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	01 January, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

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

2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for bad and doubtful advances including net investment in lease (note 4.5)

b) Classification and provisioning of investments (note 4.4 & 4.15)

c) Depreciation of property and equipment and amortisation of intangible assets (note 4.6)

d) Assumptions and estimation in recognition of deferred taxation (note 4.13)

e) Accounting for defined benefit plan and compensated absences (note 4.9)

f) Impairment (note 4.14)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments have been stated at revalued amounts in accordance with the directives of the SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2021.

4.1 Cash and cash equivalents

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.

4.2 Securities under repurchase / resale agreements

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 investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

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

4.3 Investments

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

The Company has classified its investments, except for strategic investment in joint venture (under liquidation), into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' portfolios as follows:

Held-for-trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related gain / (loss) on revaluation being taken to profit and loss account.

Intra day trading
The cost of acquisition of 'dealing securities' (i.e. listed securities purchased and sold on the same day) is not considered for calculating the 'moving average cost' of other listed securities (i.e. listed securities sold after the date of purchase).

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.

Available-for-sale

These are investments that do not fall under the held-for-trading or held to maturity categories. Investments are initially recognised at cost being its fair value which includes transaction costs associated with the investment. These are carried at market value except for unlisted securities where market value is not available, which are carried at lower of cost and break-up value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account. Provision for diminution in value of investments in respect of unlisted shares is calculated with reference to book value of the same. On derecognition of quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of investments' is included in the profit and loss account for the year.

The Company amortises the premium / discount on acquisition of government securities using the effective yield method.

Provision for diminution in value of investments for unlisted debt securities is calculated as per the SBP's Prudential Regulations.

The Company follows the 'Settlement date' accounting for investments.

Gains and losses arising on sale of investments are recognised in the profit and loss account.

Investment in subsidiary

Investment in subsidiary are valued at cost less impairment, if any. Gains and losses on disposal of investments is recognised in the profit and loss account.

Investment in associate

Associates are those entities in which the Company has significant influence but does not have control over the financial and operating policies. The Company recognises gains and losses of the associates on equity accounting basis, from the date significant influence commences until the date that significant influence ceases, until the share of losses exceeds its interest in associate.

4.4 Advances including net investment in finance leases

Advances are stated as net of provisions for bad and doubtful debts, if any, which are charged to the profit and loss account currently. Advances are written off where there is no realistic prospect of recovery.

The Company determines the provisions against advances on a prudent basis keeping in view the stipulations of the prudential regulations issued by the SBP. The provision is charged to profit and loss account.

Leases

When substantially all risks and rewards related to ownership of the assets are transferred to the lessee, such leases are classified as finance lease.

A receivable is recognised at an amount equal to the present value of the lease payment. The difference between gross receivable and the present value of the receivable is recognised as unearned finance income.

Provisions

Specific

Specific provision against funded loans is determined in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the profit and loss account.

General provision

General provision is maintained on consumer financing portfolio in accordance with the requirements of Prudential Regulations for Consumer Financing issued by SBP and charged to the profit and loss account.

4.5 Operating fixed assets and depreciation

4.5.1 Owned

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost, and these are transferred to specific assets as and when assets are available for use.

Residual values and useful lives are reviewed at each reoprting sheet date, and adjusted if impact on depreciation is considered significant.

Depreciation is charged to the profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated service life.

Depreciation on additions in the first half of the month and disposals in the second half of the month is charged for the whole month whereas no depreciation is charged on additions during the second half of the month and disposals in the first half of the month.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

Assets are derecognised when no future economic benefit is expected from its use or disposal. Profit or loss on sale or retirement of fixed assets is included in the profit and loss account.

4.5.2 Leased

Assets held under finance leases are accounted for by recording the assets and related liabilities at the amounts determined on the basis of lower of fair value of assets and the present value of minimum lease payments. Finance charge is allocated to accounting periods in a manner as to provide a constant rate on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.5.3 Right of use assets (ROUA)

The Company recognises 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Company. These assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. These assets are also reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

4.5.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight line method over their estimated useful lives after taking into account the residual value, if any.

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

Amortisation on additions in the first half of the month and disposals in the second half of the month is charged for the whole month whereas no amortisation is charged on additions during the second half of the month and disposals in the first half of the month.

4.6 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at cost / forced sale value at the time of acquisition. These assets are revalued as per SBP's requirement by independent professionally qualified valuer to ensure that their carring value does not exceed their fair value / valuation.

4.7 Borrowings and deposits

Borrowings and deposits are recorded at the amount of proceeds received. Mark-up on borrowings and deposits are charged to profit and loss account on a time proportion basis.

4.8 Staff retirement benefits

Defined benefit plan

- **Gratuity Fund**

The Company operates a funded gratuity scheme for all its permanent employees in accordance with the human resource policy of the Company and terms of employment for managing director and deputy managing director. Contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

Actuarial gains or losses are recognised in accordance with the requirements of IAS-19 (Revised).

The last actuarial valuation of the scheme was carried out as at 31 December 2022. The benefit under the gratuity scheme is payable on retirement at the age of 60 or earlier cessation of service, in lump sum.

- **Benevolent Fund**

  The Company operates a benevolent fund scheme for its employees where equal fixed contributions are being made by employees and the Company. Employees or their legal heirs are entitled to certain pre-defined benefits on happening of specified events including retirement, incapacitation, marriage and death etc. as per their entitlement. Contributions paid by Company to the fund are included in expenses for the year.

Defined contribution plan

The Company also operates a recognised provident fund scheme for its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at a rate of 3.5 and 4 (2021: 3.5 and 4) percent respectively and 10 percent of salary for the managing director and deputy managing director, as applicable. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction of the future payments is available.

Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which it is earned in terms of salary earned upto the statement of financial position date.

The Company recognises provision for compensated absences on the basis of actuarial valuation under Projected Unit Credit Method. The last actuarial valuation was carried out as at 31 December 2022.

Deferred Bonus

The Company has implemented a deferred bonus policy wherein 20 percent annual bonus amount, for every year, will be deferred and be payble over three year. The annual bonus amount, for any year must meet already approved threshold, and is based on Company's overall performance (encompassing individual business lines assessed through respective departmental key performance indicators KPIs). A separate Bonus Pool is created from the Profit before Tax. The Company sets aside a percentage of this profit before tax as the Combined Bonus Pool for all Employees (permanent and contractual) including the material risk takers (MRTs), material risk controller/risk controllers (MRCs/RCFs). The performance bonus of Material Risk Takers (MRTs) is subject to appropriate risk adjustments, with the objective to limit performance bonus for excessive risk taking. Company's Risk adjusted Remuneration Framework is based on the following components:

- Risk profiling;
- Identification of risk takers, risk controllers and others;
- Materiality assessment; and
- Risk adjustments (including deferment and malus).

The deferred amount has been invested and will continue to be reinvested in debt securities until paid to the eligible employees.

4.9 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4.10 Foreign currencies

Foreign currency transactions during the year are recorded at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the rates of exchange prevailing on the reporting date. Exchange gains and losses are included in the profit and loss account. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction.

Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.11 Revenue recognition

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

Dividend income is recognised when the Company's right to receive payment is established.

Gain on sale of securities is recognised at the time of sale of relevant securities.

Project evaluation, arrangement and front end fee are accounted for on receipt basis.

Income from loans, term finance certificates, sukuks, debentures, bank deposits, government securities and reverse repo transactions are recognised on accrual basis using the effective interest method except where recovery is considered doubtful in which case the income is recognised on receipt basis.

Premium or discount on debt securities is amortised using the effective interest method and taken to profit and loss account.

The Company follows the finance method in recognising income on lease contracts. Under this method the unearned income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a constant rate of return on net investment in the lease.

4.12 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account the tax credits and tax rebates available, if any.

Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the 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 using the applicable tax rates. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.13 Impairment

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

4.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and 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.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Company to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the provision is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.15 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is set off and the net amount reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.16 Dividend and reserves

Dividend declared and appropriations, except for transfer of statutory reserve, made subsequent to the reporting date are recognised as liability and recorded as changes in reserves respectively in the period in which these are approved by the directors / shareholders as appropriate.

4.17 Earnings / (loss) per share

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

4.18 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company's primary format of reporting is based on its business segments for which individual business strategies are formulated based on Company's overall business strategy and implementation plan.

Business segments

Following are the main segments of the Company:

Investment Banking & Syndicated Arrangements	Undertakes syndicated arrangements for loans, advances, lease financing, advisory services, mergers & acquisitions and other such corporate investment banking transactions.
Treasury	Undertakes Company's fund management activities through leveraging and investing in liquid assets such as short term placements, government securities and reverse repo activities. It carries out spread based activities in the interbank market and manages the interest rate risk exposure of the Company.
Capital Market	Undertakes trading and investment primarily in listed securities with an aim to earn trading gains from market fluctuation and to hold securities for dividend income and price appreciation in the form of capital gain.
Corporate, Commercial & SME	Undertakes bilateral arrangements for loans, advances, lease financing, SME & Retail finance activities via bills discounting, business loans against mortgaged property, auto-lease financing and consumer financing.

Geographical segments

The geographical spread of Company's operations is limited to Pakistan only.

4.19 Borrowing cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.20 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

	Note	2022	2021
		------- (Rupees in '000) -------	
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**6**	6
Foreign currency		**6,791**	5,324
		6,797	5,330
With State Bank of Pakistan in			
Local currency current account	5.1	**363,260**	103,460
With National Bank of Pakistan in			
Local currency current account		**1,262**	1,785
		371,319	110,575

5.1 This represents current account maintained for minimum cash reserve required to be maintained with the State Bank of Pakistan in accordance with its requirements of BSD Circular No. 04 dated 22 May, 2004.

	Note	2022	2021
		------- (Rupees in '000) -------	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		**14,984**	14,613
In deposit accounts	6.1	**62,882**	182,651
		77,866	197,264

6.1 The return on these balances ranges from 8.25 to 14.50 (31 December 2021: 5.50 to 7.25) percent per annum.

		2022	2021
		------- (Rupees in '000) -------	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	7.1.1	**3,830,567**	3,830,567
Less: provision held against lending to financial institutions		**(30,567)**	(30,567)
Lending to financial institutions - net of provision		**3,800,000**	3,800,000
7.1 Particulars of lending			
In local currency		**3,800,000**	3,800,000

7.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 16.70 to 17.40 (31 December 2021: 8.60 to 12.50) percent per annum. These are due to mature between 25 January 2023 and 25 April 2023 (31 December 2021: 31 January 2022 and 28 June 2022).

7.2 Category of classification	2022		2021	
	Classified Lending	**Provision held**	Classified Lending	Provision held
	------- (Rupees in '000) -------			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**30,567**	**30,567**	30,567	30,567
Total	**30,567**	**30,567**	30,567	30,567

8. INVESTMENTS

8.1 Investments by type:

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Held-for-trading securities								
Federal government securities	-	-	-	-	-	-	-	-
Shares - listed	5,395	-	(443)	4,952	-	-	-	-
	5,395	-	(443)	4,952	-	-	-	-
Available-for-sale securities								
Federal government securities	105,639,836	-	(2,046,407)	103,593,429	24,973,269	-	(1,092,638)	23,880,631
Shares - listed and unlisted	1,416,484	(292,360)	(247,322)	876,802	1,319,925	(323,765)	(96,619)	899,541
Non government debt securities	2,440,034	(323,656)	(20,292)	2,096,086	2,568,938	(343,758)	(14,074)	2,211,106
	109,496,354	(616,016)	(2,314,021)	106,566,317	28,862,132	(667,523)	(1,203,331)	26,991,278
Held-to-maturity securities								
Non government debt securities	122,107	(6,366)	-	115,741	225,502	(6,366)	-	219,136
	122,107	(6,366)	-	115,741	225,502	(6,366)	-	219,136
Associates	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total	110,330,223	(1,327,249)	(2,314,464)	106,688,510	29,794,001	(1,378,756)	(1,203,331)	27,211,914

Particulars of Associates

Name of investee	Holding %	Shares 2022	Shares 2021	Cost 2022	Cost 2021	Net assets 2022	Net assets 2021
		— (Numbers) —		— (Rupees in '000) —		— (Rupees in '000) —	
FTC Management Company Limited *(CEO - Mr. Kalim Sheikh)*							
Unlisted ordinary Shares	9.10%	50,000	50,000	500	500	543,302	441,029
Kamoki Energy Limited (under liquidation)							
Unlisted ordinary shares	50%	50,000,000	50,000,000	404,867	404,867	-	-
Unlisted preference shares	100%	30,000,000	30,000,000	300,000	300,000		
Kamoke Powergen (Private) Limited *(CEO - Mr. Farooq Mughal)*							
Unlisted ordinary shares	20%	100,000	100,000	1,000	1,000	-	4,198
				706,367	706,367	543,302	445,227

FTC Management Company (Private) Limited was incorporated on 22 May 1990. As at 30 June 2022 the company's total asset amounting to Rs. 726.834 million (2021: Rs. 559.964 million) and total liabilities amounting to Rs. 250.981 million (2021: Rs. 118.935 million).

Kamoki Energy limited (KEL) was incorporated in 2009 and is under liquidation.

Kamoke Powergen (Private) Limited was incorporated in Pakistan as Private Limited company on 07 Febraury 2017. As at 31 December 2021, the company's total asset amounting to Rs. 5.670 million (2020: Rs. 5.714 million) and total liabilities amounting to Rs. 1,584 million (2020: Rs. 1,516 million).

	Note	2022 Cost / amortised cost	2022 Provision for diminution	2022 Surplus / (deficit)	2022 Carrying value	2021 Cost / amortised cost	2021 Provision for diminution	2021 Surplus / (deficit)	2021 Carrying value
		(Rupees in '000)							
8.2 Investments by segments:									
Federal government securities									
Market treasury bills*		**33,739,007**	**-**	**(11,256)**	**33,727,751**	5,969	-	-	5,969
Pakistan investment bonds		**71,900,829**	**-**	**(2,035,151)**	**69,865,678**	24,967,299	-	(1,092,638)	23,874,661
		105,639,836	**-**	**(2,046,407)**	**103,593,429**	24,973,268	-	(1,092,638)	23,880,630
Shares									
Listed companies		**1,369,578**	**(240,059)**	**(247,765)**	**881,754**	1,267,624	(271,464)	(96,619)	899,541
Unlisted companies		**52,301**	**(52,301)**	**-**	**-**	52,301	(52,301)	-	-
		1,421,879	**(292,360)**	**(247,765)**	**881,754**	1,319,925	(323,765)	(96,619)	899,541
Non government debt securities									
Listed	8.2.6 & 8.2.7	**695,587**	**(22,387)**	**(15,850)**	**657,350**	752,253	(22,387)	(14,074)	715,792
Unlisted		**1,866,554**	**(307,635)**	**(4,442)**	**1,554,477**	2,042,188	(327,737)	-	1,714,451
		2,562,141	**(330,022)**	**(20,292)**	**2,211,827**	2,794,441	(350,124)	(14,074)	2,430,243
Associates									
FTC Management Company Limited									
Unlisted ordinary shares	8.2.4	**500**	**-**	**-**	**500**	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)									
Unlisted ordinary shares	8.2.2	**404,867**	**(404,867)**	**-**	**-**	404,867	(404,867)	-	-
Unlisted preference shares	8.2.3	**300,000**	**(300,000)**	**-**	**-**	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited									
Unlisted ordinary shares	8.2.5	**1,000**	**-**	**-**	**1,000**	1,000	-	-	1,000
		706,367	**(704,867)**	**-**	**1,500**	706,367	(704,867)	-	1,500
Total		**110,330,223**	**(1,327,249)**	**(2,314,464)**	**106,688,510**	29,794,001	(1,378,756)	(1,203,331)	27,211,914

* The deferred bonus related to eligible empoyees has been invested/revinvested in market treasury bills amounting to Rs. 4.705 million whilst its related income has been recorded in other liabilities.

8.2.1 Investments given as collateral

	2022	2021
	(Rupees in '000)	
Cost:		
Market treasury bills	**32,825,049**	6,000
Pakistan investment bonds	**67,773,333**	22,695,000
	100,598,382	22,701,000

8.2.2 This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The Company was established in year 2009 in Pakistan. The book value represents cost of investment amounting to Rs. 500 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012.

8.2.3 These represent preference shares amounting to Rest. 300 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.

8.2.4 It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining building housing offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.

8.2.5 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited in pakistan with a paid-up capital of Rs. 5 million representing 500,000 ordinary shares of Rs. 10 each. KPL was established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. In the year 2020, the Company has disposed off its major shareholding and management control, therefore, the subsidiary has become an associate.

8.2.6 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.580 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, the issuer could not make the final payment of its mark-up and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause was mandatorily invoked for the time being until proposed merger which was called off and the Bank started working to resolve the issue. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms.

Due to the delay in resolution, the TFC holders again agreed to extend the maturity period for another year ended 27 October 2022 so the Bank could finalise new arrangement with the investors for equity injection. The Bank acknowledges the debt and related mark-up as payable on the TFC Issue.

Considering the continuous effort and developments, every year SBP gives its final approval for the preceding year and a separate in-principal approval for the current extended period. Most recently, the Bank has announced that a key milestone relating to equity injection from the foreign investor has been completed. In this regard, EOGM of the bank held on 16 January 2023 authorised the equity injection.

The management has evaluated overall situation vis-à-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements. Therefore, management has not provided any impairment on the said TFCs on subjective basis due to above facts and the recent developments and negotiations, in these financial statements.

8.2.7 It also includes an investment in term finance certificates (TFC) amounting to Rs. 99.920 million on which the Company had taken a provision of Rs. 11.209 million based on market price in prior period. During the year, the issuer Bank could not make the payment of installment due to non-compliance with minumum capital requirements. The issuer Bank of the TFC has submitted a plan approved by their Board for additional equity to address the CAR and MCR position.

In this regard, the management of the Company, keeping in view the legal opinion which does not consider the delay in payment as an event of default due to the lock-in-clause, has evaluated overall situation vis-à-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements and CAR position. Therefore, management has not provided any further provision on the said TFC due to above facts and the recent developments, in these financial statements.

		Note	2022	2021
			---- (Rupees in '000) -----	
8.3	**Provision for diminution in value of investments**			
8.3.1	Opening balance		**1,378,756**	1,428,156
	Charge / reversals			
	Charge for the year		**34,613**	95,689
	(Reversal) / charge on disposals		**(86,120)**	(145,089)
		33	**(51,507)**	(49,400)
	Closing balance		**1,327,249**	1,378,756

8.3.2 Particulars of provision against debt securities

Category of classification	**2022**		2021	
	Classified	**Provision**	Classified	Provision
Domestic	------------------ (Rupees in '000)			------------------
Other assets especially mentioned	-	-	-	-
Substandard*	**99,920**	**11,209**	99,920	11,209
Doubtful	-	-	-	-
Loss	**318,813**	**318,813**	338,915	338,915
	418,733	**330,022**	438,835	350,124

* Included herein is subjective provision on a certain exposure.

8.4 Quality of Available for Sale securities

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

	Note	2022	2021
		Cost	
		-- (Rupees in '000) ---	
Federal Government Securities - Government guaranteed			
Market treasury bills		**33,739,007**	5,969
Pakistan investment bonds	8.4.1	**71,900,829**	24,967,299
		105,639,836	24,973,268

8.4.1 Pakistan Investment Bonds

Floater

These Pakistan Investment Bonds carry interest rate ranging from 15.59 to 16.97 (31 December 2021: 8.23 to 10.55) percent per annum. Effective yield on investment ranges from 16.11 to 17.95 (31 December 2021: 7.89 to 11.33) percent per annum maturing latest by August 2029 (31 December 2021: August 2029). These are held by the SBP and are eligible for rediscounting.

Fixed

These Pakistan Investment Bonds carry interest rate ranging from 9.50 to 10.00 (31 December 2021: 9.50 to 10.00) percent per annum. Effective yield on investment ranges from 8.25 to 11.51 (31 December 2021: 8.25 to 11.50) percent per annum and will be maturing latest by September 2029 (31 December 2021: September 2029). These are held by the SBP and are eligible for rediscounting.

Provincial government securities - government guaranteed

The Company does not have any investment in provincial government guaranteed securities (31 December 2021: Nil).

		2022		2021	
8.4.2	Shares	Cost	Sector wise exposure	Cost	Sector wise exposure
		(Rupees in '000)	(%)	(Rupees in '000)	(%)
8.4.2.1	**Listed companies**				
	- Fertilizer	**257,124**	**18.77**	280,724	22.15
	- Commercial banks	**266,286**	**19.44**	233,618	18.43
	- Financial services	**70,231**	**5.13**	63,567	5.01
	- Chemicals	**6,480**	**0.47**	5,810	0.46
	- Non life insurance	**70,359**	**5.14**	139,341	10.99
	- Food & Personal care products	**37,832**	**2.76**	28,422	2.24
	- Pharmaceuticals	**7,030**	**0.51**	4,232	0.33
	- Cement	**65,208**	**4.76**	48,648	3.84
	- Automobile	**66,779**	**4.88**	34,416	2.71
	- Properties	**7,635**	**0.56**	-	-
	- Technology & communication	**5,395**	**0.39**	-	-
	- Textile	**56,123**	**4.10**	58,376	4.61
	- Power generation & dibtribution	**109,085**	**7.96**	87,032	6.87
	- Engineering	**87,011**	**6.35**	58,852	4.64
	- Oil & gas	**229,659**	**16.77**	199,012	15.70
	- Cable & electrical goods	**27,339**	**2.00**	25,575	2.02
		1,369,576		1,267,624	

8.4.2.1.1 The nominal value of each share held in a listed company is Rs.10 per share as at 31 December 2022 and 31 December 2021.

			2022		2021	
8.4.2.2	**Unlisted companies**	**% holding**	**Cost**	**Breakup value**	Cost	Breakup value
			(Rupees in '000)		(Rupees in '000)	
	Agro Dairies Limited *		**2,303**	*	2,301	*
	CEO - Mr. Mukhtar Hussain Rizvi					
	Pakistan Textile City Limited	**4%**				
	CEO - Mr. Muhammad Hanif		**50,000**	**	50,000	**
			52,303		52,301	
			1,421,879		1,319,925	

* Under litigation

** Latest financial statements of Pakistan Textile City Limited are not available. The Company was under liquidation however, Ministry of Commerce & Textile vide letter F.5(7) TID/18/Dev-II dated 24 April 2019 has stopped the process of liquidation and is working on a business plan for submission to ECC.

8.4.2.2.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2022 and 31 December 2021.

8.4.3 Non government debt securities - at cost

		2022	2021
		------- (Rupees in '000) -------	
8.4.3.1	**Listed**		
	A	**274,620**	331,287
	CCC and below	**398,580**	398,580
	Unrated	**22,387**	22,387
		695,587	752,253
8.4.3.2	**Unlisted**		
	AA+	**200,000**	200,000
	A+	**244,244**	118,590
	AA	**100,000**	-
	A	**435,222**	703,175
	A-	**200,000**	189,758
	AA-	**120,000**	220,000
	BBB+	**55,000**	75,000
	Unrated	**389,981**	310,163
		1,744,447	1,816,686
		2,440,034	2,568,939

8.4.4 **Equity securities**

8.4.4.1 **Listed**

	2022	2021
	------- (Rupees in '000) -------	
Habib Bank Limited	**33,915**	26,838
MCB Bank Limited	**100,661**	85,285
United Bank Limited	**-**	14,241
Bank Alfalah Limited	**68,510**	62,380
The Bank of Punjab	**16,580**	16,580
Pakistan Stock Exchange	**8,530**	5,092
Agritech Limited	**139,527**	139,527
Fauji Fertilizer Company Limited	**117,597**	141,197
Dawood Hercules Corporation Limited	**40,487**	45,551
Pakistan Reinsurance Company Limited	**9,090**	87,265
Adamjee Insurance Company Limited	**31,325**	32,095
IGI holdings Limited	**29,944**	19,981
Ghandhara Tyre & Rubber Company Limited	**6,906**	-
The Organic Meat Company Limited	**20,752**	8,070
TPL Properties Limited	**7,635**	-
Nishat Mills Limited	**34,743**	28,121
Agha Steel Industries Limited	**21,759**	18,397
Avanceon Limited	**5,395**	-
Pakistan Petroleum Limited	**70,267**	50,484
Pakistan State Oil	**87,508**	70,653
Sui Southern Gas Company Limited	**-**	4,773
Sui Northern Gas Pipeline Limited	**-**	25,031
Waves Singer Pakistan Limited	**13,997**	13,997
Meezan Bank Limited	**46,620**	28,294
Arif Habib Limited	**21,214**	12,923
Nimir Resins Limited	**6,480**	5,810
Honda Atlas Cars (Pakistan) Limited	**26,720**	22,560
Pak Suzuki Motor Company Limited	**33,152**	11,856
Attock Cement Pakistan Limited	**21,462**	18,323
DG Khan Cement Company Limited	**43,746**	30,325
Pak Elektron Limited	**13,342**	11,578
GlaxoSmithkline Pakistan Limited	**7,030**	4,232
Interloop Limited	**21,380**	30,255
Hub Power Company Limited	**73,619**	61,722
Kot Addu Power Company Limited	**35,466**	25,310
International Industries Limited	**38,187**	24,661
Al Shaheer Corporation Limited	**17,080**	20,352
International Steel Limited	**27,066**	15,795
Oil & Gas Development Company Limited	**71,884**	48,072
	1,369,576	1,267,624

8.4.4.2 **Unlisted - at cost**

Agro Dairies Limited	**2,301**	2,301
Pakistan Textile City Limited	**50,000**	50,000
	52,301	52,301
	1,421,877	1,319,925

8.5 **Particulars relating to held to maturity securities are as follows:**

8.5.1 **Non government debt securities**

8.5.1.1 **Unlisted**

	2022	2021
	------- (Rupees in '000) -------	
A+	**-**	150,000
A	**115,741**	69,137
Unrated	**6,366**	6,366
	122,107	225,502

8.5.1.1.1 The carrying value of securities classified as held-to-maturity as at 31 December 2022 is approximate to their fair values due to the shorter tenure of these securities.

9. ADVANCES

	Note	Performing 2022	Performing 2021	Non Performing 2022	Non Performing 2021	Total 2022	Total 2021
		(Rupees in '000)					
Loans		**7,864,888**	4,702,447	**1,105,603**	965,673	**8,970,491**	5,668,120
Net investment in finance lease	9.1	**116,078**	248,206	**146,654**	146,937	**262,732**	395,143
Staff loans		**149,123**	143,243	**-**	-	**149,123**	143,243
Consumer loans and advances		**3,213**	4,183	**31,773**	33,263	**34,986**	37,446
Long-term financing of export oriented projects (LTF-EOP)		**-**	-	**60,179**	60,179	**60,179**	60,179
Long-term financing facility (LTFF)		**666,532**	396,539	**-**	-	**666,532**	396,539
Refinance scheme for payment of wages and salaries		**93,893**	300,098	**-**	-	**93,893**	300,098
Temporary economic relief facility (TERF)		**690,587**	459,269	**-**	-	**690,587**	459,269
Advances - gross		**9,584,314**	6,253,985	**1,344,209**	1,206,052	**10,928,523**	7,460,037
Provision against advances							
- Specific	9.4	**-**	-	**1,185,680**	1,147,510	**1,185,680**	1,147,510
- General		**48**	53	**-**	-	**48**	53
		48	53	**1,185,680**	1,147,510	**1,185,728**	1,147,563
Advances - net of provision		**9,584,266**	6,253,932	**158,529**	58,542	**9,742,795**	6,312,474

9.1 Maturity analysis of net investment in finance lease is discribed below:

	2022 Not later than one year	2022 Later than one and less than five years	2022 Total	2021 Not later than one year	2021 Later than one and less than five years	2021 Total
	(Rupees in '000)					
Lease rentals receivable	**242,178**	**24,788**	**266,966**	321,522	88,803	410,325
Residual value	**58,532**	**19,150**	**77,682**	58,532	19,150	77,682
Minimum lease payments	**300,710**	**43,938**	**344,648**	380,054	107,953	488,007
Financial charges for future periods	**79,584**	**2,331**	**81,915**	86,358	6,505	92,863
Present value of minimum lease payments	**221,126**	**41,607**	**262,733**	293,696	101,448	395,144

9.1.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amounts recoverable under these arrangements are receivable by the year 2024 and carry mark-up at rates ranging between 16.56 to 20.99 (31 December 2021: 10.16 to 14.74) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 77.682 million (31 December 2021: Rs. 77.682 million) as security deposits on behalf of the lessees which are included under 'other liabilities'.

9.2 Particulars of advances (Gross)	2022	2021
	(Rupees in '000)	
In local currency	**10,928,523**	7,460,037

9.3 Advances include Rs.1,344.211 million (31 December 2021: Rs.1,206.053 million) which have been placed under non-performing status as detailed below:

Category of classification	2022 Non Performing Loans	2022 Provision	2021 Non Performing Loans	2021 Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	200,000	100,000	23	12
Loss	1,144,209	1,085,680	1,206,029	1,147,497
Total	1,344,209	1,185,680	1,206,052	1,147,509

9.4 Particulars of provision against advances

	Note	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
		(Rupees in '000)					
Opening balance		1,147,510	53	1,147,563	1,449,884	46	1,449,930
Charge for the year		100,000	-	100,000	12	7	19
Less: Reversal during the year		(61,830)	(5)	(61,835)	(20,193)	-	(20,193)
Net (reversal) for the year		38,170	(5)	38,165	(20,181)	7	(20,174)
Less: Amounts written off	9.5	-	-	-	(282,193)	-	(282,193)
Closing balance		1,185,680	48	1,185,728	1,147,510	53	1,147,563

9.4.1 Particulars of provision against advances

	2022 Specific	2022 General	2022 Total	2021 Specific	2021 General	2021 Total
In local currency	1,185,680	48	1,185,728	1,147,510	53	1,147,563

9.4.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2021: Nil) in respect of consumer financing and Rs. 58.532 million (31 December 2021: Rs. 58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

9.4.3 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP for Consumer Financing.

9.5 Amounts written off:	Note	2022	2021
		(Rupees in '000)	
9.5.1 Against provisions	9.4	-	282,193
9.5.2 Write offs of Rs. 500,000 and above	9.6		
- Domestic		-	282,193
- Overseas		-	-
Write offs of below Rs. 500,000		-	-
		-	282,193

9.6 Details of loans written off of Rs. 500,000 and above (refer Annexure I)

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended 31 December 2022 is given in Annexure I.

	Note	2022	2021
		-- (Rupees in '000) --	

10. FIXED ASSETS

	Note	2022	2021
Capital work-in-progress	10.1	2,084	-
Property and equipment	10.2	66,788	96,475
		68,872	96,475

10.1 Capital work-in-progress

The Company has capital work-in-progress in relation to Water sprinkler system to be installed at Office Building.

10.2 Property and equipment

	2022							
	Lease-hold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) (10.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (10.2.7)	Total
	(Rupees in '000)							
At 1 January 2022								
Cost	1,952	88,432	11,363	65,251	52,621	34,984	88,656	343,259
Accumulated depreciation	(690)	(58,195)	(10,787)	(46,910)	(41,581)	(20,292)	(68,328)	(246,783)
Net book value	1,262	30,237	576	18,341	11,040	14,692	20,328	96,476
Year ended 31 December 2022								
Opening net book value	1,262	30,237	576	18,341	11,040	14,692	20,328	96,476
Additions	-	-	-	4,123	4,000	74	-	8,197
Disposals	-	-	-	(193)	(146)	(48)	(9,232)	(9,619)
Depreciation charge	(22)	(2,650)	(100)	(4,729)	(4,353)	(5,317)	(11,095)	(28,266)
Closing net book value	1,240	27,587	476	17,542	10,541	9,401	1	66,788
At 31 December 2022								
Cost	1,952	88,432	11,363	69,181	56,475	35,010	79,424	341,837
Accumulated depreciation	(712)	(60,845)	(10,887)	(51,639)	(45,934)	(25,609)	(79,423)	(275,049)
Net book value	1,240	27,587	476	17,542	10,541	9,401	1	66,788
	(%)							
Rate of depreciation (per anum)	1.11	5	5	15-25	10-30	25	33.33	

	2021							
	Lease hold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) (10.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (10.2.7)	Total
	(Rupees in '000)							
At 1 January 2021								
Cost	1,952	88,432	11,363	50,382	47,613	19,580	88,656	307,977
Accumulated depreciation	(668)	(55,539)	(10,683)	(43,962)	(38,160)	(16,403)	(46,096)	(211,511)
Net book value	1,284	32,893	680	6,420	9,453	3,177	42,560	96,466
Year ended 31 December 2021								
Opening net book value	1,284	32,893	680	6,420	9,453	3,177	42,560	96,466
Additions	-	-	-	13,519	5,008	15,404	-	33,931
Depreciation charge	(22)	(2,656)	(104)	(2,948)	(3,421)	(3,889)	(22,232)	(35,272)
Other adjustments / transfers	-	-	-	1,350	-	-	-	1,350
Closing net book value	1,262	30,237	576	18,341	11,040	14,692	20,328	96,475
At 31 December 2021								
Cost	1,952	88,432	11,363	65,251	52,621	34,984	88,656	343,258
Accumulated depreciation	(690)	(58,195)	(10,787)	(46,910)	(41,581)	(20,292)	(68,328)	(246,783)
Net book value	1,262	30,237	576	18,341	11,040	14,692	20,328	96,475
	(%)							
Rate of depreciation (per anum)	1.11	5	5	15-25	10-30	25	33.33	

10.2.1 Assets shown above in fixed assets do not include any items under finance lease arrangement (31 December 2021: Nil).

10.2.2 Assets shown above in fixed assets do not include any items which have been revalued (31 December 2021: Nil).

10.2.3 Furniture and fixture includes house hold furnishing items provided to employees (SVP and above) under the human resource policies of the Company.

10.2.4 During the year, following items have been disposed off to related parties of the Company:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in '000)					
Key Management Personnel						
House hold furnishing items	576	576	-	-	Company Policy	Mr. Muhammad Masood Ebrahim
House hold furnishing items	238	238	-	-	Company Policy	Mr. Shaukat Hussain
House hold furnishing items	229	229	-	-	Company Policy	Mr. Muhammad Shakiluddin
House hold furnishing items	259	259	-	-	Company Policy	Mr. Suneel Kumar Dhanwani
House hold furnishing items	205	34	171	-	Company Policy	Mr. Mukhtarul Haq
	1,507	1,336	171			

10.2.5 The transfer of title to leasehold land and building thereon in respect of the Company's premises at the Finance and Trade Centre, Karachi in favour of the Company is pending.

10.2.6 Assets having cost of Rs. 112.452 million (31 December 2021: Rs.103.018 million) are fully depreciated, however, these assets are still in use.

10.2.7 The Managing Director (MD) and Deputy Managing Director (DMD) are entitled for the fully furnished accomodation and company maintained cars as per their terms of appointment.

11. INTANGIBLE ASSETS

	Note	2022	2021
		---- (Rupees in '000) ----	
Intangible assets - computer software	11.1	**452**	973

11.1 Intangible asset - computer software

	2022
	- (Rupees in '000) -
At 1 January 2022	
Cost	**9,019**
Accumulated amortisation and impairment	**(8,046)**
Net book value	**973**
Year ended 31 December 2022	
Opening net book value	**973**
Additions:	
- directly purchased	**158**
Amortisation charge	**(679)**
Closing net book value	**452**
At 31 December 2022	
Cost	**9,177**
Accumulated amortisation and impairment	**(8,725)**
Net book value	**452**
	-------(%)------
Rate of amortisation	**20**
	--- (No.of Years)--
Useful life	**5**

	2021
	-- (Rupees in '000) --
At 1 January 2021	
Cost	8,935
Accumulated amortisation and impairment	(6,971)
Net book value	1,964
Year ended 31 December 2021	
Opening net book value	1,964
Additions:	
- directly purchased	84
Amortisation charge	(1,075)
Closing net book value	973
At 31 December 2021	
Cost	9,019
Accumulated amortisation and impairment	(8,046)
Net book value	973
	------(%)-----
Rate of amortisation	20
	— (No.of Years)–
Useful life	5

Intangible assets having cost of Rs. 2.731 million (31 December 2021: Rs.1.407 million) are fully depreciated, however, these intangible assets are still in use.

12. DEFERRED TAX ASSETS

	2022			
	At 1 Jan 2022	Recognised in P&L A/c	Recognised in OCI	At 31 Dec 2022
	(Rupees in '000)			
Deductible temporary differences on				
- Post retirement employee benefits	**6,542**	**660**	**-**	**7,202**
- Deficit on revaluation of investments	**355,969**	**-**	**(54,664)**	**301,305**
- Accelerated tax depreciation	**(4,141)**	**3,255**	**-**	**(886)**
- Provision against advances, off balance sheet etc.	**77,568**	**-**	**-**	**77,568**
- Net investment in finance lease	**(1,142)**	**16,584**	**-**	**15,442**
	434,796	**20,499**	**(54,664)**	**400,631**

	2021			
	At 1 Jan 2021	Recognised in P&L A/c	Recognised in OCI	At 31 Dec 2021
	(Rupees in '000)			
Deductible temporary differences on				
- Post retirement employee benefits	5,828	714	-	6,542
- Deficit on revaluation of investments	125,637	(63)	230,395	355,969
- Accelerated tax depreciation	(1,705)	(2,436)	-	(4,141)
- Provision against advances, off balance sheet etc.	77,568	-	-	77,568
- Net Investment in finance lease	(18,022)	16,880	-	(1,142)
	189,306	15,095	230,395	434,796

12.1 As at 31 December 2022, the Company has available provision for advances, investments and other assets amounting to Rs.1,449.522 million (31 December 2021: Rs.1,430.384 million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

	Note	2022	2021
		(Rupees in '000)	
13. OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		**2,048,004**	827,678
Advances, deposit, advance rent and other prepayments		**89,247**	29,181
Advance taxation (payments less provisions)		**1,291,668**	832,653
Staff retirement gratuity - asset	33.7	**6,832**	2,582
Other receivables		**8,451**	8,401
		3,444,202	1,700,495
Less: provision held against other assets	13.3	**(62,049)**	(58,407)
Other assets - (net of provison)		**3,382,153**	1,642,088
13.1 Non-banking assets acquired in satisfaction of claims - held for sale	13.2.1	**158,086**	814,645

13.2 Market valuation of non-banking assets acquired in satisfaction of claims has been disclosed in note 13.2.1 and note 42.2.

13.2.1 Non-banking assets acquired in satisfaction of claims - held for sale	2022	2021
	(Rupees in '000)	
Opening balance	**814,645**	1,179,360
Disposals	**(1,021,274)**	-
Reversal / (provision)	**364,715**	(364,715)
Closing balance	**158,086**	814,645

This includes non-banking assets acquired under satisfaction of claim in relation to Kamoki Energy Limited (KEL) exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

During the year, a revised assessment of the value of these non-banking assets was carried out by M/s. Iqbal A. Nanjee on 20 March 2022. As per the revised assessment, the forced sale value of plant and machinery was Rs. 815.164 million.

The Company disposed off its non-banking (non-yielding) assets under an offer of out-right sale. The outright sale had been approved by the Board of Directors which has a significant impact on the operations of the Company. The project freehold land and the related office building have not been sold.

13.2.2 Loss on disposal of non-banking assets acquired in satisfaction of claims

	2022	2021
	---- (Rupees in '000) ----	
Disposal proceeds	**1,000,000**	-
less		
- Cost	**(1,021,274)**	-
- Impairment / depreciation	**-**	-
- Others	**(145,299)**	-
	(1,166,573)	-
Loss	**(166,573)**	-

13.3 Provision held against other assets

	2022	2021
Advances, deposits, advance rent and other prepayments	**62,049**	58,407
Non banking assets acquired in satisfaction of claims	**(364,715)**	364,715
	(302,666)	423,122

13.3.1 Movement in provision held against other assets

	2022	2021
Opening balance	**58,407**	38,186
Charge for the year	**3,642**	22,459
Reversals	**-**	(2,238)
Closing balance	**62,049**	58,407

14. BORROWINGS

	Note	2022	2021
		---- (Rupees in '000) ----	
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	14.1 (a)	**190,400**	257,644
Refinance scheme for payment of wages & salaries	14.1 (b)	**118,250**	345,630
Temporary economic relief facility (TERF)	14.1 (c)	**1,098,613**	541,182
Repurchase agreement borrowings - Repo	14.2	**68,489,737**	21,907,795
Borrowings from financial institutions	14.3	**35,157,333**	6,353,167
Total secured		**105,054,333**	29,405,418
Unsecured			
Clean borrowings		**5,939,000**	744,000
Bai Muajjal	14.4	**2,486,715**	-
		113,480,048	30,149,418

14.1 This includes borrowings from State Bank of Pakistan as under:

(a) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry interest at the rate of 7.00 to 10.00 (31 December 2021: 2.0 to 2.5) percent per annum.

(b) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for refinance scheme for payment of wages & salaries to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing does not carry interest rate for all types of eligible borrowers that are on active tax payer list.

(c) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for temporary economic relief facility (TERF). According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry 1.00 (31 December 2021: 1.00) percent per annum.

14.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities amounting to Rs. 68,491 million. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 24 February 2023 (31 December 2021: 07 January 2021). The rate of mark-up on these facilities range from 15.22 to 16.22 (31 December 2021: 10.05 to 10.75) percent per annum.

14.3 This includes borrowings from financial institutions as under:

(a) Rs. 4,958.333 million (31 December 2021: Rs. 6,154.167 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 0.60 percent per annum payable on semi-annual basis (2021: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 31 December 2022, the applicable interest rates were 15.74 to 17.65 (31 December 2021: 7.84 to 11.77) percent per annum. These borrowings are due for maturity latest by December 2024 (31 December 2021: December 2024).

(b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2021: Rs.199 million) from certain financial institutions for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 1.50 (31 December 2021: three months KIBOR plus 0.75) percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

(c) It also includes Rs. 30,000 million (31 December 2021: Nil) short term facility from a financial institution maturing in March 2023, with interest rate of 15.82 percent per annum against government securities to Rs. 33,333 million.

14.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 03 March 2023 (31 December 2021: Nil). The rate of mark-up on this facility ranges from 16.60 to 17.35 (31 December 2021: Nil) percent per annum.

14.5 Particulars of borrowings with respect to currencies	**2022**	2021
	---- (Rupees in '000) ----	
In local currency	**113,480,048**	30,149,418

15. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	(Rupees in '000)					
Customers						
Certificate of Investment	**5,627,397**	**-**	**5,627,397**	4,576,353	-	4,576,353

The profit rates on these Certificates of Investment (COIs) range from 11.05 to 17.20 (31 December 2021: 7.65 to 11.70) percent per annum. These COIs are due for maturity on various dates latest by 4 January 2023 (31 December 2021: 29 June 2022).

15.1 Composition of deposits	**2022**	2021
	---- (Rupees in '000) ----	
- Individuals	**142,051**	70,922
- Government (Federal and Provincial)	**4,423,413**	2,911,761
- Private sector	**1,061,933**	1,593,670
	5,627,397	4,576,353

16. OTHER LIABILITIES	Note	2022	2021
		---- (Rupees in '000) ----	
Mark-up/ Return/ Interest payable in local currency		**1,069,378**	104,271
Accrued expenses		**296,157**	103,286
Advance payments		**3,500**	12,024
Employees' compensated absences		**25,262**	23,312
Security deposits against lease		**77,682**	77,682
		1,471,979	320,575

16.1 This is based on actuarial valuation carried out as of 31 December 2022 for regular employees and MD & DMD of the Company.

16.2 Provision against off-balance sheet obligations

The Company does not have any provision against off-balance sheet obligations.

17. SHARE CAPITAL

17.1 Authorized Share Capital

2022	2021		2022	2021
----number of shares----			---- (Rupees in '000) ----	
1,000,000	1,000,000	Ordinary shares of Rs.10,000 each	**10,000,000**	10,000,000

17.2 Issued, subscribed and paid up share capital

2022	2021		2022	2021
----number of shares----			---- (Rupees in '000) ----	
		Ordinary shares		
671,836	671,836	Fully paid in cash	**6,718,360**	6,718,360
142,342	142,342	Issued as bonus shares	**1,423,420**	1,423,420
814,178	814,178		**8,141,780**	8,141,780

17.3 Government of Pakistan and State of Libya hold 407,089 each (2021: 407,089 each) ordinary shares of the Company through their representatives (MoF/SBP and LAFICO) as at 31 December 2022.

18. SURPLUS/ (DEFICIT) ON REVALUATION OF ASSETS	Note	2022	2021
		---- (Rupees in '000) ----	
Deficit on revaluation of:			
- Available for sale securities		**(2,314,021)**	(1,203,330)
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		**301,305**	355,969
		(2,012,716)	(847,361)

19. CONTINGENCIES AND COMMITMENTS

-Guarantees	19.1	**882,959**	873,460
-Commitments	19.2	**3,552,489**	3,631,323
-Other contingent liabilities	19.3	**348,141**	348,141
		4,783,589	4,852,924

19.1 Guarantees:

Financial guarantees	19.1.1	**841,120**	841,120
Performance guarantees	19.1.1	**41,839**	32,340
		882,959	873,460

19.1.1 This represents the guarantees issued on behalf of Kamoki Energy Limited (KEL), a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of Rental Power Projects (RPPs) were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Company under the same.The Company shall not disclose relevant balances upon dissolution of KEL Company.

	Note	2022	2021
		---- (Rupees in '000) ----	
19.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		**350,000**	350,000
Commitments for acquisition of: - intangible assets		**708**	708
Other commitments	19.2.2	**3,201,781**	3,280,615
		3,552,489	3,631,323

	2022	2021
19.2.2 Other commitments		
Commitments to extend credit	**3,195,364**	3,279,190
Commitments against other services	**6,417**	1,425
	3,201,781	3,280,615

19.3 Other contingent liabilities

19.3.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.

19.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

19.3.3 For the tax year 2013, the Company received a tax demand of Rs.24.300 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vides his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 2 March 2017 in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

19.3.4 For the tax year 2014, the ACIR passed an order wherein tax demand of Rs.57.866 million was raised, disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vides his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

19.3.5 For the tax year 2015, the ADCIR passed an order wherein tax demand of Rs.46.669 million was raised, disallowing the provision for non-performing advances, write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company.Therefore, an appeal before CIR(A), to contest various treatments adopted in the above mentioned order issued by ADCIR, has been filed on 16 April 2019. The appeal has been heard and the order is pending.

19.3.6 For the tax year 2016, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 102.965 million was raised, disallowing the provision against non performing advances, loss on sale of non-banking assets, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest the various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal has been heard and the order is pending.

19.3.7 For the tax year 2017, the DCIR passed an order under section 122(1)/ (5) of the Ordinance on September 30, 2019. As a result, there is no change in the tax liability, however, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed, DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed board meeting expenses and treated expenditure incurred on privately placed TFCs as capital expenditure. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order was filed. The CIR(A) vide his order No. 29 dated 27-01-2021, confirmed the treatment of the DCIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments of the DCIR upheld by CIR(A) has been filed on 31 March 2021 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR and has not been fixed yet.

19.3.8 For the tax year 2018, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 31.948 million was raised disallowing the provision against non performing advances, provision against other assets, other charges-KEL, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal is pending. Further, a rectification application has been filed; after due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.

No provision has been made in these financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters considering the appellate history and tax advisor's opinion.

19.3.9 The Company, through its lawyer, has challenged in Sindh High Court (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing. Pak Libya has also filed an appeal on 2 March 2017. At period end, the outcome was still pending.

		Note	2022	2021
			---- (Rupees in '000) ----	
20.	**MARK-UP/ RETURN / INTEREST EARNED**			
	On:			
	loans and advances		**888,049**	511,025
	Investments		**6,686,403**	2,125,531
	Lendings to financial institutions		**522,474**	314,232
	Balance with banks		**7,007**	6,810
			8,103,933	2,957,598
21.	**MARK-UP/ RETURN / INTEREST EXPENSED**			
	Deposits		**635,317**	368,283
	Borrowings		**7,470,450**	1,983,366
			8,105,767	2,351,649
22.	**FEE AND COMMISSION INCOME**			
	Credit related fees		**26,904**	10,848
	Commission on guarantees		**3,838**	4,949
			30,742	15,797
23.	**LOSS ON SECURITIES - NET**			
	Realised	23.1	**(34,409)**	(79,711)
	Unrealised-held for trading	8.1	**(443)**	-
			(34,852)	(79,711)
23.1	**Realised gain / (loss) on:**			
	Federal government securities		**2,990**	(3,924)
	Shares		**(37,399)**	(75,787)
			(34,409)	(79,711)
24.	**OTHER INCOME**			
	Rent on property		**-**	1,104
	Gain on sale of operating fixed assets		**3,949**	10,325
	Loss on sale of non-banking assets - net	13.2.2	**(166,573)**	-
	Others		**7,266**	2,629
			(155,358)	14,058

25. OPERATING EXPENSES

	Note	2022	2021
		---- (Rupees in '000) ----	
Total compensation expense	25.1	**376,291**	343,939
Property expense			
Rent and taxes		**100**	437
Insurance		**3,108**	3,221
Utilities cost		**10,297**	5,421
Security (including guards)		**1,083**	1,094
Repair and maintenance (including janitorial charges)		**19,568**	19,743
Depreciation		**2,771**	2,782
		36,927	32,698
Information technology expenses			
Software maintenance		**3,165**	1,918
Hardware maintenance		**1,296**	1,367
Depreciation		**3,021**	2,188
Amortisation		**679**	1,075
Network charges		**1,920**	1,345
Business Continuity Plan		**732**	732
		10,813	8,625
Other operating expenses			
Directors' fees and allowances		**6,150**	16,100
Legal and professional charges		**4,479**	6,616
Outsourced services costs *		**5,059**	5,497
Travelling and conveyance		**10,215**	4,199
Depreciation		**22,472**	30,301
Training and development		**17**	856
Postage and courier charges		**407**	313
Communication		**4,939**	4,462
Stationery and printing		**3,292**	1,902
Marketing, advertisement and publicity		**4,352**	3,364
Auditors' remuneration	25.2	**2,422**	3,006
Board meeting expenses		**2,306**	11,548
Meal and business networking expenses		**1,360**	980
Canteen expenses		**1,062**	811
Liveries and uniform		**416**	330
Hajj expense		**919**	919
Bank charges		**306**	414
Miscellaneous expenses		**14**	45
		70,187	91,663
		494,218	476,925

* Total cost for the year included in other operationg expenses relating to outsourced activities is Rs. 5.059 million (2021: 5.497 million). All payments pertains to the companies incorporated in Pakistan. These activities were not with related parties. This includes payment related to professional services.

25.1 Total compensation expense

	Note	2022	2021
		---- (Rupees in '000) ----	
Managerial remuneration			
i) Fixed		**326,751**	301,543
of which;			
a) Cash bonus / awards		**5,324**	2,563
Charge for defined benefit plan	33.8.1	**15,025**	12,997
Contribution to defined contribution plan		**9,598**	8,356
Rent and house maintenance		**1,483**	4,850
Utilities		**5,194**	3,811
Medical		**9,013**	6,838
Conveyance		**2,176**	1,258
Group insurance		**654**	771
Benevolent fund		**115**	114
EOBI		**670**	573
Club membership		**289**	265
Grand Total		**376,291**	343,939

25.2 Auditors' remuneration

	2022	2021
Audit fee	**1,296**	1,129
Fee for other statutory certifications	**475**	416
Special certifications and sundry advisory services	**335**	309
Tax services	**-**	900
Out-of-pocket expenses	**316**	251
	2,422	3,005

25.2.1 The Auditors of the Company are also engaged in the audit of the Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund and Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund. However, audit fee for both the Funds amounting to Rs. 0.12 million was borne by the respective Funds (31 December 2021: Rs. 0.88 million).

26. OTHER CHARGES

	2022	2021
	---- (Rupees in '000) ----	
Arrangement fee and documentation charges	**7,526**	5,637
Brokerage commission	**7,525**	6,627
Expenses pertaining to Kamoki Energy Limited	**5,167**	4,345
	20,218	16,609

27. PROVISIONS / (REVERSALS) AND WRITE OFFS - NET

	Note	2022	2021
Reversal against lending to financial institutions		**-**	(2,497)
(Reversal) / provision on non-banking assets acquired in satisfaction of claims		**(364,715)**	364,715
Reversal of provisions for diminution in value of investments	8.3.1	**(51,507)**	(49,400)
Provisions / (reversal) against loans and advances	9.4	**38,165**	(20,174)
Provision against other receivable		**3,642**	22,459
Reversal against contingencies		**-**	(215,000)
		(374,415)	100,102

28. TAXATION

	Note	2022	2021
Current		**116,286**	58,664
Prior years		**(7,749)**	(41,985)
Deferred	12	**(20,499)**	(15,095)
		88,038	1,584

	Note	2022	2021
		---- (Rupees in '000) ----	

28.1 Relationship between tax expense and accounting profit

(Loss) / profit before taxation		(218,460)	42,467
Net tax effect on income taxed at reduced rates		116,286	58,664
Tax effect of expense that are not deductable in detemining taxable profit		(20,499)	(15,095)
Prior years charge		(7,749)	(41,985)
		88,038	1,584

29. BASIC (LOSS) / EARNINGS PER SHARE

(Loss) / profit for the year (Rupees in '000)	(306,498)	40,883
Weighted average ordinary shares (Number)	814,178	807,520
Basic (loss) / earnings per share (Rupees in '000)	(376.45)	50.63

30. DILUTED EARNINGS / (LOSS) PER SHARE

(Loss) / profit for the year (Rupees in '000)	(306,498)	40,883
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	814,178	807,520
Diluted (loss) / earnings per share (Rupees in '000)	(376.5)	50.6

31. CASH AND CASH EQUIVALENTS

		2022	2021
		---- (Rupees in '000) ----	
Term deposit receipts (TDRs)	31.1	2,800,000	2,700,000
Cash and balance with treasury banks	5	371,319	110,575
Balance with other banks	6	77,866	197,264
		3,249,185	3,007,839

31.1 These term deposit receipts (TDRs) are due for maturity on various dates between January 2023 to March 2023 (31 December 2021: January 2022 to March 2022).

32. STAFF STRENGTH

	2022	2021
	-------- (Number) --------	
Permanent	74	72
Temporary / on contractual basis	4	4
Daily wagers	11	11
Bank's own staff strength at the end of the year	89	87
Outsourced (Third Party)	13	11

32.1 In addition to the above no employee (2021: Nil) of outsourcing services companies were assigned to the Company during the year to perform services other than guarding and janitorial services.

33. DEFINED BENEFIT PLAN

33.1 General description

Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund was established for the benefit of all eligible employees of Pak-Libya Holding Company (Private) Limited through a trust deed dated 01 January 1999. The fund has been approved by the Commissioner of Income Tax under Rule 1 of Part III of the Sixth Schedule to the repealed Income tax ordinance 1979 to take effect from 01 February 1999.

33.2 Number of Employees under the scheme

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

	2022	2021
	(Number)	
- Gratuity fund	**77**	75

33.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2022 using the following significant assumptions:

	2022	2021
	(Per annum)	
Discount rate	**14.50**	11.75
Expected rate of return on plan assets	**14.50**	11.75
Expected rate of salary increase	**10.00**	10.25

33.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2022	2021
		(Rupees in '000)	
Present value of obligations	33.5	**150,346**	147,412
Fair value of plan assets	33.6	**(157,178)**	(149,994)
	33.7	**(6,832)**	(2,582)

33.5 Movement in defined benefit obligations

Obligations at the beginning of the year	**147,412**	132,233
Current service cost	**16,271**	14,376
Interest cost	**15,663**	12,268
Benefits paid	**(23,191)**	(7,796)
Re-measurement loss	**(5,809)**	(3,669)
Obligations at the end of the year	**150,346**	147,412

33.6 Movement in fair value of plan assets

Fair value at the beginning of the year	**149,994**	142,916
Interest income on plan assets	**16,909**	13,647
Contributions	**11,020**	1,899
Benefits paid	**(23,191)**	(7,796)
Re-measurements: Net return on plan assets over interest income gain / (loss)	**2,446**	(672)
Fair value at the end of the year	**157,178**	149,994

33.7 Movement in (receivable) / payable under defined benefit schemes

Opening balance		**(2,582)**	(10,683)
Charge for the year - net		**15,025**	12,997
Contribution by the Company - net		**(11,020)**	(1,899)
Re-measurement loss recognised in OCI during the year	33.8.2	**(8,255)**	(2,997)
Closing balance		**(6,832)**	(2,582)

33.8 Charge for defined benefit plans

33.8.1 Cost recognised in profit and loss

Current service cost	**16,271**	14,376
Net interest on defined benefit asset / liability	**(1,246)**	(1,379)
	15,025	12,997

33.8.2 Re-measurements recognised in OCI during the year

	2022	2021
	---- (Rupees in '000) ----	
(Gain) / Loss on obligation		
- Demographic assumptions	-	-
- Financial assumptions	**(1,942)**	1,515
- Experience adjustment	**(3,867)**	(5,184)
Return on plan assets over interest income	**(2,446)**	672
Total re-measurements recognised in OCI	**(8,255)**	(2,997)

33.9 Components of plan assets

	2022	2021
Cash and cash equivalents - net	**64**	46
Government securities	**157,114**	149,948
	157,178	149,994

33.9.1 Amounts for the current year and previous four annual periods of the present value of the defined benefit obligation, the fair value of plan assets, surplus / deficit and experience adjustments arising thereon are as follows:

Financial year	Present value	Fair value	Surplus / (deficit)
	---- (Rupees in '000) ----		
2022	**150,346**	**157,178**	**6,832**
2021	147,412	149,994	2,582
2020	132,233	142,916	10,683
2019	125,477	133,914	8,437
2018	116,781	113,384	(3,397)

33.10 Sensitivity analysis

Sensitivity analysis given below disclosed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit

	Gratuity fund 2022	2021
	---- (Rupees in '000) ----	
1% increase in discount rate	**(6,748)**	(7,585)
1% decrease in discount rate	**7,385**	8,394
1 % increase in expected rate of salary increase	**8,153**	9,073
1 % decrease in expected rate of salary increase	**(7,563)**	(8,362)
33.11 Expected contributions to be paid to the funds in the next financial year	**9,841**	11,020
33.12 Expected charge for the next financial year	**16,673**	13,602

33.13 Maturity profile

	2022	2021
	---- (Years) ----	
The weighted average duration of define benefit obligation	**4.7**	5.64

Particulars	Undiscounted 2022	2021
	---- (Rupees in '000) ----	
Year 1	**13,190**	13,865
Year 2	**26,255**	4,144
Year 3	**50,087**	25,585
Year 4	**8,610**	43,418
Year 5	**24,260**	8,213
Year 6 to Year 10	**91,832**	85,525
Year 11 and above	**189,404**	156,335

33.14 Funding Policy

The Company funds it annual contribution, based on actual valuation, in quarterly instalments during the year.

33.15 The scheme has various risks associated with it, however, following risks have been considered significant:

Asset volatility	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Changes in bond yields	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Inflation risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Life expectancy / Withdrawal rate	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.

34. DEFINED CONTRIBUTION PLAN

Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund was established for the benefit of all permanent employees of Pak-Libya Holding Company (Private) Limited through a trust deed dated 20 September 1981. The fund has been approved by the Commissioner of Income tax under Part I of the sixth schedule to the repealed Income tax ordinance 1979 to take effect from 30 November 1981.

	2022	2021
	---- (Rupees in '000) ----	
Contribution from the Company	9,956	8,910
Contribution from the Employees	9,956	8,910

34.1 Provident Fund Disclosures

The following information is based on the latest financial statements of the Fund:

	Note	Un-Audited 2022	Audited 2021
		------ (Rupees in '000) ------	
Size of the Fund - Total assets		142,739	142,646
Cost of investment made		140,836	141,529
Fair value of investments	34.2	141,235	141,786
		---------- (%) ----------	
Percentage of investment made		99.00	99.00

34.2 The break-up of fair value of investments is:

	Un-Audited 2022 (Rupees in '000)	Percent	Audited 2021 (Rupees in '000)	Percent
Bank balances	399	0.3%	257	0.2%
Market treasury bills	140,836	99.7%	141,529	99.8%
	141,235	100%	141,786	100%

34.3 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

35. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

35.1 Total Compensation Expense

2022

Items	Directors			CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive			
	(Rupees '000)					
Fees and allowances etc.	1,200	-	4,950	-	-	-
Managerial remuneration						
i) Fixed	-	47,562	-	48,942	70,582	23,674
ii) Total variable	-	-	-	-	6,500	250
of which	-	-	-	-	-	-
a) Cash bonus / awards	-	-	-	-	6,500	250
b) Bonus and Awards in shares	-	-	-	-	-	-
Charge for defined benefit plan	-	2,686	-	2,661	5,399	1,204
Contribution to defined contribution plan	-	2,320	-	2,540	2,123	510
Rent and house maintenance	-	897	-	554	-	-
Utilities and communication	-	3,039	-	2,166	866	165
Medical	-	196	-	-	2,505	142
Conveyance / vehicle running expense	-	2,304	-	790	1,959	183
Leave fare assistance	-	12,877	-	11,213	5,478	1,925
Club membership and subscription		-		-	366	108
Children education	-	4,371	-	6,578	-	-
Repatriation expense	-	-	-	-	-	3,766
Security services	-	1,043	-	603	-	-
Visa fee and immigration		280		-	-	-
Others		1,413		12	123	38
Total	1,200	78,988	4,950	76,059	95,901	31,965
	(Numbers)					
Persons	1	*1	2	1	10	5

2021

Items	Directors			CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive			
	(Rupees '000)					
Fees and allowances etc.	3,000	-	13,100	-	-	-
Managerial remuneration						
i) Fixed	-	45,051	-	40,116	66,294	30,895
ii) Total variable	-	5,889	-	5,859	13,240	3,100
of which	-	-	-	-	-	-
a) Cash bonus / awards	-	5,889	-	5,859	13,240	3,100
b) Bonus and Awards in shares	-	-	-	-	-	-
Charge for defined benefit plan	-	2,260	-	2,180	5,190	1,232
Contribution to defined contribution plan	-	2,289	-	1,989	2,033	601
Rent and house maintenance	-	4,513	-	306	-	-
Utilities and communication	-	2,228	-	1,200	794	326
Medical	-	490	-	-	1,056	1,126
Conveyance / vehicle running expense	-	1,736	-	1,042	714	491
Leave fare assistance	-	9,183	-	9,104	5,096	2,069
Club membership and subscription		-		-	240	88
Children education	-	5,639	-	5,640	-	-
Security services	-	633	-	464	-	-
Visa fee and immigration		153		-	-	-
Others		296		122	218	47
Total	3,000	80,360	13,100	68,022	94,875	39,975
	(Numbers)					
Persons (Number)	1	1	4	1	12	5

The Managing Director and Deputy Managing Director (Executive Committee) are also entitled to usage of certain Company maintained assets as per their terms of employment and human resource policy.

Key management personnel are those executives reporting directly to the CEO / MD of the Company, whilst other material risk takers / controllers are those executives, other than key management personnel, involved in material risk taking and related controlling activities respectively.

* During the month of November 2022, the new DMD has joined the Company and the former DMD has retired.

35.2 Remuneration paid to Directors for participation in Board and Committee meetings

2022

Name of Director	Meeting Fees and Allowances Paid			
	For Board Meetings	For Board Committees		
		Audit Committee	Risk Management Committee	Total Amount Paid
	------------- (Rupees in '000) -------------			
Mr. Mohamed Mahmoud Shawsh	**1,200**	**-**	**-**	**1,200**
Dr. Muhammad Tahir Noor	**1,000**	**700**	**-**	**1,700**
Mr. Abrar Ahmed Mirza	**2,200**	**700**	**350**	**3,250**
Total Amount Paid	**4,400**	**1,400**	**350**	**6,150**

2021

Name of Director	Meeting Fees and Allowances Paid			
	For Board Meetings	For Board Committees		
		Audit Committee	Risk Management Committee	Total Amount Paid
	(Rupees in '000)			
Mr. Bashir B. Omer	3,000	-	-	3,000
Dr Muhammad Tahir Noor	2,500	1,400	-	3,900
Mr. Abdulfatah Ashour Ejayedi	2,500	1,400	700	4,600
Mr. Abrar Ahmed Mirza	2,500	1,400	700	4,600
Total Amount Paid	10,500	4,200	1,400	16,100

35.3 Remuneration paid to Shariah Board Members

The Company does not have shariah board members, being a conventional financial institution, therefore, there is no remuneration to shariah board.

36. FAIR VALUE MEASUREMENTS

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

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

36.1 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).

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	Note	2022 Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets - measured at fair value					
Investments					
Federal government securities	8.2	-	103,593,429	-	103,593,429
Shares	8.2	881,754	-	1,500	883,254
Non-government debt securities	8.2	1,362,375	849,452	-	2,211,827
Financial assets - disclosed but not measured at fair value					
Investments	8.2	-	-	1,554,477	1,554,477
Cash and balances with treasury banks	5	-	-	371,319	371,319
Balances with other banks	6	-	-	77,866	77,866
Lendings to financial institutions	7	-	-	3,800,000	3,800,000
Advances	9	-	-	9,742,795	9,742,795
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(113,480,048)	(113,480,048)
Deposits and other accounts	17	-	-	(5,627,397)	(5,627,397)

On balance sheet financial instruments	Note	2021 Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets - measured at fair value					
Investments					
Federal government securities	8.2	-	23,880,631	-	23,880,631
Provincial government securities	8.2	-	-	-	-
Shares	8.2	899,541	-	1,500	901,041
Non-government debt securities	8.2	-	715,792	-	715,792
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	8.2	-	-	1,714,451	1,714,451
Cash and balances with treasury banks	5	-	-	110,575	110,575
Balances with other banks	6	-	-	197,264	197,264
Lendings to financial institutions	7	-	-	3,800,000	3,800,000
Advances	9	-	-	6,312,474	6,312,474
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(30,149,418)	(30,149,418)
Deposits and other accounts	17	-	-	(4,576,353)	(4,576,353)

36.2 Fair value of non-financial assets

On balance sheet non-financial assets	2022 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Non-banking assets acquired in satisfaction of claims	-	158,086	-	158,086

On balance sheet non-financial assets	2021 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518

Methodology and valuation Approach land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs. 113 million (31 December 2021: Rs. 70.625

However the recent valuation performed by M/s. MYK Associates Private Limited dated 27 January 2023, assessed Rs. 186.450 million as the market value of the land and Rs. 29.870 million for building component.

The management of the Company has not considered the revaluation gain in these financial statements.

37. SEGMENT INFORMATION

37 Segment details with respect to business activities

The segment analysis with respect to business activity is as follow:

	2022					
	Corporate and Investment Banking	Treasury	Capital Markets	Corporate Commercial and SME	Un-allocated / others	Total
	(Rupees In '000)					
Profit and loss Account						
Net mark-up/return/profit	161,929	828,540	(92,916)	21,642	(921,029)	(1,834)
Non mark-up / return / interest income	14,322	3,025	44,987	16,420	(155,359)	(76,605)
Total Income	176,251	831,565	(47,929)	38,062	(1,076,388)	(78,439)
Segment direct expenses	16,013	33,345	19,641	29,150	295,321	393,470
Inter segment expense allocation	6,925	86,833	5,913	13,217	8,078	120,966
Total expenses	22,938	120,178	25,554	42,367	303,399	514,436
(Reversal) / (recovery) / provision	3,642	-	(31,406)	98,518	(445,169)	(374,415)
Profit / (loss) before tax	149,671	711,387	(42,077)	(102,823)	(934,618)	(218,460)
Statement of Financial Position						
Cash and bank balances	-	449,185	-	-	-	449,185
Investments	3,240,361	103,802,203	973,195	-		108,015,759
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	1,117,356	-	-	8,317,835	149,123	9,584,314
- non-performing	850,428	-	-	493,781	-	1,344,209
Others	88,802	1,707,498	-	234,970	2,040,973	4,072,243
Less: Provision (Advances)	(850,428)	-	-	(335,300)	-	(1,185,728)
Less: Provision (Investments)	(1,110,948)	(9,371)	(206,930)	-	-	(1,327,249)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(13,389)	(9,757)	-	(22,459)	(16,444)	(62,049)
Total Assets	3,322,182	109,739,758	766,265	8,688,827	2,173,653	124,690,684
Borrowings	2,294,367	101,201,943	560,552	7,651,985	1,771,202	113,480,048
Deposits and other accounts	-	5,627,397	-	-	-	5,627,397
Others	-	1,060,351	150	9,027	402,451	1,471,979
Total liabilities	2,294,367	107,889,691	560,702	7,661,012	2,173,653	120,579,424
Equity	1,027,815	1,850,067	205,563	1,027,815	-	4,111,260
Total equity and liabilities	3,322,182	109,739,758	766,265	8,688,827	2,173,653	124,690,684
Contingencies and commitments	2,176,888	-	-	2,251,435	355,266	4,783,589

	2021					
	Corporate and Investment Banking	Treasury	Capital Markets	Corporate Commercial and SME	Un-allocated / others	Total
	(Rupees in '000)					
Profit and loss Account						
Net mark-up/return/profit	212,859	408,190	-	13,845	(28,945)	605,949
Non mark-up / return / interest income	(83,190)	(3,931)	102,604	612	14,059	30,154
Total Income	129,669	404,259	102,604	14,457	(14,886)	636,103
Segment direct expenses	16,529	23,870	15,082	13,836	137,701	207,018
Inter segment expense allocation	6,007	3,599	3,265	8,027	265,618	286,516
Total expenses	22,536	27,469	18,347	21,863	403,319	493,534
(Reversal) / (recovery) / provision	78,202	(45,497)	68,629	(1,232)	-	100,102
Profit / (loss) before tax	28,931	422,287	15,628	(6,174)	(418,205)	42,467
Statement of Financial Position						
Cash and bank balances	-	307,839	-	-	-	307,839
Investments	3,476,247	24,083,435	1,025,020	-	5,969	28,590,671
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	4,831,224	-	-	1,275,335	147,427	6,253,986
- non-performing	1,112,610	-	-	60,179	33,263	1,206,052
Others	1,319,694	665,564	-	15,048	1,411,787	3,412,093
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,304)	-	(1,147,563)
Less: Provision (Investments)	(1,225,811)	(9,371)	(143,574)	-	-	(1,378,756)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(407,255)	(9,757)	-	-	(6,108)	(423,120)
Total Assets	7,992,450	28,837,710	881,446	1,317,258	1,592,338	40,621,202
Borrowings	5,162,570	24,065,667	-	921,181	-	30,149,418
Deposits and other accounts	-	4,576,353	-	-	-	4,576,353
Others	86,205	103,595	969	5,882	123,924	320,575
Total liabilities	5,248,775	28,745,615	969	927,063	123,924	35,046,346
Equity	3,146,280	-	1,128,097	-	1,300,481	5,574,858
Total equity and liabilities	8,395,055	28,745,615	1,129,066	927,063	1,424,405	40,621,204
Contingencies and commitments	3,738,240	-	-	764,410	350,274	4,852,924

38. TRUST ACTIVITIES

The Company did not act as trustee during the year and in corresponding year.

39. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its parent, associate, joint venture, subsidiary, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	31 December 2022							31 December 2021						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
	(Rupees in '000)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	364,522	-	-	-	-	-	-	105,245
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	1,000,000
Addition during the year	-	-	-	-	-	-	34,914,675	-	-	-	-	-	-	4,450,000
Repaid during the year	-	-	-	-	-	-	(34,914,675)	-	-	-	-	-	-	(4,750,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	700,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	25,351,437	-	-	-	-	1,500	704,667	22,272,681
Investment made during the year	-	-	-	-	-	-	148,255,615	-	-	-	-	-	-	8,654,188
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(67,626,422)	-	-	-	-	-	-	(5,575,432)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	105,980,630	-	-	-	-	1,500	704,867	25,351,437
Provision for diminution in value of investments	-	-	-	-	-	704,867	50,000	-	-	-	-	-	704,867	83,134
Surplus / (deficit) in value of Investments	-	-	-	-	-	-	(2,119,625)	-	-	-	-	-	-	(1,167,164)
Advances														
Opening balance	-	-	71,150	-	-	-	20,690	-	-	48,454	-	-	-	42,825
Addition during the year	-	-	25,144	-	-	-	7,037	-	-	20,262	-	-	-	-
Repaid during the year	-	-	(14,007)	-	-	-	(3,185)	-	-	(17,068)	-	-	-	(2,633)
Transfer in / (out) - net	-	-	(6,236)	-	-	-	(343)	-	-	19,502	-	-	-	(19,502)
Closing balance	-	-	76,051	-	-	-	24,199	-	-	71,150	-	-	-	20,690
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 December 2022							31 December 2021						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
	(Rupees in '000)													
Other Assets														
Interest / mark-up accrued	-	-	3,119	-	-	-	1,373,680	-	-	-	-	-	-	621,538
Other receivable	-	5,983	-	-	2,715	-	-	-	5,983	-	-	1,466	-	-
Other advances	-	12,333	860	-	-	-	80	-	-	250	-	-	-	160
Advance taxation	-	-	-	-	-	-	1,282,849	-	-	-	-	-	-	790,668
Provision against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	18,166,656	-	-	-	-	-	-	9,611,528
Borrowings during the year	-	-	-	-	-	-	676,106,640	-	-	-	-	-	-	547,829,245
Settled during the year	-	-	-	-	-	-	(621,406,221)	-	-	-	-	-	-	(539,274,117)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	72,867,075	-	-	-	-	-	-	18,166,656
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	225,000	-	3,723,760	-	-	-	-	185,000	-	3,603,756
Received during the year	-	-	4,500	-	640,000	-	27,214,832	-	-	-	-	552,500	-	28,792,836
Withdrawn during the year	-	-	(3,500)	-	(600,000)	-	(26,553,180)	-	-	-	-	(512,500)	-	(28,672,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	1,000	-	265,000	-	4,385,413	-	-	-	-	225,000	-	3,723,759
Other Liabilities														
Interest / mark-up payable	-	-	5	-	8,502	-	1,045,197	-	-	-	-	284	-	45,122
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,791	3,265	2,347	-	-	-	966	5,324	2,058	3,406	-	-	1,008	1,237
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	882,959	348,141	-	-	-	-	-	873,922	348,141

	31 December 2022							31 December 2021						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
	(Rupees in '000)													
Income														
Mark-up / return / interest earned -net	-	-	2,019	-	-	-	6,513,747	-	-	1,393	-	-	-	1,977,215
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	16,375	-	-	-	-	-	-	20,080
Gain on sale of securities - net	-	-	-	-	-	-	(37,785)	-	-	-	-	-	-	4,023
Gain on disposal of fixed assets	-	4,070	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	50	-	33,663	-	6,438,055	-	-	-	-	15,606	-	1,185,000
Operating expenses														
Office maintenance and related expenses	-	1,700	-	-	19,930	-	-	-	1,700	-	-	16,798	-	-
Non-executive directors' remuneration	-	6,150	-	-	-	-	-	-	16,100	-	-	-	-	-
Board Meeting Expense	-	497	-	-	-	-	-	-	4,996	3,482	-	-	-	803
Remunerations	-	148,013	88,379	-	-	-	30,252	-	142,264	87,652	-	-	-	38,140
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	4,860	2,123	-	-	-	510	-	4,278	2,033	-	-	-	601
Contribution to defined benefit plan	-	5,347	5,399	-	-	-	1,204	-	4,440	5,190	-	-	-	1,232
Depreciation	-	11,095	1,027	-	-	-	194	-	22,337	823	-	-	-	256
Other Charges														
Others	-	-	-	-	-	3,592	-	-	-	-	-	-	4,345	-
Insurance premium paid	-	-	-	-	-	1,483	-	-	-	-	-	-	1,497	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Executives directors and key management personnel are also entitled to the use of certain Company assets as per their terms of employment.

(2) It includes state controlled entities, certain other material risk takers and controllers.

(3) Transactions with owners have been disclosed in "Statement of changes in equity"

(4) In financial year 2017, Rs. 26.11 million was paid to a former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from him partly from sale proceeds of the car surrendered by him to the Company and partly from actual payment. The car was disposed off in financial year 2018 against sale proceeds of Rs. 9.11 million in addition to actual cash received amounting to Rs. 11.004 million. The management has been following up for the remaining amount of 5.983 million,which is appearing in other receivables.

(5) Remuneration and short term employee benefits are disclosed in note 35. to the financia lstatements.

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**5,743,321**	6,041,564
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**3,848,552**	4,750,019
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**3,848,552**	4,750,019
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**3,848,552**	4,750,019
Risk Weighted Assets (RWAs):		
Credit Risk	**16,788,028**	13,613,829
Market Risk	**5,178,866**	5,089,600
Operational Risk	**1,147,177**	1,054,835
Total	**23,114,071**	19,758,264

	2022	2021
Common Equity Tier 1 Capital Adequacy ratio (%)	**16.65%**	24.04%
Tier 1 Capital Adequacy Ratio (%)	**16.65%**	24.04%
Total Capital Adequacy Ratio (%)	**16.65%**	24.04%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital (Rupees in 000)	**3,848,552**	4,750,019
Total Exposures (Rupees in 000)	**127,595,889**	65,186,811
Leverage Ratio (%)	**3.02%**	7.29%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets (Rupees in 000)	**3,064,721**	2,032,257
Total Net Cash Outflow (Rupees in 000)	**929,716**	667,962
Liquidity Coverage Ratio (%)	**330%**	304%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding (Rupees in 000)	**14,727,968**	15,835,910
Total Required Stable Funding (Rupees in 000)	**12,324,858**	10,860,903
Net Stable Funding Ratio (%)	**119%**	146%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS is available at https://paklibya.com.pk/financial_reports.php?type=Capital_Adequacy_Statements

40.1 CAPITAL ASSESSMENT AND ADEQUACY

40.1.1 Capital adequacy

SBP's regulatory capital guidelines under Basel III allow for three tiers of capital. Common Equity Tier I capital includes common shares and retained earnings. Pak Libya currently does not hold any instruments in Additional Tier 1 or Tier 2 capital. The authorised share capital of the Company is Rs.10,000 million and the paid-up capital is Rs. 8,141.780 million consisting of 814,178 shares with a par value of Rs.10,000 per share.

Company's regulatory capital is divided into three tiers.

* Common Equity Tier 1 capital (CET1), which includes fully paid up capital and statutory reserves as per the financial statements and unappropriated loss after all regulatory adjustments applicable on CET1.

* There is no amount for Additional Tier 1 Capital (AT1) of the Company.

* Tier 2 capital includes revaluation reserves on account of unrealised gain on available-for-sale investments and general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets).

The table below illustrates the following approaches that are adopted at Pak Libya for capital requirements calculation under Basel III in relation to the various risk types under Pillar 1:

Credit Risk	Standardised Approach
Market Risk	Standardised Approach
Operational Risk	Basic Indicator Approach

Minimum capital requirement

SBP has prescribed that the minimum paid-up capital (free of losses) for DFI is required to be maintained at Rs.6 billion and ratio of total regulatory capital to risk weighted asset is to be maintained at or above 10% alongwith Capital Conservation Buffer (CCB) of 1.5% which is reduced from 2.5% as a result of COVID-19 pandemic. The paid-up capital (free of losses) of the Company as of 31 December 2022 amounted to Rs. 5.762 billion, which is below the minimum capital requirement of Rs. 6 billion.

Capital management

A strong capital position is essential to the Company's business strategy and competitive position. The Company's capital strategy focuses on long-term stability, which aims to build and invest in core business activities. The Company seeks to maintain adequate levels of capital in order to:

- comply with the capital requirement set by the regulators of the Company;
- safeguard Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- acquire, develop and maintain a strong capital base to support the development of its business activities;
- support the underlying risks inherited in the core business activities; and
- be able to withstand capital demands under market shocks and stress conditions.

The Company carries out Capital Planning annually to ensure the sufficiency of capital keeping in view the business strategy, expected growth, regulatory requirements, Basel III guidelines and risks associated with the business operations. The capital planning is normally undertaken for the horizon of next three to five years. The plan takes the following into account:

- current capital requirement,
- growth of core financing and investment business based on activities plans of the various business units (Investment Banking, Advisory & Syndication, Corporate/Commercial & SME, Treasury and Capital
- the funding structure and sources of funding, liabilities and equity to support the asset growth taking into consideration the need to maintain strong liquidity position based on Basel III guidelines.
- maintenance of regulatory capital requirements and capital adequacy ratios.

The Company has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Company's ICAAP covers the capital management, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections for a period of three to five years. The ICAAP report is produced on an annual basis and is approved by the Board of Directors.

Under the ICAAP methodology, the following risk types are identified and measured:

- risks covered under Pillar 1 (credit risk, market risk and operational risk),
- risks not fully covered under Pillar 1 (Residual Risk),
- risks covered under Pillar 2 (concentration risk, interest rate risk, liquidity risk, reputational risk, strategic/business risk).

The Company has also implemented Stress Testing Framework as per the SBP guidelines. This involves the use of various techniques to assess the Company's susceptibility to plausible yet extreme stress scenarios. The stress tests cover shocks related to credit risk, interest rate risk, exchange rate risk, equity price risk, liquidity risk and operational risk. The stress tests are performed quarterly and results are reported to Management and Board of Directors through respective Risk Management Committee.

Scope of applications

The Basel III Capital Regulations (Basel III) are applicable to Pak Libya Holding Company (Private) Limited in line with the guidelines issued by State Bank of Pakistan (SBP).

SBP has issued the framework and guidance regarding implementation of the capital reforms under Basel III - which are effective from 31 December 2013. Accordingly, the Company's Risk Weighted Assets (RWA), total capital and related ratios are calculated under the Basel framework.

Basel-III framework enables a more risk-sensitive regulatory capital calculation along with tightening of capital requirements, raising the quality, consistency and transparency of capital base to promote long term viability of the Company. As the Company carry on the business, it is critical that the Company is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Company to a particular segment of business.

Significant subsidiary

Currently, Pak Libya does not have any subsidiary as the Company has disposed off 80% of its shareholding and management control in Kamoke Powergen (Privat) Limited (KPL). Furthermore, the Company does not have significant investment in any insurance entity.

41. RISK MANAGEMENT

The Company has an independent risk management function and developed sound risk management framework to continuously manage and mitigate risks emanating from the regular course of its operational and financial activities. 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 salient risk elements in the operational facets of the Company. The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. The Board's Risk Management Committee along with various management committees supports Board of Directors in order to achieve this task. It involves identification, measurement, monitoring and controlling risks with a view to ensure that:

- Adequate capital is available as a buffer;
- Exposures remain within the limits prescribed by the Board of Directors; and
- Risk taking decisions are in line with the policy guidelines, business strategy and objectives set by the Board.

Scope of application of Basel III framework

State Bank of Pakistan, through BPRD circular no. 06 dated 15 August 2013, requires Banks/DFIs to report the Capital Adequacy Ratio (CAR) under the Basel III framework with CAR requirements increasing in a transitory manner through 2019.

The Company is exposed to a number of risks, which it manages at different levels.

The main categories of risk associated to / with the Company are as follows:

Credit risk

The risk of losses resulting from counterparties' failure to meet all or part of their obligations towards the Company. The Company has adopted Standardized Approach for credit risk reporting under Basel III framework.

The Company has established an appropriate credit risk structure and culture whereby policies are reviewed and revamped to maintain sound credit granting procedures, maintaining appropriate credit administration, measurement, monitoring processes and adequate controls.

Risk management structure facilitates the Credit approval function by its Internal Credit Risk Rating model through which an appropriate risk level of the borrower / counterparty is assessed for credit sanctioning and disbursement.

The Company manages credit risk through:

- Establishment of acceptable risk appetite and tolerance levels;
- Sound procedures, tools and controls for the management of risk assets and credit documentation;
- Target market planning and overall market intelligence; and
- Accurate and detailed information about the borrower, its financial position and operations.

Market risk

The risk of losses resulting from the variance in the market value of the Company's assets and liabilities owing to changes in market conditions. The Company has adopted Standardized Approach for market risk reporting under Basel III

Market risk measures and controls are applied at the portfolio level and limits and other controls are applied to particular books and to specific portfolios. Controls and established parameters are applied to prevent any undue risk concentrations in the trading book and include controls on exposure to individual market risk factors and on positions in securities of individual issuers.

The principal market risk in respect to the Company's assets and liability management is primarily associated with the capital market exposure and the maturity and repricing mismatches of its assets and liabilities. The Board is responsible for reviewing and recommending all market risk policies and ensures that sound market risk and effective risk management systems are established and complied with regulatory guidelines.

Operational risk

The risk of losses resulting from deficient or erroneous internal procedures, human or system errors, or external events. The Company has adopted Basic Indicator Approach for operational risk reporting under Basel III framework.

The Company has in place a duly approved operational risk policy, manual, disaster recovery system (DRS) and a business continuity plan (BCP). These are continuously reviewed to strengthen operational controls prevailing in the

Operational risk policy and manual set minimum standards and require all business units to identify and assess risks through loss data collection, Risk Control Self Assessment (RCSA) and key risk indicators (KRIs). The departments are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The department is responsible to report any potential deviation giving rise to operational risk events in the Company.

The Company is in the process of continuously improving its internal controls which aids in strengthening the Operational Risk Management of the Company. In this regards, the Company maintains a detailed internal control over financial reporting (ICFR) documentation.

Liquidity risk

The risk arising due to failure in raising funds at reasonable cost within the required time duration to finance the Company's operations and meet its liabilities when these become due is categorised as liquidity risk.

The Company's approach to liquidity risk management is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due. The Liquidity Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel III principles on sound liquidity management. The Company has also formulated Liquidity Risk Management policy as per SBP's guidelines. The risk management division uses different tools for identifying, assessing, measuring and controlling liquidity risk and periodically reports to senior management and risk management committees. The Company is also preparing leverage ratio report on quarterly basis for senior management, risk management committees and regulator.

The Basel Committee on Banking Supervision has developed two standards intended for use in liquidity risk supervision: the "Liquidity Coverage Ratio" and "Net Stable Funding Ratio".

The LCR is a regulatory requirement set to ensure that the Company has unencumbered high quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario. The Company monitors and reports its liquidity position under the State Bank of Pakistan (SBP) guidelines on Basel III Liquidity Standards implementation in Pakistan. The LCR became effective on 31 March 2017, with currently no minimum ratio requirement in Pakistan for DFIs, however, the Company ratio stood at 403% on an average during the year 2022 while the ratio stood at 330% as on December 31,

The Net Stable Funding Ratio is the regulatory metric for assessing the Company's structural funding profile. The NSFR is intended to reduce long-term funding risks by requiring banks/DFIs to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (ASF) (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (RSF) (a function of the liquidity characteristics of various assets held). Banks/DFIs are expected to meet the NSFR requirement of at least 100% on an ongoing basis from 31 December 2017, however, the Company remained above the required level while maintaining the ratio at 119% as on 31 December 2022.

The management is responsible for managing liquidity profile of the Company although strategic management of liquidity has been delegated to Asset & Liability Committee (ALCO). The ALCO of the Company deliberate and recommend liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. It is also responsible for ensuring that the Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

41.1 Credit risk

Credit risk management objectives and policies

Credit risk refers to the risk of financial loss arising from defaults by counterparties in meeting their obligations. Exposure to credit risks for the Company arises primarily from the lending and investment activities.

Credit exposures include both individual borrowers, corporates and groups of connected counterparties & SMEs and portfolios in the Company's banking/trading books.

The management of credit risk is governed by the credit policy and procedure approved by the Board and the Management respectively. The procedure and policy guideline spell out relevant process flow, approval authorities, limits, risks, credit ratings and other matters involved in order to ensure sound credit granting and approving standards in compliance with the Prudential Regulations and Risk Management Guidelines of the State Bank of Pakistan.

Appropriate levels of facilities are approved by the Board of Directors through Policy Guidelines. The Executive Committee (EC) approves facilities of upto the limit defined in Credit Policy guidelines based on the internal or external risk rating of the borrower and escalated/enhanced up to the limit approved by the Board. The facilities exceeding this limit require approval from the Board of Directors on recommendation of the EC. Credit Committee (CC) considers and recommends the said facilities to EC based on the policy guidelines and risks prevalent in taking requisite exposure towards the borrower / counterparty.

The Company currently uses Standardised Approach for computing capital charge on credit risk weighted assets. Currently, the Company does not employ Credit Risk Mitigation (CRM) approach as there is no hedging (in whole or in part) by a collateral posted by the third party on the behalf of the counterparty.

Credit risk rating

Credit risk rating is an important tool in assessing, monitoring and controlling credit risk. In order to identify changes in risk profiles at early stages, credits with deteriorating ratings are subject to additional oversight and monitoring.

The Internal Credit Risk Rating System (ICRRS) is intended to reflect the overall risk profile of the borrower / guarantor / counterparty. Risk ratings are assigned according to the perception of risk on a numerical scale, determined within the qualitative and quantitative set of parameters and variables encompassing the risk levels of the borrower / guarantor / counterparty. The Credit scoring in the ICRRS is being conducted by Investment Banking, Advisory & Syndication Department/ Corporate,Commercial & SME Department which is reviewed by the Risk Management Function on periodic basis and from time to time upon receiving the required information and documents of the credit proposal/obligor for its credit approval.

Objective of Internal Credit Risk Rating (ICRR)

Credit ratings are aimed at achieving one or more of the following:

- Internal risk reporting;
- Portfolio management; and
- Setting of credit risk concentration limits.
- identifying key financial trends.

The Company constantly updates and improves upon its rating system to facilitate prudent lending decisions along with proactive and effective identification and monitoring of potential credit risks emanating from the lending activities of the Company.

The Company also uses and give due weightage to external rating while evaluating the risk. The Company considers external ratings assigned by external credit rating agencies including PACRA and / or VIS.

Exposures	**VIS**	**PACRA**	**Other**
Corporate	Yes	Yes	x
Banks	Yes	Yes	x

Credit exposures subject to standardised approach

Exposures	Rating Category	2022 Amount outstanding	2022 Deduction CRM*	2022 Net amount	2021 Amount outstanding	2021 Deduction CRM*	2021 Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	-	-	-	-	-	-
	1	489,400	-	489,400	648,551	-	648,551
	2	6,269,972	-	6,269,972	3,798,649	-	3,798,649
	3-4	500,604	-	500,604	449,422	-	449,422
	5-6	-	-	-	-	-	-
	Unrated	3,156,424	-	3,156,424	2,384,688	-	2,384,688
		10,416,400	-	10,416,400	7,281,310	-	7,281,310
Banks	0	-	-	-	-	-	-
	1	1,975,241	-	1,975,241	2,110,065	-	2,110,065
	2-3	2,103,029	-	2,103,029	2,103,819	-	2,103,819
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		4,078,270	-	4,076,270	4,213,884	-	4,213,884
Sovereigns		-	-	-	-	-	-
Total Credit Exposure		14,494,670	-	14,494,670	11,495,194	-	11,495,194

*CRM= Credit Risk Mitigation

The accounting policies and methods used by the Company are in accordance with the requirements of SBP guidelines and prudential regulations. These policies are disclosed in note 4 to these financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.4 of these financial statements.

41.1.1 *Lendings to financial institutions*

Credit risk by public / private sector

	2022	2021	2022	2021	2022	2021
	Gross		Non-performing		Provision held	
	(Rupees in '000)					
Public / Government	3,830,567	3,830,567	30,567	30,567	30,567	30,567
Private	-	-	-	-	-	-
	3,830,567	3,830,567	30,567	30,567	30,567	30,567

41.1.2 *Investment in debt securities*

Credit risk by industry sector

	2022	2021	2022	2021	2022	2021
Agriculture, Forestry, Hunting and Fishing	1,925	1,925	1,925	1,925	1,925	1,925
Textile	641,159	806,102	271,715	291,817	271,715	291,817
Electronics and electrical appliances	331,698	87,190	15,957	15,957	15,957	15,957
Vehicle & Asset Tracking	142,857	355,543	-	-	-	-
Food & Agricultue	55,000	75,000	-	-	-	-
Financial	1,385,060	1,464,240	124,695	124,695	35,984	35,984
Others	4,442	4,441	4,441	4,441	4,441	4,441
	2,562,141	2,794,441	418,733	438,835	330,022	350,124
Credit risk by public / private sector						
Private	2,562,141	2,794,441	418,733	438,835	330,022	350,124

41.1.3 *Advances*

Credit risk by industry sector

	2022	2021	2022	2021	2022	2021
Agriculture, Forestry, Hunting and Fishing	363,375	417,375	7,354	7,354	7,354	7,354
Mining and Quarrying						
Textile	1,697,665	1,114,056	197,415	201,758	188,884	193,227
Chemical and Pharmaceuticals	1,190,330	936,330	474,399	500,000	474,399	500,000
Cement	180,000	200,000	180,000	200,000	180,000	200,000
Sugar	2,008,325	896,154	70,999	70,999	70,999	70,999
Automobile and transportation equipment	328,372	338,781	328,373	138,781	228,372	138,781
Electronics and electrical appliances	626,296	688,189	-	-	-	-
Construction	3,123	5,493	-	-	-	-
Power (electricity), Gas, Water, Sanitary	1,442,625	1,138,291	-	-	-	-
Engineering	437,022	589,461	53,898	53,897	3,898	3,897
Transport, Storage and Communication	344,862	352,746	-	-	-	-
Services	407,135	51,133	-	-	-	-
Individuals	184,110	180,690	31,771	33,263	31,774	33,252
Manufacturing	1,715,283	551,339	-	-	-	-
	10,928,523	7,460,038	1,344,209	1,206,052	1,185,680	1,147,510
	2022	2021	**2022**	2021	**2022**	2021
Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Private	10,928,523	7,460,038	1,344,209	1,206,052	1,185,680	1,147,510

41.1.4 ***Contingencies and Commitments***

Credit risk by industry sector	2022	2021
	--- (Rupees in '000) ---	
Textile	**1,160,427**	1,414,780
Chemical and Pharmaceuticals	**350,000**	-
Cement and Steel	**400,000**	-
Construction	**70,845**	70,845
Power (electricity), Gas, Water, Sanitary	**1,232,959**	2,023,460
Wholesale and Retail Trade	**-**	851
Transport, Storage and Communication	**400,000**	-
Services	**341,543**	524,674
Manufacturing	**472,549**	468,040
	4,428,323	4,502,650
Credit risk by public / private sector		
Public / Government	**1,253,974**	1,764,780
Private	**3,174,349**	2,737,870
	4,428,323	4,502,650

41.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) aggregated to Rs. 5,499.640 million (2021: Rs. 4,777.752 million) are as following:

	2022	2021
	---- (Rupees in '000) ----	
Funded	**4,266,681**	3,554,292
Non Funded	**1,232,959**	1,223,460
Total Exposure	**5,499,640**	4,777,752

The sanctioned limits against these top 10 expsoures aggregated to Rs 6135.745 million (2021: Rs 4,313.00 million)

Total funded classified therein	**2022**		2021	
	Amount	**Provision held**	Amount	Provision held
	---------- (Rupees in '000) ----------			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**474,399**	**474,399**	500,000	500,000
Total	**474,399**	**474,399**	500,000	500,000

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

41.1.6 Advances - Province / Region-wise Disbursement & Utilization

	2022						
	Disbursements	Utilisation					
Province / Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	-	-	-	-	-	-	-
Sindh	**6,550,187**	**5,174,773**	**1,375,414**	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	**6,550,187**	**5,174,773**	**1,376,414**	-	-	-	-

Province / Region	2021 Disbursements	Utilisation Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	3,136,476	2,001,602	1,134,874	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	3,136,476	2,001,602	1,134,874	-	-	-	-

Disbursements mean the amounts disbursed by banks either in Pak Rupee or in foreign currency against loans.

"Disbursements of Province / Region wise" refers to the place from where the funds are being issued by scheduled banks to the borrowers.

"Utilization of Province / Region wise" refers to the place where the funds are being utilised by borrower.

41.2 Market Risk

Market risk refers to the impact on the Company's financial condition resulting from future price volatility or adverse movements in the value of assets contained in its trading book and / or investment portfolio. The principal market risk in respect of the Companys's assets and liabilities is primarily associated with the maturity and repricing mismatches of its assets and liabilities and equity price risk. The risk emanating from any potential changes in market prices, due to changes in the interest rates, foreign exchange rates and equity prices are duly identified and accounted for.

A trading book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must either be free of any restrictive covenants on their tradability or able to be hedged completely.

Transaction undertaken by the financial Institution for the banking book means any position or financial instrument held by the Company in the normal course of business, not for trading purpose, or financial instrument that the financial institution intends to hold until maturity. All Investment excluding trading book are considered as part of banking book which includes Available-for-Sale, Held-to-Maturity and Strategic Investments. Due to diversified nature of investments in banking book, it shall be subject to interest rate and equity price risk.

The Company has a sound framework for Market Risk management with the Treasury Investment Policy and Market Risk Management policy duly approved by the Board.

The Market Risk Management framework of the Company comprises of exposure limits, a series of stop loss limits and potential loss limits recommended by Asset and Liability Committee (ALCO) / Investment committee of the Company to ensure that front line risk-takers do not exceed or breach the defined boundaries set by the management. Limit management is a control mechanism to ensure that all business activities are conducted in compliance with the risk management guidelines and policies. Gap analysis is conducted on regular basis in order to assess the quantum of market risk and liquidity position of the Company. The limits are set and reviewed regularly after taking into account number of factors, including market trading, liquidity of the instruments, returns and Company's business strategy.

Management of interest rate risk of the banking and / or trading book is primarily focused on interest cum fair value through Re-pricing Gap Analysis and Fair Value Sensitivity. The management of interest rate risk of the trading book is achieved through mark-to-market practice. On quarterly basis, the Stress Test reports are being prepared for senior management, risk management committees and regulator to have an accurate understanding of Company's risk tolerance levels.

The description of portfolios covered under the approach shall also be detailed along with the capital charge required there against.

41.2.1 Statement of financial position split by trading and banking books

	2022 Banking book	Trading book	Total	2021 Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**371,319**	-	**371,319**	110,575	-	110,575
Balances with other banks	**77,866**	-	**77,866**	197,264	-	197,264
Lendings to financial institutions	**3,800,000**	-	**3,800,000**	3,800,000	-	3,800,000
Investments	**105,806,756**	**881,754**	**106,688,610**	26,312,373	899,541	27,211,914
Advances	**9,742,796**	-	**9,742,795**	6,312,474	-	6,312,474
Fixed assets	**68,872**	-	**68,872**	96,475	-	96,475
Intangible assets	**452**	-	**452**	973	-	973
Deferred tax assets	**400,631**	-	**400,631**	434,796	-	434,796
Other assets	**3,540,239**	-	**3,540,239**	2,456,733	-	2,456,733
	123,808,930	**881,754**	**124,690,684**	39,721,663	899,541	40,621,204

41.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Group's exposure to this risk is negligible as its assets and liabilities are primarily denominated in Pakistan rupees.

	2022				2021			
	Foreign Currency Assets	**Foreign Currency Liabilities**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	**163**	-	**41,839**	**42,002**	128	-	32,340	32,468
Great Britain Pound Ste	-	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
	163	-	**41,839**	**42,002**	128	-	32,340	32,468

	2022		2021	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**2**	-	1	-
- Other*	**418**	-	323	-

* 1) The impact of changes in foreign exchange rate will not affect profitability of the Company since the exposure is off-balance sheet.

* 2) Off-balance sheet items include a guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Group under the same.The Company shall not disclose relevant balances upon dissolution of KEL Company.

41.2.3 Equity position Risk

The risk arising from taking long or short positions, in the trading book ,in the equities and all instruments that exhibit market behavior similar to equities. Banks/DFIs are required to disclose their objectives and polices regarding trading in equities.

	2022		2021	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	**248**	-	-
- Other comprehensive	-	**43,840**	-	44,977

41.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield / Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the banks / DFIs are required to disclose as the following also:-

- The nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB
- The increase (decline) in earnings or economic value (or any other relevant measures used by management) for upward and downward shocks according to management's method for measuring IRRBB, broken down by currencies (if any, and than translated into Rupees)

	2022		2021	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	**(3,664,804)**	-	(2,043,960)	-

41.2.5 **Mismatch of interest rate sensitive assets and liabilities**

	Effective yield / interest rate (%)	2022 Total	Exposed to yield / interest rate risk: Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	371,319	-	-	-	-	-	-	-	-	-	371,319
Balances with other banks	5.50% - 14.50%	77,866	62,882	-	-	-	-	-	-	-	-	14,984
Lendings to financial institutions	11.00% - 17.40%	3,800,000	1,700,000	1,100,000	1,000,000	-	-	-	-	-	-	-
Investments	8.25% - 17.95%	106,688,510	41,989,072	52,872,545	583,116	115,741	6,936,215	-	-	3,308,568	-	883,253
Advances	11.40% - 20.37%	9,742,795	1,730,167	5,911,471	97,787	112,719	280,217	289,287	418,202	272,258	16,509	614,179
Other assets		2,056,455	-	-	-	-	-	-	-	-	-	2,056,455
		122,736,945	45,482,121	59,884,016	1,680,903	228,460	7,216,432	289,287	418,202	3,580,826	16,509	3,940,190
Liabilities												
Borrowings	1.00% - 17.65%	113,480,048	32,447,848	78,507,994	1,221,448	109,952	285,623	297,645	420,140	189,398	-	-
Deposits and other accounts	7.85% - 17.10%	5,627,397	1,943,976	1,285,788	947,633	1,450,000	-	-	-	-	-	-
Other liabilities	-	1,390,797	-	-	-	-	-	-	-	-	-	1,390,797
		120,498,242	34,391,824	79,793,782	2,169,081	1,559,952	285,623	297,645	420,140	189,398	-	1,390,797
On-balance sheet gap		2,238,703	11,090,297	(19,909,766)	(488,178)	(1,331,492)	6,930,809	(8,358)	(1,938)	3,391,428	(16,509)	2,549,393
Off-balance sheet financial instruments												
Gurantee		350,000	-		-	350,000	-	-	-	-	-	-
Other commitments		3,552,489										3,552,489
Off-balance sheet gap		3,902,489	-	-	-	350,000	-	-	-	-	-	3,552,489
Total yield / interest rate risk sensitivity gap			11,090,297	(19,909,766)	(488,178)	(1,331,492)	6,930,809	(8,358)	(1,938)	3,391,428	(16,509)	
Cumulative yield / interest rate risk sensitivity gap			11,090,297	(8,819,469)	(9,307,647)	(10,639,139)	(3,708,330)	(3,716,688)	(3,718,626)	(327,198)	(343,707)	

Reconciliation of financial assets and liabilities

	(Rupees in '000)
Total financial assets	122,736,945
Non financial instruments	
Operating fixed assets	68,872
Intangible asset	452
Deferred taxation	400,631
Non Banking assets	158,086
Other assets	1,325,698
	124,690,684
Total financial Liability	120,498,242
Non financial instruments	
Other liabilities	81,182
	120,579,424

	Effective yield / interest rate (%)	2021										
		Exposed to yield / interest rate risk										Non-interest
		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	bearing financial instruments
			(Rupees in '000)									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	110,575	30,934	-	-	-	-	-	-	-	-	79,641
Balances with other banks	5.5% - 7.25%	197,264	182,664	-	-	-	-	-	-	-	-	14,600
Lendings to financial institutions	8.60% - 12.50%	3,800,000	1,200,000	1,500,000	1,100,000	-	-	-	-	-	-	-
Investments	7.89% - 14.97%	27,211,914	5,258,397	10,276,797	-	71,234	-	7,169,288	-	3,535,157	-	901,041
Advances	3.00% - 14.74%	6,312,474	1,139,560	4,685,050	151,717	36,512	33,990	36,571	65,402	84,712	-	78,960
Other assets		1,642,088	-	-	-	-	-	-	-	-	-	1,642,088
		39,274,315	7,811,555	16,461,847	1,251,717	107,746	33,990	7,205,859	65,402	3,619,869	-	2,716,330
Liabilities												
Borrowings	1.00% - 11.77%	30,149,418	23,358,771	2,338,594	3,487,161	241,231	338,711	149,620	178,263	57,067	-	-
Deposits and other accounts	7.65% - 11.70%	4,576,353	2,077,074	1,878,181	621,098	-	-	-	-	-	-	-
Other liabilities	-	320,573	-	-	-	-	-	-	-	-	-	320,573
		35,046,344	25,435,845	4,216,775	4,108,259	241,231	338,711	149,620	178,263	57,067	-	320,573
On-balance sheet gap		4,227,971	(17,624,290)	12,245,072	(2,856,542)	(133,485)	(304,721)	7,056,239	(112,861)	3,562,802	-	2,395,757
Total yield / interest rate risk sensitivity gap			(17,624,290)	12,245,072	(2,856,542)	(133,485)	(304,721)	7,056,239	(112,861)	3,562,802	-	
Cumulative yield / interest rate risk sensitivity gap			(17,624,290)	(5,379,218)	(8,235,760)	(8,369,245)	(8,673,966)	(1,617,727)	(1,730,588)	1,832,214	1,832,214	

Reconciliation of financial assets and liabilities

	(Rupees in '000)
Total financial assets	39,274,315
Non financial instruments	
Operating fixed assets	96,475
Intangible assets	973
Deferred taxation	434,796
Non Banking assets	814,645
	40,621,204

41.3 Operational Risk

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

PLHC has a minimal appetite for operational risk and seeks to limit risk from the impact of unforeseen operational failures within the organization. However, any unforeseen event beyond the risk appetite level might be a cause or consequence of operational loss, whenever it affects or impacts adversely on PLHC's tolerance level in terms of capital, profitability or risk profile.

Operational risk tolerance level consists of zero tolerance for fraud, forgeries and theft, strict compliance for avoiding any regulatory and legal risk, preventing any deviations from approved policies and procedures of respective departments thereby ensuring an acceptable assessment, with a positive risk-reward trade-off, under the controlled environment and ensuring proper mechanism to avoid system failures or information and data security breaches.

Operational risk may arise through various events, including internal fraud, external fraud, employment practices and workplace safety, clients, products, & business practices, damage to physical assets, business disruption & system failures and execution, etc. The causes, consequences, effect and impact are all mapped to mitigate the occurrence of such events in future.

The ultimate accountability for operational risk management rests with the board with all business and support functions forming an integral part of the overall operational risk management framework with adequate support from line management in order to establish processes for the identification, assessment, mitigation, monitoring and reporting of operational risks.

The tools and techniques used for operational risk identification, assessment and monitoring covering internal loss data collection, analysis, control and self-assessment aspects by each business unit and support function.

In addition, the Disaster Recovery and Business Continuity Plan enables the company to operate as a going concern and minimize losses in the event of severe business disruption at the main site(s). These alternate arrangements are periodically reviewed and tested for any contingencies that may arises due to an internal or external event leading to business disruption and / or failure.

Considering the pandemic of COVID-19 and impact of Russain-Ukraine War, the global economy has been severely impacted and a lot more efforts will be required to control the impact of the disease, and ensure avoidance of overall actual and potential financial losses around the globe. In this situation, Pakistan would be no exception and will be exposed to such type of global crises. Consequently, all sectors of the economy will continue to show subdued activities which will impact the banking sector as well; however, well placed alternative arrangements could be helpful in curtailing the negative impact on the Company.

41.4 Liquidity Risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to finance its commitments as they fall due without incurring unacceptable cost or losses. In addition, liquidity risk may be a result of a financial institution's inability to unwind or offset underlying risks from assets it currently holds or a situation, which will force the financial institution to sell its assets at a loss as the assets are illiquid or the market is suffering a liquidity crunch.

The Company's approach towards liquidity risk management is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due. The Liquidity Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel III principles on sound liquidity management. The Company has also formulated Liquidity Risk Management policy as per SBP's guidelines. The Risk Management Function uses different tools for identifying, assessing, measuring and controlling liquidity risk and periodically reports to senior management and risk management committees. The Company is also preparing leverage ratio report on quarterly basis for senior management, risk management committees and regulator.

The management is responsible for managing liquidity profile of the Company although strategic management of liquidity has been delegated to Asset and Liability Committee (ALCO). The ALCO of the Company deliberate and recommend liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. It is also responsible for ensuring that the Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

The Company has established a sound liquidity Risk Management framework, which ensures sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Company has clearly articulated liquidity risk tolerance level that is appropriate for business strategy and manage liquidity risk within the risk tolerance limit while ensuring that the Company maintains sufficient liquidity. The liquidity management framework provides the Board, Senior Management and other appropriate committees with timely information on the liquidity position of the Company. The Company has also incorporated liquidity costs, benefits and risk in the internal pricing, performance measurement and new product approval process for all significant business activities, thereby aligning the risk taking incentives of individual business lines with the liquidity exposures.

Pak-Libya has two available sources to raise funds for meeting the liquidity requirements to cater the business operations. These funding sources comprises of primary market and secondary market. Under the primary market the corporate or non banking sources are taped whereas the secondary market source is mainly the banks & financial institutions. Since Pak Libya may raise funds against Cols, so the reliance of raising funds through Clean borrowing would be based on wholesale funds as well as retail deposits. In order to increase funding base, Pak Libya continues to explore other funding sources including secured long term borrowings from FIs.

In order to assess liquidity levels for PLHC's needs, the Company uses different parameters that set minimum liquidity buffers for both asset-based liquidity and total liquidity. Pak-Libya believes that in order to reduce liquidity risk, access to reliable funding sources with relatively low liquidity risk is of high importance than volatile sources of fund. The distinction between reliable and volatile sources is based on prudent liquidity planning. Apart from liability side, liquidity risk is also mitigated by maintaining the liquidity on the asset side of the balance sheet which mostly dependent on unencumbered high quality liquid assets.

The Company conducts stress tests on a regular basis for a variety of short term and protracted institution-specific and market wide scenarios to identify sources of potential liquidity strain and to ensure that current exposures should remain in accordance with the established liquidity risk tolerance level.

The Asset & Liability Committee is responsible for reviewing and monitoring of Liquidity Position in its meeting on regular basis and communicates its views and recommendations to the respective front office(s) and Executive Committee. Besides, the liquidity aspects are also deliberated in the meetings of Board's/ Management's Risk Management Committee (BRMC & MRMC) on regular basis.

The Company has well-defined Contingency Funding Plan in-place. The objective of the contingency plan is to ensure that when any of the indicators or tools being monitored by ALCO enters into the warning or stress zone, corrective measures/plans would be in place. The monitoring of liquidity position and funding strategies is an ongoing activity, but any change must be noted and reported with respect to unexpected events, economic or market conditions, earnings problems or situations beyond its control causing either a short or long term funding crisis.

The Company's LCR is mainly dependent on the availability of high quality unencumbered government securities along with short term REPOs and clean borrowings to manage liquidity position of the company. Being DFI, the Company is largely dependent on short term as well as long-term borrowing from financial institutions, which affects LCR position.

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

2022

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
						(Rupees in '000)								
Assets														
Cash and balances with treasury banks	371,319	-	-	-	371,319	-	-	-	-	-	-	-	-	-
Balances with other banks	77,866	-	-	-	77,866		-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	-	-	-	1,700,000	1,100,000	-	1,000,000	-	-	-	-	-	-
Investments	106,688,510	-	-	14,932,315	19,314,069	300,968	42,288	616,293	85,645	3,152,620	7,678,557	47,352,062	11,111	13,202,684
Advances	9,742,795	72,812	4,033	13,896	74,205	80,434	143,954	1,065,259	1,168,748	647,932	1,685,439	1,563,609	1,898,879	1,323,695
Operating fixed assets	68,872	-	-	-	1,351	1,349	1,346	4,026	3,874	3,681	12,010	9,321	11,600	20,313
Intangible assets	452	-	-	-	-	-	-	-	-	-	-	-	-	452
Deferred tax asset - net	400,631	-	-	-	5,242	-	18,886	15,871	-	7,158	101,255	22,910	49,634	179,875
Other assets	3,540,239	-	-	-	543,285	-	848,885	840,226	-	980,995	322,917	-	-	3,932
	124,690,684	72,812	4,033	14,946,211	22,087,337	1,482,751	1,055,359	3,541,475	1,258,267	4,792,388	9,800,178	48,947,802	1,971,224	14,730,851
Liabilities														
Borrowings	113,480,048	-	19,593,040	986,678	11,469,130	42,791,611	32,408,050	1,213,115	498,781	1,126,838	1,985,623	797,645	420,140	189,398
Deposits and other accounts	5,627,397	-	114,262	20,972	1,808,742	300,000	985,788	947,633	1,300,000	150,000	-	-	-	-
Other liabilities	1,471,979	-	-	-	265,615	-	273,807	273,807	-	298,382	273,924	-	25,262	61,182
	120,579,424	-	19,707,302	1,007,650	13,543,487	43,091,811	33,667,645	2,434,555	1,798,781	1,675,220	2,259,546	797,645	445,402	250,580
	4,111,260	72,812	(19,703,269)	13,938,561	8,543,850	(41,608,860)	(32,612,287)	1,106,920	(540,514)	3,217,166	7,540,631	48,150,157	1,525,822	14,480,271
Share capital	8,141,780													
Reserves	380,655													
Deficit on revaluation of assets - net of tax	(2,012,716)													
Unappropriated/ Unremitted profit/ (loss)	(2,398,459)													
	4,111,260													

2021

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
						(Rupees in '000)								
Assets														
Cash and balances with treasury banks	110,575	79,641	-	-	30,934	-	-	-	-	-	-	-	-	-
Balances with other banks	197,284	197,284	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	-	-		1,200,000		1,500,000	1,100,000	-	-	-	-	-	-
Investments	27,211,914	-	-	20	582,761	5,000	299,585	117,614	85,703	302,970	7,847,573	4,210,859	749,889	13,009,940
Advances	6,312,474	-	5,743	52,926	65,368	153,345	453,042	342,122	499,515	408,536	1,147,934	1,030,693	847,904	1,305,346
Operating fixed assets	96,475	-	-	-	3,334	-	6,634	9,870	-	13,881	17,832	11,277	12,902	20,745
Intangible assets	973	-	-	-	-	-	-	-	-	-	-	-	-	973
Deferred tax asset - net	434,796	-	-	-	15,602	-	47,983	3,878	-	7,756	24,995	113,712	24,995	195,875
Other assets	2,456,733	-	-	-	223,015	-	791,206	581,585	-	856,630	-	-	-	4,298
	40,621,204	276,905	5,743	52,946	2,121,014	158,345	3,098,450	2,155,069	585,218	1,589,773	9,038,334	5,366,541	1,635,690	14,537,177
Liabilities														
Borrowings	30,149,418	-	22,201,796	-	557,975	50,000	237,594	1,112,161	150,000	1,157,898	3,097,044	1,349,620	178,263	57,067
Deposits and other accounts	4,576,353	-	143,750	54,602	1,878,722	96,194	1,781,987	621,098	-	-	-	-	-	-
Other liabilities	320,575	-	-	-	76,879	-	44,939	78,515	-	20,002	-	-	22,557	77,683
	35,046,346	-	22,345,546	54,602	2,513,578	146,194	2,064,520	1,811,774	150,000	1,177,900	3,097,044	1,349,620	200,820	134,750
	5,574,858	276,905	(22,339,803)	(1,656)	(392,563)	12,151	1,033,930	343,295	435,218	411,873	5,941,290	4,016,921	1,434,870	14,402,427
Share capital	8,141,780													
Reserves	380,655													
Deficit on revaluation of assets - net of tax	(847,361)													
Unappropriated/ Unremitted profit/ (loss)	(2,100,216)													
	5,574,858													

41.4.2 **Maturities of assets and liabilities - based on expected maturity of the assets and liabilities of the Company**

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	371,319	371,319	-	-	-	-	-	-	-	-
Balances with other banks	77,866	77,866	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	1,700,000	1,100,000	1,000,000	-	-	-	-	-	-
Investments	106,688,510	34,246,382	343,257	616,293	3,238,265	7,678,557	47,352,062	11,111	13,202,584	-
Advances	9,742,795	164,948	224,388	1,065,257	1,816,680	1,685,439	1,563,509	1,898,879	1,307,186	16,509
Operating fixed assets	68,872	1,350	2,696	4,028	7,554	12,010	9,321	11,600	10,111	10,202
Intangible assets	452	-	-	-	-	-	-	-	452	-
Deferred tax asset - net	400,631	5,242	18,886	15,671	7,158	101,255	22,910	49,634	179,875	-
Other assets	3,540,239	543,285	848,885	840,226	980,995	322,917	-	-	3,932	-
	124,690,684	37,110,392	2,538,111	3,541,475	6,050,652	9,800,178	48,947,802	1,971,224	14,704,140	26,711
Liabilities										
Borrowings	113,480,048	32,048,850	75,199,660	1,213,113	1,625,618	1,985,623	797,645	420,140	189,398	-
Deposits and other accounts	5,627,397	1,943,976	1,285,788	947,633	1,450,000	-	-	-	-	-
Other liabilities	1,471,979	265,615	273,807	273,807	298,382	273,924	-	25,262	61,182	-
	120,579,424	34,258,442	76,759,255	2,434,553	3,374,001	2,259,547	797,645	445,402	250,580	-
	4,111,260	2,851,950	(74,221,144)	1,106,921	2,676,651	7,540,631	48,150,157	1,525,822	14,453,560	26,711
Share capital	8,141,780									
Reserves	380,655									
Deficit on revaluation of assets - net of tax	(2,012,716)									
Unappropriated/ Unremitted profit/ (loss)	(2,398,459)									
	4,111,260									

2021

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	110,575	110,575	-	-	-	-	-	-	-	-
Balances with other banks	197,264	197,264	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	1,200,000	1,500,000	1,100,000	-	-	-	-	-	-
Investments	27,211,914	582,781	304,585	117,614	388,673	7,847,573	4,210,859	749,889	13,009,940	-
Advances	6,312,474	124,038	606,387	342,122	908,051	1,147,934	1,030,693	847,904	824,772	480,573
Operating fixed assets	96,475	3,334	6,634	9,870	13,881	17,832	11,277	12,902	20,745	-
Intangible assets	973	-	-	-	-	-	-	-	973	-
Deferred tax asset - net	434,796	15,602	47,983	3,878	7,756	24,995	113,712	24,995	9,482	186,393
Other assets	2,456,733	223,015	791,206	581,585	856,630	-	-	-	4,298	-
	40,621,204	2,456,608	3,256,795	2,155,069	2,174,991	9,038,334	5,366,541	1,635,690	13,870,210	666,966
Liabilities										
Borrowings	30,149,418	22,759,771	287,594	1,112,161	1,307,898	3,097,044	1,349,620	178,263	57,067	-
Deposits and other accounts	4,576,353	2,077,074	1,878,181	621,098	-	-	-	-	-	-
Other liabilities	320,575	76,879	44,938	78,517	20,002	-	-	22,557	77,682	-
	35,046,346	24,913,724	2,210,713	1,811,776	1,327,900	3,097,044	1,349,620	200,820	134,749	-
	5,574,858	(22,457,116)	1,046,082	343,293	847,091	5,941,290	4,016,921	1,434,870	13,735,461	666,966
Share capital	8,141,780									
Reserves	380,655									
Deficit on revaluation of assets - net of tax	(847,361)									
Unappropriated/ Unremitted profit/ (loss)	(2,100,216)									
	5,574,858									

42. CUSTOMER SATISFACTION AND FAIR TREATMENT

The management through complaint handling mechanism, ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our office, Company's website and through email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of recurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Company. During the year, one complaint was received directly by Pak-Libya and the time taken to resolve the complaint was three working days.

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on May 04, 2023 by the Board of Directors of the Company.

44. GENERAL

44.1 In its latest rating announcement (June 2022), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term with 'Positive' outlook assigned to ratings.

44.2 Amounts in these financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

44.3 Certain comparative figures have been rounded off and reclassified in order to present information on a basis consistent with current year.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

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

Annexure - I

31 December 2022

(Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total
					Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	Memona Begum Ayub Flat No. 205, 2nd Floor, Gali No. 6, Hina Apartment, Burns Road, Karachi.	Memona Begum Ayub	42301-2425229-6	Mohammad Ayub	-	-	1,364	1,364	-	-	1,364	1,364
2	Khawaja Abdul Aziz Ghouri House No. C-8, Block- No.5, Gulshan-e-Iqbal, Karachi	Khawaja Abdul Aziz Ghouri	42201-3359001-9	Khawaja Mabzul Ur Rehman Ghouri	-	-	17,768	17,768	-	-	17,768	17,768
	Total:				-	-	19,132	19,132	-	-	19,132	19,132

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2021

Annexure - I

31 December 2021

(Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total
					Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1					301,135	471,851	745,983	1,518,969	282,193	471,851	745,983	1,500,027
	DHA COGEN Ltd.	Muhammad Seraj Ul Haq	54400-0734835-5	MUHAMMAD IZHAR UL HAQ								
	D-35, Block-5, Clifton, Karachi	Col(Retd.) Mansoor Ahmad	35204-1635432-5	MUHAMMAD USMAN								
		Tayyaba Rasheed	42301-0936480-4	ABDUL RASHEED								
		Mansoor M. Khan	42301-4543451-3	MASOOD A. KHAN								
		Fareed Vardag	42000-0504128-9	IJAZ A. KHAN								
		Khalid Mohsain Shaikh	61101-0142651-9	M. MOSHIN SHAIKH								
		Saeed Iqbal	42201-1992656-9	ZAFAR IQBAL SIDDIQI								
		Bilal Asghar	42301-5741517-5	SHEIKH MUHAMMAD ASGHAR								
	Total:				301,135	471,851	745,983	1,518,969	282,193	471,851	745,983	1,500,027