Chairman's review

I am pleased to present the audited Financial Statements of Pak-Libya Holding Company (Private) Limited for the year ended 31 December 2023.

The year 2023 was very challenging on economic front due to various micro and macro economic factors causes thereby economic uncertainty which includes high global inflation, interest rates hike, geo political tensions, commodity prices shocks, debt an financial instability, climate change and many more. All these factors were very unprecedented and major industries were not ready for such volatility and to absorb such uncertainties causes thereby disruption and credit risks, etc.

In Pakistan, overall economic environment was also effected and remained subdued particularly due to unprecedented hike in interest rates, uncontrolled inflation and negative behaviour of markets and cumulatively, affected the economy which was proved tough for the business environment.

To handle such challenges, the management of the Company cognitively re-aligned its business & operational strategy, carefully re-adjusted its positioning and aligned it with the economic and market situations. Despite such challenging factors prevailing in the market, the Management successfully managed to demonstrate their commitment, showing resilience and results are being testament to this dedication.

Moreover, the Company has been regularly revisiting its business processes in a continuously evolving regulatory environment. Company is also adopting necessary changes in a cost effective manner with ensuring compliances towards the statutory regulatory requirements together with attainment of objectives especially long-term sustainable growth and sustainable income stream. Resultantly, the Company has managed to generate profit before tax of PKR 561.011 million even after the early adoption of IFRS 9; Expected Credit Loss Model and additional subjective provisioning's against the TFC investments portfolio etc.

Being Chairman of the Board I understand about upcoming challenges for the Pakistan economy and its strive to enter into next IMF program. Our revised strategy is being crafted with a clear vision to achieve sustainable growth trajectory. We aim to deepen our market penetration by having new product lines, enhance our investment approach and streamline our operations for increased efficiency. The initiatives and goals are being carefully tailored to ensure alignment with our core vision, mission and values for achieving long term objectives.

I firmly believe that the Company, management and staff have the potential and capabilities to face all challenges and to achieve Company's ultimate objective by *creating value impact for our valuable 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

13th May 2024

PakLibya

Directors' Report

We are pleased to present the Directors' Report of Pak Libya Holding Company (Private) Limited ("the Company") along with annual audited financial statements of the Company and the auditors' report thereon for the year ended 31 December 2023.

Economic Overview

In 2023, our economy faced a prolonged slowdown, grappling with significant challenges from both domestic and international factors. Political unrest, supply chain disruptions, and widespread inflation made matters worse. These issues led to a decline in the country's GDP growth. High commodity prices and ongoing pressure on the external account noticeably affected the exchange rate and inflation levels. As a result, the average annual inflation rate for FY'23 rose to 29.18%, up from 24.5% in FY'22. To combat this high inflation, the State Bank of Pakistan (SBP) responded by raising the policy rate by 600 basis points over the year, reaching 22.0% by December 2023.

Towards the end of the first half of 2023, the country secured a Stand-by Arrangement from the IMF, providing some relief and helping to restore economic stability. The Pakistan Stock Exchange (PSX) performed remarkably well, with the benchmark KSE-100 index closing at 62,451 points on December 29, 2023, up from 40,420 points on December 30, 2022, reflecting a 54% year-on-year return. Additionally, the current account balance shifted to a surplus in December 2023, compared to a deficit the previous year.

Pakistan's economy is anticipated to be on path of stability due to expected improvements in macroeconomic conditions. SBP has projected domestic growth around 2-3% in FY'24 and inflation at 5-7% by the end of Sep 25 whereas IMF has projected Pakistan's GDP to grow by 2.0% in FY'24 and 3.5% in FY'25.

Going forward, reduction in inflation & corresponding reduction in SBP policy rate along with improved availability of agricultural produce and increased industrial activity will remain key factors in elevating GDP growth projections.

Corporate Performance

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

Year-end balances:	**2023**	**2022**
	(PKR in thousands)	
Total assets	**446,084,218**	124,690,684
Total liabilities	**438,368,340**	120,579,424
Net assets	**7,715,878**	4,111,260
Shareholders' equity (net):		
Share capital	**8,141,780**	8,141,780
Reserves	**446,644**	380,655
Surplus / (Deficit) on revaluation of assets - net of tax	**1,257,826**	(2,012,716)
Accumulated loss	**(2,130,372)**	(2,398,459)
Total	**7,715,878**	4,111,260
For the year:		
Profit/(Loss) before taxation	**561,011**	(218,460)
Profit/(Loss) after taxation	**329,944**	(306,498)
Earnings/(Loss) per share - PKR	**405**	(376)

The Company earned a Profit after Tax of PKR 329 million for the year ended 31 December 2023, as against loss after tax of PKR 306 million during the previous year. The increase of 208% YoY in Profit after Tax was attributed to increase in income primarily from treasury operations. Earnings per share improved to PKR 405.25 in 2023 from Loss per share of PKR 376.45 in 2022.

The NIM has substantially improved i.e PKR 1.4 billion for the year ended 31 December 2023 as compared to Net interest expense of PKR 1.8 million. To address the legacy issue of fixed rate PIBs portfolio, which was adversely affecting the net interest margin (NIM), the management timely readjusted its overall government securities portfolio with sizeable investments in T-bills & PIBs to mitigate the rising interest rate impact together with borrowing arrangements for stable funding resources at competitive rates. Consequently, these money market transactions have yielded positive results and overall positive NIM.

The asset base of the Company has increased by 258% reflecting overall growth in investment and credit portfolios compared to FY2022.The continuous increase in policy rates during the first half of 2023 sent a disconcerting signal to money, stock, and foreign exchange markets. The USD reached an all-time high against the PKR, while energy prices also continued to rise. Consequently, the asset mix remained dominant, with investments in government securities, such as T-bills and PIBs, due to interest rate scenario.

These investments were primarily financed through SBP OMO facility, which was made available to DFIs during 2023 consequently the liabilities increased by 264% or PKR 318 billion. The continued focus is to have stable funding resources including individual and corporate deposit mobilization activity. The objective is to reduce the reliance on repo and clean borrowings. The COIs increased by 21% as compared to prior year.

At year end, the Company's capital free of loss stood at PKR 6.011 billion as compared to PKR 5.743 billion last year above the SBP minimum capital requirement (MCR) of PKR 6 billion. The Board of Directors has approved a long-term strategic plan to enhance profitability and MCR through organic growth.

Corporate & Investment Banking Department

Considering the Company's core activities and macroeconomic scenario, continuous efforts were made to maintain & grow a high quality, well-collateralized credit portfolio during 2023. The loan and advances portfolio (net of recoveries and provisions) depicted a minor increase from PKR 9.743 billion last year to PKR 9.985 billion. Similarly, the overall non-government debt securities portfolio has been maintained at PKR 2.020 billion.

The management exercised heightened caution in client selection for CIBD, employing stringent risk assessment measures and intensifying post-disbursement monitoring, all in response to the challenging business environment.

Treasury & Fund Management (TFM)

TFM carefully selected instruments and built a portfolio that yielded a positive spread, significantly contributing to the Company's profitability this year. To address the legacy issue of the fixed-rate PIBs portfolio, which was adversely impacting the net interest margin (NIM), management proactively readjusted the overall government securities portfolio. This strategic realignment included substantial investments in T-bills and PIBs to mitigate the effects of rising interest rates. Additionally, management secured borrowing & deposit arrangements for stable funding resources at competitive rates, thereby enhancing the financial stability and profitability of the Company. The total income of the department for the year ended 31 Dec 2023 was PKR 2.18 billion as compared to PKR 832 million in FY 2022.

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

Back Offices Support & Control Functions

These functions have diligently fulfilled their roles, ensuring the Company's smooth operations throughout the year. The cross-functional teams provided comprehensive support, facilitating the conclusion of various activities. Through coordinated efforts, business objectives were achieved, and operational risks mitigated, ensuring the continuity of business activities under an efficient business continuity plan. Throughout the year, the Company demonstrated unwavering commitment to regulatory compliance, exemplified by its early adoption of the new Financial Reporting Standard, IFRS-9, in accordance with SBP requirements.

Appropriations

The Company had transferred, in FY2023, an amount equal to 20% of profit after taxation to statutory reserves as per the applicable regulatory requirements.

Dividend

In view of the minimum capital requirement (MCR), at year end, no amount could be considered for distribution of dividends (bonus or cash) to the shareholders.

Entity Rating

During the year, the Company's long-term entity rating was maintained at 'AA-' by Pakistan Credit Rating Agency (PACRA) and short term at A1+ with positive outlook. These ratings denote a low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings are mainly characterized by sovereign ownership, adequate standards of governance, and relatively conservative risk appetite.

A positive outlook reflects consistent efforts by the management to stabilize the revenue stream and attain a sustained profit stream from diversified operations. Meanwhile, sustaining asset quality is also essential for the ratings.

Compliance with Code of Corporate Governance

The Directors confirm the compliance with Code of Corporate Governance (CCG). In this connection, the compliance of relevant clauses of CCG is stated below:

- 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 and disclosed in the financial statements, including policy related to adoption of IFRS 9, and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements and any departure is adequately disclosed.
- All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as liability the same is disclosed as contingent liabilities in the notes to the accounts.
- There are no doubts regarding the Company's ability to continue as a going concern.
- Tax contingencies have been appropriately disclosed in the financial statements
- There has been no material departure from the best practices of corporate governance.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The statutory audit of the Company has been carried out by the QCR rated firm.

- The Board of Directors and employees of the Company have signed 'Statement of Ethics and Business Practices' (Code of Conduct).
- Details of the aggregate remuneration of executives and non-executives Directors are included in note 36 to the financial statements;
- Following is the fair value of investments as at 31 December 2023:
  – Provident Fund: PKR. 124.590 million
  – Gratuity Fund: Rs. 137.617 million.
- Summary of key operational and financial data for the last six years is enclosed.

Consumer Grievances Handling Mechanism

The Company has a procedure in place for customer complaints. However, no customer complaint was lodged during the year under review.

Board Composition

As per the joint venture arrangement between Government of Pakistan (GoP) and Government of Libya (State of Libya), the Company's Board of Directors comprises of six directors with three directors nominated by each Government. The Company encourages representation of non-executive directors on its board of directors (the Board). At present the Board includes:

Category	Names
Executive Directors (two)	Mr. Tariq Mahmood – Managing Director Mr. Bashir B. Omer – Deputy Managing Director
Non-Executive Directors (Four)	Mr. Mohamed Mahmoud Shawsh – Chairman Mr. Akhlaq Ahmad Tarar Mr. Jehad Jamal El-Barag Mr. Agha Ahmad Shah (deceased & position is vacant)

Performance Evaluation of the Board

The Board has opted for an internal annual evaluation of the Board and its Committees. The evaluation assessed performance both as a Board as well as at the individual Director level, and covered Board Composition, Strategic Planning, Board & CEO Effectiveness, Board Information, Board Committees, Board Procedures and the Control Environment.

Risk Management Framework

The risk management framework encompasses multi-tier management supervision, efficient monitoring and clearly articulated risk appetite, policies and procedures. The Company is exposed to credit risk, market risk, liquidity risk and operational risk over the course of its core operations. Given the current macroeconomic scenario in Pakistan, foreign exchange risk and interest rate risk are also important factors affecting the Company's on and off balance sheet activities. Details about these principal risks faced by the company along with their mitigants are disclosed in note 42 of attached financial statements.

The Company remains adequately capitalised as at 31 December 2023 with a capital adequacy ratio reported at 34.87% (2022: 16.65%) and leverage ratio at 1.41% (2022: 3.02.%). Internal Capital Adequacy Assessment Process (ICAAP) framework is being reviewed on an annual basis as per the guidelines issued by SBP and implemented to make the process more transparent and effective. Moreover, efforts are underway to maintain regulatory Minimum Capital Requirement (MCR) of PKR 6 billion.

Statement on Internal Controls

The management has evaluated the overall internal controls, including controls related to ICFR, as detailed in the 'Statement of Internal Controls', included in the Annual Report.

Comments of Auditors in their Audit Report

The external auditors have expressed a qualified opinion on the investment in Summit Bank (counter party) TFC's amounting to PKR 398.50 million, as referred in note 9.2.6 to the accompanying financial statements. In their view, as per IFSR 9 - Financial instrument for classification of such TFCs under stage 2, further provision of PKR 78.37 million needs to be incorporated.

Furthermore, the auditors included an emphasis of matter paragraph in their report, as referenced in note 13 of the accompanying financial statements, concerning the recognized deferred tax asset. Importantly, the auditors' opinion remains unqualified in this regard.

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.

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	4	4
Mr. Abrar Ahmed Mirza	Director	1	1
Mr. Tariq Mahmood*	Managing Director	2	2
Mr. Khurram Hussain*	Managing Director	2	2
Mr. Bashir B. Omer	Deputy Managing Director	4	4
Mr. Jehad Jamal El-Barag	Director	3	3
Mr. Akhlaq Ahmad Tarar	Director	1	1

*Mr. Tariq Mahmood assumed the charge of Managing Director of the Company in July 2023, in place of Mr. Khurram Hussain.

Details of Board Committee Meetings

During the year, one meeting for each of the Board Audit Committee & Board Risk Management Committee and two meetings for Board Human Resource Management Committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Board Audit Committee Meeting			
Mr. Jehad Jamal El-Barag	Chairman	1	1
Mr. Akhlaq Ahmad Tarar	Member	1	1

Name of Director	Designation	Meetings held during directorship	Meetings attended
Board Risk Management Committee Meeting			
Mr. Bashir Blkasm Omer Matok	Chairman	1	1
Mr. Jehad Jamal El-Barag	Member	1	1
Mr. Akhlaq Ahmad Tarar	Member	1	1
Details of Human Resource Management Committee Meetings			
Mr. Mohamed Mahmoud Shawsh	Chairman	2	2
Mr. Jehad Jamal El-Barag	Member	2	2

Statutory 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 for the year ended 31 December 2024. The Board has recommended the appointment of M/s Yousuf Adil, Chartered Accountants, as auditors of the Company for the year ending December 31, 2024 on the suggestion of Board Audit Committee.

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

Management's focus is to explore new sources of revenue, grow the existing core business and use technology to increase efficiency and productivity. In this connection, a new Islamic Window initiative is being explored, as well as growing non-funded income via capital market transactions – leading debt syndications and underwriting pre-IPOs, etc. In credit decisions, quality is priority with an effort to cautiously grow the credit portfolio. In the short term, company will continue to seize opportunities in Money Market for spread as well capital gains in view of anticipated reduction in interest rates.

Together with focus on non-funded sources of income, we understand and believe that the Company will be able to achieve its target of sustainable profitability and long term growth. Moreover, the Company is 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 favorable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

The Company, being a DFI, has existing and evolving regulatory requirements governing capital, leverage, and liquidity. Robust risk management systems are in place to comply with regulatory requirements.

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

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

Bashir B. Omer
Deputy Managing Director

Tariq Mahmood, CFA
Managing Director & CEO

13th May 2024

Summary of key operational and financial data for last six years

PKR in millions	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Investments – net	311,888	79,477	2,929	5,907	7,188	2,132
Gross Income	69,516	8,218	2,988	3,713	1,954	1,507
Net interest income	1,372	(2)	606	713	77	260
Net profit/(loss) before tax	561	(218)	42	460	(277)	(261)
Taxation – net	231	88	2	156	27	62
Net profit/(loss) after tax	330	(306)	41	304	(304)	(323)
Shareholders' Equity - net	7,716	4,111	5,575	5,963	5,254	4,168
Total assets	446,084	124,691	40,621	37,010	29,089	20,428
Staff strength (number)*	80	102	98	104	103	106

*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 2023 کو اختتام پذیر سال پر ہم پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ("کمپنی") کی ڈائریکٹرز رپورٹ بمع محاسب شدہ (audited) سالانہ مالیاتی گوشوارے اور محاسبین (auditor's) کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معا شی جائزہ

سال 2023 میں، ہماری معیشت کو طویل سست روی کا سامنا تھا ، جس میں یکے بعد دیگرےدونوں جانب یعنی ملکی اور بین الاقوامی مشکلات سے نبرد آزما تھی۔ سیاسی بے چینی، سپلائی چین میں خلل اور پھیلتی ہوئی افراط زر نے صورتحال کو مزید خراب کر دیا۔ ان عوامل نے ملکی مجموعی قومی پیداوار (GDP) کی نمو کو کم کردیا۔ اجناس کی بلند قیمتیں اور جاری بیرونی کھاتے کے دباؤ نے نمایاں طور پر غیرملکی زرمبادلہ کی شرح مبادلہ اور افراط زر کی سطح کو متاثر کیا۔ اس کے نتیجے میں مالی سال 2023 میں افراط زر کی اوسط سالانہ شرح29.18 فیصد پر پہنچ گئی جبکہ مالی سال 2022 میں افراط زر کی اوسط سالانہ شرح 24.5 فیصد تھی۔ اس بلند افراط زر سے نپٹنے کے لیے ، بینک دولت پاکستان نے سال کے دوران پالیسی نرخ کو 600 بیسس پوائنٹس کا اضافہ کرکے دسمبر 2023 تک اسے 22 فیصد پر پہنچا دیا۔

سال 2023 کے پہلے نصف کے اختتام کے قریب ملک نے بین الاقوامی مالیاتی فنڈ (IMF) سے اسٹینڈ بائی معاہدہ (Stand-by Arrangement) مکمل کیا جس سے کچھ آسانی ہوئی جس نے معاشی استحکام کی بحالی میں معاونت کی۔ پاکستان اسٹاک ایکسچینج (PSX) نے بہتر کارکردگی دکھائی جس میں پاکستان اسٹاک ایکسچینج کا KSE-100 انڈیکس کا بینچ مارک(benchmark) 30 دسمبر 2022 کے 40,420 پوائنٹس سے بڑھ کر 29 دسمبر 2023 پر62,45 پوائنٹس پر بند ہوا ، جو سال بہ سال کی بنیاد پر 54 فیصد منافع دکھا رہا ہے۔ اس کے علاوہ، دسمبر 2023 میں جاری کھاتے کا بیلنس زائد از ضرورت (surplus) میں تبدیل ہو گیا جبکہ اس کے مقابلے میں گذشتہ سا ل یہ خسارے میں تھا۔

کلی معیشت کی کے حالات (macroeconomic conditions) میں بہتری کے سبب توقع ہے کہ پاکستان کی معیشت استحکام کے راستے پر چل پڑے گی۔ بینک دولت پاکستان کا مالی سال 2024 کے لیے ملکی نمو کا تخمینہ 3-2فیصد اور مالی سال 2025 کے اختتام تک افرط زر کا تخمینہ7- 5 فیصد لگایا ہے، جبکہ بین الاقوامی مالیاتی فنڈ کے تخمینے کے مطابق مالی سال 2024 میں پاکستان کی مجموعئی قومی پیداوار (GDP) کی نمو 2 فیصد رہے گی اور مالی سال 2025 میں یہ نمو 3.5 فیصد رہے گی۔

آگے بڑھتے ہیں، مجموعئ قومی پیداوار (GDP) کی نمو کا تخمینہ کے بڑھانے میں افراط زر میں کمی اور بینک دولت پاکستان کی پالیسی نرخ میں کمی کے ساتھ زرعئی پیداوار کی دستیابی اور بڑھی ہوئی صنعتی سرگرمیاں اہم عناصر رہیں گے۔

اداراتی کارکردگی (Corporate performance)

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

	2023		2022
اختتام سال کے بقایا جات	پاکستانی روپے 000 میں		
کل اثاثہ جات	**446,084,218**		124,690,684
کل مالیاتی واجبات	**438,368,340**		120,579,424
خالص اثاثہ جات	**7,715,878**		4,111,260
حصص کنندگان کا ملکیتی سرمایہ (خالص)			
حصص کیپٹل	**8,141,780**		8,141,780
ذخائر	**446,644**		380,655
اثاثہ جات دوبارہ قدر پیمائی پر زائد از ضرورت/خسارہ - محصول کا خالص	**1,257,826**		(2,012,716)
جمع شدہ مجموعی نقصان	**(2,130,372)**		(2,398,459)
مجموعہ	**7,715,878**		4,111,260
برائے سال			
منافع/ (نقصان)قبل از محصول	**561,011**		(218,460)
منافع/ (نقصان) بعد از محصول	**329,944**		(306,498)
آمدنی/(نقصان) فی حصص (پاکستانی روپے)	**405**		(376)

کمپنی نے گذشتہ سال کے 306 ملین پاکستانی روپے کے نقصان بعد از محصول کے مقابلے میں 31 دسمبر 2023 کے اختتام پر 329 ملین پاکستانی روپے کا منافع بعد از محصول کمایا۔ سال بہ سال منافع بعد از محصول میں 208 فیصد اضافے کی بنیادی وجہ ٹریزری کے آپریشن سے آمدنی رہی۔ سال 2022 کے 376.45 روپے کے نقصان فی حصص کے مقابلے میں سال 2023 یہ بہتر ہو کر 405.25 روپے آمدنی فی حصص ہو گئی۔

خالص سودی مارجن (Net Interest Margin) میں خاصی بہتری سے 31 دسمبر 2023 پر اختتام پذیر سال پر اس کی مالیات 1.4ارب پاکستانی روپے ہوگئی اس کے مقابلے میں خالص سودی اخراجات کی مالیت 1.8 ملین پاکستانی روپے رہی۔ فکسڈ ریٹ PIBs پورٹ فولیو (fixed rate PIBs portfolio) سے ورثہ میں ملنے والے مسائل، جو خالص سودی مارجن کو بری طرح متاثر کر رہا تھا، جس کے تدارک کے لیئے انتظامیہ نے مجموعی گورنمنٹ تمسکات پورٹ فولیو (government securities portfolio) کو بر وقت نئے سرے سے مرتب کیا ہے جس میں زیادہ سرمایہ کاری ٹی -بلز(T-bills) اور پی آئی بیز(PIBs)، تاکہ بڑھتے ہوئے سودی نرخ کے اثرات کا حل نکالا جا سکے اور اس کے ساتھ قرضہ لینے کے انتظامات کے سلسلے میں مسابقتی نرخ کے حصول کےلئے مستحکم فنڈنگ ذرائع کی تلاش کی جائے۔ نتیجتاً، ان پیسوں کی منڈی میں لین دین (money market transactions) نے مثبت نتائج اور مجموعئ مثبت خالص سودی مارجن پیدا کیے۔

کمپنی کے اثاثہ جات کی بنیاد میں 258 فیصد کا اضافہ ہوا جومالی سال2022 کے مقابلے میں رواں سال سرمایہ کاری اور کریڈٹ پورٹ فولیو کی مجموعی نمو کو ظاہر کرتا ہے۔

سال 2023 کے پہلے نصف میں پالیسی نرخوں میں مسلسل اضافے نے زر (money)، اسٹاک اور غیر ملکی زر مبادلہ کی منڈی کو پریشان کن اشارے (signal) دئے ہیں۔ پاکستانی روپے کے مقابلے میں امریکی ڈالر اب تک کی بلند ترین سطح پر رہا جبکہ توانائی کی قیمتیں بھی بڑھتی رہی۔ نتیجتاً ، سودی نرخوں کے پس منظر میں ٹی -بلز (T-bills) اور پی آئی بیز (PIBs) کی مد میں گورنمنٹ تمسکات (government securities) میں سرمایہ کاری کی وجہ سے اثاثہ جات کا مکس (asset mix) نمایاں رہا۔

یہ تمام سرمایہ کاری بنیادی طور پر ، بینک دولت پاکستان کی OMO سہولت کے تحت فنانس کی گئی ہے، جو سال 2023 میں ڈیویلپمنٹ فنانشل انسٹیٹیوشنز (DFIs) کو دستیاب تھی ، جس کے نتیجے میں مالی واجبات میں 264 فیصد یا 318 ارب پاکستانی روپے کا اضافہ ہوا۔ ہماری مسلسل توجہ مستحکم فنڈنگ ذرائع پیدا کرنے ، بشمول انفرادی اور اداراتی ڈپازٹس کو متحرک کرنے کے سرگرمی پر رہی۔ اس کاروائی کا مقصد ریپو (repo) اور کلین ادھار (clean borrowings) پر انحصار کو کم کرنا ہے۔ گذشتہ سال کے مقابلے میں COIs میں 21 فیصد کا اضافہ ہوا۔

سال کے اختتام پر گذشتہ سال کمپنی کا کیپیٹل ، بغیر کسی نقصان کے، 5.743 ارب پاکستانی روپے تھا جبکہ رواں سال اس کی مالیت 6.011 ارب پاکستانی روپے رہی جو بینک دولت پاکستان کی کم سے کم کیپیٹل کی ضرورت (minimum capital requirement) جو 6 ارب ہے اس سے زیادہ ہے۔ بورڈ کے ناظمین نے ، منافع بخشی (profitability) اور کم سے کم کیپیٹل کی ضرورت (minimum capital requirement) میں اساسی طریقے سے اضافے کے لیے، ایک طویل المدتی تزویراتی (strategic) منصوبے کی منظوری دے دی ہے ۔

اداراتی اور سرمایہ کاری کی بینکاری کا شعبہ (Corporate & Investment Banking Department)

خزانہ اور فنڈ مینجمنٹ (Treasury & Fund Management)

خزانہ اور فنڈ مینجمنٹ (Treasury & Fund Management) ڈپارٹمنٹ نے، مالی دستاویزات (instruments) کا انتخاب پوری توجہ سے کیا اور مثبت نتائج دینے والے پورٹ فولیو کی تعمیر کی جس کا نتیجہ مثبت پھیلاؤ رہا جس نے اس سال کمپنی کی منافع بخشی میں خاصہ حصہ ڈالا۔ فکسڈ ریٹPIBs پورٹ فولیو سے ملنے والے ورثہ مسائل کو حل کرنے کے لیے، جو خالص سودی مارجن (Net Interest Margin) کو بری طرح متاثر کر رہا تھا، انتظامیہ نے فعال طور پر مجموعی گورنمنٹ تمسکات پورٹ فولیو (government securities portfolio) کو نئے سرے سے مرتب کیا ہے۔ یہ تزویراتی (strategic) ترتیب میں شامل ہے۔ ٹی بلز (T-bills) اور پی آئی بیز (PIBs) میں خاصی سرمایہ کاری کی گئی تاکہ بڑھتے ہوئے سودی ریٹس کے اثرات کو کم کیا جا سکے۔ اس کے علاوہ، کمپنی کی مالیاتی مضبوطی اور منافع بخشی کو بڑھانے کے لیے ، کمپنی نے ادھار (borrowing) اور ڈپازٹس (deposit) کا انتظام کیا ہے تاکہ مسابقتی نرخوں پر مستحکم فنڈنگ کے ذرائع حاصل ہو سکیں ۔ 31 دسمبر 2023 پر اختتام پذیر سال میں شعبہ کی مجموعی آمدنی 2.18 ارب پاکستانی روپے رہی جبکہ اس کے مقابلے میں سال 2022 میں اس کی مالیت 832 ملین روپے تھی۔

کاروباری یونٹس سے مالیاتی ذرائع کو متحرک کرنے کے علاوہ، TFM نے ثانوی مارکیٹ میں سرمایہ کاری اور منتخب مالی دستاویزات کے ذریعے بنیادی کاروبار کی آمدنی میں اضافہ کرتا رہا۔

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

سال کے دوران کمپنی کے آپریشن کو یقینی بنانے کے لیے ان فنکشنزنے اپنا ذمہ داریوں کو عمدگی سے سرانجام دیا۔ دوسرے شعبوں کی فعال ٹیموں (cross-functional teams) نے کاروباری سرگرمیوں کو نتیجہ خیز بنانے میں معاونت فراہم کی۔مربوط کوششوں سےکاروبار کے مقاصد حاصل کیے، جبکہ ایک مؤثر کاروبار کے تسلسل کے منصوبے کے تحت آپریشن سے متعلق کاروباری سرگرمیوں کا تسلسل بھی جاری رکھا۔ ٹیم نے IFRS-9 کے نفاذ میں بھی اہم کردار ادا کیا جس کی وجہ سے کمپنی کو یہ معیار جلد اپنانے میں مدد ملی۔

مختصات (Appropriations)

مالی سال 2023 میں، کمپنی نے لاگو انظباطی (regulatory) ضرورت کی تکمیل کرتے ہوئے اپنے 20 فیصد منافع بعد از محصول کے مساوی رقم دستوری ذخائر میں جمع کروا دی ہے۔

منقسمہ منافع (**Dividend**)

سال کے اختتام پر کم سے کم کیپیٹل کی ضرورت (minimum capital requirement) کو مدنظر رکھتے ہوئے کسی بھی رقم کو منقسمہ منافع (بونس یا نقد) کی حصص کنندگان کو تقسیم کے لیے زیر غور نہیں لایا جا سکا ہے۔

اینٹیٹی درجہ بندی (Entity Rating)

سال کے دوران، پاکستان کی کریڈٹ ریٹنگ ایجنسی (PACRA)نے کمپنی کی طویل المدت کریڈٹ درجہ بندی کو 'AA-' اور قلیل المدت درجہ بندی کو 'A1+' مستقبل کے مثبت منظر نامے کے ساتھ برقرار رکھا ۔ یہ درجہ بند یاں 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۔

یہ درجہ بندیوں کی خاصیت خود مختار ملکیت ، نظم وضبط کے مناسب معیار اور نسبتاً محتاط خطرے کی خواہش۔

مستقبل کے مثبت منظر نامہ، انتظامیہ کی متنوع آپریشن سے مالگذاری اسٹریم (revenue stream) اور جاری رہنے والی منافع کی اسٹریم (profit stream) کو مستحکم کرنے کی مسلسل کوششوں کو ظاہر کرتا ہے۔

اداراتی نظم و ضبط کے ضابطہ کی تعمیل (Compliance with code of)

ناظمین ، اداراتی نظم و ضبط کے ضابطہ (Code of Corporate Governance) کی تعمیل کی تصدیق کرتے ہیں۔ اس سلسلے میں اداراتی نظم و ضبط کی متعلقہ شقوں کی تعمیل کی تفصیلات درج ذیل ہے۔

- 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۔
- مناسب اکاؤنٹنگ پالیسیاں یکساں طور پر اپنائی جاتی رہیں ہیں اور ان کو مالیاتی دستاویزات میں ظاہر کیا جاتا رہا ہے بشمول IFRS 9 کے اختیار کرنے سے متعلق پالیسی اور اکاؤنٹنگ کے تخمینوں کی بنیاد محتاط اندازے ہیں۔
- پاکستان میں قابلِ اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں اور ان سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- محصول، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام مالی واجبات کو پوری طرح ظاہر کیا گیا ہے اور ان کی ادائیگی مناسب وقت پر کر دی جائے گی یا جہاں دعوے کو بطور مالی واجبات کے تسلیم نہیں کیا گیا ہو اس کو اکاؤنٹنگ کے نوٹ میں امکانی (contingent) مالی واجبات کے طور پر ظاہر کیا گیا ہے۔
- کمپنی کی ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- محصول کی غیر یقینی ضروریات کو مالیاتی دستاویزات میں مناسب طور پر 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 موئثر طور پر نفاذ کیا جا چکا ہے اور نگرانی کی جاتی ہے۔

- کمپنی کا دستوری آڈٹ کی QCR درجہ بند فرم سے کروایا جا چکا ہے۔

- بورڈ کے ناظمین اور ملازمین "اخلاقیات اور کاروباری طریقہ کاری کے بیان (ضابطہ اخلاق)" پر دستخط کر چکے ہیں۔

- ایگزیکٹیو اور نان ایگزیکٹیو ڈائریکٹرز کے مجموعی مشاہرہ کی تفصیلات مالیاتی دستاویزات کے نوٹ نمبر 36 میں شامل ہیں۔

- 31 دسمبر 2023 پر سرمایہ کاری کی مناسب قدر درج ذیل ہے'

  - پراویڈینٹ فنڈ : 124.590 ملین پاکستانی روپے

  - گریجوٹی فنڈ : 137.617ملین پاکستانی روپے

- گذشتہ چھ سالوں کے آپریشنل اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

صارف کی شکایتوں کے تدارک کا طریقہ کار (Mechanism)

کمپنی کے پاس صارف کی شکایات کا طریقہ کار موجود ہے۔ تاہم زیر غور سال کے دوران کسی صارف نے شکایت درج کی۔

بورڈ کی ساخت (Board Composition**)**

پاکستان گورنمنٹ اور لیبیاگورنمنٹ کے مشترکہ معاہدے کے مطابق کمپنی کے بورڈ آف ڈائریکٹرز چھ ڈائریکٹرز پر مشتمل ہو گا جس میں ہر گورنمنٹ کے تین نامزد نمائندے ہوں گے۔ کمپنی ، بورڈ آف ڈائریکٹرز پر نان ایگزیکیٹیو کی نامزدگی کی حوصلہ افزائی کرتی ہے۔ اس وقت بورڈ میں شامل ہیں؛

قسم (Category)	نام
ایگزیکیٹیو ڈائریکٹرز (دو)	جناب طارق محمود—مینجنگ ڈائریکٹر جناب بشیر بی۔ عمر-- ڈپٹی مینجنگ ڈائریکٹر
نان مینجنگ ڈائریکٹر (چھ)	جناب محمد محمود شاوش—چیئر مین جناب اخلاق احمد تاڑڑ جناب جہاد جمال البرگ جناب آغا احمد شاہ (مرحوم اور ان کی جگہ خالی ہے)

بورڈ کی کارکردگی کا جائزہ

بورڈ نے بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے سالانہ اندرونی جائزہ لینے کے طریقہ کار کو اختیار کیا ہے۔ یہ جائزہ دونوں بطور بورڈ اور اس کے ساتھ انفرادی ڈائریکٹر کی سطح کا لیا جاتا ہے جس میں بورڈ کی ساخت ، تزویراتی (Strategic) منصوبہ بندی، بورڈ اورCEO کا مؤثر ہونا، بورڈ کی معلومات، بورڈ کمیٹیز ، بورڈ کے طریقہ کار اور کنٹرول کے ماحول کا احاطہ ہوتا ہے۔

خطرے سے نپٹنے کا انتظامی ڈھانچہ (Risk Management Framework)

خطرے سے نپٹنے کا انتظامی ڈھانچہ کثیر الجحت مینجمنٹ نگرانی جس میں شامل ہیں مؤثر نگرانی اور اس سے جڑا ہو ا واضح خطرہ جو پالیسیاں اور طریقہ کار کا احاطہ کرتی ہے۔ کمپنی کو اپنے بنیادی کاروبار کے آپریشن کے سلسلے میں کریڈٹ رسک، مارکیٹ رسک، سیالیت (liquidity) رسک اور آپریشنل رسک کا سامنا ہوتاہے۔ پاکستان میں کلی معیشت (macroeconomic) کے پس منظر میں غیر ملکی زر مبادلہ کے رسک اور سودی شرح کے رسک بھی اہم عناصر ہیں جو کمپنی کی بیلنس شیٹ کی سرگرمیوں کو وقتاً فوقتاً متاثر کرتے رہتے ہیں۔ کمپنی کو درپیش ان بنیادی رسکس کی تفصیلات بمع ان کو کم یا حل کرنے کے عوامل مالیاتی دستاویز کے نوٹ نمبر 42 میں درج ہیں۔

31 دسمبر 2023 پر کمپنی کا کیپیٹل مناسب رہا جس میں کیپیٹل ایڈیکیوسی کا تناسب34.87 فیصد رہا (2022:%16.65) اور لیوریج کا تناسب1.41 فیصد رہا (2022:%3.02)۔ اندرونی کیپیٹل کو موزونیت کے تخمینے کا پراسس کا ڈھانچے کو بینک دولت پاکستان کی جاری کردی ہدایات کے مطابق سالانہ بنیاد پر کیا جا رہا ہے اور اس کا نفاذ کیا جا چکا ہے تاکہ پراسس کو زیادہ شفاف اور مؤثر بنایا جا سکے۔علاوہ ازیں کوششیں جاری ہیں کہ کم سے کم کیپیٹل کی انظباطی ضرورت جو 6 ارب پاکستانی روپے ہے اسے برقرار رکھا جائے۔

اندرونی کنٹرول پر بیان (Statement on Internal Controls)

انتظامیہ مجموعی اندرونی کنٹرول کا تخمینہ لگا چکی ہے بشمول جو ICFR سے متعلق ہیں اور" اندرونی کنٹرول کا بیان" کی تفصیلات سالانہ رپورٹ میں شامل ہیں۔

محاسبین (Auditors) کا اپنی آڈٹ رپورٹ پر تبصرہ

کمپنی کے بیرونی محاسبین (External Auditors) نے سمٹ بینک (کاؤنٹر فریق) کیTFC's میں سرمایہ کاری جس کی مالیت 398.50 ملین روپے ہے اس پر اپنی qualified رائے دے دی ہے جس کا حوالہ منسلک مالیاتی دستاویزات کے نوٹ نمبر 9.2.6 میںدیا گیا ہے۔ ان کی رائے اور IFSR 9 کے مطابق ایسی مالیاتی دستاویز جیسے کہTFCs ، اسٹیج 2 کے درجے میں آتی ہیں، مزید 78.37 ملین پاکستانی روپے مختص کرنے ہوں گے۔

علاوہ ازیں، آڈیٹرز اپنی رپورٹ میں میٹر پیراگراف (matter paragraph) پر زور دیا ہے جس کا منسلک مالیاتی دستاویزات کے نوٹ 13 میں حوالہ دیا گیا ہے جو مؤخر ٹیکس اثاثہ جات سے متعلق ہے ۔ اہم بات یہ ہے کہ آڈیٹرز کی اس سلسلے میں رائےunqualified 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۔

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	4	4
جناب ابرار احمد مرزا	ڈائریکٹر	**1**	**1**
جناب طارق محمود*	مینجنگ ائریکٹر	2	2
جناب خرم حسین*	مینجنگ ائریکٹر	**2**	2
بشیر بی۔عمر	ڈپٹی مینجنگ ائریکٹر	4	4
جناب جہاد البرگ	ڈائریکٹر	**3**	**3**
جناب اخلاق احمد	ائریکٹر	1	**1**

* جناب طارق محمود نے جولائی 2023 کو جناب خرم حسین کی جگہ بطور مینجنگ ڈائریکٹر کے عہدے کا چارج سنبھالا۔

بورڈ کمیٹی کا اجلاسوں کی تفصیلات

سال کے دوران بورڈ آڈٹ کمیٹی اور بورڈ کی رسک کمیٹی کی ایک ایک اجلاس منعقد ہوئے اور انسانی وسائل کی مینجمنٹ کمیٹی کے دو اجلاس منعقد ہوئے اور ان اجلاس میں ارکان کی تفصیل درج ذیل ہے؛

آڈٹ کمیٹی کے اجلاس کی تفصیلات

ڈائریکٹر کا نام	**عہدہ**	**اجلاس**	
		منعقد ہوئے	**میں شرکت کی**
جناب جہاد البرگ	چیئرمین	1	1
جنا ب اخلاق احمد تاڑڑ	رکن	1	1

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

ڈائریکٹر کا نام	**عہدہ**	**اجلاس**	
		منعقد ہوئے	**میں شرکت کی**
جناب بشیر بی۔عمر	چیئرمین	**1**	**1**
جناب جہاد البرگ	رکن	**1**	**1**
جنا ب اخلاق احمد تاڑڑ	رکن	**-**	**-**

انسانی وسائل کمیٹی کے اجلاس کی تفصیلات

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب محمد محمود شاوش	چیئرمین	2	2
جناب جہاد جمال البرگ	رکن	2	2

دستوری محاسبین (Statutory Auditors)

موجودہ محاسب میسرز یوسف عادل ، چارٹرڈ اکاؤنٹینٹس (Delloitte Touche Tohmatsu Ltd.سے وابسطہ ا یک آزاد نمائندہ فرم) ، کی مدت معاہدہ ختم ہوگئی ہے اور دوبارہ منتخب ہونے کے اہل ہیں اس لیے انہوں نے اپنے دوبارہ 31 دسمبر 2024 تک کے انتخاب کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کے مشورے پر بورڈ نے ان کے دوبارہ انتخاب برائے سال 31 دسمبر2024 تک کے لیے تجویز 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)

مینجمنٹ کی توجہ مالگذاری کے نئےذرائع کی تلاش، بنیادی کاروبار کی نمو اور ٹیکنالوجی کے استعمال سے کارکردگی میں بہتری اور پیداوری صلاحیت (productivity) میں اضافے پر ہے۔ اس سلسلے میں نئی اسلامی ونڈو کی پیش رفت کے ساتھ کیپیٹل مارکیٹ کے سودی نان فنڈڈ انکم (non-funded income) میں-- لیڈنگ ڈیٹ سنڈیکیشن (leading debt syndications) اور انڈررائٹنگ پری آئی پی او (underwriting pre-IPOs) وغیرہ بھی اضافہ بھی شامل ہے۔ کریڈٹ کے فیصلوں میں معیار ترجیح ہونے کے ساتھ کوشش ہے کہ کریڈٹ پورٹ فولیو میں محتاط طریقے سے اضافہ ہو۔قلیل مدت میں کمپنی منی مارکیٹ میں موجود مواقعوں کا فائدہ اٹھائے گی تاکہ پھیلاؤ ہو اور اس کے ساتھ سودی نرخوں میں متوقع کمی سے کیپیٹل گین حاصل کرے۔

کمپنی کی توجہ آمدنی کے نان فنڈڈ ذرائع کے ساتھ، ہم سمجھتے ہیں اور ہمیں یقین ہے کمپنی منافع بخشی کے تسلسل سے جاری رہنے والے اہداف اور طویل المدت نمو حاصل کرنے کے قابل ہو گی ۔علاوہ ازیں، کمپنی با قائدگی سے اثاثہ جات اور مالی واجبات کے مکس کے ساتھ دستیاب ذرائع کا جائزہ لیتی ہے اور اس نے آپریٹنگ لاگت کوکنٹرول کرنے کے لیے متعدد اقدامات لیے ہیں تاکہ منافع بخشی پر سازگار اثر کو یقینی بنائےاور دستوری ضروریات کی تعمیل کیے جانے کے ساتھ تسلسل سے جاری رہنے والی طویل المدت ترقی حاصل کی جا سکے۔

کمپنی جو ایک ڈیویلپمنٹ فنانشل انسٹیٹیوشن (DFI)، کے لیے موجودہ اور تبدیل ہوتی ہوئی انظباتی ضروریات ہیں جو کیپیٹل، لیوریج اور سیالیت کے معاملات کو کنٹرول کرتی ہیں جس میں ایک مضبوط رسک مینجمنٹ سسٹم موجود ہے تاکہ انظباتی ضروریات کی تعمیل کی جا سکے۔

انتظامیہ کی جانب سے کی جانے والی کوششوں سے ہم کمپنی کی طویل المدت ترقی اور منافع بخشی کے بارے میں پر امید 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: LAFICOاور بینک دولت پاکستان بشمول وزارت خزانہ کی مسلسل حمایت اور رہنمائی اور کمپنی کے ملازمین کے مسلسل اعتماد اور وفاداری کو بھی سراہتے ہیں۔

مستحکم، بھروسہ اور وفاداری

بورڈ آف ڈائریکٹرز کی جانب سے

بشیر بی۔ عمر	**طارق محمود، CFA**
ڈپٹی مینجنگ ڈائریکٹر	مینجنگ ڈائریکٹر اور CEO

13 مئی2024

گذشتہ چھ سالوں کا اہم آپریشن اور مالیاتی اعداد و شمار

	پاکستانی روپیے ملین میں					
مالی سال	**FY2023**	**FY2022**	**FY2021**	**FY2020**	**FY2019**	**FY2018**
سرمایہ کاری-خالص	311,888	79,477	2,929	5,907	7,188	2,132
مجموعی آمدن	69,516	8,218	2,988	3,713	1,954	1,507
خالص سودی آمدنی	1,372	(2)	606	713	77	260
خالص منافع/(نقصان)قبل از محصول	561	(218)	42	460	(277)	(261)
محصول - خالص	231	88	2	156	27	62
خالص منافع/(نقصان) بعد از محصول	330	(306)	41	304	(304)	(323)
حصص کنندگان کا ملکیتی سرمایہ۔ خالص	7,716	4,111	5,575	5,963	5,254	4,168
کل اثاثہ جات	446,084	124,691	40,621	37,010	29,089	20,428
افرادی قوت (تعداد)**	80	102	98	104	103	106

*دوبارہ کی جانے والے سرمایہ کاری شامل ہے

**بشمول آؤٹ سورسڈ عملہ

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

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED

Review Report on the Statement of Compliance (the Statement) 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 (the Board) of **Pak Libya Holding Company (Private) Limited** (the Company) for the year ended December 31, 2023, in accordance with the requirements of the Regulations to the extent as adopted by the Company.

The responsibility for voluntary compliance with the Regulations (as adopted) is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 Boards' 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. In this regard, we draw attention to the point 14 of the enclosed statement, where the Board has disclosed this non-compliance.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as adopted by the Company for the year ended December 31, 2023. We draw attention to the following matter described in the enclosed Statement:

- The Regulations are not applicable on Development Financial Institutions (DFIs) vide BPRD Circular No. 05 dated November 22, 2021 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 24, 2024
UDIN: CR202310057kc9AlthLi

PakLibya

STATEMENT OF INTERNAL CONTROLS
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 to bring further improvements in the internal control systems through implementation of integrated credit system, IFRS 9 - Expected Credit Loss model and related automated controls. The management continuously evaluates processes to enhance and further strengthen the Internal Controls System of the Company.

Bashir B. Omer
Deputy Managing Director

13th May 2024

Tariq Mahmood
Managing Director & CEO

PakLibya

STATEMENT OF BEST PRACTICES OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

This statement is being presented to conform with the best practices of Corporate Governance which are being practiced by Pak-Libya Holding Company (Private) Limited ("the Company"). The Code of Corporate Governance (the Code) as framed by the Securities and Exchange Commission of Pakistan is not mandatory for the DFIs as per BPRD Circular 14 of 2016 issued on 20 October 2016 by the State Bank of Pakistan (SBP).

The Company nevertheless, has applied the principles considered to be the best practices in Corporate Governance in the following manner:

1. As per the joint venture arrangement between Government of Pakistan (GoP) and Government of Libya (State of Libya), the Company's Board of Directors comprises of six directors with three directors nominated by each Government. The Company encourages representation of non-executive directors on its board of directors (the Board). At present the Board includes:

Category	Names
Executive Directors (two)	Mr. Tariq Mahmood – Managing Director Mr. Bashir B. Omer – Deputy Managing Director
Non-Executive Directors (Four)	Mr. Mohamed Mahmoud Shawsh - Chairman Mr. Akhlaq Ahmad Tarar Mr. Jehad Jamal El-Barag Mr. Agha Ahmad Shah (deceased & position is vacant)

2. The directors have confirmed under Corporate Governance Regulatory Framework that none of them is serving as a director in more than five listed companies, including this Company.

3. The Company has prepared a code of conduct and statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended have been maintained.

5. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any finance facility to a banking company, a DFI or an NBFI.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and relevant Rules, Regulations, Circulars/directions etc.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by one of the directors duly selected by the Board from amongst Board members for this purpose.
requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, Corporate Governance Regulatory Framework, Rules and respective Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors have developed a formal policy and transparent procedures for remunerations of directors in accordance with Corporate Governance Regulatory Framework.

9. All directors were provided with an Orientation Package on their appointment and have completed the Director's Training Program.

10. The appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms of employment are approved by the Board and have complied with relevant requirements of the regulations.

11. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

12. The Board has formed Committees comprising of members given below:

Committee	Name of Chairman / Members
Audit Committee	Mr. Jehad Jamal El-Barag Mr. Akhlaq Ahmad Tarar
Risk Management Committee	Mr. Bashir B. Omer Mr. Akhlaq Ahmad Tarar Mr. Jehad Jamal El-Barag
Human Resource Committee	Mr. Mohamed Mahmoud Shawsh Mr. Akhlaq Ahmad Tarar Mr. Jehad Jamal El-Barag

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the respective Committees for compliance.

14. The frequency of meeting of the Committees, during the year considering vacancies on the Board, were as per follows:

Audit Committee	1 (One)*
Risk Management Committee	1 (One)
Human Resource Committee	2 (Two)

* During the year, the Board Audit Committee meeting was held only once. The Board Audit Committee was not convened due to casual vacancy in the Board, as result of non-appointment of nominee director by GoP. As a result, related party transactions were not placed before the Audit Committee on a quarterly basis as required.

However, subsequent to the year-end, all related party transactions for the financial year 2023 were placed before the Audit Committee in the meeting held on April 17, 2024 and are set for Board approval based on its recommendations.

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the 'Quality Control Review Program' of The Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors confirmed that they have observed IFAC guidelines in this regard.

18. The SBP vide BPRD circular No. 05 of 2021 dated November 22, 2021, has intimated that Listed Companies (Code of Corporate Governance) Regulations are not applicable on DFIs, however, it is expected that all DFIs will continue to follow the best practices on corporate governance. As a result, the Company has voluntarily adopted certain provisions of the Regulations.

Bashir B. Omer
Deputy Managing Director

Tariq Mahmood
Managing Director & CEO

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2023 and of the profit, the other comprehensive income , the changes in equity and its cash flows for the year then ended.

Basis for Qualified opinion

Investments as disclosed in note 9 include term finance certificates (TFC) amounting to Rs. 398.58 million (December 31, 2022: Rs. 398.58 million) which have been classified under Stage 2 as per IFRS 9 – Financial Instrument and has provided an amount of Rs. 100.95 million. As fully disclosed in note 9.2.6, management believe that there is a strong likelihood that these balances may not be fully recoverable due to the financial health of the issuer. In our view, as per IFSR 9 – Financial instrument for classification of such TFCs under stage 2, further provision of Rs. 78.37. million needs to be incorporated. If aforesaid provision is recorded the investment would have been reduced by Rs. 78.37 million. Accordingly, credit loss allowance and write offs –net would have been increased by Rs. 78.37 million and net profit and shareholder's equity would have been reduced by same balance by Rs. 78.37 million. In light of these considerations, we have qualified our report, noting that management has not provided the complete provision for such investments.

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 13 of the financial statements where management has disclosed that the Company has recognized deferred tax asset which is considered realizable based on financial projections approved by the Board of Directors. Our opinion is not modified in respect of the above matters.

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, 2023, 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 not been provided with such other information and therefore we cannot report on such other information.

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.

Report on other legal and regulatory requirements

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

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

b) the 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).

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: May 24, 2024
UDIN: AR202310057QNc8AU65q

PAK LIBYA HOLDING COMPANY (PRIVATE) LIMITED

Financial Statements
for the Year Ended
December 31, 2023

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	272,662	371,319
Balances with other banks	7	194,769	77,866
Lendings to financial institutions	8	-	3,800,000
Investments	9	418,576,179	106,688,510
Advances	10	9,984,921	9,742,795
Property and equipment	11	1,300,756	68,872
Right-of-use assets		-	-
Intangible assets	12	961	452
Deferred tax asset	13	456,057	400,631
Other assets	14	15,083,086	3,382,153
Non-banking assets acquired in satisfaction of claim - held for sale	14.1	214,827	158,086
Total Assets		446,084,218	124,690,684
LIABILITIES			
Bills payable		-	-
Borrowings	15	424,391,603	113,480,048
Deposits and other accounts	16	6,803,687	5,627,397
Lease liabilities		-	-
Sub-ordinated debts		-	-
Other liabilities	17	7,173,050	1,471,979
Total Liabilities		438,368,340	120,579,424
NET ASSETS		7,715,878	4,111,260
REPRESENTED BY			
Share capital	18	8,141,780	8,141,780
Reserves		446,644	380,655
Surplus / (deficit) on revaluation of assets - net of tax	19	1,257,826	(2,012,716)
Unappropriated / unremitted loss		(2,130,372)	(2,398,459)
		7,715,878	4,111,260

CONTINGENCIES AND COMMITMENTS 20

The annexed notes 1 to 45 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
Mark-up / return / interest earned	21	69,401,068	8,103,933
Mark-up / return / interest expensed	22	68,029,047	8,105,767
Net mark-up / interest income		1,372,021	(1,834)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	33,476	30,742
Dividend income		80,979	82,828
Foreign exchange income / (loss)		40	35
Income / (loss) from derivatives		-	-
Loss on securities - net	24	(53,833)	(34,852)
Other Loss	25	(141)	(155,358)
Total non mark-up / interest / income		60,521	(76,605)
Total income		1,432,542	(78,439)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	26	765,177	494,218
Other charges	27	26,848	20,218
Total non mark-up / interest expenses		792,025	514,436
Profit / (loss) before credit loss allowance		640,517	(592,875)
Credit loss allowance / (reversals) and write offs - net	28	79,506	(374,415)
Extraordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		561,011	(218,460)
Taxation	29	231,067	88,038
PROFIT / (LOSS) AFTER TAXATION		329,944	(306,498)
		(Rupees)	
Basic earnings / (loss) per share	30	405.25	(376.45)
Diluted earnings / (loss) per share	31	405.25	(376.45)

The annexed notes 1 to 45 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
Profit / (loss) after taxation		**329,944**	(306,498)
Other comprehensive income - net			
Items that may be reclassified to statement of profit and loss account in subsequent years:			
Effect of translation of net investment in foreign branches		-	-
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax		**2,065,981**	(1,021,066)
Items that will not be reclassified to statement of profit and loss account in subsequent years:			
Remeasurement gain on defined benefit obligations - net of tax	34.8.2	**(2,524)**	8,255
Movement in surplus on revaluation of equity investments - net of tax		**198,896**	(144,288)
Movement in surplus on revaluation of property and equipment - net of tax		**948,924**	-
Movement in surplus on revaluation of non-banking assets - net of tax		**56,741**	-
		1,202,037	(136,033)
Total comprehensive income / (loss)		**3,597,962**	(1,463,597)

The annexed notes 1 to 45 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital		Surplus/(Deficit) on revaluation of			
	Issued subscribed and paid up	Statutory reserve	Investmants	Property & Equipment / Non Banking Assets	Unappropriated/ Unremitted profit/ (loss)	Total
	(Rupees in '000)					
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 period	-	-	-	-	(306,498)	(306,498)
Other comprehensive income - net of tax						
Effect of translation of net investment in foreign branches	-	-	-	-	-	-
Movement in (deficit) on revaluation of investments in debt instruments - net of tax	-	-	(1,021,067)	-	-	(1,021,067)
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-
Movement in (deficit) on revaluation of investments in equity instruments - net of tax	-	-	(144,288)	-	-	(144,288)
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	8,255	8,255
Movement in surplus on revaluation of property and equipment - nat of tax	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-
Total other comprehensive loss - net of tax	-	-	(1,165,355)	-	8,255	(1,157,100)
Transfer to statutory reserve	-	-	-	-	-	-
Opening balance as at 01 January 2023	**8,141,780**	**380,655**	**(2,012,716)**	-	**(2,398,459)**	**4,111,260**
Impact of first time adoption of IFRS-9	-	-	-	-	(80,200)	(80,200)
Profit after taxation for the current period	-	-	-	-	329,944	329,944
Other comprehensive income - net of tax						
Effect of translation of net investment in foreign branches	-	-	-	-	-	-
Movement in surplus on revaluation of investments in debt instruments - net of tax	-	-	2,065,981	-	-	2,065,981
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	198,896	-	-	198,896
Gain on sale of shares - FVTOCI	-	-	-	-	41,455	41,455
Remeasurement (loss) on defined obligations - net of tax	-	-	-	-	(2,524)	(2,524)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	992,832	-	992,832
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	58,234	-	58,234
Total other comprehensive income - net of tax	-	-	2,264,677	1,051,066	38,931	3,354,674
Transfer to statutory reserve	-	65,989	-	-	(65,989)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(45,401)	45,401	-
Closing balance as at 31 December 2023	**8,141,780**	**446,644**	**252,161**	**1,005,665**	**(2,130,372)**	**7,715,878**

The annexed notes 1 to 45 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		561,011	(218,460)
Less: Dividend income		(80,979)	(82,828)
		480,032	(301,288)
Adjustments:			
Depreciation	11	72,364	28,266
Depreciation on Non - Banking asset	14	1,493	
Amortisation	12	282	679
Reversal of provision against lendings to financial institutions	28	(97)	-
Unrealised gain on revaluation of investments classified as 'FVTPL'	24	(22,304)	-
Provision / (reversal) for diminution in the value of investments - net	28	112,924	(51,507)
Reversal / (provision) against loans and advances	28	33,512	38,165
(Reversal) / provision against non-banking assets acquired in satisfaction of claim - held for sale	28	-	(364,715)
Provision against other assets	28	181	3,642
Loss / (gain) on sale of operating fixed assets	25	141	(3,949)
		198,495	(349,419)
		678,527	(650,707)
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,000,000	100,000
Securities classified as FVPL		(64,333,484)	(4,952)
Advances		(354,721)	(3,468,486)
Others assets (excluding advance taxation)		(8,494,832)	(263,418)
		(72,183,037)	(3,636,856)
Increase / (decrease) in operating liabilities			
Borrowings		310,911,555	83,330,630
Deposits		1,176,290	1,051,044
Other liabilities		5,698,541	1,159,659
		317,786,386	85,541,333
		246,281,876	81,253,770
Income tax paid		(3,749,614)	(567,554)
Net cash generated from operating activities		242,532,262	80,686,216
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in amortized cost securities		-	103,395
Net Investments in securities classified as FVOCI		(245,339,486)	(80,634,222)
Dividend received		80,979	82,828
Addition in property and equipment	11	(50,532)	(8,197)
Addition in intangible	12	(791)	(158)
Addition in work-in-progress	11	(4,903)	(2,084)
Sale proceeds of property and equipment		717	13,568
Net cash flow used in investing activities		(245,314,016)	(80,444,870)
Net (decrease) / increase in cash and cash equivalents		(2,781,754)	241,346
Cash and cash equivalents at beginning of the year		3,249,185	3,007,839
Cash and cash equivalents at end of the year	32	467,431	3,249,185

The annexed notes 1 to 45 and Annexures I & II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

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 for further thirty years up to 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 2023 amounted to Rs. 6.011 billion (31 December 2022: Rs. 5.743 billion). The Company has compliant with minimum capital requirements at year end.

During the year, the Company has reported profit after taxation as a result of timely re-profiling of overall Government Securities portfolio to mitigate the increase in interest rate impact together with borrowing arrangements for stable funding resources at highly competitive rates enabled the company to make new investment. As a result, these money market transactions have yield positive results and net investment margin (NIM) has increased significantly yielding profits. .

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. Further, 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 the MCR will be further enhanced through organic growth as demonstrated through projections approved by board.

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:

- 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 letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/2008.

3. **Material Accounting Policies**

The significant accounting policies and methods of computation adopted in the preparation of these audited annual financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 31 December 2022 other than those described in the note 3.2 for period commencing from 01 January 2023 and note 4.

3.1 Impact of Adoption of IFRS 9

On 01 January 2023, the Company has adopted IFRS 9 "Financial Instruments" which introduces new requirements for; the classification and measurement of financial instruments and the recognition and measurement of credit loss allowances. As permitted by transitional provisions of IFRS 9, the Company has not restated comparative information. Any adjustment to the carrying amount of the financial assets and liabilities at the date of transition was recognised in the opening retained earnings of the current period.

Accounting policies related to IFRS-9 are stated in the note 3.2. The Company has recorded net expected credit loss of Rs 80.20 million which was adjusted against unappropriated profit as explained below.

Financial Assets	Original classification as at 31 December 2022	New classification as per IFRS 9	Carrying amount as on 31 December 2022	Carrying amount as on 01 January 2023	Effect on 01 January 2023 on Retained Earnings
Financial Assets :			(Rupees in '000)		
Cash and balances with treasury bank	LR	AC	371,319	371,319	-
Balances with other banks	LR	AC	77,866	77,866	-
Lending to Financial Institutions	HTM	AC	3,800,000	3,799,903	97
Government Securities	AFS	AC	19,922,378	19,922,378	-
Non-Government Securities	HTM	AC	115,741	115,736	5
Government Securities	AFS	FVTOCI	83,671,051	83,671,051	-
Non-Government Securities	AFS	FVTOCI	2,096,086	2,095,078	1,008
Listed equities	AFS	FVTOCI	361,639	361,639	-
Listed equities	AFS	FVTPL	515,163	515,163	-
Listed equities	HFT	FVTPL	4,952	4,952	-
Associates	HTM	AC	1,500	1,500	-
Advances	HTM	AC	9,742,795	9,663,711	79,084
Other assets	AC	AC	3,382,153	3,382,153	-
Financial Liabilities :					
Borrowings	HTM	AC	113,480,048	113,480,048	-
Deposits and other accounts	HTM	AC	5,627,397	5,627,397	-
Other liabilities	OFL	AC	1,471,979	1,471,985	6
					80,200

- "LR" is loans and receivables
- "AC" is amortised cost
- "AFS" is available for sale
- "HFT" is held for trading
- "FVTPL" is fair value through profit or loss
- "FVTOCI" is fair value through other comprehensive income
- "OFL" is other financial liabilities
- "HTM" is held to maturity

3.2 IFRS 9 Financial Instruments

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

Changes to classification and measurement

The SBP's measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost;

- Debt instruments at fair value through other comprehensive income (FVTOCI), with gains or losses recycled to profit or loss on derecognition;

- Equity instruments at FVTOCI, with no recycling of gains or losses or profit or loss on derecognition;

- Financial assets at FVTPL.

The accounting for financial liabilities remains largely the same as it was previously in place.

Under IFRS 9, the classification of the financial assets is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The assessment of the Company's business models was made as of the date of initial application, 1 January 2023, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2023. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Under SBP regulations, the Company's equity investments (excluding investment in associates) are classified in the available-for-sale category. Under IFRS 9, Company has elected to classify a portion of these securities at fair value through profit or loss due to the Company's intention to hold these for realising capital gains while the other securities have been classified at fair value through other comprehensive income.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing SBP's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. The details of the impairment approach adopted by the Company is included in the advances policy to the annual audited financial statements.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Company's debt securities.

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.

Before 1 January 2023, due from banks with fixed or determinable payments that were not quoted in an active market, were carried at amortised cost.

From 1 January 2023 the Company only measures due from banks at amortised cost if both of the following conditions are

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined in investment and advances policy notes below.

Repurchase and 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 investments. 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 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 lending to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

Investments

Policy till 31 December 2022

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 statement of profit and loss account. The Company has classified it's investments except for investments in joint venture into 'held for trading', 'held for sale' and 'held to maturity' 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 audited annual statement of profit and loss account. The cost of acquisition of 'dealing securities' (i.e. listed securities purchased and sold on the same day) is not considered for calcutating 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 shown below equity. 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' below equity is included in the audited annual statement of profit and loss account for the year. The Company amortises the premium / discount on acquisition of govemment 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 audited annual statement of 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 statement of comprehensive income.

Policy under IFRS 9

Classification

Debt instruments

A debt instrument is measured at amortised cost if both of the following conditions are met and the instrument is not designated as at FVTPL:

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

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument held for trading purposes is classified as measured at FVTPL.

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

Business model assessment

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

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);

- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI).

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

An equity instrument held for trading purposes is classified as measured at FVTPL.

Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at Amortised Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Debt instruments at FVTOCI

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVTOCI is explained in advances note below. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to audited annual statement of profit or loss. The accumulated loss recognised in OCI is recycled to the statement of changes in equity upon derecognition of the assets.

Equity instruments at FVTOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVTOCI when they meet the definition of definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Company's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit and loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

Financial assets (equity and debt instruments) at fair value through profit or loss

Financial assets (both equity and debt) at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in the statement of profit and loss. Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount / premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Reclassification of financial assets and liabilities

From 01 January 2023, the Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

Impairment of Investments

Impairment of debt instrument is computed using expected credit loss model.

Advances and net investment in finance lease

Advances are stated as net of provisions for bad and doubtful debts, if any, which are charged to the audited annual statement of 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 statement of profit and loss account as and when determined.

Policy under IFRS 9

From 01 January 2023, the Company only measures loans and advances at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Company's impairment method by replacing SBP's incurred loss approach with a forward-looking ECL approach. From 01 January 2023, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Company has rebutted 30 DPD presumption based on behavioral analysis of its borrowers.

When estimating ECLs on a collective basis for a group of similar assets , the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

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

Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The Company uses a PD of 100% and LGD is used as prescribed by the SBP under the prudential regulation. Therefore, the stage 3 providing are aligned with regulatory requirements.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Loan commitments and letters of credit	When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
Financial guarantee contracts	The Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in condensed interim statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

The calculation of ECLs

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

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

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier. Based on past experience and the Company's expectations, the period over which the Company calculates ECLs for credit card, is three years.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

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

Forward looking information

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

- GDP growth
- Consumer Price Index

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees, real estate, receivables, inventories and other non-financial assets. Under IFRS 9, the Company's accounting policy for taking benefit of collateral assigned to it through its lending arrangements is to consider liquid collateral only. Due to the complexities involved in the Pakistan regarding non-liquid collateral realisation and lack of historical experience to demonstrate recoveries through realisation of such collaterals, a hair cut of 100% was used for non-liquid collateral types for stage 1 and stage 2 loans.

Write-offs

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

Forborne and modified loans

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

From 01 January 2023, when the loan has been renegotiated or modified but not derecognised, the Company also reassesses whether there has been a significant increase in credit risk as per Company's policy. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne until all of the relevant criteria given in the prudential regulations has been met.

Revenue recognition and other items

Policy till 31 December 2022

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 statement of 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.

Revenue recognition and other items (applicable after IFRS 9)

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net trading income and net gains / (losses) on financial assets at fair value through profit or loss, respectively.

3.3 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, 2023. 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 audited annual financial statements other than certain additional disclosures.

New or Revised Standard or Interpretation

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction

Amendments to 'IAS 12 Income Taxes' - International Tax reform - Pillar Two Model Rules

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

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's financial statements in the period of their initial application.

The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

	Effective Date (Annual periods beginning on or after)
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 IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	01 January, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	01 January, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	01 January, 2026

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

IFRS 1 – First Time Adoption of International Financial Reporting Standards

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these audited annual financial statements is the same as that applied in the preparation of the financial statements for the year ended 31 December 2022, other than those described in note 3 and below:

4.1 Property and Equipment

From the start of financial year 2023, the Company has adopted revaluation model in respect of its lease hold land and buildings to reflect the fair value of these assets. With effect from this year, property & equipment are stated at cost, except for land and buildings which are carried at revalued amounts, less any applicable accumulated depreciation and accumulated impairment losses (if any)

Land and capital work-in-progress, if any, are not depreciated. Other items included in property & equipment are depreciated over their expected useful lives using the straight-line method. Depreciation is calculated to write down the assets to their residual values over their expected useful lives. Depreciation on additions is charged from the month in which the assets are available for use. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at reporting date.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. If an asset's carrying value increases as a result of revaluation, such increase or surplus arising on revaluation is credited to the surplus on revaluation of property & equipment account. However, if the increase reverses a deficit on the same asset previously recognised in the statement of profit and loss account, such increase is also recognised in the audited annual statement of profit and loss account to the extent of the previous deficit and thereafter in the surplus on the revaluation of property and equipment account.

Any accumulated depreciation at the date of revaluation is eliminated against any additional surplus on revaluation and the net carrying value is restated at the revalued amount of the asset.

Surplus on revaluation of property and equipment (net of associated deferred tax) is transferred to unappropriated profit to the extent of the incremental depreciation charged on the related assets.

Surplus on revaluation of property and equipment (net of associated deferred tax) is transferred to unappropriated profit to the extent of the incremental depreciation charged on the related assets.

Normal repairs and maintenance are charged to the audited annual statement of profit and loss account as and when incurred. Major repairs and renovations that increase the useful life of an asset are capitalised.

Gains or losses arising on the disposal of property and equipment are included in the audited annual statement of profit and loss account. Surplus on revaluation (net of deferred tax) realised on disposal of property and equipment is transferred directly to unappropriated profit.

4.2 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any.

These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the audited annual statement of profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the audited annual statement of profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the statement of profit and loss account on the same basis as depreciation charged on the Company's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realised on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset, subsequent to initial recording, is used by the Company for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 Borrowings and deposits

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

4.9 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 2023. 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 (2022: 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 2023.

Deferred Bonus

The Company has implemented a deferred bonus policy wherein 20 percent annual bonus amount, for every year, will be deferred and be payable 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.

4.10 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.

4.11 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 statement of 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.

4.12 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 the statement of 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.

4.13 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.

4.14 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 the statement of profit and loss account.

4.15 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 statement of 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.

4.16 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

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company as disclosed in note 42 of the financial statements are consistent with those disclosed in the financial statements for the year ended 31 December 2022 other than those due to adoption of IFRS 9.

	Note	2023	2022
		------- (Rupees in '000) -------	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**6**	6
Foreign currency		**8,455**	6,791
		8,461	6,797
With State Bank of Pakistan in			
Local currency current account	6.1	**263,355**	363,260
With National Bank of Pakistan in			
Local currency current account		**846**	1,262
		272,662	371,319

6.1 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	2023	2022
		------- (Rupees in '000) -------	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		**45,757**	14,984
In deposit accounts	7.1	**149,012**	62,882
		194,769	77,866
Less: credit loss allowance		**-**	-
		194,769	77,866

7.1 The return on these balances ranges from 14.50 to 20.50 (31 December 2022: 8.25 to 14.50) percent per annum.

	Note	2023	2022
		------- (Rupees in '000) -------	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	8.1.1	**30,567**	3,830,567
Less: credit loss allowance		**(30,567)**	(30,567)
Lending to financial institutions - net of provision		**-**	3,800,000

8.1 Particulars of lending

	2023	2022
In local currency	**-**	3,800,000

8.1.1 Call / clean money lending included term deposit receipts carry markup rates during the year at 15.10% to 23.50% (31 December 2022: 16.70 % to 17.40 %) percent per annum. These were matured during the year (31 December 2022: 25 January 2023 and 25 April 2023).

8.2 Lending to FIS - Particulars of credit loss allowance

		2023		2022	
		Lending	**Credit loss allowance held**	Lending	Provision held
		---------- (Rupees in '000) ----------			
Domestic					
Performing	Stage 1	-	-	3,800,000	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		**30,567**	**30,567**	30,567	30,567
		30,567	**30,567**	30,567	30,567
Total		**30,567**	**30,567**	3,830,567	30,567

Overseas

The Company does not have any overseas lending during period ended 31 December 2023 (31 December 2022: Nil).

9. **INVESTMENTS**

9.1 **Investments by type:**

	2023			
	Fair Value / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
	------ (Rupees in '000) ------			
Classified / Measured at amortised cost				
Federal government securities	21,913,890	-	-	21,913,890
Provincial government securities	-	-	-	-
Shares	-	-	-	-
Non Government debt securities	6,366	(6,366)	-	-
Foreign securities	-	-	-	-
	21,920,256	(6,366)	-	21,913,890
Classified / Measured at FVOCI				
Federal government securities	329,607,109	-	293,133	329,900,242
Provincial government securities	-	-	-	-
Shares	385,201	-	(5,666)	379,535
Non government debt securities	2,457,237	(437,594)	629	2,020,272
Foreign securities	-	-	-	-
	332,449,547	(437,594)	288,096	332,300,049
Classified / Measured at FVPL				
Federal government securities	64,328,951	-	20,754	64,349,705
Provincial government securities	-	-	-	-
Shares	9,485	-	1,550	11,035
Non government debt securities	-	-	-	-
Foreign securities	-	-	-	-
	64,338,436	-	22,304	64,360,740
Associates				
FTC Management Company Limited				
Unlisted ordinary shares	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)				
Unlisted ordinary shares	404,867	(404,867)	-	-
Unlisted preference shares	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited				
Unlisted ordinary shares	1,000	-	-	1,000
	706,367	(704,867)	-	1,500
Total	419,414,606	(1,148,827)	310,400	418,576,179

	2022 Cost / amortised cost	2022 Provision for diminution	2022 Surplus / (deficit)	2022 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
Shares - listed and unlisted	1,416,484	(292,360)	(247,322)	876,802
Non government debt securities	2,440,034	(323,656)	(20,292)	2,096,086
	109,496,354	(616,016)	(2,314,021)	106,566,317
Held-to-maturity securities				
Non government debt securities	122,107	(6,366)	-	115,741
	122,107	(6,366)	-	115,741
Associates				
FTC Management Company Limited				
Unlisted ordinary shares	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)				
Unlisted ordinary shares	404,867	(404,867)	-	-
Unlisted preference shares	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited				
Unlisted ordinary shares	1,000			1,000
	706,367	(704,867)	-	1,500
Total	110,330,223	(1,327,249)	(2,314,464)	106,688,510

Name of investee	**Holding %**	**2023 Shares**	2022 Shares	**2023 Cost**	2022 Cost
		------(Numbers)------		------(Rupees in 000)------	
FTC Management Company Limited					
(CEO - Mr. Kaleem Shaikh)					
Unlisted ordinary shares	9.10%	**50,000**	50,000	**500**	500
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
				706,367	706,367

9.2. Investments by segments

	Note	2023 Fair Value / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		---------------- (Rupees in '000)	----------------		
Federal government securities:					
Market Treasury Bills*		141,509,005	-	5,440	141,514,445
Pakistan Investment Bonds		274,340,945	-	308,448	274,649,393
		415,849,950	-	313,887	416,163,837
Shares:					
Listed companies		394,686	-	(4,116)	390,570
Unlisted companies **		-	-	-	-
		394,686	-	(4,116)	390,570
Non government debt securities					
Listed	9.2.6 & 9.2.7	1,140,476	(123,189)	(1,506)	1,015,781
Unlisted		1,323,127	(320,771)	2,135	1,004,491
		2,463,603	(443,960)	629	2,020,272
Associates					
FTC Management Company Limited					
Unlisted ordinary shares	9.2.4	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)					
Unlisted ordinary shares	9.2.2	404,867	(404,867)	-	-
Unlisted preference shares	9.2.3	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited					
Unlisted ordinary shares	9.2.5	1,000	-	-	1,000
		706,367	(704,867)	-	1,500
Total		419,414,606	(1,148,827)	310,400	418,576,179

*The deferred bonus related to eligible employees, invested in market treasury bills was matured during the year (31 December 2022: Rs. 4.705 million) whilst its related income has been recorded in other liabilities.

**Unlisted Company shares includes fully provided shares of Agro Danes Limited and Pakistan textile City Limited amounting to Rs. 2.03 million and Rs. 50 million respectively. On the adoption of IFRS-9 the impairment is adjusted against the cost of such shares.

	2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	---------------------------- - (Rupees in '000) ----------------------------			
Federal government securities:				
Market Treasury Bills	33,739,007	-	(11,256)	33,727,751
Pakistan Investment Bonds	71,900,829	-	(2,035,151)	69,865,678
	105,639,836	-	(2,046,407)	103,593,429
Shares:				
Listed companies	1,369,578	(240,059)	(247,765)	881,754
Unlisted companies	52,301	(52,301)	-	-
	1,421,879	(292,360)	(247,765)	881,754
Non government debt securities				
Listed	695,587	(22,387)	(15,850)	657,350
Unlisted	1,866,554	(307,635)	(4,442)	1,554,477
	2,562,141	(330,022)	(20,292)	2,211,827
Associates				
FTC Management Company Limited				
Unlisted ordinary shares	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)				
Unlisted ordinary shares	404,867	(404,867)	-	-
Unlisted preference shares	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited				
Unlisted ordinary shares	1,000	-	-	1,000
	706,367	(704,867)	-	1,500
Total	110,330,223	(1,327,249)	(2,314,464)	106,688,510

9.2.1 Investments given as collateral

	2023	2022
	------- (Rupees in '000) -------	
Market Treasury Bills	**140,146,217**	32,825,049
Pakistan Investment Bonds	**268,185,919**	67,773,333
	408,332,136	100,598,382

9.2.2 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 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.

9.2.3 These represent preference shares amounting to Rs. 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.

9.2.4 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 Cenlre (FTC) for the mutual benefits of ils owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.

9.2.5 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 2020, the Company disposed off its major shareholding and management control, therefore, the subsidiary has become an associate.

9.2.6 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 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, 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 is mandatorily invoked for the time being until proposed merger; however, the pending merger 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 on the same terms.

Considering the delay in resolution, the TFC holders again agreed to extend the maturity period for another year ending 27 October 2023 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. In 2023, 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. However, management has considered a provisioning of Rs. 100.954 million prudently based on subjective review on the said TFC, in these financial statements.

9.2.7 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 last 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 had submitted a plan approved by their Board for additional equity to address the Capital Adequacy Ratio (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. However, management has prudently considered further provisioning of Rs. 44.0 million based on subjective review on the said TFC, in these financial statements.

9.3 Particulars of credit loss allowance

9.3.1 Investments - exposure

	2023		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Opening balance	1,689,828	553,500	318,813
New Investments	1,137,587	-	-
Investments derecognised or repaid	(904,249)	-	-
Transfer to Stage 1	72,344	(55,000)	(17,344)
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
	305,682	(55,000)	(17,344)
Amounts written off / Charged off		-	-
Other changes	(317,611)	-	(14,265)
Closing balance	1,677,899	498,500	287,204

9.3.2 Investments - credit loss allowance

	Note	2023		
		Stage 1	Stage 2	Stage 3
		(Rupees In '000)		
Opening balance	9.3.2.1		11,209	318,813
Credit loss allowance due to adoption of IFRS-9 charged to opening retained earnings		226	786	-
New Investments		499	-	-
Investments derecognised or repaid		(24)	-	-
Transfer to Stage 1		55	(62)	(17,344)
Transfer to Stage 2		-	-	-
Transfer to Stage 3		-	-	-
		530	(62)	(17,344)
Amounts written off / charged off		-	-	-
Changes in risk parameters		(166)	144,233	
Changes		-	-	(14,265)
Closing balance - Current year		590	156,166	287,204

	2023
	Rupees in 000
9.3.2.1 Opening balance	1,327,249
Reversal of provision held against shares on adoption of IFRS - 9	(292,360)
Reversal of provision held against associates on adoption of IFRS - 9	(704,867)
	(997,227)
Adjusted opening balance of credit loss allowance	330,022

	2022
	Rupees in 000
Opening balance	1,378,756
Charge / reversals	
Charge for the year	34,613
(Reversal) / charge on disposals	(86,120)
	(51,507)
Closing balance	1,327,249

9.3.3 **Particulars of credit loss allowance against debt securities**

Category of classification		**2023**	
		Outstanding amount	**Credit loss allowance**
Domestic		**------- (Rupees in '000) -------**	
Performing	Stage 1	**1,677,899**	**590**
Underperforming	Stage 2	**498,500**	**156,166**
Non-Performing	Stage 3		
Substandard		**-**	**-**
Doubtful		**-**	**-**
Loss		**287,204**	**287,204**
		287,204	**287,204**
		2,463,603	**443,960**

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

9.4 **Quality of securities**

Details regarding quality of securities are as follows:

	Note	**2023**	2022
		Cost	
		--- (Rupees in '000) ---	
Federal Government Securities - Government guaranteed			
Market Treasury Bills		**141,509,005**	33,739,007
Pakistan Investment Bonds	9.4.1	**274,340,945**	71,900,829
		415,849,950	105,639,836

9.4.1 **Pakistan Investment Bonds**

Floater

These Pakistan Investment Bonds carry interest rate ranging from 21.33 to 23.48 (31 December 2022: 15.59 to 16.97) percent per annum. Effective yield on investment ranges from 22.43 to 24.19 (31 December 2022: 16.11 to 17.95) percent per annum maturing latest by November 2031 (31 December 2022: 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 2022: 9.50 to 10.00) percent per annum. Effective yield on investment ranges from 8.25 to 11.51 (31 December 2022: 8.25 to 11.51) percent per annum and will be maturing latest by September 2029 (31 December 2022: 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 2022: Nil).

		2023		2022	
9.4.2	Shares	Cost	Sector wise exposure	Cost	Sector wise exposure
		(Rupees in '000)	(%)	(Rupees in '000)	(%)
9.4.2.1	Listed companies				
	- Fertilizer	112,356	28.47	257,124	18.77
	- Commercial banks	64,205	16.27	266,286	19.44
	- Financial services	15,010	3.80	70,231	5.13
	- Chemicals	-	-	6,480	0.47
	- Non life insurance	9,485	2.40	70,359	5.14
	- Food & Personal care products	-	-	37,832	2.76
	- Pharmaceuticals	-	-	7,030	0.51
	- Cement	-	-	65,208	4.76
	- Automobile	-	-	66,779	4.88
	- Properties	-	-	7,635	0.56
	- Technology & communication	-	-	5,395	0.39
	- Textile	-	-	56,123	4.10
	- Power generation & distribution	47,635	12.07	109,085	7.96
	- Engineering	58,486	14.82	87,011	6.35
	- Oil & gas	87,509	22.17	229,659	16.77
	- Cable & electrical goods	-	-	27,339	2.00
		394,686		1,369,576	

9.4.2.1.1 The nominal value of each share held in a listed company is Rs.10 per share as at 31 December 2023 and 31 December 2022.

9.4.2.2 Unlisted companies	(% holding)	2023 Cost	2023 Breakup value	2022 Cost	2022 Breakup value
		(Rupees in '000)		(Rupees in '000)	
Agro Dairies Limited *		-	*	2,303	*
CEO - Mr. Mukhtar Hussain Rizvi					
Pakistan Textile City Limited **	4%	-		50,000	
CEO - Mr. Muhammad Hanif		-	**	-	**
		-		52,303	
		394,686		1,421,879	

* 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.

9.4.2.2.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2023 and 31 December 2022.

		2023	2022
		Cost	
		(Rupees in '000)	
9.4.3	Non government debt securities		
9.4.3.1	Listed		
	A+	491,379	-
	A	216,620	274,620
	CCC and below	398,580	398,580
	Unrated	33,897	22,387
		1,140,476	695,587
9.4.3.2	Unlisted		
	AA+	200,000	200,000
	AA	100,000	100,000
	A+	100,000	244,244
	A	93,884	435,222
	A-	133,333	200,000
	AA-	-	120,000
	BBB+	-	55,000
	Unrated	689,544	389,981
		1,316,761	1,744,447
		2,457,237	2,440,034

9.4.4 Equity securities

	2023	2022
	------- (Rupees in '000) -------	
9.4.4.1 Listed		
Habib Bank Limited	-	33,915
MCB Bank Limited	**44,055**	100,661
Bank Alfalah Limited	**20,150**	68,510
The Bank of Punjab	-	16,580
Pakistan Stock Exchange	-	8,530
Agritech Limited	-	139,527
Fauji Fertilizer Company Limited	**112,356**	117,597
Dawood Hercules Corporation Limited	**15,010**	40,487
Pakistan Reinsurance Company Limited	-	9,090
Adamjee Insurance Company Limited	-	31,325
IGI holdings Limited	**9,485**	29,944
Ghandhara Tyre & Rubber Company Limited	-	6,906
The Organic Meat Company Limited	-	20,752
TPL Properties Limited	-	7,635
Nishat Mills Limited	-	34,743
Agha Steel Industries Limited	-	21,759
Avanceon Limited	-	5,395
Pakistan Petroleum Limited	-	70,267
Pakistan State Oil	**87,509**	87,508
Waves Singer Pakistan Limited	-	13,997
Meezan Bank Limited	-	46,620
Arif Habib Limited	-	21,214
Nimir Resins Limited	-	6,480
Honda Atlas Cars (Pakistan) Limited	-	26,720
Pak Suzuki Motor Company Limited	-	33,152
Attock Cement Pakistan Limited	-	21,462
DG Khan Cement Company Limited	-	43,746
Pak Elektron Limited	-	13,342
GlaxoSmithkline Pakistan Limited	-	7,030
Interloop Limited	-	21,380
Hub Power Company Limited	-	73,619
Kot Addu Power Company Limited	**47,635**	35,466
International Industries Limited	**38,187**	38,187
Al Shaheer Corporation Limited	-	17,080
International Steel Limited	**20,300**	27,066
Oil & Gas Development Company Limited	-	71,884
	394,686	1,369,576
9.4.4.2 Unlisted - at cost		
Agro Dairies Limited	-	2,303
Pakistan Textile City Limited	-	50,000
	-	52,303
	394,686	1,421,879

9.5 Particulars relating to securities classified Under 'Held to Collect' model

	2023	2022
	Cost	
	-------(Rupees in '000) ------	
9.5.1. Non government debt securities		
Unlisted		
A+	-	-
A	-	115,741
Unrated	**6,366**	6,366
	6,366	122,107

9.5.1.1. The carrying value of securities classified as held-to-maturity as at 31 December 2023 is approximate to their fair values due to the shorter tenure of these securities.

10 ADVANCES

	Performing 2023	Non Performing 2023	Total 2023
	(Rupees in '000)		
Loans, cash credits, running finances, etc.	9,331,181	1,885,043	11,216,224
Advances - gross	**9,331,181**	**1,885,043**	**11,216,224**
Credit loss allowance against advances			
-Stage 1	**34,224**	-	**34,224**
-Stage 2	**21,912**	-	**21,912**
-Stage 3	-	**1,175,167**	**1,175,167**
	56,136	**1,175,167**	**1,231,303**
Advances - net of provision	**9,275,045**	**709,876**	**9,984,921**

	Performing 2022	Non Performing 2022	Total 2022
	(Rupees in '000)		
Loans	7,864,888	1,105,603	8,970,491
Net investment in finance lease	116,078	146,654	262,732
Staff loans	149,123	-	149,123
Consumer loans and advances	3,213	31,773	34,986
Long-term financing of export oriented projects (LTF-EOP)	-	60,179	60,179
Long-term financing facility (LTFF)	666,532	-	666,532
Refinance scheme for payment of wages and salaries	93,893	-	93,893
Temporary economic relief facility (TERF)	690,587	-	690,587
Advances - gross	9,584,314	1,344,209	10,928,523
Provision against advances			
- Specific	-	1,185,680	1,185,680
- General	48	-	48
	48	1,185,680	1,185,728
	9,584,266	158,529	9,742,795

10.1 Includes net investment in finance lease as disclosed below:

	2023		
	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)		
Lease rentals receivable	164,082	173,729	337,811
Residual value	58,532	-	58,532
Minimum lease payments	222,614	173,729	396,343
Financial charges for future periods	55,067	76,205	131,272
Present value of minimum lease payments	167,547	97,524	265,071

	2022		
	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)		
Lease rentals receivable	242,178	24,788	266,966
Residual value	58,532	19,150	77,682
Minimum lease payments	300,710	43,938	344,648
Financial charges for future periods	79,584	2,331	81,915
Present value of minimum lease payments	221,126	41,607	262,733

10.1.1 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 24.11 to 26.35 (31 December 2022: 16.56 to 20.99) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 58.532 million (31 December 2022: Rs. 77.682 million) as security deposits on behalf of the lessees which are included under 'other liabilities'.

	2023	2022
	(Rupees in '000)	
10.2 Particulars of advances (Gross)		
In local currency	11,216,224	10,928,523

10.3 Particulars of credit loss allowance

10.3.1 Advances - Exposure

	2023		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Gross carrying amount - Current year	7,592,999	1,989,705	1,345,819
New Advances	3,097,113	120,000	-
Advances derecognised or repaid	(1,755,344)	(443,198)	(17,784)
Transfer to Stage 1	329,653	(37,454)	(292,199)
Transfer to Stage 2	(570,175)	570,175	-
Transfer to Stage 3	(512,500)	(380,625)	893,125
	588,747	(171,102)	583,142
Amounts written off / charged off	-	-	-
Changes	(525,818)	(143,350)	(43,918)
Closing balance - Current year	7,655,928	1,675,253	1,885,043

10.3.2 Advances - Credit loss allowance

	Stage 1	Stage 2	Stage 3
Opening balance	-	-	1,185,728
Credit loss allowance due to adoption of IFRS-9 charged to opening retained earnings	4,944	74,140	-
New advances	3,484	99	-
Advances derecognised or repaid	(535)	(322)	(281,707)
Transfer to stage 1	24,059	(27)	(24,032)
Transfer to stage 2	(547)	547	-
Transfer to stage 3	(1,168)	(17,918)	19,086
	25,293	(17,621)	(286,653)
Amounts written off / charged off			
Changes in risk parameters	3,987	(34,607)	276,092
Other changes			
Closing balance	34,224	21,912	1,175,167

	2022		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	1,147,510	53	1,147,563
Charge for the year	100,000	-	100,000
Less: Reversal during the year	(61,830)	(5)	(61,835)
Net charge / (reversal) for the year	38,170	(5)	38,165
Less: Amounts written off	-	-	-
Closing balance	1,185,680	48	1,185,728

10.3.3 Advances - Credit loss allowance details Internal / External rating / Stage classification

	2023		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
Outstanding gross exposure			
Performing - Stage 1	7,655,928	-	-
Under Performing - Stage 2	-	1,675,253	-
Non-performing - Stage 3			
Substandard	-	-	503,125
Doubtful	-	-	570,000
Loss	-	-	811,918
	-	-	1,885,043
Total	7,655,928	1,675,253	1,885,043
Corresponding ECL			
Stage 1 and stage 2	34,224	21,912	-
Stage 3	-	-	1,175,167
	34,224	21,912	1,175,167

10.4 Advances include Rs.1,885.043 million (31 December 2022: Rs.1,344.209 million) which have been placed under non-performing status as detailed below:-

	2023		2022	
	Non performing loans	Credit loss allowance	Non performing loans	Provision
Domestic	(Rupees in '000)		(Rupees in '000)	
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	503,125	125,781	-	-
Doubtful	570,000	296,000	200,000	100,000
Loss	811,918	753,386	1,144,209	1,085,680
	1,885,043	1,175,167	1,344,209	1,185,680

Overseas

The Company does not have any overseas advances during the period ended 31 December 2023 (31 December 2022 : Nil).

10.5 Particulars of provision against advances

	2023			
	Stage 3	Stage 2	Stage 1	Total
	Rupees in 000			
Opening balance	1,185,728	-	-	1,185,728
Provision due to adoption of IFRS-9 charged to opening retained earnings	-	74,140	4,944	79,084
Charge for the period / year	295,178	3,188	31,530	329,896
Reversal	(305,739)	(55,416)	(2,250)	(363,405)
	(10,561)	(52,228)	29,280	(33,509)
Amounts written off	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-
Closing balance	1,175,167	21,912	34,224	1,231,303

	2022		
	Specific	General	Total
	(Rupees in '000)		
Opening balance	1,147,510	53	1,147,563
Charge for the year	100,000	-	100,000
Less: Reversal during the year	(61,830)	(5)	(61,835)
Net charge / (reversal) for the year	38,170	(5)	38,165
Less: Amounts written off	-	-	-
Closing balance	1,185,680	48	1,185,728

10.5.1 Particulars of credit loss allowance against advances

	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in 000			
In local currency	34,224	21,912	1,175,167	1,231,303
In foreign currency	-	-	-	-
	34,224	21,912	1,175,167	1,231,303

	2022		
	Specific	General	Total
	(Rupees in '000)		
In local currency	1,185,680	48	1,185,728
In foreign currency	-	-	-
	1,185,680	48	1,185,728

10.6 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs. Nil (31 December 2022: Nil) in respect of consumer financing and Rs. 58.532 million (31 December 2022: 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.

	Note	2023	2022
		(Rupees in '000)	

11 PROPERTY AND EQUIPMENT

	Note	2023	2022
Capital work-in-progress	11.1	6,987	2,084
Property and equipment	11.2	1,293,769	66,788
		1,300,756	68,872

11.1 Capital work-in-progress

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

11.2 Property and equipment

	2023							
	Lease-hold land	Building on Lease hold land (Office)	Residence (11.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (11.2.7)	Total
	(Rupees in '000)							
At 1 January 2023								
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
Year ended 31 December 2023								
Opening net book value	1,240	27,587	476	17,542	10,541	9,401	1	66,788
Additions	-	-	-	1,128	5,803	330	43,271	50,532
Movement in surplus on assets revalued during the year	-	900,315	349,356	-	-	-	-	1,249,671
Disposals	-	-	-	(587)	(271)	-	-	(858)
Depreciation charge	(22)	(44,213)	(1,404)	(4,444)	(5,100)	(3,959)	(13,222)	(72,364)
Closing net book value	1,218	883,689	348,428	13,639	10,973	5,772	30,050	1,293,769
At 31 December 2023								
Cost	1,952	988,747	360,719	68,562	61,164	35,277	122,695	1,639,116
Accumulated depreciation	(734)	(105,058)	(12,291)	(54,923)	(50,191)	(29,505)	(92,645)	(345,347)
Net book value	1,218	883,689	348,428	13,639	10,973	5,772	30,050	1,293,769
	(%)							
Rate of depreciation	1.11	2.8 - 5	4.5 - 5	15 - 25	10 - 30	25	33.33	

	2022							
	Lease hold land	Building on Lease hold land (Office)	Residence (11.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (11.2.7)	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)
Other adjustments / transfers	-	-	-	-	-	-	-	-
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	1.11	5	5	15 - 25	10 - 30	25	33.33	

11.2.1 Assets shown above in fixed assets do not include any items under finance lease arrangement (31 December 2022: Nil).

11.2.2 The properties of the Company were revalued by independent professional valuers. The revaluation was carried out by M/s. MYK Associates and M/s. K.G. Traders dated 27-March-2023. The total revaluation amounts to Rs.1,277.1 million. Forced Sale Value of these properties amounts to Rs.1,026.4 million. (31 December 2022: Nil). Had there been no revaluation, the carrying value of land and building at 31 December 2023 would have been Rs. 26.5 million.

11.2.3 Furniture and fixture includes house hold furnishing items provided to employees under the human resource policies of the Company.

11.2.4 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	327	109	218	218	Company Policy	Mr. Suneel Kumar Dhanwani
House hold furnishing items	366	366	-	-	Company Policy	Mr. Kashif Shabbir
House hold furnishing items	516	312	204	204	Company Policy	Mr. Syed Ghazanfar Ali
	1,209	**787**	**422**	**422**		

11.2.5 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.

11.2.6 Assets having cost of Rs.143.004 million (31 December 2022: Rs.134.505 million) are fully depreciated, however, these assets are still in use.

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

	Note	2023	2022
12 INTANGIBLE ASSETS		---- (Rupees in '000) ---	
Intangible assets - computer software	12.1	961	452

12.1 Intangible Assets - Computer Software

	2023
	- (Rupees in '000)
At 1 January 2023	
Cost	9,177
Accumulated amortisation and impairment	(8,725)
Net book value	452
Year ended 31 December 2023	
Opening net book value	452
Additions:	
- directly purchased	791
Amortisation charge	(282)
Closing net book value	961
At 31 December 2023	
Cost	9,968
Accumulated amortisation and impairment	(9,007)
Net book value	961
	2023
	-------(%)------
Rate of amortisation	20
	--- (No.of Years)--
Useful life	5

	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
	2022
	-------(%)------
Rate of amortisation	20
	--- (No.of Years)--
Useful life	5

Intangible assets having cost of Rs. 8.435 million (31 December 2022: Rs.6.007 million) are fully depreciated, however, these intangible assets are still in use.

13 DEFERRED TAX ASSETS

	2023			
	At 1 January 2023	Recognised In P&L A/c	Recognised in OCI	At 31 December 2023
	(Rupees in '000)			
Deductible temporary differences on				
- Post retirement employee benefits	7,202	(1,268)	-	5,934
- (Surplus) / deficit on revaluation of investments - FVOCI	301,305	-	(337,239)	(35,934)
- (Surplus) / deficit on revaluation of investments - FVTPL	-	(2,788)	-	(2,788)
- Accelerated tax depreciation	(886)	(7,363)	-	(8,249)
- Credit loss allowance against advances, off balance sheet etc	77,568	3,507	-	81,075
- Minimum Tax liability u/s 113	-	671,123	-	671,123
- Net investment in finance lease	15,442	(13,707)	-	1,735
	400,631	649,504	(337,239)	712,896
Taxable temporary differences on				
- Surplus on revaluation of Property and equipment	-	-	(256,839)	(256,839)
	400,631	649,504	(594,078)	456,057

	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

13.1 As at 31 December 2023, the Company has available credit loss allowance for advances, investments and other assets amounting to Rs. 367.227 million (31 December 2022: Rs.1,449.522 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 tha same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

14 OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income / mark-up accrued in local currency of provision		10,547,862	2,048,004
Advances, deposit, advance rent and other prepayments		86,242	89,247
Advance taxation (payments less provisions)		4,497,950	1,291,668
Staff retirement gratuity - asset	34.4	-	6,832
Other receivables		13,262	8,451
		15,145,316	3,444,202
Less: Credit loss allowance held against other assets	14.3	(62,230)	(62,049)
Other assets - (net of credit loss allowance)		15,083,086	3,382,153
14.1 Non-banking assets acquired in satisfaction of claims - held for sale	14.2.1	214,827	158,086

14.2 Market valuation of non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1

14.2.1 Non-banking assets acquired in satisfaction of claims - held for sale	2023	2022
	(Rupees in '000)	
Opening balance	158,086	814,645
Revaluation	58,234	-
Disposals	-	(1,021,274)
Depreciation	(1,493)	-
Reversal/ (credit loss allowance)	-	364,715
Closing balance	214,827	158,086

This Includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These remaining assets comprise of land measuring 14.125 acre and building structure situated at Kamoki, District Gujranwala, Punjab, Pakistan. The power plant had already been disposed off in the year 2022.

On 1 January 2023, the management conducted a revaluation of the asset, with the new valuation performed by M/s. MYK Associates Private Limited. The market value of these assets amounted to Rs. 216.320 million, while the forced sale value stood at Rs. 173.056 million. The surplus resulting from the revaluation of these non-banking assets has been accounted for in these financial statements according to the accounting policy outlined in note 4.2.

	2023	2022
	---- (Rupees in '000) ----	

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

	2023	2022
Disposal proceeds	-	1,000,000
less		
- Cost	-	(1,021,274)
- Impairment / depreciation	-	-
- Others	-	(145,299)
	-	(1,166,573)
Loss	-	(166,573)

14.3 Credit loss allowance held against other assets

	2023	2022
Advances, deposits, advance rent and other prepayments	62,230	62,049
Non banking assets acquired in satisfaction of claims	-	(364,715)
	62,230	(302,666)

14.3.1 Movement in credit loss allowance held against other assets

	2023	2022
Opening balance	62,049	58,407
Charge for the year	181	3,642
Reversals	-	-
Closing balance	62,230	62,049

15 BORROWINGS

	Note	2023	2022
		---(Rupees in '000)---	
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	15.1 (a)	555,782	190,400
Refinance scheme for payment of wages & salaries	15.1 (b)	-	118,250
Temporary economic relief facility (TERF)	15.1 (c)	576,583	1,098,613
Repurchase agreement borrowings - Repo	15.2	414,390,090	68,489,737
Borrowings from financial institutions	15.3	3,899,000	35,157,333
Total secured		419,421,455	105,054,333
Unsecured			
Clean borrowings		3,930,000	5,939,000
Bai Muajjal	15.4	1,040,148	2,486,715
		424,391,603	113,480,048

15.1 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 cany interest at the rate of 7.00 to 10.00 (31 December 2022: 7.00 to 10.00) 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 carry Nil (31 December 2022: Nil) percent per annum interest 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 2022: 1.00) percent per annum.

15.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities amounting to Rs.414,390.10 million. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 26 January 2024 (31 December 2022: 24 February 2023). The rate of mark-up on these facilities range from 22.04 to 23.00 (31 December 2022: 15.22 to 16.22) percent per annum.

15.3 This includes borrowings from financial institutions as under:

(a) Rs. 3,700.00 million (31 December 2022: Rs. 4,958.333 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 mark-up rates of 3 months KIBOR plus 0.60 and 6 months' KIBOR plus 0.25 percent to 0.45 percent per annum payable on semi-annual basis (2022: six months KIBOR plus 0.25 percent to 0.60 percent per annum payable on semi-annual basis). As at 31 December 2023, the applicable interest rates were 21.73 to 23.47 (31 December 2022: 15.74 to 17.65) percent per annum. These borrowings are due for maturity latest by December 2026 (31 December 2022: December 2024).

(b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2022: Rs.199 million) from financial institution for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 1.50 (31 December 2022: 3 months KIBOR plus 1.50) percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

15.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 18 February 2024 (31 December 2022: 03 March 2023). The rate of mark-up on this facility ranges from 22.10 to 22.10 (31 December 2022: 16.60 to 17.35) percent per annum.

	2023	2022
	---- (Rupees in '000) ----	
15.5 Particulars of borrowings with respect to currencies		
In local currency	**424,391,603**	113,480,048

16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	---------- (Rupees in '000) ----------					
Customers						
Certificate of Investment	**6,803,687**	-	**6,803,687**	5,627,397	-	5,627,397

The profit rates on these Certificates of Investment (COIs) range from 21.00 to 23.40 (31 December 2022: 11.05 to 17.20) percent per annum. These COIs are due for maturity on various dates latest by 30 October 2024 (31 December 2022: 4 January 2023).

	2023	2022
	---- (Rupees in '000) ----	
16.1 Composition of deposits		
- Individuals	**151,530**	142,051
- Government (Federal and Provincial)	**4,000,008**	4,423,413
- Private sector	**2,652,149**	1,061,933
	6,803,687	5,627,397

17	OTHER LIABILITIES	Note	2023	2022
			---- (Rupees in '000) ----	
	Mark-up / Return / Interest payable in local currency		6,524,098	1,069,378
	Accrued expenses		560,748	296,157
	Advance payments		3,500	3,500
	Employees' compensated absences		21,648	25,262
	Staff retirement gratuity - liability	34.4	4,508	-
	Credit loss allowance against off-balance sheet obligations	17.2	16	-
	Security deposits against lease		58,532	77,682
			7,173,050	1,471,979

17.1 This is based on actuarial valuation carried out as of 31 December 2023 for regular employees and MD & DMD of the Company.

17.2	Credit loss allowance against off-balance sheet obligations	2023	2022
		---- (Rupees in '000) ----	
	Opening balance	-	-
	Exchange adjustment	-	-
	Charge for the year	16	-
	Reversals	-	-
		16	-
	Amount Written off	-	-
	Closing balance	16	-

18 SHARE CAPITAL

18.1 Authorised Share Capital

2023	2022		2023	2022
----(number of shares)----			---- (Rupees in '000) ----	
1,000,000	1,000,000	Ordinary shares of Rs.10,000 each	10,000,000	10,000000

18.2 Issued, subscribed and paid up share capital

2023	2022		2023	2022
----(number of shares)----			---- (Rupees in '000) ----	
		<u>Ordinary shares</u>		
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

18.3 Government of Pakistan and State of Libya hold 407,089 each (2022: 407,089 each) ordinary shares of the Company through their representatives (MoF/SBP and LAFICO) as at 31 December 2023.

	Note	2023	2022
		— (Rupees In '000) —	

19 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

		2023	2022
Surplus / (deficit) on revaluation of			
- Debt securities measured at FVTOCI		293,761	(2,066,699)
- Equity securities measured at FVTOCI		(5,666)	(247,322)
- Property and equipment		1,205,763	-
- Non-banking assets acquired in satisfaction of claims		56,741	-
		1,550,599	(2,314,021)
Deferred tax on surplus / (deficit) on revaluation of:			
- Debt securities measured in FVTOCI		(36,642)	257,837
- Equity securities measured in FVTOCI		708	43,468
- Property and equipment		(256,839)	-
- Non-banking assets acquired in satisfaction of claims		-	-
		(292,773)	301,305
		1,257,826	(2,012,716)

	2023	2022
Surplus on revaluation of property and equipment		
Surplus on revaluation of property and equipment as at 01 January 2023	-	-
Recognised during the year	1,249,671	-
Realised on disposal during the year	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(43,908)	-
		-
Surplus on revaluation of property and equipment as at 31 December 2023	1,205,763	-
Less. related deferred tax liability on:		
- revaluation as at 01 January 2023	-	-
- revaluation recognised during the year	269,573	-
- surplus realised on disposal during the year	-	-
- incremental depreciation charged during the year	(12,733)	-
	256,839	-
	948,924	-

	2023	2022
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation as at 01 January 2023	-	-
Recognised during the year	58,234	-
Realised on disposal during the year	-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(1,493)	-
Surplus on revaluation as at 31 December 2023	56,741	-

20 CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
-Guarantees	20.1	893,215	882,959
-Commitments	20.2	7,886,721	3,552,489
-Super tax contingency	20.3.12	62,900	-
-Other contingent liabilities		242,577	348,141
		9,085,413	4,783,589

20.1 Guarantees:

	Note	2023	2022
Financial guarantees	20.1.1	841,120	841,120
Performance guarantees	20.1.1	52,095	41,839
		893,215	882,959

20.1.1 This represents the guarantees issued on behalf of Kamoki Energy Limited (KEL), a joint venture. In 2012, a decision was announced by 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	2023	2022
		--- (Rupees in '000) ----	
20.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		1,300,000	350,000
Commitments for acquisition of: - intangible assets		708	708
Other commitments	20.2.2	6,586,013	3,201,781
		7,886,721	3,552,489

	2023	2022
20.2.2 Other commitments		
Commitments to extend credit	3,276,357	3,195,364
Commitments against other services	3,309,656	6,417
	6,586,013	3,201,781

20.3 Other contingent liabilities

20.3.1 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 High Court of Sindh against the order of ATIR.

20.3.2 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.

20.3.3 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.

20.3.4 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.

20.3.5 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.

20.3.6 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 CIR(A) vide his order dated 06 April 2023, confirmed the treatment of the ADCIR on certain issues. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 03 June 2023. The appeal is pending before ATIR and has not been fixed yet.

20.3.7 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.

20.3.8 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 CIR(A) vide his order dated 06 April 2023, confirmed the treatment of the ADCIR 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 03 Jun 2023. The appeal is pending before ATIR and has not been fixed yet. 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.

20.3.9 For the tax year 2019, the ADCIR passed an order u/s 122(5A) wherein ADCIR determined refund of Rs. 62.551 million. In the said order ADCIR disallowed the apportionment of expenses, provision against non performing advances, other charges (KEL), other admissible deduction (lease finance income), actuarial loss on defined benefit plan and tax loss on sale of assets. Consequently, the loss of Rs. 180.126 million as per return has reduced to Rs. 52.527 million. 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 07 April 2023. The appeal is pending and has not been fixed yet.

20.3.10 For the tax year 2020, the ADCIR passed an order u/s 122(5A) wherein ADCIR determined refund of Rs. 78.275 million. In the said order ADCIR disallowed the provision against non performing advances, other charges (KEL), other admissible deduction (lease finance income) and tax loss on sale of assets. Consequently, the loss of Rs. 361.600 million as per return has reduced to Rs. 271.639 million. 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 07 April 2023. The appeal is pending and has not been fixed yet.

No provision has been made in these audited annual 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.

20.3.11 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.

20.3.12 As per the criteria outlined for high-earned income under section 4C of the Income Tax Ordinance 2001 (ITO), as amended by the Finance Act 2022 and further refined via the Finance Act 2023 which obligates a super tax liability on taxable income before adjusting for brought forward losses.

However, considering the judgment of the Islamabad High Court In WP No. 4027 of 2022 dated 18-04-2023, wherein it was ruled that non-consideration of brought forward losses and unabsorbed depreciation in taxable income is ultra vires, and struck down. Thus, the matter of levy of super tax is currently sub-judice before the Supreme Court of Pakistan. It is pertinent to mention that the Islamabad High Court has granted interim relief to all petitioners, allowing for the adjustment of brought forward losses with taxable income when calculating super tax liability.

Therefore, in light of that determination of the company's super tax liability remains uncertain. This decision is due to the utilization of brought forward losses from the years 2022 (Rs. 105 million) and 2023 (Rs. 543 million), which have been adjusted against the taxable income for the tax year 2024. Consequently, the company's taxable income does not exceed the minimum threshold of Rs. 150 million.

		Note	2023	2022
			---- (Rupees in '000) ----	
21	**MARK-UP/ RETURN / INTEREST EARNED**			
	Loans and advances		**1,804,522**	888,049
	Investments		**67,406,110**	6,686,403
	Lendings to financial institutions		**176,588**	522,474
	Balance with banks		**13,848**	7,007
	Others		**-**	-
			69,401,068	8,103,933
	Interest income (calculated using effective interest rate method) recognised on:			
	Financial assets measured at amortised cost		**5,801,190**	1,470,985
	Financial assets measured at fair value through OCI		**63,599,878**	6,632,948
22	**MARK-UP/ RETURN / INTEREST EXPENSED**			
	Deposits		**1,161,337**	635,317
	Borrowings		**66,867,710**	7,470,450
			68,029,047	8,105,767
23	**FEE AND COMMISSION INCOME**			
	Credit related fees		**30,547**	26,904
	Commission on guarantees		**2,929**	3,838
			33,476	30,742
24	**LOSS ON SECURITIES - NET**			
	Realised	24.1	**(76,137)**	(34,409)
	Unrealised - Measured at FVPL	9.1	**22,304**	(443)
			(53,833)	(34,852)

		Note	2023	2022
			---- (Rupees in '000) ----	
24.1	**Realised gain / (loss) on:**			
	Federal government securities		**2,393**	2,990
	Shares		**(78,530)**	(37,399)
			(76,137)	(34,409)
25	**OTHER LOSS**			
	Rent on property		**-**	-
	(Loss) / Gain on sale of operating fixed assets		**(141)**	3,949
	Loss on sale of non-banking assets - net	14.2.2	**-**	(166,573)
	Others		**-**	7,266
			(141)	(155,358)
26	**OPERATING EXPENSES**			
	Total compensation expense	26.1	**530,569**	376,291
	Property expense			
	Rent and taxes		**201**	100
	Insurance		**3,948**	3,108
	Utilities cost		**17,840**	10,297
	Security (including guards)		**495**	1,083
	Repair and maintenance (including janitorial charges)		**21,896**	19,568
	Depreciation		**47,132**	2,771
			91,512	36,927
	Information technology expenses			
	Software maintenance		**2,406**	3,165
	Hardware maintenance		**2,311**	1,296
	Depreciation		**3,952**	3,021
	Amortisation		**282**	679
	Network charges		**2,054**	1,920
	Business Continuity Plan		**732**	732
			11,736	10,813
	Other operating expenses			
	Directors' fees and allowances		**3,750**	6,150
	Legal and professional charges		**59,594**	4,479
	Outsourced services costs *		**5,352**	5,059
	Travelling and conveyance		**12,945**	10,215
	Depreciation		**22,773**	22,472
	Training and development		**607**	17
	Postage and courier charges		**261**	407
	Communication		**5,940**	4,939
	Stationery and printing		**3,086**	3,292
	Marketing, advertisement & publicity		**5,179**	4,352
	Auditors' remuneration	26.2	**2,829**	2,422
	Board meeting expenses		**3,324**	2,306
	Meal and business networking expenses		**819**	1,360
	Canteen expenses		**1,541**	1,062
	Liveries and uniform		**-**	416
	Hajj expense		**2,611**	919
	Bank charges		**443**	306
	Miscellaneous expenses		**306**	14
			131,359	70,187
			765,177	494,218

* Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 5.352 million (2022: 5.059 million). All payments pertains to the companies incorporated in Pakistan. These activities were not with related

		Note	2023	2022
			---- (Rupees in '000) ---	
26.1	**Total compensation expense**			
	Managerial remuneration			
	i) Fixed		**444,997**	326,751
	of which;			
	a) Cash bonus / awards		**33,998**	5,324
	Charge for defined benefit plan	34.8.1	**18,657**	15,025
	Contribution to defined contribution plan		**13,030**	9,598
	Rent and house maintenance		**3,107**	1,483
	Utilities		**5,271**	5,194
	Medical		**7,763**	9,013
	Conveyance		**1,243**	2,175
	Group insurance		**825**	654
	Benevolent fund		**115**	115
	EOBI		**1,181**	670
	Club membership		**382**	289
	Grand Total		**530,569**	376,291
26.2	**Auditors' remuneration**			
	Audit fee		**1,512**	1,296
	Fee for other statutory certifications		**557**	475
	Special certifications and sundry advisory services		**390**	335
	Out-of-pocket expenses		**369**	316
			2,828	2,422

26.2.1 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. 0.15 million was borne by the respective Funds (31 December 2022: Rs. 0.12 million).

		Note	2023	2022
			---- (Rupees in '000) ----	
27	**OTHER CHARGES**			
	Arrangement fee and documentation charges		**7,315**	7,526
	Brokerage commission		**11,957**	7,525
	Expenses pertaining to Kamoki Energy Limited		**6,196**	5,167
	Penalties imposed by State Bank of Pakistan		**1,380**	-
			26,848	20,218
28	**PROVISIONS / (REVERSALS) AND WRITE OFFS - NET**			
	Credit loss allowance / (Reversal) against lending to financial institutions		**(97)**	-
	Credit loss allowance / (Reversal) on non-banking assets acquired in satisfaction of claims		**-**	(364,715)
	Credit loss allowance / (Reversal) for diminution in value of investments		**112,924**	(51,507)
	(Reversal) / credit loss allowance against loans and advances	10.5	**(33,512)**	38,165
	Credit loss allowance against other receivable		**181**	3,642
	Credit loss allowance against Commitments		**10**	-
			79,506	(374,415)

		Note	2023	2022
			---- (Rupees in '000) ----	
29	**TAXATION**			
	Current		**880,501**	116,286
	Prior years		**70**	(7,749)
	Deferred	13	**(649,504)**	(20,499)
			231,067	88,038
29.1	**Relationship between tax expense and accounting profit**			
	Profit / (loss) before taxation		**561,011**	(218,460)
	Net tax effect on income taxed at reduced rates		**880,501**	116,286
	Tax effect of expense that are not deductible in determining taxable profit		**(649,504)**	(20,499)
	Prior years charge		**70**	(7,749)
			231,067	88,038

		2023	2022
30	**BASIC EARNINGS / (LOSS) PER SHARE**		
	Profit / (loss) for the year (Rupees in '000)	**329,944**	(306,498)
	Weighted average ordinary shares (Number)	**814,178**	814,178
	Basic earnings / (loss) per share	**405.25**	(376.45)
31	**DILUTED EARNINGS / (LOSS) PER SHARE**		
	Profit / (loss) for the year (Rupees in '000)	**329,944**	(306,498)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	**814,178**	814,178
	Diluted earnings / (loss) per share (Rupees in '000)	**405.25**	(376.45)

		Note	2023	2022
			---- (Rupees in '000) ----	
32	**CASH AND CASH EQUIVALENTS**			
	Term deposit receipts (TDRs)	32.1	**-**	2,800,000
	Cash and balance with treasury banks	6	**272,662**	371,319
	Balance with other banks	7	**194,769**	77,866
			467,431	3,249,185

32.1 These term deposit receipts (TDRs) matured on various dates during the year (31 December 2022: January 2023 to March 2023).

		2023	2022
		-------- (Number) --------	
33	**STAFF STRENGTH**		
	Permanent	**58**	74
	Temporary / on contractual basis	**3**	4
	Daily wagers	**10**	11
	Bank's own staff strength at the end of the year	**71**	89
	Outsourced (Third party)	**9**	13

34 DEFINED BENEFIT PLAN

34.1 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.

34.2 Number of Employees under the scheme

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

	2023	2022
	(Number)	
- Gratuity fund	**61**	77

34.3 Principal actuarial assumptions

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

	2023	2022
	(Per annum)	
Discount rate	**15.50**	14.50
Expected rate of return on plan assets	**15.50**	14.50
Expected rate of salary increase	**14.00**	10.00

	Note	2023	2022
		(Rupees in '000)	
34.4 Reconciliation of payable / (receivable from) to defined benefit plans			
Present value of obligations		**139,264**	150,346
Benefits payable		**2,860**	-
		142,124	150,346
Fair value of plan assets	34.6	**(137,616)**	(157,178)
		4,508	143,514
34.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		**150,346**	147,412
Current service cost		**20,361**	16,271
Interest cost		**17,437**	15,663
Benefits paid		**(60,179)**	(23,191)
Re-measurement loss		**14,159**	(5,809)
Obligations at the end of the year		**142,124**	150,346
34.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		**157,178**	149,994
Interest income on plan assets		**19,141**	16,909
Contributions		**9,841**	11,020
Benefits paid		**(60,179)**	(23,191)
Re-measurements: Net return on plan assets over interest income gain		**11,635**	2,446
Fair value at the end of the year		**137,616**	157,178
34.7 Movement in payable / (receivable) under defined benefit schemes			
Opening balance		**(6,832)**	(2,582)
Charge for the year - net		**18,657**	15,025
Contribution by the Company - net		**(9,841)**	(11,020)
Re-measurement loss recognised in OCI during the year	34.8.2	**2,524**	(8,255)
Closing balance		**4,508**	(6,832)
34.8 Charge for defined benefit plans			
34.8.1 Cost recognised in profit and loss			
Current service cost		**20,361**	16,271
Net interest on defined benefit asset / liability		**(1,704)**	(1,246)
		18,657	15,025

34.8.2 Re-measurements recognised in OCI during the year

	2023	2022
	---- (Rupees in '000) ----	
Loss on obligation		
- Demographic assumptions	**2,202**	-
- Financial assumptions	**691**	(1,942)
- Experience adjustment	**11,266**	(3,867)
Return on plan assets over interest income	**(11,635)**	(2,446)
Total re-measurements recognised in OCI	**2,524**	(8,255)

34.9 Components of plan assets

	2023	2022
Cash and cash equivalents - net	**908**	64
Debt securities	**136,708**	157,114
	137,616	157,178

34.9.1 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) ----		
2023	**142,124**	**137,616**	**(4,508)**
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

34.10 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	
	2023	2022
	---- (Rupees in '000)----	
1% increase in discount rate	**(4,984)**	(6,748)
1% decrease in discount rate	**5,402**	7,385
1 % increase in expected rate of salary increase	**6,060**	8,153
1 % decrease in expected rate of salary increase	**(5,679)**	(7,563)

	2023	2022
34.11 Expected contributions to be paid to the funds in the next financial year	**23,334**	9,841
34.12 Expected charge for the next financial year	**16,826**	16,673

34.13 Maturity profile

	2023	2022
	---- (Years) ----	
The weighted average duration of define benefit obligation	3.73	4.70

Particulars	Undiscounted 2023	2022
	---- (Rupees in '000) ----	
Year 1	**38,256**	13,190
Year 2	**28,872**	26,255
Year 3	**15,155**	50,087
Year 4	**21,410**	8,610
Year 5	**34,977**	24,260
Year 6 to Year 10	**68,963**	91,832
Year 11 and above	**128,378**	189,404

34.14 Funding Policy

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

34.15 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.

35 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.

	2023	2022
	----(Rupees in '000) ----	
Contribution from the Company	**13,171**	9,956
Contribution from the Employees	**13,171**	9,956

35.1 Provident fund disclosures

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

	Note	**Un-Audited 2023**	Audited 2022
		------ (Rupees in '000) ------	
Size of the Fund - Total assets		**124,590**	142,739
Cost of investment made		**122,313**	140,836
Fair value of investments	35.2	**123,106**	141,235
		---------- (%) ----------	
Percentage of investment made		**99.00**	99.00

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

	Un-Audited 2023		Audited 2022	
	(Rupees in '000)	**Percent**	(Rupees in '000)	Percent
Bank balances	**793**	**0.6%**	399	0.3%
Market treasury bills	**111,613**	**90.7%**	140,836	99.7%
Certificate of Investment (COIs) - at amortised cost	**10,700**	**8.7%**	-	0.0%
	123,106	**100%**	141,235	100%

35.3 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.

36 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

36.1 Total Compensation Expense

2023

Items	Directors – Chairman	Directors – Executive (other than CEO)	Directors – Non-Executive	CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees '000)					
Fees and allowances etc.	1,550	-	2,200	-	-	-
Managerial remuneration						
i) Fixed	-	87,853	-	87,893	79,306	28,876
ii) Total variable	-	-	-	-	-	-
of which	-	-	-	-	-	-
a) Cash bonus / awards	-	-	-	-	-	-
b) Bonus and Awards in shares	-	-	-	-	-	-
Charge for defined benefit plan	-	3,368	-	2,624	5,834	793
Contribution to defined contribution plan	-	3,946	-	2,547	2,609	518
Rent and house maintenance	-	1,868	-	1,131	-	-
Utilities and communication	-	2,116	-	3,251	610	410
Medical	-	245	-	143	1,645	711
Conveyance / vehicle running expense	-	1,280	-	1,100	774	160
Leave fare assistance	-	16,033	-	14,415	6,100	1,026
Club membership and subscription		290		93	149	61
Children education	-	6,886	-	10,904	-	-
Repatriation expense	-	-	-	-	-	-
Security services	-	599	-	608	-	-
Visa fee and immigration	-	280	-	-	-	-
Others	-	-	-	514	173	1,098
Total	1,550	124,764	2,200	125,223	97,200	33,653
	(Numbers)					
Persons (Number)	1	1	2	*1	10	5

2022

Items	Directors – Chairman	Directors – Executive (other than CEO)	Directors – Non-Executive	CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	(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	666	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 (Number)	1	1	2	1	10	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 July 2023, the new MD has joined the Company and the former MD has retired.

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

2023

Name of Director	Meeting Fees and Allowances Paid			
	For Board Meetings	For Board Committees		
		Audit Committee	Human Resource & Rem. Committee	Total Amount Paid
	------------ (Rupees in '000) ------------			
Mr. Mohamed Mahmoud Shawsh	1,200	-	350	1,550
Mr. Jehad Jamal Ali El-Barag	500	-	350	850
Mr. Akhlaq Ahmed Tarar	500	-	350	850
Mr. Abrar Ahmed Mirza	500		-	500
Total Amount Paid	2,700	-	1,050	3,750

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

36.3 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.

37 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.

37.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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:

	Note	2023			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		---------- (Rupees in '000) ----------			
Financial assets - measured at fair value					
Investments					
Federal government securities	9.1	384,190,399	10,059,548	-	394,249,947
Shares	9.1	390,571	-	-	390,571
Non-government debt securities	9.1	2,020,272	-	-	2,020,272

	Note	2023			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Financial assets - disclosed but not measured at fair value					
Investments	9.1	-	-	21,915,391	21,915,391
Cash and balances with treasury banks	6	-	-	272,662	272,662
Balances with other banks	7	-	-	194,769	194,769
Lendings to financial institutions	8.	-	-	-	-
Advances (Other Assets)	10	-	-	9,984,921	9,984,921
Financial liabilities - disclosed but not measured at fair value					
Borrowings	15	-	-	(424,391,603)	(424,391,603)
Deposits and other accounts	16	-	-	(6,803,687)	(6,803,687)

	Note	2022			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		(Rupees in '000)			
Financial assets - measured at fair value					
Investments					
Federal government securities	9.1	-	103.593,429	-	103,593,429
Shares	9.1	881,754	-	1,500	883,254
Non-government debt securities	9.1	1,362,375	849,452	-	2,211,827
Financial assets - disclosed but not measured at fair value					
Investments	9.1	-	-	1,554,477	1,554,477
Cash and balances with treasury banks	6	-	-	371,319	371,319
Balances with other banks	7	-	-	77,866	77,866
Lendings to financial Institutions	8.	-	-	3,800,000	3,800,000
Advances	10	-	-	9,742,795	9,742,795
Financial liabilities - disclosed but not measured at fair value					
Borrowings	15	-	-	(113,480,048)	(113,480,048)
Deposits and other accounts	16	-	-	(5,627,397)	(5,627,397)

37.2 Fair value of non-financial assets

	2023			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	(Rupees in '000)			
Non-banking assets acquired in satisfaction of claims	-	214,827	-	214,827
Property and equipment	-	1,232,117	-	1,232,117

	2022			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	(Rupees in '000)			
Non-banking assets acquired in satisfaction of claims	-	158,086	-	158,086
Property and equipment	-	28,063	-	28,063

Methodology and valuation Approach land

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 considered the revaluation gain in these financial statements and recorded the same as surplus on revaluation on non-banking assets amounting to Rs. 58.23 million.

The properties of the Company were revalued by independent professional valuers, M/s. MYK Associates and M/s. K.G. Traders dated 27 March 2023, assessed Rs 1,277.1 million as the market value of properties. The management of the Company has considered the revaluation gain in these financial statements and recorded the same as surplus on revaluation on property and equipment amounting to Rs. 1249.67 million.

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

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

	2023					
	Corporate and Investment Banking	Treasury	Capital Markets	Corporate Commercial and SME	Un-allocated / others	Total
	(Rupees in '000)					
Statement of Profit and loss Account						
Net mark-up / return / profit	219,621	2,157,186	(127,647)	(112,710)	(764,429)	1,372,021
Non mark-up / return / interest income	19,351	23,187	3,999	14,124	(141)	60,521
Total Income	238,972	2,180,373	(123,648)	(98,586)	(764,570)	1,432,542
Segment direct expenses	17,853	41,852	20,627	36,264	437,537	554,133
Inter segment expense allocation	12,511	192,052	9,651	16,656	7,022	237,892
Total expenses	30,364	233,904	30,278	52,920	444,559	792,025
Credit loss allowance / (Reversal)	207,943	(198)	-	235,142	(363,381)	79,506
Profit / (loss) before tax	665	1,946,667	(153,925)	(386,648)	(845,748)	561,011
Statement of Financial Position						
Cash and bank balances	-	467,431	-	-	-	467,431
Investments	2,961,824	416,372,612	390,570	-		419,725,006
Lendings to financial institutions	-	30,567	-	-	-	30,567
Advances - performing	2,618,596	-	-	6,576,602	135,984	9,331,182
Advances - non-performing	668,481	-	-	1,216,562	-	1,885,043
Others	172,348	10,053,131	-	303,907	6,588,530	17,117,916
Less: Credit loss allowance (Advances)	(583,008)	-	-	(648,281)	(15)	(1,231,304)
Less: Credit loss allowance (Investments)	(1,139,200)	(9,626)	-	-	-	(1,148,826)
Less: Credit loss allowance (Lendings)	-	(30,567)	-	-	-	(30,567)
Less: Credit loss allowance (Others)	(13,389)	(9,757)	-	(22,459)	(16,625)	(62,230)
Total Assets	4,685,652	426,873,791	390,570	7,426,331	6,707,874	446,084,218
Borrowings	2,756,682	410,082,197	4,563	5,489,025	6,059,136	424,391,603
Deposits and other accounts	-	6,803,687	-	-	-	6,803,687
Others	-	6,515,762	213	8,336	648,739	7,173,050
Total liabilities	2,756,682	423,401,646	4,776	5,497,361	6,707,875	438,368,340
Equity	1,928,970	3,472,145	385,794	1,928,970	-	7,715,878
Total equity and liabilities	4,685,652	426,873,791	390,570	7,426,331	6,707,875	446,084,218
Contingencies and commitments	2,558,627	3,308,230	-	2,910,946	307,610	9,085,413

	2022					
	Corporate and Investment	Treasury	Capital Markets	Corporate Commercial and SME	Un-allocated / others	Total
	(Rupees in '000)					
Statement of 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
Advances - 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 (Loan and 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	7,651,984	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

39 TRUST ACTIVITIES

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

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

	31 December 2023							31 December 2022						
	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	-	-	-	-	-	-	264,201	-	-	-	-	-	-	364,522
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	700 000
Addition during the year	-	-	-	-	-	-	19,705,313	-	-	-	-	-	-	34,914,675
Repaid during the year	-	-	-	-	-	-	(20,405,313)	-	-	-	-	-	-	(34,914,675)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	700,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	25,351,437	-	-	-	-	1,500	704,867	25,351,437
Investment made during the year	-	-	-	-	-	-	1,426,959,475	-	-	-	-	-	-	148,255,615
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(1,116,905,015)	-	-	-	-	-	-	(67,626,422)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	335,406,897	-	-	-	-	1,500	704,867	105,980,630
Credit loss allowance for provision in value of investments	-	-	-	-	-	704,867	-	-	-	-	-	-	704,867	50,000
Surplus / (deficit) in value of investments	-	-	-	-	-	-	277,538	-	-	-	-	-	-	(2,119,625)
Advances														
Opening balance	-	-	76,051	-	-	-	24,199	-	-	71,150	-	-	-	20,690
Addition during the year	-	-	9,350	-	-	-	8,638	-	-	25,144	-	-	-	7,037
Repaid during the year	-	-	(18,041)	-	-	-	(11,499)	-	-	(14,007)	-	-	-	(3,185)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(6,236)	-	-	-	(343)
Closing balance	-	-	67,360	-	-	-	21,338	-	-	76,051	-	-	-	24,199
Credit loss allowance held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 December 2023							31 December 2022						
	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	-	-	4,778	-	-	-	10,041,814	-	-	3,119	-	-	-	1,373,680
Other receivable	-	5,983	-	-	2,715	-	-	-	5,983	-	-	2,715	-	-
Other advances	-	-	-	-	-	-	80	-	12,333	860	-	-	-	80
Advance taxation	-	-	420	-	-	-	4,438,020	-	-	-	-	-	-	1,282,849
Credit loss allowance against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	72,867,075	-	-	-	-	-	-	18,166,656
Borrowings during the year	-	-	-	-	-	-	4,081,695,535	-	-	-	-	-	-	676,106,640
Settled during the year	-	-	-	-	-	-	(3,740,375,616)	-	-	-	-	-	-	(621,406,221)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	414,186,994	-	-	-	-	-	-	72,867,075
Deposits and other accounts														
Opening balance	-	-	1,000	-	285,000	-	4,385,413	-	-	-	-	225,000	-	3,723,760
Received during the year	-	-	211,507	-	1,100,000	-	19,758,073	-	-	4,500	-	640,000	-	27,214,832
Withdrawn during the year	-	-	(194,507)	-	(1,090,000)	-	(20,129,780)	-	-	(3,500)	-	(600,000)	-	(26,553,180)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	18,000	-	275,000	-	4,023,706	-	-	1,000	-	265,000	-	4,385,412
Other Liabilities														
Interest / mark-up payable	-	-	347	-	976	-	6,721,055	-	-	5	-	8,502	-	1,045,197
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,455	1,199	1,799	-	-	-	1,040	6,791	3,265	2,347	-	-	-	966
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	893,215	348,141	-	-	-	-	-	882,959	348,141

	31 December 2023							31 December 2022						
	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	-	-	4,497	-	-	-	67,021,340	-	-	2,019	-	-	-	6,513,747
Fee and commission Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	15,188	-	-	-	-	-	-	16,375
Gain on sale of securities - net	-	-	-	-	-	-	16,646	-	-	-	-	-	-	(37,765)
Gain on disposal of fixed assets	-	-	-	-	-	-	-	-	4,070	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	4,197	-	56,426	-	63,527,589	-	-	50	-	33,663	-	6,438,055
Operating expenses														
Office maintenance and related expenses	-	-	-	-	22,955	-	-	-	1,700	-	-	19,930	-	-
Non-executive directors' remuneration	-	3,750	-	-	-	-	-	-	6,150	-	-	-	-	-
Board Meeting Expense	-	3,233	-	-	-	-	-	-	497	-	-	-	-	-
Remunerations	-	110,596	85,580	-	-	-	24,707	-	148,013	88,379	-	-	-	30,252
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	6,493	2,609	-	-	-	441	-	4,860	2,123	-	-	-	510
Contribution to defined benefit plan	-	3,209	5,834	-	-	-	926	-	5,347	5,399	-	-	-	1,204
Depreciation	-	13,222	1,122	-	-	-	197	-	11,095	1,027	-	-	-	194
Other Charges														
Others	-	-	-	-	-	6,196	-	-	-	-	-	-	3,592	-
Insurance premium paid	-	-	-	-	-	-	-	-	-	-	-	-	1,483	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Executives directors and key management personnal 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 36 to the financial statements.

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,011,408**	5,743,322
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,372,504**	3,848,552
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,372,504**	3,848,552
Eligible Tier 2 Capital	**1,161,770**	-
Total Eligible Capital (Tier 1 + Tier 2)	**7,534,274**	3,848,552
Risk Weighted Assets (RWAs):		
Credit Risk	**19,228,004**	16,788,028
Market Risk	**1,028,325**	5,178,866
Operational Risk	**1,374,629**	1,147,177
Total	**21,630,958**	23,114,071

	2023	2022
Common Equity Tier 1 Capital Adequacy ratio (%)	**29.46%**	16.65%
Tier 1 Capital Adequacy Ratio (%)	**29.46%**	16.65%
Total Capital Adequacy Ratio (%)	**34.83%**	16.65%

Leverage Ratio (LR):	2023	2022
Eligible Tier-1 Capital (Rupees in 000)	**6,372,504**	3,848,552
Total Exposures (Rupees in 000)	**450,442,152**	127,595,889
Leverage Ratio (%)	**1.41%**	3.02%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets (Rupees in 000)	**6,446,000**	3,064,721
Total Net Cash Outflow (Rupees in 000)	**4,687,000**	929,716
Liquidity Coverage Ratio (%)	**138%**	330%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding (Rupees in 000)	**18,026,186**	14,727,968
Total Required Stable Funding (Rupees in 000)	**14,195,384**	12,324,858
Net Stable Funding Ratio (%)	**127%**	119%

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

41.1 CAPITAL ASSESSMENT AND ADEQUACY

41.1.1 Capital adequacy

SBP's regulatory capital guidelines under Basel III allows 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 authorized 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% along with 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 2023 amounted to Rs. 6.011 billion, which is above 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 departments - Corporate & Investment Banking Department (formerly Investment Banking Syndication & Advisory /Corporate Commercial & SME), Private Equity & Strategic Initiatives (formerly Securities Portfolio Department), Treasury & Fund Management).

- 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, the Company does not have any subsidiary Company. Furthermore, the Company does not have significant investment in any insurance entity.

42. 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 framework.

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 Company.

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 categorized 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 department 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's ratio stood at 138% as on December 31, 2023.

The Net Stable Funding Ratio (NSFR) 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 127% as on 31 December 2023.

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 deliberates and recommends liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. The committee is also responsible for ensuring that the Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

42.1 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 activities and investment in debt instruments.

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 procedures approved by the Board and the Management, respectively. The procedure and policy guidelines spell out relevant process flow, approving 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 up to the limits defined in the Credit Policy guidelines based on the internal or external risk rating of the borrower. The facilities exceeding the limit defined in the policy 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 /

The Company currently uses Standardized 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.

Objective of Internal Credit Risk Rating (ICRR)

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

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

The Company constantly 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 gives 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	No
Banks	Yes	Yes	No

Credit exposures subject to standardised approach

Exposures	Rating Category	2023 Amount outstanding	2023 Deduction CRM*	2023 Net amount	2022 Amount outstanding	2022 Deduction CRM*	2022 Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	-	-	-	-	-	-
	1	471,297	-	471,297	489,400	-	489,400
	2	6,714,932	-	6,714,932	6,269,972	-	6,269,972
	3-4	312,180	-	312,180	500,604	-	500,604
	5-6	1,397,609	-	1,397,609	-	-	-
	Unrated	1,251,816	-	1,251,816	3,156,424	-	3,156,424
		10,147,834	-	10,147,834	10,416,400	-	10,416,400
Banks	0	-	-	-	-	-	-
	1	407,718	-	407,718	1,975,241	-	1,975,241
	2-3	3,671	-	3,671	2,103,029	-	2,103,029
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		411,389	-	411,389	4,078,270	-	4,078,270
Sovereigns		-	-	-	-	-	-
Total Credit Exposure		10,559,223	-	10,559,223	14,494,670	-	14,494,670

*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 credit loss allowance against non-performing advances has been disclosed in note 10 of these financial statements."

Calculation of ECL

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

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

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

Loss Given Default (LGD)

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

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Company's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From initial application date, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Company has rebutted 30 DPD presumption based on behavioral analysis of its borrowers.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

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

Stage 1:
When loans are first recognized, the Company recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs which represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for each of the four scenarios, as explained above.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

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

Conclusion

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

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

42.1.1 *Lendings to financial Institutions*

Credit risk by public / private sector

	2023	2022	2023	2022	2023	2022
	Gross lendings		Non-performing lendings		Credit loss allowance held	
	(Rupees in '000)					
Public / Government	30,567	3,630,567	30,567	30,567	30,567	30,567
Private	-	-	-	-	-	-
	30,567	3,630,567	30,567	30,567	30,567	30,567

42.1.2 *Investment in debt securities*

Credit risk by industry sector

	Gross Investments		Non-performing Investments		Credit loss allowance held	
Agriculture, Forestry, Hunting and Fishing	1,925	1,925	1,925	1,925	1,925	1,925
Textile	477,708	641,159	240,106	271,715	240,163	271,715
Chemical and Pharmaceuticals	491,379	-	-	-	499	-
Electronics and electrical appliances	149,290	331,698	15,957	15,957	15,960	15,957
Vehicle & Asset Tracking	100,000	142,657	-	-	1	-
Food & Agriculture	45,000	55,000	-	-	25	-
Financial	1,193,860	1,365,060	24,775	124,695	180,946	35,984
Others	4,441	4,442	4,441	4,441	4,441	4,441
	2,463,603	2,562,141	287,204	418,733	443,960	330,022

Credit risk by public / private sector

	Gross Investments		Non-performing Investments		Credit loss allowance held	
Private	2,463,603	2,562,141	287,204	418,733	443,960	330,022
	2,463,603	2,562,141	287,204	418,733	443,960	330,022

42.1.3 *Advances*

Credit risk by industry sector

	Gross Advances		Non-performing Advances		Credit loss allowance held	
Agriculture, Forestry, Hunting and Fishing	293,212	363,375	7,354	7,354	7,354	7,354
Mining and Quarrying	-	-	-	-	-	-
Textile	2,631,825	1,697,665	335,497	197,415	257,965	188,884
Chemical and Pharmaceuticals	1,479,830	1,190,330	452,743	474,399	452,743	474,399
Cement	172,500	180,000	-	180,000	-	180,000
Sugar	1,341,177	2,008,325	70,999	70,999	70,999	70,999
Automobile and transportation equipment	369,699	328,372	250,000	328,373	125,000	226,372
Electronics and electrical appliances	523,125	626,296	-	-	-	-
Construction	53,897	3,123	53,897	-	3,897	-
Power (electricity), Gas, Water, Sanitary	704,115	1,442,625	112,500	-	28,125	-
Engineering	152,500	437,022	-	53,696	-	3,698
Transport, Storage and Communication	333,181	344,662	-	-	-	-
Services	1,170,724	407,135	-	-	-	-
Individuals	167,412	184,110	31,428	31,771	31,428	31,774
Manufacturing	1,823,027	1,715,283	570,625	-	197,656	-
	11,216,224	10,928,523	1,885,043	1,344,209	1,175,167	1,185,680

Credit risk by public / private sector	2023	2022	2023	2022	2023	2022
	Gross advances		Non-performing advances		Credit loss allowance held	
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	**11,216,224**	10,928,523	**1,885,043**	1,344,209	**1,175,167**	1,185,680
	11,216,224	10,928,523	**1,885,043**	1,344,209	**1,175,167**	1,185,680

42.1.4 *Contingencies and Commitments*

	2023	2022
	(Rupees in '000)	
Credit risk by industry sector		
Textile	**1,002,887**	1,160,427
Chemical and Pharmaceuticals	**308,621**	350,000
Cement and Steel	**100,000**	400,000
Construction	-	70,845
Power (electricity), Gas, Water, Sanitary	**2,343,215**	1,232,959
Transport, Storage and Communication	-	400,000
Services	**340,341**	341,543
Manufacturing	**874,509**	472,549
Others	**500,000**	-
	5,469,573	4,428,323
Credit risk by public / private sector		
Public / Government	**2,757,390**	1,253,974
Private	**2,712,183**	3,174,349
	5,469,573	4,428,323

42.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 4,658.048 million (2022: Rs. 5,499.640 million) are as following:

	2023	2022
	(Rupees in '000)	
Funded	**3,358,048**	4,266,681
Non Funded	**1,300,000**	1,232,959
Total Exposure	**4,658,048**	5,499,640

The sanctioned limits against these top 10 exposures aggregated to Rs. 4,900.000 million (2022: Rs 6,135.745 million)

Total funded classified therein	2023		2022	
	Amount	Credit loss allowance	Amount	Provision held
	(Rupees in '000)			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**452,743**	**452,743**	474,399	474,399
Total	**452,743**	**452,743**	474,399	474,399

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

42.1.6 Advances - Province / Region-wise Disbursement & Utilization

	2023						
	Disbursements	Utilisation					
Province / Region	Total	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	4,340,994	2,830,956	1,510,038	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	.	2,830,956	1,510,038	-	-	-	-

Province / Region	2022 Disbursements Total	Utilisation Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	-	-	-	-	-	-	-
Sindh	8,550,187	5,174,773	1,375,414	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	6,550,187	5,174,773	1,375,414	-	-	-	-

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.

42.2 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 Company'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.

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, inducing 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.

42.2.1 Statement of financial position split by trading and banking books

	2023 Banking book	Trading book	Total	2022 Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**272,662**	-	**272,662**	371,319	-	371,319
Balances with other banks	**194,769**	-	**194,769**	77,866	-	77,866
Lendings to financial institutions	-	-	-	3,800,000	-	3,800,000
Investments	**354,215,439**	**64,360,740**	**418,576,179**	105,806,758	881,754	106,688,510
Advances	**9,984,921**	-	**9,984,921**	9,742,795	-	9,742,795
Fixed assets	**1,300,756**	-	**1,300,756**	68,872	-	68,872
Intangible assets	**961**	-	**961**	452	-	452
Deferred tax assets	**456,057**	-	**456,057**	400,631	-	400,631
Other assets	**15,297,913**	-	**15,297,913**	3,540,239	-	3,540,239
	381,723,478	**64,360,740**	**446,084,218**	123,808,930	881,754	124,690,684

42.2.2 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.

	2023				2022			
	Foreign Currency Assets	**Foreign Currency Liabilities**	**Off-balance sheet Items**	**Net foreign currency exposure**	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)				(Rupees in '000)			
United States Dollar	**203**	**-**	**52,095**	**52,298**	163	-	41,839	42,002
Great Britain Pound Ste	**-**	**-**	**-**	**-**	-	-	-	-
Euro	**-**	**-**	**-**	**-**	-	-	-	-
Japanese Yen	**-**	**-**	**-**	**-**	-	-	-	-
Other currencies	**-**	**-**	**-**	**-**	-	-	-	-
	203	**-**	**52,095**	**52,298**	163	-	41,839	42,002

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Statement of Profit and loss account	**2**	**-**	2	-
- Other*	**521**	**-**	418	-

* 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.

42.2.3 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.

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Statement of Profit and loss account	**-**	**552**	-	248
- Other comprehensive	**-**	**18,977**	-	43,840

42.2.4 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)

	2023		2022	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Statement of Profit and loss account	**(651,545)**	**-**	-	-
- Other comprehensive income	**(6,762,927)**	**-**	(3,664,804)	-

42.2.5 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate (%)	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		2023										
			Exposed to yield / interest rate risk									
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	272,662	-	-	-	-	-	-	-	-	-	272,662
Balances with other banks	14.89% - 23.27%	194,769	149,012	-	-	-	-	-	-	-	-	45,757
Lendings to financial institutions	18.84% - 23.15%	-	-	-	-	-	-	-	-	-	-	-
Investments	17.41% - 20.78%	418,576,179	4,470,204	63,584,780	196,858,409	149,006,897	-	-	-	4,263,816	-	392.073
Advances	15.28% - 18.07%	9,984,921	3,325,536	4,792,822	425,931	357,353	284,586	242,571	292,132	133,187	12,578	116,226
Other assets		15.083.086	-	-	-	-	-	-	-	-	-	15.083.086
		444,111,617	7,944,752	68,377,602	197,284,340	149,364,250	284,586	242,571	292,132	4,397,003	12,578	15,911,804
Liabilities												
Borrowings	16.50% - 20.40%	424,391,603	418,626,693	1,686,553	3,061,935	133,663	273,057	232,129	271,629	105,944	-	-
Deposits and other accounts	16.85% - 20.82%	6,803,687	695,415	863,667	3,176,141	2,068,464	-	-	-	-	-	-
Other liabilities	-	7,173,050	-	-	-	-	-	-	-	-	-	7,173,050
		438,368,340	419,322,108	2,550,220	6,238,076	2,202,127	273,057	232,129	271,629	105,944	-	7,173,050
On-balance sheet gap		5,743,277	(411,377,356)	65,827,382	191,046,264	147,162,123	11,529	10,442	20,503	4,291,059	12,578	8.738.754
Off-balance sheet financial instruments												
Guarantee		-	-	-	-	-	-	-	-	-	-	-
Other commitments		1,300,000	-	-	500,000	800,000	-	-	-	-	-	-
Off-balance sheet gap		1,300,000	-	-	500,000	800,000	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(411,377,356)	65,827,382	191,046,264	147,162,123	11,529	10,442	20,503	4,291,059	12,578	
Cumulative yield / interest rate risk sensitivity gap			(411,377,356)	(345,549,974)	(154,503,710)	(7,341,587)	(7,330,058)	(7,319,617)	(7,299,114)	(3,008,055)	(2,995,477)	

Reconciliation of financial assets and liabilities

	(Rupees in '000)
Total financial assets	444,111,617
Non financial instruments	
Operating fixed assets	1,300,756
Intangible asset	961
Deferred taxation	456,057
Non Banking assets	214,827
	446,084,218
Total financial Liability	438,368,340
Non financial instruments	
Other liabilities	-
	438,368,340

	2022											
		Exposed to yield / interest rate risk										
	Effective yield / interest rate (%)	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial 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	11,090,296	(19,909,766)	(488,178)	(1,331,492)	6,930,810	(8,358)	(1,939)	3,391,428	(16,509)	2,549,393
Off-balance sheet financial instruments												
Guarantee		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			11,090,296	(19,909,766)	(488,178)	(1,331,492)	6,930,810	(8,358)	(1,939)	3,391,428	(16,509)	
Cumulative yield / interest rate risk sensitivity gap			11,090,296	(8,819,470)	(9,307,648)	(10,639,140)	(3,708,330)	(3,716,688)	(3,718,627)	(327,199)	(343,708)	

Reconciliation of assets exposed to yield / interest rate risk with total assets

	(Rupees in '000)
Total financial assets	122,736,945
Non financial instruments	
Operating fixed assets	68,872
Intangible assets	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

42.3 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.

42.4 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.

2.4.1 Assets and liabilities - based on contractual maturity

2023

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	272,662	-	-	-	272,662	-	-	-	-	-	-	-	-	-
Balances with other banks	194,769	-	-	-	194,769		-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	418,576,179	297,900	-	-	287,893	10	78,080	128,215	7,680,250	141,894,337	56,799,403	128,628	153,327,903	57,953,560
Advances	9,984,921	802,906	16,470	18,806	95,133	125,340	142,850	412,258	838,888	677,297	1,817,538	1,613,327	2,009,793	1,414,315
Operating fixed assets	1,300,756	-	-	-	6,077	6,004	6,004	17,983	17,903	17,883	68,461	51,978	96,603	1,011,859
Intangible assets	961	-	-	-	26	26	26	77	76	59	207	201	264	-
Deferred tax asset - net	456,057				(2,514)	-	443	(3,315)	-	(21,999)	(25,033)	345	636,852	(128,722)
Other assets	15,297,913	-	-	-	2,665,636	-	3,772,372	3,763,490	-	3,960,553	1,132,610	-	-	3,252
	446,084,218	1,100,806	16,470	18,806	3,519,682	131,380	3,999,775	4,318,708	8,537,117	146,528,130	59,793,186	1,794,479	156,071,415	60,254,264
Liabilities														
Borrowings	424,391,603	-	200,472,973	143,007,840	74,896,880	19,309	1,217,244	910,935	264,260	719,403	1,523,057	982,129	271,629	105,944
Deposits and other accounts	6,803,687	-	159,934	332,273	203,209	155,855	707,812	3,176,140	1,592,927	475,537	-	-	-	-
Other liabilities	7,173,050	-	-	-	1,409,815	-	1,415,905	1,415,905	-	1,434,226	1,403,691	-	20,463	73,045
	438,368,340	-	200,632,907	143,340,113	76,509,904	175,164	3,340,961	5,502,980	1,857,187	2,629,166	2,926,748	982,129	292,092	178,989
	7,715,878	1,100,806	(200,616,437)	(143,321,307)	(72,990,222)	(43,784)	658,814	(1,184,272)	6,679,930	143,898,964	56,866,438	812,350	155,779,323	60,075,275

Share capital	8,141,780
Reserves	446,644
Deficit on revaluation of assets - net of tax	1,257,826
Unappropriated/ Unremitted profit/ (loss)	(2,130,372)
	7,715,878

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	13,202,584
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	1,563,509	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	15,671	-	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	72,812	4,033	14,946,211	22,087,337	1,482,751	1,055,359	3,541,474	1,258,267	4,792,386	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	13,543,488	43,091,611	33,667,645	2,434,555	1,798,781	1,575,220	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)	(32,612,286)	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

.4.2 Assets and liabilities - based on expected maturity

2023

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	272,662	272,662	-	-	-	-	-	-	-	-
Balances with other banks	194,769	194,769	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	418,576,179	585,792	78,090	128,215	149,574,587	56,799,403	128,628	153,327,904	57,953,560	-
Advances	9,984,921	929,816	268,188	415,758	1,516,186	1,817,539	1,613,327	2,009,793	1,401,736	12,578
Operating fixed assets	1,300,756	6,078	12,009	17,983	35,785	68,461	51,978	96,603	223,576	788,282
Intangible assets	961	26	51	77	137	207	201	264	-	-
Deferred tax asset - net	456,057	(2,514)	443	(3,315)	(21,999)	(25,033)	345	636,852	(57,730)	(70,992)
Other assets	15,297,913	2,665,636	3,772,372	3,763,490	3,960,553	1,132,610	-	-	3,252	-
	446,084,218	4,652,264	4,131,153	4,322,208	155,065,249	59,793,187	1,794,479	156,071,416	59,524,394	729,868
Liabilities										
Borrowings	424,391,603	418,377,693	1,236,553	910,935	983,663	1,523,057	982,129	271,629	105,944	-
Deposits and other accounts	6,803,687	695,416	863,667	3,176,140	2,068,464	-	-	-	-	-
Other liabilities	7,173,050	1,409,815	1,415,905	1,415,905	1,434,226	1,403,691	-	20,463	73,045	-
	438,368,340	420,482,924	3,516,125	5,502,980	4,486,353	2,926,748	982,129	292,092	178,989	-
	7,715,878	(415,830,660)	615,028	(1,180,773)	150,578,896	56,866,439	812,350	155,779,324	59,345,405	729,868
Share capital	8,141,780									
Reserves	446,644									
Deficit on revaluation of assets - net of tax	1,257,826									
Unappropriated/ Unremitted profit/ (loss)	(2,130,372)									
	7,715,878									

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)	1,106,922	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									

43 **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 the Company and the time taken to resolve the complaint was three working days.

44 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 13th May 2024 by the Board of Directors of the Company.

45 **GENERAL**

45.1 In its latest rating announcement (June 2023), 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.

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

45.3 Certain comparative figures have been rounded off to the nearest thousand rupee.

Chief Financial Officer

Managing Director & CEO

Director

Director

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDERED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2023

Annexure - I

31 December 2023 (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				
	Total:				-	-	-	-	-	-	-	-

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

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. 8, 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

Annexure - II

ISLAMIC BANKING BUSINESS

The Company, being a conventional financial institution / DFI, does not have any Islamic banking operation / activities.