



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

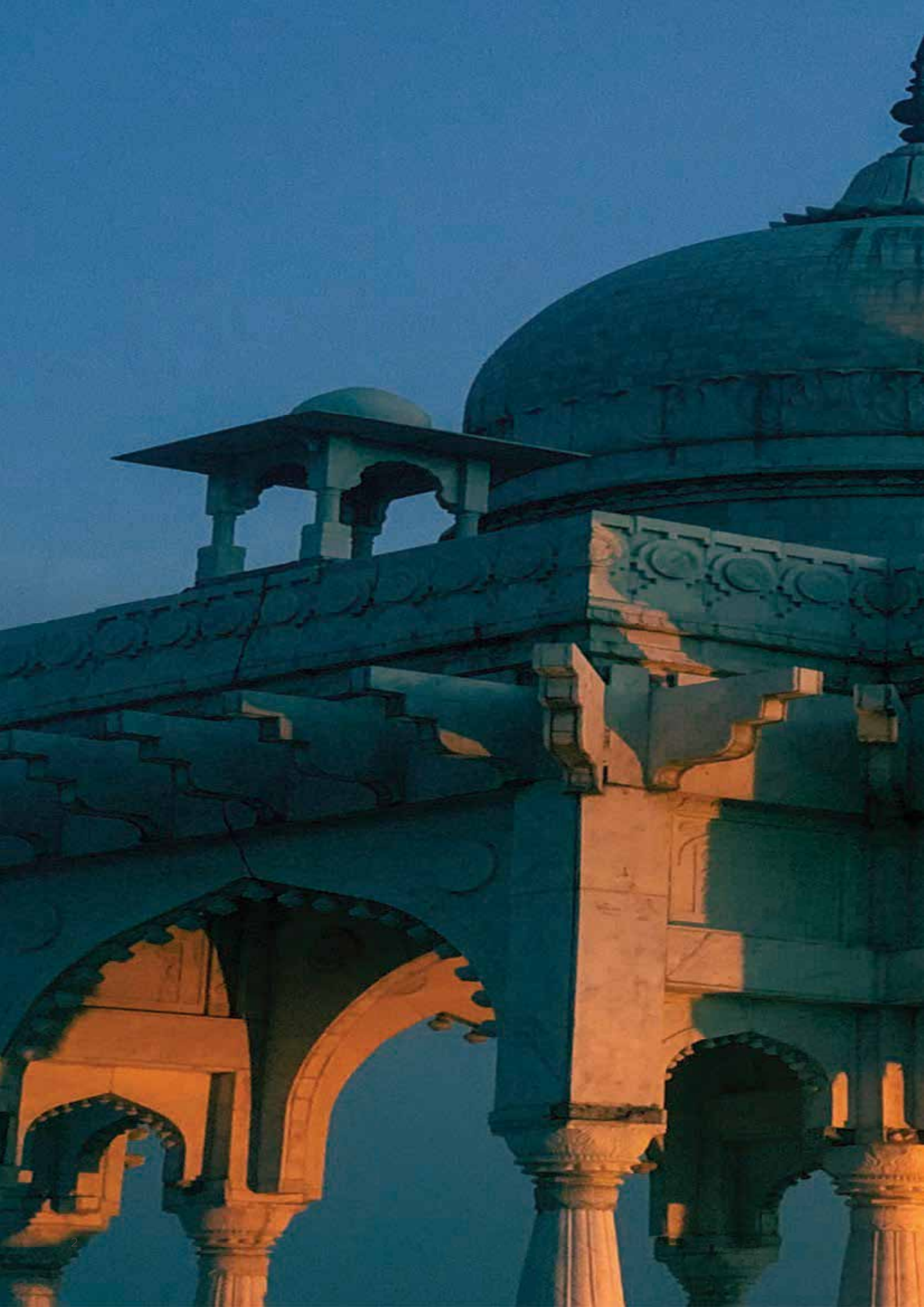
Investing

in Responsible Future

ANNUAL
REPORT
2022

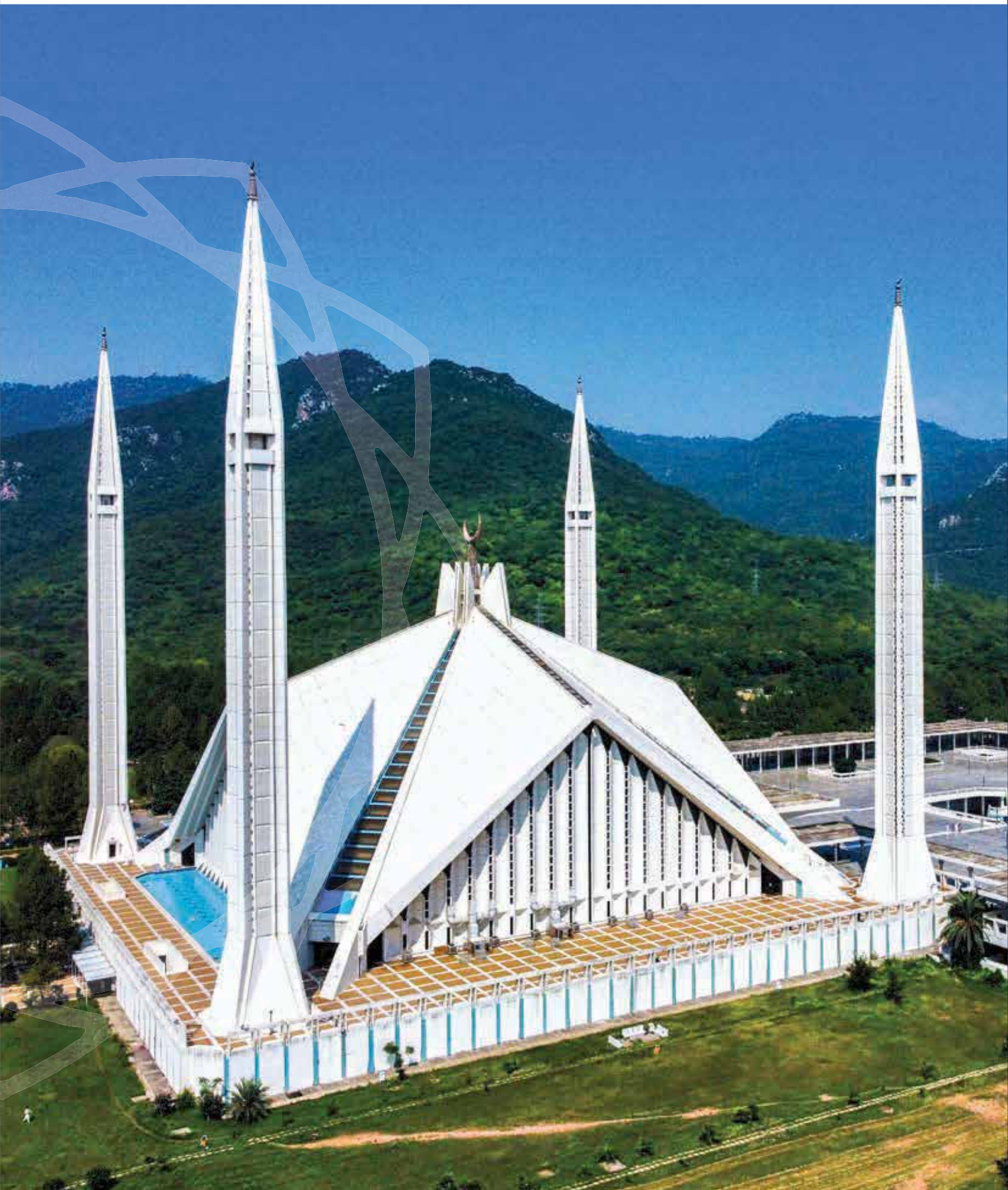


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Board of Directors

Mr. Sultan Abdulrauf	Chairman
Mr. Zafar Hasan	Deputy Chairman
Mr. Mohammad Tanvir Butt	Director
Mr. Majid Misfer J. Alghamdi	Director
Mr. Qumar Sarwar Abbasi	Director
Mr. Ghanem Alghanem	Director

GM/Chief Executive

Mr. Rizwan Sheikh

Company Secretary

Ms. Tayaba Mazhar

Risk Management Committee

Mr. Zafar Hasan	Chairman
Mr. Majid Misfer J. Alghamdi	Member
Mr. Qumar Sarwar Abbasi	Member
Mr. Ghanem Alghanem	Member
Ms. Tayaba Mazhar	Secretary

Audit Committee

Mr. Ghanem Alghanem	Chairman
Mr. Mohammad Tanvir Butt	Member
Mr. Qumar Sarwar Abbasi	Member
Mr. Majid Misfer J. Alghamdi	Member
Mr. Ali Aoshah Muhammad	Secretary

Human Resource and Remuneration Committee

Mr. Sultan Abdulrauf	Chairman
Mr. Zafar Hasan	Member
Mr. Mohammad Tanvir Butt	Member
Mr. Ghanem Alghanem	Member
Ms. Tayaba Mazhar	Secretary

Chief Financial Officer

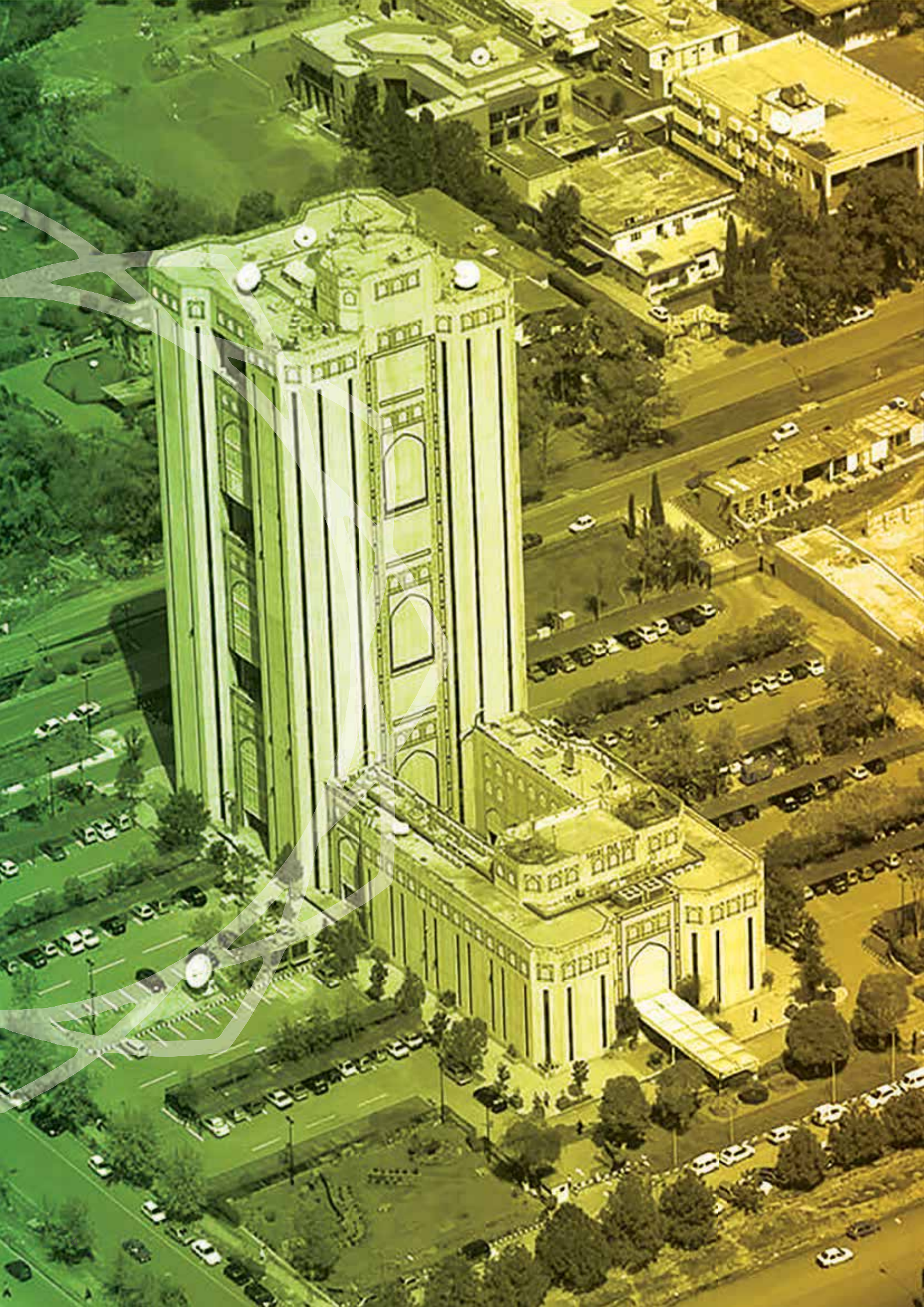
Mr. Safdar Abbas Zaidi

Auditors

Grant Thornton Anjum Rehman
Chartered Accountants

Legal Advisors

Hassan Kaunain Nafees



Mission Statement

Saudi Pak Industrial and Agricultural Investment Company Limited aims at strengthening economic cooperation between the brotherly people of Saudi Arabia and Pakistan. To achieve this objective, we are committed to add value for our stakeholders through capital formation and investment related activities in Pakistan and abroad.

Corporate Vision

To excel and play a leading role in the financial sector in Pakistan.

Corporate Objectives

- ▶ Promote investment in industrial and agro-based projects with high value addition, export potential, and maximum utilization of indigenous resources.
- ▶ Build and manage a diversified equity portfolio promising optimum return.
- ▶ Mobilize funds in a cost effective manner to meet our financing needs.
- ▶ Achieve sustainable growth and be competitive in our commercial operations.
- ▶ Undertake investment advisory services and formation/participation in financing syndicates.

Core Values

- ▶ Professionalism in our conduct.
- ▶ Competitiveness in our business.
- ▶ Transparency in our operations.
- ▶ Ethics in our dealings.

Corporate Profile

Saudi Pak Industrial and Agricultural Investment Company Limited was incorporated in 1981 under a joint venture agreement between the Kingdom of Saudi Arabia and the Government of Islamic Republic of Paki-

stan. The initial authorized capital of the Company was Rs.1,000 million. As of December 31, 2022 paid up capital of the Company is Rs.6,765 million.



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED



Kingdom of Saudi Arabia

(Through Ministry of Finance)



Islamic Republic of Pakistan

(Through State Bank of Pakistan)

50

Percent Each

Saudi Pak has a diverse product range to cater the growing needs of its corporate customers in the private and public sectors. The product mix and services comprise of:

- Project Finance.
 - Medium to long term loans.
 - Lease financing.
 - Term Finance Certificates (TFCs).
 - Long Term Finance for Export Oriented Projects (LTF-EOP).
- Short term loans to meet the working capital requirements.
- Direct equity investments.
- Underwriting of public issues of shares and Term Finance Certificates.
- Non-funded commitments in the form of Letter of Comfort etc.
- Syndication, Trusteeship, Acting as Financial Arranger/ Advisor and Consultancy services.

Board of Directors

Kingdom of Saudi Arabia

Government of Pakistan





Mr. Sultan Abdulrauf

Chairman



Mr. Zafar Hasan

Deputy Chairman



Mr. Majid Misfer J. Alghamdi

Director



Mr. Mohammad Tanvir Butt

Director



Mr. Ghanem Alghanem

Director



Mr. Qumar Sarwar Abbasi

Director

Mr. Rizwan Sheikh

Chief Executive Officer



Management



Mr. Umar Saeed Khan

Group Head - Business



Mr. Yawar Khan Afridi

Group Head - Operations



Mr. Fateh Tariq

Portfolio Management & Treasury



Mr. Ali Imran

Information Technology



Mr. Safdar Abbas Zaidi

Finance



Mr. Mohammad Ghairat Hayat

Risk Management & Credit Administration



Ms. Tayaba Mazhar

Company Secretary/Law



Mr. Arif Majeed Butt

Compliance



Ms. Tayyaba Yamin

Human Resource



Mr. Ali Aosjah Muhammad

Internal Audit



Mr. Muhammad Azam

Special Asset Management



Mr. Hammad Naseem

Settlement





Financial Highlights

(Rs. in million)

	2017	2018	2019	2020	2021	2022
Profit & Loss						
Net mark-up income	743.05	603.20	763.28	992.24	1,430.58	499.29
Non mark-up income	732.25	445.60	426.08	611.52	301.35	740.24
Total income	1,475.30	1,048.80	1,189.36	1,603.76	1,731.93	1,239.53
Non mark-up expenses	376.79	427.58	455.98	454.68	530.59	527.56
Provisions and write-offs (net)	238.61	(77.23)	328.49	340.28	(139.72)	318.01
Profit before tax	859.91	698.46	404.90	808.80	1,341.06	393.95
Profit after tax	627.32	407.55	267.07	616.25	922.32	310.78

Profitability Ratios

Return on equity	5.10%	3.28%	2.08%	4.76%	6.74%	2.18%
Return on assets	2.70%	1.97%	0.95%	1.44%	1.99%	0.63%
Cost / income ratio	26%	41%	38%	28%	31%	43%

Balance Sheet

Total assets	22,167	19,191	37,085	48,236	44,688	53,607
Advances - gross	10,584	10,028	10,109	9,345	9,109	11,475
Advances - net	8,458	7,865	7,869	6,811	6,868	9,119
Non-performing loans	2,593	3,110	4,069	3,895	2,387	2,778
Investments - net	9,468	4,159	23,904	35,557	31,131	36,321
Borrowings	9,077	5,771	22,759	32,320	26,457	36,775
Deposits	8	8	510	2,446	2,912	1,953
Shareholder's equity	12,205	12,649	13,003	12,912	14,459	14,044

Asset Quality & Other Ratios

NPL to gross advances	24%	31%	40%	42%	26%	24%
Specific provisioning coverage ratio	82%	70%	55%	65%	94%	82%
Capital adequacy ratio	45%	47%	45%	38%	47%	43%
Net stable funding ratio	127%	118%	154%	184%	167%	169%

Share Information

Earnings per share	0.950	0.618	0.405	0.934	1.363	0.459
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SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

Summary of Consolidated Accounts

(Rs. in million)

	2017	2018	2019	2020	2021	2022
Income Statement						
Total income	2,006.3	1,493.2	2,782.6	4,383.9	4,057.6	5,958.6
Net income	1,513.7	1,087.6	1,225.0	1,645.6	1,768.5	1,297.3
Profit before tax	870.1	702.4	423.5	836.3	1,371.6	443.1
Profit after tax	631.9	409.7	283.2	640.5	953.0	352.8
Balance Sheet at year end						
Total shareholders' equity	12,383.6	12,828.7	13,200.1	13,132.9	14,710.2	14,337.0
Total assets	22,462.4	19,447.2	37,282.8	48,443.1	44,940.9	53,875.3





SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

Chairman's Message

On behalf of the Board of Directors, I present the 41st audited financial statements of Saudi Pak Industrial and Agricultural Investment Company Limited, including consolidated accounts and the accompanying Auditors' Report and Directors' Report for the year ended December 31, 2022.

During the year, the management focused on consolidating balance sheet, recovering non-performing loans and managing counterparty credit exposures that mounted due to the rising inflationary impacts, fluctuating exchange parities and interest rates volatility in the market.

The company disbursed financing of Rs. 3.76 billion during the year, which contributed to an increase in total assets of 20%. The profitability of the company remained under stress due to the impact of volatile interest rates on the company's Treasury earnings. The company recorded profit before tax of Rs. 394 million with a profit after tax of Rs. 311 million. The credit quality and financial stability of the company were reconfirmed by the credit rating agency VIS, which maintained our long-term entity rating at AA+ and short-term rating at A-1+ with a stable outlook.

Moving forward, the company remains well-positioned to capitalize on available opportunities while closely monitoring the overall economic climate to mitigate any potential risks. The Board of Directors fully supports the management's plans.

The Board of Directors warmly welcomes the new CEO, Mr. Rizwan Sheikh, who joined on January 2, 2023, and expresses its gratitude for the contributions of former CEO, Mr. Kamal Uddin Khan, over his more than a decade of association with the company.

We acknowledge the support of our sponsors, the Kingdom of Saudi Arabia and the Islamic Republic of Pakistan, as well as the professional guidance of the State Bank of Pakistan and the Securities Exchange Commission of Pakistan. I am also thankful to the Board Members, management, and staff for their contributions to the company's performance.

Thank you for your continued support.



Sultan Abdulrauf
Chairman



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

چیئرمین کا پیغام

اس کے علاوہ، مجموعی معاشی صورتحال میں کسی بھی ممکنہ خطرات کو کم کرنے کے سلسلہ میں انتہائی باریک بینی سے مانیٹرنگ کرتے ہوئے دستیاب مواقع پر سرمایہ کاری کرنے میں کمپنی (اپنی اچھی) ساکھ برقرار رکھنے میں کامیاب رہی ہے۔ انتظامیہ کے منصوبوں کی بورڈ آف ڈائریکٹرز مکمل حمایت کرتا ہے۔

بورڈ آف ڈائریکٹرز 02 جنوری 2023 کو کمپنی میں شامل ہونے والے نئے چیف ایگزیکٹو آفیسر (سی ای او)، جناب رضوان شیخ کو انتہائی گرمجوش سے خوش آمدید کہتا ہے اور سابق سی ای او (CEO) کمال الدین خان، جن کی کمپنی کے ساتھ وابستگی ایک عشرے سے بھی زیادہ رہی ہے، کو زبردست خراج تحسین پیش کیا۔

ہم اپنے کفیل (سپانسرز)، مملکت سعودی عربیہ اور اسلامی جمہوریہ پاکستان کی مکمل حمایت اور اس کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی پیشہ وارانہ راہنمائی کا اعتراف کرتے ہیں۔ میں کمپنی کی کارکردگی پر بورڈ ممبرز، مینجمنٹ اور اسٹاف کی کارکردگی کے لیے بھی ان کا تہہ دل سے مشکور ہوں۔ آپ کے مسلسل تعاون کا شکریہ۔

میں بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ کے ساتھ مجموعی کھاتوں پر مشتمل سعودی پاک انڈسٹریل اینڈ ایگری کلچرل انوسٹمنٹ کمپنی لمیٹڈ کی 41 ویں آڈٹ شدہ مالیاتی اسٹیٹمنٹ پیش کرتا ہوں۔

اس سال کے دوران، انتظامیہ کی توجہ، مجموعی بیلنس شیٹ، نان پروفارمنگ قرضہ وصول کرنے اور کاؤنٹر پارٹی کریڈٹ ایکسپووزر، جو بڑھتی ہوئی مہنگائی کے اثرات، منڈی میں اتار چڑھاؤ اور شرح سود میں عدم استحکام کے باعث، بہت زیادہ بڑھ گئے تھے، پر زیادہ مرکوز رہی ہے۔

کمپنی نے دوران سال 3.76 ارب روپے کا قرض دیا، جس کے نتیجے میں (کمپنی کے) کل اثاثہ جات میں 20 فیصد اضافہ ہوا ہے۔ کمپنی کی ٹریڈری آمدن پر شرح سود میں اتار چڑھاؤ کے باعث (کمپنی کے) نفع پذیری دباؤ میں رہی ہے۔ کمپنی کا ٹیکس ادائیگی سے قبل منافع 394 ملین روپے اور ٹیکس ادا کرنے کے بعد منافع 311 ملین روپے ریکارڈ کیا گیا۔ کریڈٹ ریٹنگ ایجنسی وی آئی ایس (VIS) نے کمپنی کے کریڈٹ معیار اور مالیاتی استحکام کی دوبارہ توثیق کی ہے جس کی وجہ سے ادارے کی مستحکم حیثیت کے ساتھ طویل المدتی ریٹنگ + AA اور قلیل مدتی ریٹنگ + A-1 پر برقرار رہی ہے۔

سلطان عبدالرؤف

چیئرمین

Directors' Report

Economic Overview

After witnessing brisk growth of 5.97% during FY22, the economy showed broad-based moderation in H1-FY23, in response to policy tightening and exogenous shocks such as floods. Indicator data such as auto, POL, and cement sales, as well as

large-scale manufacturing output saw a decline. The agricultural sector faced challenges with crop production lower than expected. Companies cut production amidst supply shortages.

Foreign exchange reserves came under pressure during the year due to



a lack of fresh financial inflows and ongoing debt repayments. Impact of sharp decline in imports, due to both policy tightening and administrative measures, was partially offset by declines in export receipts and remittances. The completion of the 9th review under the IMF's Extended Fund Facility (EFF) remained pending at the end of the year.

The Rupee depreciated from PKR / USD 176.51 at the start of the year to PKR / USD 226.43 by year-end.

National CPI inflation increased from 12.3 percent y/y at the start of the year to close at 24.5 percent y/y in December 2022. State Bank of Pakistan increased the policy rate from 9.75 percent to 16 percent by year-end.

The macro conditions negatively impacted business confidence as well as financial markets which remained highly volatile. On the domestic credit front, the pace of loans given out for working capital and investment in fixed assets showed moderation.



Operational Overview

Corporate Finance

The business times continue to be uncertain with marked increase in markup rates and high inflationary pressures significantly reducing the commercial activities and the general credit off take in the market. There are also continued constraints for foreign currency which has led to reduced imports and pressure on the Pakistan Rupee further decreasing commercial activity. Given the rise in the discount rate there is evident enhanced due diligence by banks to allow new credits. Accordingly, Saudi Pak remained highly watchful and booked only quality assets during the year 2022.

Our focus is on high yielding business opportunities and the goal remains to retain top tiered names to meet the requisite standard of rewards whilst maintaining low risk profile of our portfolio. Quality assets were booked in Cement, Automobile and Allied, Electricity Engineering / Power Transmis-

sion, Paper & Board, Hospitality and IT industries with a total disbursement in advances of Rs. 3,756M coupled with approved Rs. 792M, awaiting disbursement.

The trend in FY 2022-23 is deemed to continue to be that of the previous year. Saudi Pak will however continue the vigilance and be adaptive of the current scenario whilst allowing credit as well as maintaining our investments for sustainable operations.

The Management anticipates that there can be delayed repayments from existing regular loan portfolio and risk of increase in NPLs cannot be precluded due to which a general provisioning of Rs.86.384 million, i.e. "1%" of regular loan portfolio (excluding staff advances) has been provided in the accounts for year ended December 31, 2022 and will be continued in subsequent years.



Special Asset Management

Special Asset Management Division (SAMD) remained focused on the reduction of Non- Performing Loans (NPLs) during the year. In the difficult business conditions, besides litigation, SAMD effectively managed to reduce the NPLs through out of court settlements with the chronic loan defaulters and contributed significantly towards Saudi Pak profit.

The year ahead is expected to remain challenging, however, SAMD is intending to make further concerted efforts for recovery of NPLs, cleansing of balance sheet through execution of decree along with negotiated out of court settlement deals which will further reduce the NPLs.

Capital Market Operations

The PSX Benchmark Index, the KSE-100, returned -9.36% for CY22 as compared with 1.92% for CY21. This lackluster performance was primarily driven by domestic macroeconomic challenges, political uncertainty and a global economic trend of increasing inflation coupled with higher interest rates.

On gross basis, PMD reported total income of Rs.510 million for CY22 as compared with Rs.468 million for

CY21. After factoring in impairment, net earnings of PMD stood at Rs.246 million.

Despite the stock market witnessing its worst performance in the last five years with a negative return of 9.36%, Saudi Pak listed stock operations at PMD produced positive return. In terms of relative return basis against the Benchmark Index, PMD's Listed Common-Stock Portfolio outperformed the Index by 9.49%.



Treasury

Treasury Division, during the year, carried out effective funds management by maintaining an active presence in the money market. Fresh funds were raised by Treasury and inflows received from recovery of loans were deployed optimally.

Treasury increased its weightage on floating-rate Pakistan Investment Bonds (PIBs) with focus on minimizing interest rate risk resulting from drastic upward shift in monetary policy by Central Bank in the backdrop of higher inflation, current account deficit and

substantial depreciation in Pak Rupee value.

As an alternative funding source, COI deposits were maintained. On liability / sustainable fund mobilization side, Treasury Division continued to make progress in meeting this crucial goal. In light of changing macro-economic dynamics, Treasury Division will focus on optimizing risk reward metrics of the Treasury investment portfolio and continue to enhance the funding sources.



Information Technology

During 2022, the company upgraded its Technology Governance Framework to streamline the IT operations using best practices. Moreover, following the industry standards and reflecting the regulatory landscape, IT infrastructure was further improved using evolving technologies for strengthening the security controls and IT Governance. Plan is also underway in year 2023 to upgrade the Data Center hosting the core services, SBP Data Inspection System, automation of complete

life cycle of Audit System and making partnership with Fintech companies, aligning to Organizational objectives.

Disaster Recovery Site has been setup with complete IT infrastructure to effectively manage and ensure the continuation of critical business operations, coping up with localized or global disasters. It provides reliability, trust and strengthens the confidence of our prestigious clients.





Human Resources

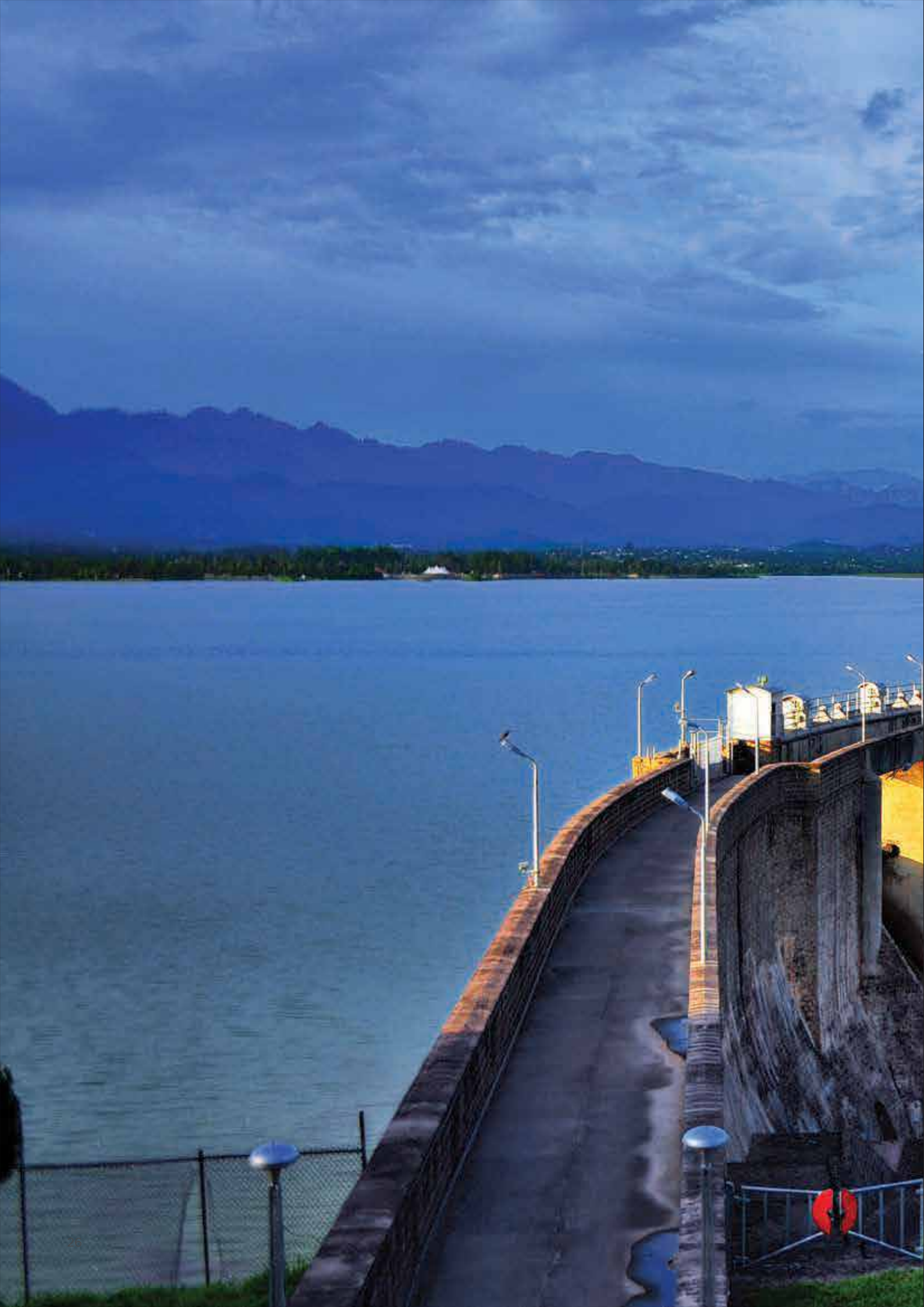
The company takes pride in hiring best talent and providing them with an environment full of opportunities and growth. The Company believes in investing in the growth and development of employees and fosters a challenging work environment where merit and performance help the individuals to explore their true potential.

We strongly believe in providing equal opportunity, encourage diversity and inclusion, learn through targeted learning programs, and grow within ranks. Key positions are filled internally and externally to strengthen top team and middle management. From functional training to behavioral skills development, our learning framework ensures that our people are equipped with the right capability and provided with the

conductive environment to deliver results.

A high level of enthusiasm, energy and motivation are essential in achieving greater job performance, creativity, productivity and innovation. Attaining this goal is our top objective at Saudi Pak. This is why HR fosters people engagement and despite the challenges, successfully and safely conducts several employee engagement activities every year to keep the spirits high.

HR pledges to meet the challenge with new policies, services, and assistance that our people and the Company need to meet the business goals and objectives more efficiently and effectively.





Risk Management Framework

The company has put in place a comprehensive risk management framework that is overseen by the Board of Directors and its Risk Management Committee and is in compliance with regulatory standards. It includes policies, procedures, limits, reporting mechanisms, and independent control functions aimed at identifying, communicating and managing risks within the company's approved risk appetite.

The credit risk management process is an essential part of the risk management framework and involves a systematic evaluation of credit risk exposures. The process includes evaluating the obligor's risk, facility risk, and environmental risk, securing advances with collateral, conducting stress testing, and regularly reporting to the Credit Risk Management Committee. The company has internal controls and processes in place to manage credit risk, including credit approval and monitoring mechanisms, borrower/counterparty, group, and sectoral limits, and personnel training. The Risk Management Division conducts independent reviews for new and existing credit exposures throughout the year, closely monitoring portfolio concentrations, risk levels, and managing the watchlisting process in the evolving economic conditions. During 2022, the company has taken steps to further strengthen controls in the credit approval, administration, monitoring, and reporting processes to ensure that credit risks remain within manageable limits.

The market risk management process is equally important, and the company has defined market risk management policies and limits to control market risk levels. Risk is monitored and analyzed daily by an independent Market & Liquidity Risk / Middle Office unit, using various techniques including marking-to-market, PVBP, beta, Value-at-Risk (VaR), and sensitivity analyses. The company manages interest rate risk in the banking book through gap analysis and a static simulation model, with results included in management and board reporting. The company has established duration limits and sensitivity thresholds to control interest rate risk in the trading and banking book respectively, and scrip-wise, sectoral, and portfolio limits are in place to control equity price risk. During the year, daily market and liquidity risk monitoring was conducted and escalated as necessary, along with detailed monthly deliberation of market and interest rate risk by Assets and Liability Management Committee (ALCO).

The company strives to maintain acceptable liquidity levels over the short and long-term supported by policies such as the Liquidity Risk Policy, Treasury Policy, and Contingency Funding Plan. The Treasury Division is responsible for managing liquidity risk and ensuring that the company can meet its funding needs, with a focus on gap management, diversification of sources, and compliance with regulatory limits. The ALCO

provides additional oversight, and the Market & Liquidity Risk/Middle Office Unit independently reviews and monitors liquidity risk, with regular reporting and stress testing.

Operational risk management is governed by the Operational Risk Management Framework and Operational Risk Policy, which have been approved by the Board of Directors. The process involves three lines of defense, with line management as the first, the Operational Risk Management Unit as the second, and Internal Audit as the third. Operational Risk Coordinators from each division work with the ORMU to identify, analyze, and mitigate operational risks, and the senior management-level Operational Risk Management Committee meets quarterly to ensure that actions are being taken to manage operational risks. The company has a Business Continuity Plan, Technology Governance Framework, IT Security Policy,

and KYC/AML Policies in place to address different aspects of operational risk management. The basic indicator approach has been applied for operational risk, with a fully implemented loss data process. During the year, operational improvements were made through the ongoing use of RCSAs, KRIs, and risk incident reporting. Scenario analysis was introduced. Information security risk assessments were conducted and information security reporting mechanisms were streamlined.

At the enterprise level, Saudi Pak's Capital Adequacy Ratio remained well above both internal and regulatory requirements throughout the year, providing a strong buffer against unexpected losses. Stress testing exercises revealed that the company maintained a robust capital and liquidity position even under stress.



Internal Audit

During the year, post-Covid normalization, the audit activities were performed in a more acclimatized manner while ensuring compliance with the applicable requirements and procedures. Consistent with past practices, the Internal Audit Division (IAD) of Saudi Pak remained focused on its multiyear strategy to achieve its long-term goals on best effort basis. Major achievements included: Development of the existing staff through acquiring prestigious qualifications, i.e., Certified Internal Auditor (IIA) and Chartered Accountancy (ICAP); and finalization of the Audit software

design.

The IAD followed its approved risk-based audit plan to conduct its audit activities. A continued emphasis was ensured on value addition through enhancement of control structure by making suitable recommendations in result of evaluations conducted by IAD. The year ended with the review and revision of audit policies and procedures as per the latest requirements; and increase in the staff strength along with the impartation of professional skill enhancing trainings, where required.

Auditors

The Auditors, M/s Grant Thornton Anjum Rehman, Chartered Accountants, have completed their assignment for the year ended December 31, 2022. The Board on the proposal of

the Audit Committee, recommends the appointment of M/s Grant Thornton Anjum Rehman, Chartered Accountants as Auditors for the year 2023.

Future Outlook

There is limited visibility and the overall economic situation in Pakistan remains complex and multifaceted, with a number of headwinds. The company will continue to monitor these issues to mitigate any potential negative impacts. The company recognizes the need to adapt to a fast-changing and competitive world and is focused on earning market leadership by reinforcing policies, processes, and cost control frameworks. The aim is to be a financially sustainable, develop-

ment-focused financial institution with a focus on innovation and risk management. Innovative financing solutions, venturing into structured trade finance and inclusive development finance, partnership with fintech entities, promotion of capital formation initiatives, and exploring opportunities in real estate investment trusts will be explored. The ultimate goal is to leverage the growth trajectory of KSA and support bilateral trade and investment opportunities.



Entity Rating

Saudi Pak's long term and short-term entity rating has been assessed by VIS Credit Rating Company Limited. Long Term entity rating has been reaffirmed at AA+ (Double A Plus) and Short-Term entity rating reaffirmed at A-1+ (A One Plus). Outlook on assigned rating has been "Stable".

Credit Rating

By VIS Credit Rating Company Limited.

Long Term

AA+

AA+

High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

Short Term

A-1+

A-1+

Highest certainty of timely payment. Short Term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding and safety is just below risk-free Government of Pakistan's Short Term obligations.

Outlook

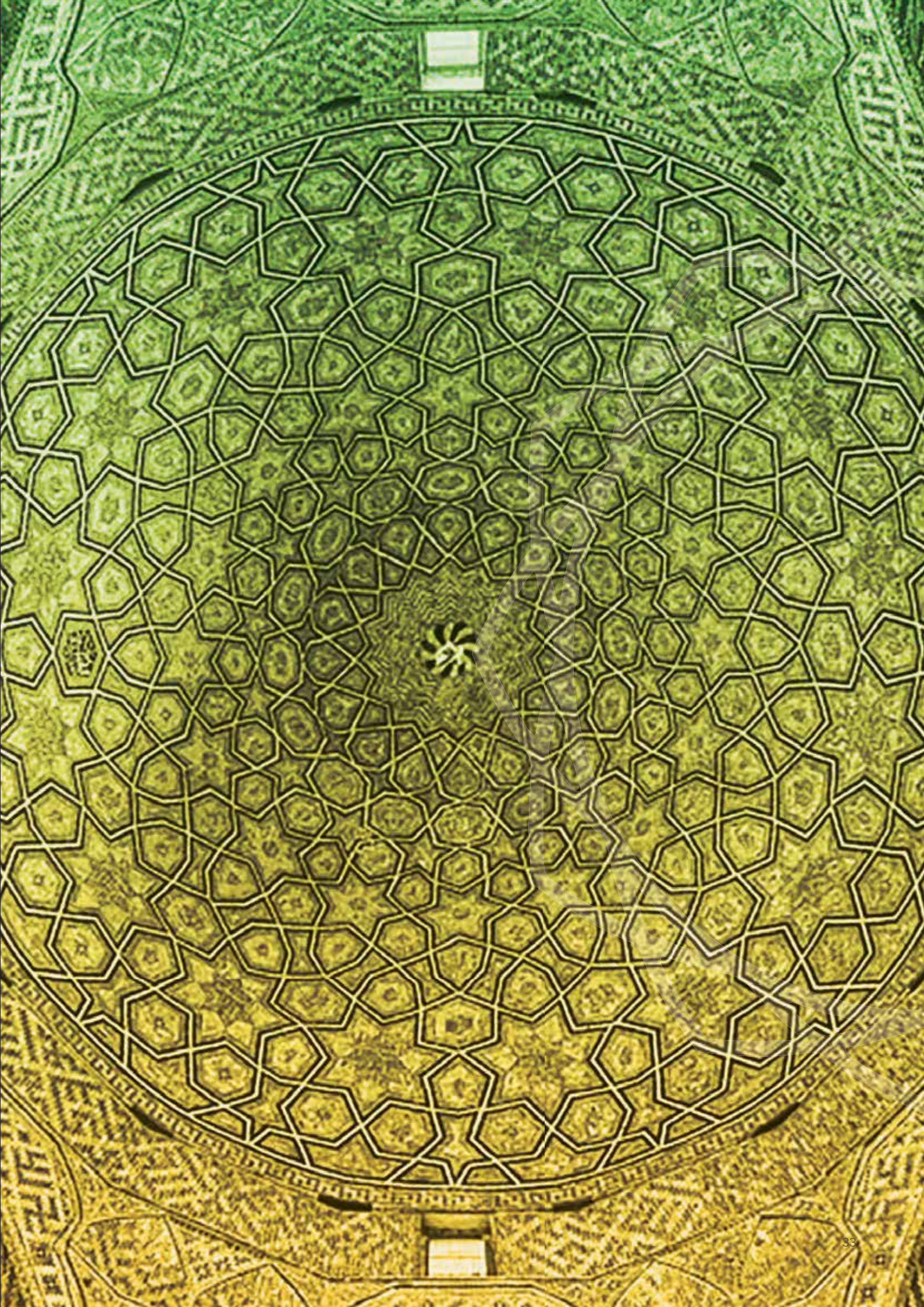
Stable

Corporate and Financial Reporting Framework

The Directors are pleased to state that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have consistently been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has adequately been disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. An audit committee, composed of four non-executive directors, has been formed for the purpose. The Committee meets periodically and independently throughout the year.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance.
- h) Key operating and financial data for the last six years, in summarized form, is included in this annual report.
- i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2022, except as disclosed in the financial statements.
- j) The value of investment of Provident Fund as at December 31, 2022 according to their unaudited financial statement is approximately Rs.99.5 million (2021: Rs.113.5 million).





Board of Directors Meetings

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

Name of Directors	Number of meetings held during the tenor of Directorship	Number of meetings attended during the tenor of Directorship
Mr. Sultan Abdulrauf	6	6
Mr. Zafar Hasan	6	6
Mr. Majid Misfer J. Alghamdi	6	6
Mr. Mohammad Tanvir Butt	6	6
Mr. Ghanem Alghanem	6	6
Mr. Qumar Sarwar Abbasi	6	6

During the year, two meetings of the Risk Management Committee of the Board were held and attended by the directors as follows:

Mr. Zafar Hasan	2	2
Mr. Majid Misfer J. Alghamdi	2	2
Mr. Qumar Sarwar Abbasi	2	2
Mr. Ghanem Alghanem	2	2

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

Mr. Ghanem Alghanem	4	4
Mr. Mohammad Tanvir Butt	4	3
Mr. Qumar Sarwar Abbasi	4	4
Mr. Majid Misfer J. Alghamdi	4	4

During the year, three meeting of the Human Resource and Remuneration Committee of the Board were held and attended by the directors as follows:

Mr. Sultan Abdulrauf	3	3
Mr. Zafar Hasan	3	2
Mr. Mohammad Tanvir Butt	3	3
Mr. Ghanem Alghanem	1	1
Mr. Majid Misfer J. Alghamdi	2	2

The categories and pattern of shareholding as required by the Companies Act, 2017 are included in this Report. The Government of Pakistan and the Kingdom of Saudi Arabia hold the shares of the Company in equal proportion.



Green Banking Initiative

Saudi Pak continues to support Government of Pakistan's environmental sustainability related initiatives and steps taken by State Bank of Pakistan for promoting green banking and environment friendly business projects. The green banking policy of Saudi Pak and environmental risk management manual documents are in place and being implemented. Saudi Pak looks forward to extend its complete financial support to business entrepreneurs for their eco-friendly ventures. Several other steps have been taken internally to encourage environmentally sustainable growth.



Corporate Social Responsibility

As a fully committed corporate citizen of the country Saudi Pak is well aware of its social responsibilities. During 2022, Saudi Pak made donations to Prime Minister's Flood Relief Fund as

well as organizations working on cancer treatment, education for blind students, and granting the wishes of children with life-threatening illnesses in Pakistan.



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

Strategic Investments

Saudi Pak's strategic investments include Saudi Pak Real Estate Limited and Saudi Pak Leasing Company Limited.

Saudi Pak Real Estate Limited

Saudi Pak Real Estate Limited (SPR) showed improved performance in all segments of its operations in CY22. SPR is steadily attaining strength both in terms of income generation potential and resource base. Enhanced profitability over the last few years is mainly contributed by improved rental income, various cost-cutting initiatives and steady capital gains.

Net profit after tax of the Company increased by ~191% in last three years with notable increase of ~46% from last financial year. Going forward, SPR is envisaging growth strategy with focus on enhanced profitability through investment in the core business including investment in REITs.

Saudi Pak Leasing Company Limited

Saudi Pak Leasing Company Limited (SPLC) is an associated company of Saudi Pak by virtue of its 15,835,403 fully paid-up ordinary voting shares (35.06% of total ordinary shares) and 33,320,850 unencumbered and fully paid-up preference shares (63.08% of total preference shares).

Saudi Pak is actively engaged in divestment of SPLC, the process of which is at an advanced stage and is pending approval of the SECP for a potential qualified buyer.

Head Office Building

Saudi Pak owns a twenty storey High Rise Building in Islamabad known as Saudi Pak Tower. The building, constructed in the year 1991, is known as a landmark of Islamabad.

A major portion of the building is rented out. Several national and multi-national companies including financial institutions, telecommunication companies, clinical service-oriented concerns etc. are housed in the Tower. The average building occupancy level in the year 2022 was 97% whereas, the occupancy from

September 2022 to December 2022 remained 100% translating to revenue of Rs.465 million as compared to Rs.412 million in the year 2021.

Several initiatives were taken to strengthen the building services and safety during 2022 which are completed / in advanced stage of completion. During 2023, Head Office Building Department will continue its efforts to materialize further improvements for the betterment in overall building services.

Financial Results – 2022

During the extremely difficult operating environment amidst economic challenges and financial markets volatility, Saudi Pak disbursed Rs.3.7 billion loans in project financing without compromising on credit quality. Focus remained on reducing risk, book cleansing and recoveries.

During the year, Saudi Pak's total assets increased by 20% as Rs.7 billion PIB floating rate bonds were added thereby increasing its share to 73% of total PIBs portfolio, which offset the negative drag on fixed rate PIBs. Investment in quoted stocks reduced by 9% in terms of year end carrying value. Dividend income increased by 25% to Rs. 400.457 million as a result of portfolio allocation in high dividend yielding stocks.

Shareholder's equity decreased by 3.0% compared to previous year as Rs.165 million cash dividend was appropriated for payment and there was a decrease in revaluation surplus mainly related to mark to market loss on PIBs. Administrative expenses reduced by 1% despite high inflation as a result of effective expense management. The company prudently booked provisions of Rs. 318 million that also included a general provision of Rs.86.383 million by foreseeing the possible increase in NPLs.

Overall despite a challenging year with adverse macro-economic factors, the company managed to close with profit before tax of Rs.393.955 million while profit after tax was Rs.310.784 million.



The summarized financial results and recommendation for appropriations are as under:

	2022 (Rupees)	2021 (Rupees)
Un-appropriated/un-remitted profit brought forward	4,169,842,451	3,353,786,002
Profit after tax for the year	310,784,220	922,318,007
Surplus on revaluation of fixed assets	86,850,400	80,210,443
Other comprehensive income related to equity	(139,833)	(2,008,400)
Profit available for appropriations	4,567,337,238	4,354,306,052
Appropriations:		
Transfer to reserve funds	62,156,844	184,463,601
Transfer to general reserve	-	-
Bonus Shares Issued	165,000,000	-
Dividend paid	165,000,000	-
Total appropriations	392,156,844	184,463,601
Un-appropriated/un-remitted profit	4,175,180,394	4,169,842,451

Acknowledgement

The Board wishes to place on record its appreciation of the hard work and dedication of the management, officers and staff of the Company.

For and on behalf of the
Board of Directors



Chairman

Islamabad
February 25, 2023

معاشی جائزہ

مالی سال 2022 کے دوران معاشی شرح نمو جو کہ 5.97 فیصد رہی میں تیزی کے بعد پالیسی سخت کرنے اور قدرتی آفات جیسا کہ سیلاب کے تناظر میں مالی سال 2022 کی پہلی ششماہی میں معیشت میں بڑے پیمانے پر اعتدال دیکھا گیا ہے۔ اشارے کے اعداد و شمار، مثال کے طور پر آٹو، پی او ایل (POL)، سینٹ سیلز اور بڑے پیمانے پر مینوفیکچرنگ میں کمی دیکھی گئی ہے۔ فصلوں کی متوقع سے بھی کم پیداوار کے باعث زرعی شعبہ کو بھی مشکلات کا سامنا رہا ہے۔ سپلائی کی کمی کے باعث کمپنیوں نے اپنی پیداوار میں کمی کر دی۔

حالیہ مالیاتی بہاؤ اور جاری قرضوں کی ادائیگی کی وجہ سے دوران سال غیر ملکی زرمبادلہ کے ذخائر دباؤ میں رہے۔ سخت (مالیاتی) پالیسی اور انتظامی اقدامات، (ان دونوں کے) باعث درآمدات میں تیزی سے کمی کے اثرات کو جزوی طور پر برآمدات کی وصولیوں اور ترسیلات زر سے متوازن کیا گیا۔ آئی ایم ایف کے توسیعی فنڈ سہولت (ای ایف ایف) کے تحت 9 ویں جائزے کی تکمیل سال کے اختتام تک زیر التواء ہی رہی ہے۔

سال کے آغاز میں 176.51 پاکستانی روپے فی امریکی ڈالر سے سال کے اختتام تک 226.43 پاکستانی روپے فی امریکی ڈالر تک روپے میں گراوٹ رہی ہے۔ نیشنل سی پی آئی کے مطابق، سال کے آغاز میں مہنگائی کی شرح میں 12.3 فیصد سالانہ سے دسمبر 2022 میں 24.5 فیصد سالانہ تک اضافہ ہوا ہے۔ بینک دولت پاکستان نے سال کے اختتام میں 9.75 فیصد سے 16 فیصد تک پالیسی شرح میں اضافہ کیا ہے۔

گلی حالات کی صورتحال سے کاروباری اعتماد اور مالیاتی منڈیوں پر منفی اثرات پڑے ہیں جس میں عدم استحکام برقرار رہا ہے۔ (اس عرصے میں) ڈومیسٹک کریڈٹ فرنٹ کی سائیڈ پر، فیکسڈ اثاثہ جات میں ورکنگ کیپٹل اور سرمایہ کاری کے لیے دیئے جانے والوں قرضوں کی رفتار میں اعتدال دیکھی گئی ہے

مالیاتی نتائج - 2022

معاشی مشکلات اور مالی منڈیوں میں عدم استحکام کے مابین انتہائی سخت صورتحال کے دوران بھی، سعودی پاک نے کریڈٹ کوالٹی پر سنجھوتہ کیے بغیر مالی معاونت کے پروجیکٹ میں 3.7 ارب روپے قرضہ کی مد میں تقسیم کیا۔ (اس ضمن میں) توجہ خطرات میں کمی، بک کلینزنگ اور وصولیوں پر رہی ہے۔

اس سال کے دوران، سعودی پاک کے کل اثاثوں میں 20 فیصد اضافہ ہوا ہے کیونکہ 7 ارب روپے کے پاکستان انویسٹمنٹ بانڈز (پی آئی بی) کے فلوئنگ ریٹ بانڈز (اس میں) شامل کیے گئے، اس طرح کل پی آئی بی

(PIB) پورٹ فولیو کا 73 فیصد شیئر ہے، جو پی آئی بی (PIB) کے فیکسڈ ریٹ پر منفی ٹھیکچاؤ کو متوازن کرتا ہے۔ سال کے اختتام میں کیری ایبل ویلیو (Carrying Value) کے لحاظ سے مجوزہ اسٹاک میں سرمایہ کاری میں 9 فیصد کمی ہوئی ہے۔ زیادہ منافع دینے والے پیداواری اسٹاکس میں پورٹ فولیو مختص کرنے کے نتیجے میں منقسمہ منافع میں 25 فیصد اضافہ ہوا ہے یہ رقم 400.457 ملین روپے ہے۔ حصص داران کی ایکویٹی میں گزشتہ سال کے مقابلے میں 3.0 فیصد کمی ہوئی ہے کیونکہ 165 ملین روپے نقد منافع ادائیگی کے لیے مختص کیا گیا تھا اور ری ویلیو ایشن کی بنیادی وجہ پی آئی بی (PIBs) میں مارکیٹ خسارہ ہے۔ بہت زیادہ افراط زر کے باوجود اخراجات میں موثر میجمنٹ کے نتیجے میں انتظامی اخراجات میں 1 فیصد کمی کی گئی۔ کمپنی نے این پی ایل (NPLs) میں مکمل اضافے کے سلسلہ میں انتہائی احتیاط سے 318 ملین روپے کے خالص مختصات (Provision) کی واپسی کی مد میں بک کیے جس میں 86.383 ملین روپے کے عمومی پروویژن بھی شامل کیے گئے ہیں مجموعی طور پر، منفی میکرو اکنامک فیکٹرز کے ساتھ یہ مشکل سال ہونے کے باوجود، کمپنی کا 393.955 ملین روپے کا قبل از ٹیکس اور 310.784 ملین روپے بعد از ٹیکس منافع رہا۔

تصرف کے لیے مالیاتی نتائج اور سفارشات کا خلاصہ درج ذیل ہے:

2021 (روپے)	2022 (روپے)	
3,353,786,002	4,169,842,451	غیر مختص شدہ ادائیگی کے بغیر والا منافع آگے لایا گیا
922,318,007	310,784,220	سال کے لیے مابعد حصول منافع
80,210,443	86,850,400	غیر منظور اثاثہ جات کی دوبارہ قدر پر بری پر سرچس
(2,008,400)	(139,833)	ایکویٹی سے متعلق دیگر مجموعی آمدن
4,354,306,052	4,567,337,238	مختص کرنے کے لیے دستیاب منافع
		تخصیص:
184,463,601	62,156,844	محفوظ ذخائر میں منتقل
-	-	عمومی ذخائر میں منتقل
-	165,000,000	جاری کردہ پوس شیئرز
-	165,000,000	ڈیویڈنڈ کی ادائیگی
184,463,601	392,156,844	تخصیص شدہ کل رقم
4,169,842,451	4,175,180,394	غیر مختص شدہ ادائیگی کے بغیر والا منافع

بورڈ اور بورڈ آف ڈائریکٹرز کی جانب سے



چیئرمین

اسلام آباد

25 فروری، 2023



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED



Statement of Compliance

with Code of Corporate Governance

The statement is being presented in accordance with the listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) issued by the Securities and Exchange Commission of Pakistan, which has been voluntarily adopted by the Company. The Company has applied the principles contained in the Code in the following manner:

1. The total number of directors is 6 as per the following detail:
 - Male 6
 - Female 0

2. The Board comprises of six non-executive directors as follows:
 - Mr. Sultan Abdulrauf
 - Mr. Zafar Hasan
 - Mr. Mohammad Tanvir Butt
 - Mr. Majid Misfer J. Alghamdi
 - Mr. Qumar Sarwar Abbasi
 - Mr. Ghanem Alghanem

Exemption regarding appointment of independent director has been obtained from the State Bank of Pakistan.

Company has no female representation on the Board as no nomination for a female director has been received from the Governments of Pakistan and KSA.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. During the year 2022, three Directors representing Kingdom of Saudi Arabia (KSA) were re-appointed. The Directors nominated by the Government of Pakistan remained unchanged during the period;

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

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

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

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

9. The Directors, General Manager/Chief Executive and executives do not hold any interest in the shares of the Company. State Bank of Pakistan from its holding has transferred 01 share in the name of Director Finance, SBP in a representative capacity.

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



11. The following Directors and Executives have obtained relevant training (Director Training Program):

Sr. No	Name of Directors
1	Mr. Sultan Abdulrauf
2	Mr. Zafar Hasan
3	Mr. Mohammad Tanvir Butt
4	Mr. Majid Misfer J. Alghamdi
5	Mr. Qumar Sarwar Abbasi

The required training under Director's Orientation Program as per regulation 18 of Code of Corporate Governance Regulations 2019 has been provided to all the directors, except one. He was appointed as director in 2020 during the COVID pandemic. His training as required under the Regulations, will be completed in the this year.

Sr. No	Name of Executives	Designation
1	Mr. Rizwan Sheikh	GM/Chief Executive
2	Ms. Tayaba Mazhar	Company Secretary
3	Mr. Safdar Abbas Zaidi	Chief Financial Officer

12. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
13. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
14. The Board has formed committees comprising of members given below. -

a) Audit Committee:

Sr. No	Names	Designation
1	Mr. Ghanem Alghanem	Chairman
2	Mr. Mohammad Tanvir Butt	Member
3	Mr. Qumar Sarwar Abbasi	Member
4	Mr. Majid Misfer J. Alghamdi	Member

b) HR and Remuneration Committee:

Sr. No	Names	Designation
1	Mr. Sultan Abdulrauf	Chairman
2	Mr. Zafar Hasan	Member
3	Mr. Mohammad Tanvir Butt	Member
4	Mr. Ghanem Alghanem	Member

c) Risk Management Committee:

Sr. No	Names	Designation
1	Mr. Zafar Hasan	Chairman
2	Mr. Majid Misfer J. Alghamdi	Member
3	Mr. Qumar Sarwar Abbasi	Member
4	Mr. Ghanem Alghanem	Member

15. The terms of reference of the afore-said committees have been formed, documented and advised to the committee for compliance;
16. The frequency of meetings of the committees were as per following,

Board Committees	Frequency of Meeting
Audit Committee	Quarterly
Risk Management Committee	At least Twice in a year
Human Resource & Remuneration Committee	At least Once in a year

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

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved

in the audit are not a close relative (spouse, parent, dependent and non- dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

20. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**For and on behalf of the
Board of Directors**



Chairman

Islamabad
February 25, 2023



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

Statement on Internal Controls

The Company's management is responsible to establish and maintain an adequate and effective system of internal controls and procedures. The internal controls system comprises of various components including Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring. The management is also responsible for evaluating the effectiveness of the Company's internal controls that encompass material matters by identifying control objectives and reviewing significant policies and procedures.

The Company has adopted an internationally accepted internal control COSO Framework in accordance with ICFR guidelines from State Bank of Pakistan (SBP). Keeping in view of the risk exposure, the control activities are evaluated across the Company through the Internal Audit Division, working independently of the line management. In addition, Compliance Division monitors control activities related to the regulatory and other procedural compliance requirements. The Audit Committee of the Board regularly reviews both internal and external audit reports and recommends to the Board for desired corrective measures to be taken by the Management, wherever required.

The Management of the Company ensures that an effective and efficient internal control system stays implemented and no compromises are made in implementing the desired control procedures and maintaining suitable control environment in general. However, control activities are continuous in nature that include identification, evaluation and management of significant risks faced by the Company. The Management strives for timely and satisfactory response to new identifications or recommendations by the risk controlling divisions. Nonetheless, all internal control systems, no matter how well designed, have inherent limitations that they may not prevent or detect all misstatements. Also, projections of

any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that degree of compliance with policies and procedures may deteriorate.

The Management took sufficiently necessary steps to rectify all observations and suggestions for improvement raised during the year by the Internal Audit Division. Furthermore, regular follow-up of the internal audit reports were done by the Compliance Division which ensured timely implementation of queries raised and recommendations to mitigate identified risks to safeguard the interests of the Company. Based upon the results achieved through ongoing testing of financial reporting controls and internal audits carried out during the year, the management considers that the Company's existing internal control system is adequate and has been effectively implemented and monitored.

The Company has completed all stages of its ICFR program as per the guidelines and has been granted exemption from the requirement of submission of the External Auditor's issued Long Form report to SBP. Annual assessment report on the efficacy of ICFR for the year ended December 31, 2022, was duly prepared and submitted to the Audit Committee of the Board in its 103rd meeting for review.

Based on the above, the Board endorses the management's evaluation of Internal Controls.

**For and on behalf of the
Board of Directors**



Chairman

Islamabad
February 25, 2023

Grant Thornton Anjum Rahman

302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

T +92 51 2271906

F +92 51 2273874

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saudi Pak Industrial and Agricultural Investment Company Limited

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


We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by Board of Directors of Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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


Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
Date: March 02, 2023
UDIN: CR202210164WCHDVYarR

Chartered Accountants

grantthornton.pk



Financial Statements

for the year ended December 31, 2022

STANDALONE

INDEPENDENT AUDITOR'S REPORT

To the members of

Saudi Pak Industrial and Agricultural Investment Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

- a) We draw attention to note 9.1.2 to the accompanying unconsolidated financial statements describing the effect of lock-in event in respect of term finance certificates (TFCs). Our opinion is not modified in respect of this matter.
- b) We draw attention to note 21.3.1 to the accompanying unconsolidated financial statements describing in detail the tax contingencies. Our conclusion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The unconsolidated financial statements of the Company as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 March 2022.

The engagement partner on the audit resulting in this independent auditor's report is Hassaan Riaz.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Place: Islamabad
Date: March 02, 2023
UDIN: AR202210164JNgM91vhn



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Cash and balances with treasury banks	6	116,437,350	101,939,997
Balances with other banks	7	127,875,540	134,486,399
Lendings to financial institutions	8	-	-
Investments	9	36,321,015,128	31,130,696,425
Advances	10	9,119,290,062	6,867,783,165
Non-current asset classified as held for sale	11	-	-
Fixed assets	12	4,181,796,569	4,243,479,479
Intangible assets	13	6,392,003	6,109,050
Deferred tax assets	17	58,011,030	-
Other assets	14	3,675,883,486	2,203,325,411
		53,606,701,168	44,687,819,926
LIABILITIES			
Bills payable		-	-
Borrowings	15	36,774,866,849	26,456,618,972
Deposits and other accounts	16	1,953,000,000	2,911,587,775
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	17	-	441,365,024
Other liabilities	18	835,273,389	419,468,403
		39,563,140,238	30,229,040,174
NET ASSETS		14,043,560,930	14,458,779,752
REPRESENTED BY			
Share capital	19	6,765,000,000	6,600,000,000
Statutory reserve		1,431,486,211	1,369,329,367
General reserve		358,662,940	358,662,940
Surplus on revaluation of assets	20	1,313,231,385	1,960,944,994
Unappropriated/ Unremitted profit		4,175,180,394	4,169,842,451
		14,043,560,930	14,458,779,752
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	Rupees	2021
Mark-up / return / interest earned	23	5,161,935,651		3,721,032,863
Mark-up / return / interest expensed	24	4,662,646,956		2,290,452,473
Net mark-up / interest income		499,288,695		1,430,580,390
Non mark-up / interest income				
Fee and commission income	25	8,950,000		3,860,000
Dividend income		400,457,127		319,355,077
Foreign exchange income		6,551,295		2,202,435
Income / (loss) from derivatives		-		-
(Loss) / gain on securities	26	66,148,755		(300,166,762)
Other income	27	258,130,770		276,095,134
Total non-markup / interest income		740,237,947		301,345,884
Total income		1,239,526,642		1,731,926,274
Non mark-up / interest expenses				
Operating expenses	28	527,530,958		530,455,781
Workers welfare fund		-		-
Other charges	29	30,000		130,429
Total non-markup / interest expenses		527,560,958		530,586,210
Profit before provisions		711,965,684		1,201,340,064
Provisions and write offs - net	30	318,010,719		(139,724,460)
Extra ordinary / unusual items		-		-
Profit before taxation		393,954,965		1,341,064,524
Taxation	31	83,170,745		418,746,517
Profit after taxation		310,784,220		922,318,007
Basic and diluted earnings per share	32	0.459		Restated 1.363


The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	
Profit after taxation for the year	310,784,220	922,318,007
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	(406,969,314)	(384,257,720)
	(406,969,314)	(384,257,720)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(139,833)	(2,008,400)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	995,875,974
Movement in surplus on revaluation of non-banking assets	-	14,712,840
	(139,833)	1,008,580,414
Total comprehensive income / (loss)	(96,324,927)	1,546,640,701


The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated / Unremitted profit	Total
				Investments	Fixed / Non Banking Assets		
Rupees							
Balance as at January 1, 2021	6,600,000,000	1,184,865,766	358,662,940	(496,157,950)	1,910,982,293	3,353,786,002	12,912,139,051
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	922,318,007	922,318,007
Other comprehensive (loss) / Income - net of tax	-	-	-	(384,257,720)	1,010,588,814	(2,008,400)	624,322,694
Transfer to statutory reserve	-	184,463,601	-	-	-	(184,463,601)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(80,210,443)	80,210,443	-
Transactions with owners, recorded directly in equity							
Dividend 2020: Nil per ordinary share	-	-	-	-	-	-	-
Balance as at December 31, 2021	6,600,000,000	1,369,329,367	358,662,940	(880,415,670)	2,841,360,664	4,169,842,451	14,458,779,752
Balance as at January 1, 2022	6,600,000,000	1,369,329,367	358,662,940	(880,415,670)	2,841,360,664	4,169,842,451	14,458,779,752
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	310,784,220	310,784,220
Other comprehensive (loss) / Income - net of tax	-	-	-	(406,969,314)	-	(139,833)	(407,109,147)
Transfer to statutory reserve	-	62,156,844	-	-	-	(62,156,844)	-
Impact of rate change	-	-	-	-	(153,893,895)	-	(153,893,895)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(86,850,400)	86,850,400	-
Transactions with owners, recorded directly in equity							
Bonus shares issued	165,000,000	-	-	-	-	(165,000,000)	-
Dividend 2021: 2.5% per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at December 31, 2022	6,765,000,000	1,431,486,211	358,662,940	(1,287,384,984)	2,600,616,369	1,175,180,394	14,043,560,930

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	Rupees	2021
Cash flow from operating activities				
Profit before taxation		393,954,965		1,341,064,524
Less: dividend income		(400,457,127)		(319,355,077)
		(6,502,162)		1,021,709,447
Adjustments:				
Depreciation		181,696,136		156,629,217
Amortization	13	4,422,525		4,592,471
Provision and write-offs	30	318,010,719		(139,724,460)
Loss / (gain) on sale of fixed assets		(22,701,534)		794,282
Gain on disposal of non banking assets		-		(60,630,049)
Interest expense on lease liability against ROU assets		1,284,979		1,411,285
Charge for defined benefit plan	28.1	8,793,471		7,480,100
Charge for compensated absences	28.1	7,258,409		6,451,181
Unrealized gain - held for trading investments	9.1	-		(1,822,511)
		498,764,705		(24,818,484)
		492,262,543		996,890,963
(Increase) / decrease in operating assets				
Lendings to financial institutions		-		119,988,000
Held-for-trading securities		67,927,999		(11,030,989)
Advances		(2,365,402,738)		184,207,714
Others assets (excluding advance taxation)		(1,064,275,374)		(15,125,577)
		(3,361,750,113)		278,039,148
(Decrease) / increase in operating liabilities				
Borrowings from financial institutions		10,318,247,877		(5,863,060,462)
Deposits		(958,587,775)		465,787,775
Other liabilities (excluding current taxation)		301,831,307		(87,475,156)
		9,661,491,409		(5,484,747,843)
Payments against off-balance sheet obligations		-		-
Payment to defined benefit plan and compensated absences		(17,386,685)		(13,853,720)
Income tax paid		(670,806,920)		(519,174,460)
Net cash flow (used in) / from operating activities		6,103,810,234		(4,742,845,912)
Cash flow from investing activities				
Net investments in available-for-sale securities		(6,690,909,105)		4,139,972,919
Net investments in held-to-maturity securities		337,616,126		(224,706,493)
Dividends received		408,683,258		298,711,460
Investments in operating fixed assets		(78,282,450)		(47,848,764)
Proceeds from sale of fixed assets		25,751,951		5,285,193
Sale proceeds from disposal of non banking assets		-		158,000,000
Net cash flow from / (used in) investing activities		(5,997,140,220)		4,329,414,315
Cash flow from financing activities				
Payments against lease liabilities		(16,283,520)		(15,143,040)
Dividend paid		(82,500,000)		-
Net cash flow used in financing activities		(98,783,520)		(15,143,040)
Effects of exchange rate changes on cash and cash equivalents		-		-
(Decrease) / increase in cash and cash equivalents		7,886,494		(428,574,637)
Cash and cash equivalents at beginning of the year		236,426,396		665,001,033
Cash and cash equivalents at end of the year	33	244,312,890		236,426,396


The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company is a Development Financial Institution (DFI) and principally engaged in investment in the industrial and agro-based industrial projects in Pakistan on commercial basis and markets its products in Pakistan and abroad. The Company was initially setup for a period of fifty years and upon mutual consent of the Government of Kingdom of Saudi Arabia (KSA) and Government of Pakistan the duration of Company has been further extended for another period of fifty years.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating offices in Lahore and Karachi.

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No.2 dated January 25, 2018.

These unconsolidated financial statements are separate financial statements of the Company in which the investment in subsidiary is stated at cost and have not been accounted for on the basis of reported results and net assets of the investee which is done in consolidated financial statements.

2.1 Functional and presentation currency

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

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies and DFIs till further instructions. Further, the SBP, vide its BSD Circular Letter no. 10 dated September 11, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instrument; recognition and measurement and



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

IFRS 10, Consolidated Financial Statement was made applicable from period beginning on or after January 01, 2015 vide S.R.O. 663(1)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O. 56(1)/2016 dated January 28, 2016, that the requirement of consolidation under section 218 of Companies Act, 2017 and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs.

3.3 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for the accounting periods beginning on or after January 1, 2022. These are considered either not to be relevant or not to have any significant impact on these unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods will have no material impact on the financial statements other than in presentation / disclosures.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered either not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these unconsolidated financial statements except the IFRS 9 Financial instruments: classification and measurement that will have significant effect on unconsolidated financial statements on its application as detailed below:

SBP vide its BPRD Circular Letter no. 03 of 2022 dated July 05, 2022 has conveyed the implementation date of IFRS-9 for DFIs as January 01, 2023 and has also issued detailed application guidance for its implementation. The standard IFRS 9 "financial Instruments" addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The total estimated adjustment at the adoption of IFRS 9 will decrease opening balance of the Company's equity at 01 January 2023 by Rs. 853.928 million due to recognition of ECL on related financial assets and also increase related deferred tax asset by Rs. 281.796 million. The adjusted Capital Adequacy Ratio of the Company after absorbing referred adjustments will be 43.96%.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- certain items of operating fixed assets and non-banking assets acquired in satisfaction of claims which are shown at revalued amounts;
- certain investments which are carried at fair value in accordance with directives of the SBP; and
- staff retirement benefit which is stated at present value of defined benefit obligation net of fair value of plan assets.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The Company uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equals the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements are as follows:

- i) Classification of investments (note 5.4)
- ii) Provision against investments (note 5.17), advances (note 5.5) and other assets (note 14)
- iii) Valuation and impairment of available for sale securities (note 5.4(b))
- iv) Valuation, useful life and depreciation of fixed assets (note 5.7) and non-banking assets acquired in satisfaction of claims (note 5.10)
- v) Useful life of intangibles (note 5.8)
- vi) IFRS 16-lease term and effective interest rate of lease contracts for lease liabilities and right of use of assets (note 5.9)
- vii) Taxation (note 5.12)
- viii) Present value of staff retirement benefits (note 5.13)
- ix) Valuation and impairment of subsidiary (note 5.4)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

5.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

5.2 Non-current asset classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

5.3 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return expensed and earned respectively on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.4 Investments

Investments are classified as follows:

(a) Held-For-Trading (HFT)

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to unconsolidated profit and loss account in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

(b) Available-For-Sale (AFS)

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD Circular No. 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges, are valued at market value and the resulting surplus / deficit on revaluation, net of deferred tax, is taken through "Statement of Comprehensive Income" and is shown in the shareholders' equity in the unconsolidated statement of financial position. Where the decline in prices of available for sale securities is significant and prolonged, it is considered impaired and included in unconsolidated profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of prudential regulations issued by SBP.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee companies as per their latest available financial statements.

Investments in other unquoted securities are valued at cost less impairment losses, if any.

(c) Held-To-Maturity (HTM)

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, if any, in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

(d) Investments in associate and subsidiary

Investment in associate and subsidiary is carried at cost less impairment, if any.

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

5.5 Advances

Advances are stated net of provision. Provision for non-performing advances is determined in accordance with the requirements of the Prudential Regulations issued by SBP from time to time.

The provision against non-performing advances are charged to the unconsolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.6 Finance lease receivables

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

5.7 Fixed assets and depreciation

(a) Property and equipment (owned and leased)

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost and lease hold land, buildings and certain other items which are carried at revalued amount less depreciation.

Certain items of fixed assets are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown in the shareholders' equity in the unconsolidated statement of financial position.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Company. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

Depreciation is provided on straight line method at rates specified in note 12.2 to the unconsolidated financial statements so as to write off the cost of the assets over their estimated useful lives. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date when the asset is classified as held for sale and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Maintenance and normal repairs are charged to unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

(b) Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of fixed assets when available for intended use.

5.8 Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to unconsolidated profit and loss account. Amortization is computed from the date of purchase to date of disposal / write off using the straight line method in accordance with the rates specified in note 13 to these unconsolidated financial statements to write off cost of the assets over their estimated useful life.

5.9 IFRS 16 - Leases

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Right to use assets are subsequently stated at cost less any accumulated depreciated/ accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight line method.

The lease liabilities are initially measured as the present value of remaining lease payments, discounted using the incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. Each lease payment is allocated between a reduction of the liability and finance cost. The finance cost is charged to profit and loss account as markup expense over the lease period.

5.10 Non banking assets acquired in satisfaction of claims

In accordance with the BPRD Circular No. 1 of 2016 dated January 1, 2016 issued by SBP, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. These assets are depreciated as per Company's policy.

5.11 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to unconsolidated profit and loss account on a time proportion basis.

5.12 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the unconsolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or in equity.

(a) Current

Provision for current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the date of unconsolidated statement of financial position. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

(b) Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position, and applicable at the time of its reversal. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Company recognizes deferred tax asset/liability on (deficit)/surplus on revaluation of securities and revaluation of operating fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of operating fixed assets.

5.13 Staff retirement benefits

(a) Defined benefit plan

The Company operates an approved gratuity fund for its permanent employees. Contributions to the fund are made on the basis of actuarial recommendations. The actuarial valuation is carried out periodically using "projected unit credit method".

(b) Defined contribution plan

The Company also operates a recognized provident fund for all of its permanent employees. Equal monthly contributions at the rate of 10% of basic salary are made both by the Company and the employees, which are transferred to the provident fund.

(c) Compensated absences

As per its service rules, the Company grants compensated absences to all of its permanent employees. The provision for compensated absences is made on the basis of last drawn basic salary.

5.14 Revenue recognition

- Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis in compliance with Prudential Regulations issued by the SBP. Fines / penalties on delayed payments are recorded in the unconsolidated profit and loss account on receipt basis.
- Markup / interest on rescheduled / restructured advances and return on investment is recognized in accordance with the directives of the SBP.
- Fees, commission and brokerage income is recognised at the time of performance of service.
- Dividend income is recognized when the Company's right to receive income is established.
- The Company follows the finance method to recognize income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains/ losses on termination of lease contracts are recognized as income/expense on realization. Unrealized lease income on classified lease is held in suspense account, where necessary, in accordance with the requirements of SBP guidelines and recognized as income on receipt basis.
- Gains and losses on sale of investments are taken to the unconsolidated profit and loss account.
- Rental income is recognized on systematic basis.
- Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.15 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the date of unconsolidated statement of financial position. Exchange gains and losses are included in unconsolidated profit and loss account of the Company.

5.16 Impairment

The carrying amount of the Company's assets are reviewed at the date of unconsolidated statement of financial position to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

5.17 Provisions

Provisions are recognised when there are present, legal or constructive obligations as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

5.18 Financial instruments

Financial assets and liabilities

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

5.19 Off-setting of financial instruments

Financial assets and financial liabilities are only set-off and net amount is reported in the unconsolidated financial statements when there is legally enforceable right to set-off the recognized amount and the Company either intends to settle on net basis or to settle the liabilities and realize the assets simultaneously.

5.20 Statutory reserve

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



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.21 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing differentiated products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Company's functional structure and the guidance of State Bank of Pakistan. The Company's primary format of reporting is based on business segments. The Company comprises of the following main business segments:

(a) Business Segment

– Corporate finance

This includes investment activities such as underwriting, Initial Public Offers (IPOs) and corporate financing.

– Trading and Sales

Trading and sales includes the Company's treasury and money market activities.

– Building Rental Services

This segment undertakes the rental services of Saudi Pak Tower and its allied activities.

(b) Geographical Segment

The Company conducts all its operations in Pakistan.

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency

With State Bank of Pakistan in

Local currency current accounts

Note

2022

2021

Rupees

285,888

327,130

6.1

116,151,462

101,612,867

116,437,350

101,939,997

6.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

Note

2022

2021

Rupees

7. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts

In deposit accounts

84,376,565

6,882,985

43,498,975

127,603,414

127,875,540

134,486,399

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- 7.1** Deposit accounts include Rs. 13,623,257 (2021: Rs 103,849,803) held in local currency accounts. These accounts carry markup at the rates ranging from 3.75% to 13.50% (2021: 2.25% to 7.25%) per annum.
- 7.2** Deposit accounts include USD 132,006.24 (2021: USD 134,619.50) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% (2021: 0.25%) per annum.

	Note	2022	2021
		Rupees	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.1	-	-
		-	-
Less: provision held against Lending to Financial Institutions		-	-
Lending to Financial Institutions - net of provision		-	-
8.1 Particulars of lending			
In local currency		-	-

8.2 Securities held as collateral against lending to financial institutions

		2022			2021		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
	Note	Rupees			Rupees		
Pakistan Investment Bonds	8.2.1	-	-	-	-	-	-
Total		-	-	-	-	-	-

- 8.2.1** Market value of securities held as collateral at December 31, 2022 is Nil (2021: Nil).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022				2021			
9. INVESTMENTS									
9.1 Investments by type:									
Note		Rupees				Rupees			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Held-for-trading securities								
	Quoted shares	-	-	-	-	66,105,488	-	1,822,511	67,927,999
	Available-for-sale securities								
	Federal Government Securities								
	-Pakistan Investment Bonds (PIBs)	32,994,355,755	-	(1,800,587,455)	31,193,768,300	26,156,748,679	-	(988,367,679)	25,168,381,000
		32,994,355,755	-	(1,800,587,455)	31,193,768,300	26,156,748,679	-	(988,367,679)	25,168,381,000
	Shares- quoted securities	3,285,391,260	(941,511,580)	(98,873,281)	2,225,006,399	3,208,180,629	(720,924,974)	(32,280,058)	2,454,975,597
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs) / Sukuk	969,651,845	(80,266,424)	2,340,000	891,725,421	1,171,060,447	(81,675,026)	14,458,400	1,103,843,821
	-Commercial paper	-	-	-	-	-	-	-	-
	Un-quoted securities	783,833,048	(273,833,040)	-	510,000,008	786,333,048	(273,833,040)	-	512,500,008
		38,013,231,908	(1,295,611,044)	(1,897,120,736)	34,820,500,128	31,322,322,803	(1,076,433,040)	(1,006,189,337)	29,239,700,426
	Held-to-maturity securities								
	Non Government Debt Securities								
	-Term Finance Certificates (TFCs)	1,529,701,077	(529,186,077)	-	1,000,515,000	1,867,317,203	(544,249,203)	-	1,323,068,000
	Subsidiaries								
	Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
	Total Investments	40,042,932,985	(1,824,797,121)	(1,897,120,736)	36,321,015,128	33,755,745,494	(1,620,682,243)	(1,004,366,826)	31,130,696,425

9.1.1 This represents investment in 50 million shares of Saudi Pak Real Estate Company Limited (SPREL) representing 100% of paid up capital of SPREL which is incorporated in Pakistan. On the basis of latest available un-audited financial statements of SPREL as at December 31, 2022, total assets and liabilities of SPREL are Rs. 81,016 million (2021: Rs. 769,730 million) and Rs. 21,981 million (2021: Rs. 23,603 million) while total revenue, profit after taxation and total comprehensive income for the year ended December 31, 2022 are Rs. 33,286 million (2021: Rs. 16,062 million), Rs. 42,903 million (2021: Rs. 29,411 million) and Rs. 42,907 million (2021: Rs. 29,231 million) respectively.

9.1.2 Installments of Rs.14,310 million and Rs.18,728 million were due on February 10, 2022 & August 10, 2022 respectively against unsecured subordinated TFCs of Rs. 299,760 million issued by Silk Bank Limited (the Issuer). Delay in payments is due to "lock in event" that has restricted the Issuer to make payment without the approval of the State Bank of Pakistan (SBP) to avoid the Issuer's noncompliance of minimum capital requirement and capital adequacy ratio. In view of the fact that the Issuer is continuing as a going concern without any restriction on its operations, the debt obligation is duly recognized and that the application for allowing the payment is pending with SBP, the management of the Company believes that no provisions are required to be made in the financial statements pursuant to clause 2.8 of the trust deed, the delay in payment does not constitute a breach of the issuer's redemption obligations as per the independent legal opinion provided by the trustee to all the participating financial institutions.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees				Rupees			
Note								
9.2 Investments by segments:								
Federal Government Securities:								
Pakistan Investment Bonds	32,994,355,755	-	(1,800,587,455)	31,193,768,300	26,156,748,679		(988,367,679)	25,168,381,000
	32,994,355,755	-	(1,800,587,455)	31,193,768,300	26,156,748,679	-	(988,367,679)	25,168,381,000
Shares:								
Listed Companies	3,265,391,260	(941,511,580)	(98,873,281)	2,225,006,399	3,274,286,117	(720,924,974)	(30,457,547)	2,522,903,596
Unlisted Companies	783,833,048	(273,833,040)	-	510,000,008	786,333,048	(273,833,040)	-	512,500,008
	4,049,224,308	(1,215,344,620)	(98,873,281)	2,735,006,407	4,060,619,165	(994,758,014)	(30,457,547)	3,035,403,604
Non Government Debt Securities								
Listed TFCs / Sukuk	1,231,098,389	(41,712,968)	2,340,000	1,191,725,421	1,733,420,899	(44,035,478)	14,458,400	1,703,843,821
Unlisted TFCs / Sukuk	1,268,254,533	(567,739,533)	-	700,515,000	1,304,956,751	(581,888,751)	-	723,068,000
Commercial paper	-	-	-	-	-	-	-	-
	2,499,352,922	(609,452,501)	2,340,000	1,892,240,421	3,038,377,650	(625,924,229)	14,458,400	2,426,911,821
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	40,042,932,985	(1,824,797,121)	(1,897,120,736)	36,321,015,128	33,755,745,494	(1,620,682,243)	(1,004,366,826)	31,130,696,425

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	
9.2.1 Investments given as collateral		
Pakistan Investment Bonds (PIBs)	27,399,908,300	21,908,529,525
	27,399,908,300	21,908,529,525
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance	1,620,682,243	1,519,406,251
Charge / reversals		
Charge for the year	264,524,009	207,601,400
Reversals for the year	(16,471,728)	(3,757,789)
Reversal on disposals	(43,937,403)	(102,567,619)
	204,114,878	101,275,992
Transfers - net	-	-
Amounts written off	-	-
Closing balance	1,824,797,121	1,620,682,243

9.3.2 Particulars of provision against debt securities

Category of classification

	2022		2021	
	NPI	Provision	NPI	Provision
	Rupees		Rupees	
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	643,202,501	609,452,501	659,674,229	625,924,229
	643,202,501	609,452,501	659,674,229	625,924,229
Overseas	-	-	-	-
Total	643,202,501	609,452,501	659,674,229	625,924,229

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

9.4 Quality of Available for Sale Securities

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

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

2022

2021

Cost in Rupees

Shares:

Listed Companies

Cement	109,775,900	109,775,900
Chemical	417,127,705	417,127,705
Close-end Mutual Fund	37,745,634	37,745,634
Commercial Banks	860,941,393	647,875,278
Fertilizer	-	233,487,301
Insurance	145,952,935	100,820,544
Oil & Gas Marketing Companies	255,976,980	211,761,553
Oil & Gas Exploration Companies	517,973,984	517,973,844
Power Generation and Distribution	885,925,664	897,641,805
Technology and Communication	33,971,065	33,971,065
	3,265,391,260	3,208,180,629

Unlisted Companies

Al Hamra Avenue Private Limited	50,000,000	-	50,000,000	-
Al Hamra Hills Private Limited	50,000,000	-	50,000,000	-
Ali Paper Board Industries Limited	5,710,000	-	5,710,000	-
Bela Chemical Industries Limited	6,500,000	-	6,500,000	-
Fruit Sap Limited	4,000,000	-	4,000,000	-
Innovative Investment Bank Limited	37,623,048	-	37,623,048	-
ISE Towers - REIT Management Company Limited	-	-	2,500,000	48,580,204
Pace Barka Properties Limited	168,750,000	193,302,602	168,750,000	210,367,051
Pak Kuwait Takaful Company	40,000,000	283,222	40,000,000	(2,485,549)
Pakistan Textile City Limited	50,000,000	5,047,010	50,000,000	5,047,010
Pakistan GasPort Consortium Limited	330,000,000	621,580,218	330,000,000	737,382,277
Saudi Pak Kalabagh Livestock Company Limited	10,000,000	-	10,000,000	-
Taurus Securities Limited	11,250,000	24,090,707	11,250,000	24,651,223
Trust Investment Bank Limited	20,000,000	-	20,000,000	-
	783,833,048	844,303,759	786,333,048	1,023,542,216

Breakup value has been calculated using latest available audited financial statements, except for the parties for which no breakup value is mentioned above due to non-availability of latest audited financial statements because of litigation or liquidation proceedings.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Non Government Debt Securities

Listed

- AA+, AA, AA-
- CCC and below
- Unrated

Unlisted

- A+, A, A-
- Unrated

	2022	2021
	Cost in Rupees	
	860,000,000	1,060,000,000
	29,385,421	29,385,421
	23,009,084	24,417,686
	912,394,505	1,113,803,107
	-	-
	57,257,340	57,257,340
	57,257,340	57,257,340
	969,651,845	1,171,060,447

9.5 The Company does not have any investments in foreign securities as at December 31, 2022 (2021: Nil).

9.6 Particulars relating to Held to Maturity securities are as follows:

Non Government Debt Securities

Listed

- AA+, AA, AA-
- Unrated

Unlisted

- AA+, AA, AA-
- A+, A, A-
- BBB+, BBB, BBB-
- B+, B, B-
- Unrated

	2022	2021
Note	Cost in Rupees	
	300,000,000	600,000,000
	18,703,884	19,617,792
9.6.1	318,703,884	619,617,792
	267,005,000	289,558,000
	100,000,000	100,000,000
	-	299,760,000
	299,760,000	-
	544,232,193	558,381,411
	1,210,997,193	1,247,699,411
	1,529,701,077	1,867,317,203

9.6.1 Market value of held-to-maturity securities other than non performing investments as at December 31, 2022 is Rs. 576 million (2021: Rs. 1,193 million).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Performing		Non Performing		Total
Rupees						
10. ADVANCES						
Loans, leases, running finances- gross	10.1	8,696,407,690	6,721,837,122	2,778,130,890	2,387,298,720	11,474,538,580
Provision against advances						
- Specific		-	-	(2,268,864,901)	(2,241,352,677)	(2,268,864,901)
- General		(86,383,617)	-	-	-	(86,383,617)
		(86,383,617)	-	(2,268,864,901)	(2,241,352,677)	(2,241,352,677)
Advances - net of provision		8,610,024,073	6,721,837,122	509,265,989	145,946,043	9,119,290,062
						6,867,783,165

10.1 Includes Net Investment in Finance Lease as disclosed below:

	2022				2021			
	Later than one and less than five years		Over five years		Later than one and less than five years		Over five years	
	Rupees		Rupees		Rupees		Rupees	
Lease rentals receivable	95,208,694	-	-	-	95,208,694	-	-	95,208,694
Residual value	-	-	-	-	-	-	-	-
Minimum lease payments	95,208,694	-	-	-	95,208,694	-	-	95,208,694
Financial charges for future periods	(28,746,708)	-	-	-	(28,746,708)	-	-	(28,746,708)
Present value of minimum lease payments	66,461,986	-	-	-	66,461,986	-	-	66,461,986

10.2 Particulars of advances (Gross)

	2022	2021
Rupees		
In local currency	11,474,538,580	9,109,135,842
In foreign currencies	-	-
	11,474,538,580	9,109,135,842

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10.3 Advances include Rs. 2,778,130,890 (2021: Rs. 2,387,298,720) which have been placed under non-performing status as detailed below:-

Category of Classification	2022		2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	-	-	-	-
Doubtful	270,000,000	-	291,892,086	145,946,043
Loss	2,508,130,890	2,268,864,901	2,095,406,634	2,095,406,634
Total	2,778,130,890	2,268,864,901	2,387,298,720	2,241,352,677

10.4 Particulars of provision against advances

	2022		2021	
	Specific	General	Specific	General
Opening balance	2,241,352,677	-	2,241,352,677	2,533,847,014
Charge for the year	146,592,629	86,383,617	232,976,246	-
Reversals	(119,080,405)	-	(418,438,954)	(418,438,954)
Amounts written off	27,512,224	86,383,617	(241,560,274)	(241,560,274)
Closing balance	2,268,864,901	86,383,617	(50,934,063)	(50,934,063)
			2,241,352,677	2,241,352,677

10.4.1 During the year, the Company provided general provisioning of Rs.86.384 Million, i.e. 1% of regular loan portfolio other than staff advances on the anticipation that challenging economic conditions may have an adverse impact on regular loans and risk of increase in NPLs cannot be precluded.

10.4.2 Particulars of provision against advances

	2022		2021	
	Specific	General	Specific	General
In local currency	2,268,864,901	86,383,617	2,241,352,677	-
In foreign currencies	-	-	-	-
	2,268,864,901	86,383,617	2,241,352,677	2,241,352,677

10.4.3 The net FSV benefit already availed has been increased by Rs. 374,266 million, which has resulted reduction in specific provision for the year by the same amount. Had the FSV benefit not changed, before and after tax profit for the year would have been decreased by Rs. 374,266 million (December 31, 2021: nil) and Rs. 265,729 million (December 31, 2021: nil) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 265,729 million (December 31, 2021: Rs. Nil) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	Rupees	
10.5 Particulars of write offs:			
10.5.1 Against Provisions	10.4	-	50,934,063
Directly charged to Profit & Loss account		-	559,822
		-	51,493,885
10.5.2 Write Offs of Rs. 500,000 and above	10.6	-	51,493,885
- Domestic		-	-
- Overseas		-	-
Write Offs of Below Rs. 500,000		-	51,493,885
10.6 Details of loan write off of Rs. 500,000/- and above			
In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2022 is given at Annexure I.			
10.7 Particulars of loans and advances to staff included in advances			
		2022	2021
		Rupees	
Opening balance		56,452,718	63,461,897
Amount disbursed during the year		28,441,481	16,959,466
Amount received during the year		(26,848,214)	(23,421,125)
Amount written off		-	(547,520)
Closing balance		58,045,985	56,452,718
11. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE			
Cost of investment reclassified from investments			
- Investment in ordinary shares		243,467,574	243,467,574
- Investment in preference shares		333,208,501	333,208,501
Less: Provision on investment		(576,676,075)	(576,676,075)
		-	-
Less: Amounts received till 31 December		-	-
		-	-
11.1 The Company's investment in Saudi Pak Leasing Company Limited (the "associate company") has been classified as non-current asset held for sale in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sales and Discontinued Operations" and measured at lower of carrying amount at designation and fair value less cost to sell. The potential buyer had submitted its binding offer to Saudi Pak against which letter of intent was issued and the company submitted request to SECP for sale of its stake in SPLC. After completion of necessary formalities as sought by SECP from the potential buyer, the outcome of request submitted is awaited.			
		2022	2021
	Note	Rupees	
12. FIXED ASSETS			
Capital work-in-progress	12.1	40,256,613	3,204,338
Property and equipment	12.2	4,100,125,336	4,230,565,871
Right of use assets under IFRS-16 Leases		41,414,620	9,709,270
		4,181,796,569	4,243,479,479
12.1 Capital work-in-progress			
Civil works		38,359,113	-
Advances to suppliers		1,897,500	3,204,338
		40,256,613	3,204,338



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12.2 Property and equipment

2022

	Leasehold land	Building Karachi office	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems *	Electrical fittings, fire fighting equipment and others **	Total
	Rupees										
At January 1, 2022											
Cost / Revalued amount	2,578,050,000	52,282,000	1,244,411,875	14,320,497	57,440,104	96,427,796	101,608,491	51,800,000	4,431,722	159,462,352	4,360,234,837
Accumulated depreciation	-	-	-	12,935,982	44,948,482	58,606,018	-	-	53,703	13,124,781	129,668,966
Net book value	2,578,050,000	52,282,000	1,244,411,875	1,384,515	12,491,622	37,821,778	101,608,491	51,800,000	4,378,019	146,337,571	4,230,565,871
Year ended December 31, 2022											
Opening net book value	2,578,050,000	52,282,000	1,244,411,875	1,384,515	12,491,622	37,821,778	101,608,491	51,800,000	4,378,019	146,337,571	4,230,565,871
Additions	-	-	867,460	883,546	9,927,512	7,229,594	719,780	-	718,283	16,178,522	36,524,697
Disposals											
- Cost / Revalued amount	-	-	(28,289)	(179,916)	(6,513,814)	(29,775,720)	(62,951)	-	(82,857)	(1,130,554)	(37,774,101)
- Accumulated depreciation	-	-	757	179,883	6,403,806	27,030,975	6,339	-	8,342	1,093,582	34,723,684
	-	-	(27,532)	(33)	(110,008)	(2,744,745)	(56,612)	-	(74,515)	(36,972)	(3,050,417)
Depreciation charge	(43,122,244)	(2,094,616)	(49,862,442)	(698,111)	(7,477,168)	(13,036,092)	(15,186,005)	(7,782,413)	(718,507)	(23,937,217)	(163,914,815)
Closing net book value	2,534,927,756	50,187,384	1,195,389,361	1,569,917	14,831,958	29,270,535	87,085,654	44,017,587	4,303,280	138,541,904	4,100,125,336
At December 31, 2022											
Cost / Revalued amount	2,578,050,000	52,282,000	1,245,251,046	15,024,127	60,853,802	73,881,670	102,265,320	51,800,000	5,067,148	174,510,320	4,358,985,433
Accumulated depreciation	43,122,244	2,094,616	49,861,685	13,454,210	46,021,844	44,611,135	15,179,666	7,782,413	763,868	35,968,416	258,860,097
Net book value	2,534,927,756	50,187,384	1,195,389,361	1,569,917	14,831,958	29,270,535	87,085,654	44,017,587	4,303,280	138,541,904	4,100,125,336
	1.67	4	4	20	33.33	20	15	15	15	15	
Rate of depreciation (percentage)											

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

	2021										
	Leasehold land	Building Karachi office	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems *	Electrical fittings, fire fighting equipment and others **	Total
Rupees											
At January 1, 2021											
Cost / Revalued amount	1,743,975,000	36,597,000	996,414,324	13,910,872	53,105,281	99,759,981	101,520,389	48,090,798	5,325,558	180,432,853	3,279,132,056
Accumulated depreciation	55,458,402	2,927,756	79,695,506	12,184,439	44,097,821	56,096,095	30,047,348	14,160,838	1609,252	53,468,108	345,745,565
Net book value	1,688,516,598	33,669,244	916,718,818	1,726,433	9,007,460	43,663,886	71,473,041	33,929,960	3,716,306	126,964,745	2,929,386,491
Year ended December 31, 2021											
Opening net book value	1,688,516,598	33,669,244	916,718,818	1,726,433	9,007,460	43,663,886	71,473,041	33,929,960	3,716,306	126,964,745	2,929,386,491
Additions	-	-	477,844	409,625	9,942,213	13,890,479	3,991,318	-	92,728	15,734,620	44,538,827
Movement in surplus on assets revalued during the year	917,262,603	20,076,634	367,079,645	-	-	-	41,518,234	25,083,655	1,374,996	30,246,450	1,402,642,217
Revaluation adjustment	(83,187,603)	(4,391,634)	(119,559,938)	-	-	-	(45,421,450)	(21,374,453)	(2,361,560)	(66,681,940)	(342,978,578)
Disposals											
- Cost / Revalued amount					(5,607,390)	(17,222,664)	-	-	-	(269,631)	(23,099,685)
- Accumulated depreciation					5,544,042	11,206,542	-	-	-	269,626	17,020,210
					(63,348)	(6,016,122)	-	-	-	(5)	(6,079,475)
Depreciation charge	(27,729,201)	(1,463,878)	(39,864,432)	(751,543)	(6,394,703)	(13,716,465)	(15,374,102)	(7,213,615)	(806,011)	(26,608,239)	(139,922,189)
Revaluation adjustment	83,187,603	4,391,634	119,559,938	-	-	-	45,421,450	21,374,453	2,361,560	66,681,940	342,978,578
Closing net book value	2,578,050,000	52,282,000	1,244,411,875	1,384,515	12,491,622	37,821,778	101,608,491	51,800,000	4,378,019	146,337,571	4,230,565,871
At December 31, 2021											
Cost / Revalued amount	2,578,050,000	52,282,000	1,244,411,875	14,320,497	57,440,104	96,427,796	101,608,491	51,800,000	4,431,722	159,462,352	4,360,234,837
Accumulated depreciation	-	-	-	12,935,982	44,948,482	58,606,018	-	-	53,703	13,124,781	129,688,966
Net book value	2,578,050,000	52,282,000	1,244,411,875	1,384,515	12,491,622	37,821,778	101,608,491	51,800,000	4,378,019	146,337,571	4,230,565,871
Rate of depreciation (percentage)	1.59	4	4	20	33.33	20	15	15	15	15	

* This represent security system at Islamabad and Karachi office. Security system of Islamabad office are revalued only, as they form an integral part of building structure.

** This represents electrical fittings, fire fighting equipment, telephone installation, leasehold improvements, electrical appliances, loose tools & miscellaneous item at Islamabad, Lahore and Karachi office. The Company revalues electrical fittings, fire fighting equipment and telephone installation for its Islamabad office only, as they form an integral part of building structure.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12.3 Details of disposal of operating fixed assets

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Building on leasehold land						
Building items - Islamabad office	28,289	757	27,532	29,000	Auction	Suleman Khan
Furniture and fixture						
Furniture items - Islamabad office	127,791	127,772	19	48,500	Auction	Suleman Khan
Furniture items - Lahore office	10,400	10,398	2	2,000	Auction	Golden Interior
Furniture items - BCP Site	41,725	41,713	12	15,000	Auction	Golden Interior
	179,916	179,883	33	65,500		
Office equipment						
Samsung S 8 Plus	67,500	67,499	1	1	As per policy *	Zafar Iqbal
IT Equipment - Islamabad office	2,134,956	2,134,934	22	72,000	Auction	Arif Masih
iPhone Xs Max	100,000	51,365	48,635	48,635	As per policy *	Kashif Suhail
Samsung S 10 Lite	100,000	67,260	32,740	32,740	As per policy *	Shaiikh Aftab Ahmed
HP Elitebook 850 G6	252,913	238,047	14,866	14,866	As per policy *	Shaiikh Aftab Ahmed
HP Elitebook 850 G6	252,914	239,201	13,713	13,713	As per policy *	Zafar Iqbal
HP Elitebook 850 G6	252,913	252,912	1	1	As per policy *	Yawar Khan Afridi
HP Elitebook 850 G6	252,914	252,913	1	12,646	As per policy *	Arif Majeed Butt
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	M. Ghafar Hayat
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	Safdar Abbas Zaidi
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	Ali Imran
IT Equipment - Islamabad office	338,287	338,282	5	14,545	Auction	Syed Azhar Ud Din Shah
IT Equipment - Karachi office	1,141,460	1,141,450	10	25,455	Auction	Ghulam Mustafa
IT Equipment - Lahore office	705,129	705,120	9	9,000	Auction	Golden Interior
IT Equipment - BCP Site	156,086	156,084	2	2,000	Auction	Golden Interior
	6,513,814	6,403,806	110,008	245,605		
Vehicles						
Suzuki Cultus - AOC 893	2,008,162	841,776	1,166,386	1,166,386	As per policy *	Mohammad Aslam
Honda CD-70	63,500	63,499	1	38,909	Auction	Rizwan Mazhar
Honda Civic i-Tech Oriol - AUS 802	2,718,178	2,196,881	521,297	521,297	As per policy *	Kashif Suhail
Suzuki Cultus - AEV 729	1,406,560	1,406,559	1	1	As per policy *	Tayyaba Yamin
Honda Civic 18 - AGC 479	2,699,400	2,699,399	1	3,527,786	Auction	Nasir Iqbal Rana
Toyota Land Cruiser ZX-V8 - CX 422	18,918,700	18,918,699	1	18,681,818	Auction	Sultan M Bahadar Aziz
Kia Picanto - LE 20 5839	2,061,220	1,004,162	1,057,058	1,057,058	As per policy *	Gohar Ayub Marth
	29,775,720	27,030,975	2,744,745	24,993,255		
Heating and air-conditioning						
Heating and air-conditioning items - Islamabad office	62,951	6,339	56,612	62,000	Auction	Suleman Khan



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Security systems						
Security Items - Islamabad office	82,857	8,342	74,515	77,100	Auction	Suleman Khan
Electrical fittings, fire fighting equipment and others						
Diesel Generator 16-KVA	1	-	1	90,455	Auction	System And Power Engineering
Fire fighting equipment items - Islamabad office	12,930	1,295	11,635	18,000	Auction	Suleman Khan
Telephone installation items - Islamabad office	43	5	38	1,000	Auction	Suleman Khan
Telephone Exchange - Karachi office	139,028	139,027	1	18,000	Auction	Muhammad Nauman
Electrical Appliances - Islamabad office	421,962	400,419	21,543	64,036	Auction	Suleman Khan
Electrical Appliances - Karachi office	522,750	518,997	3,753	80,000	Auction	Muhammad Nauman
Misc Items - Islamabad office	33,840	33,839	1	8,000	Auction	Suleman Khan
	1,130,554	1,093,582	36,972	279,491		
	37,774,101	34,723,684	3,050,417	25,751,951		

* These items were sold to employees including key management personnel in accordance with policy of the Company.

12.4

Revaluation of property and equipment

The property and equipment of the Company were revalued by independent professional valuer on the estimated value on market / depreciated basis as at December 31, 2021. The revaluation was carried out by M/s Impulse (Pvt) Limited; member of Pakistan Engineering Council and on panel of Pakistan Banking Association; on the basis of professional assessment of present market values and resulted in increase in surplus by Rs. 1,402,642 million. The total surplus arising against revaluation of fixed assets as at December 31, 2021 amounted to Rs. 3,968,328 million. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2021 would have been as follows:

	2022	2021
	Rupees	
Leasehold Land	27,337,889	27,787,623
Building - Karachi office	1,519,155	2,137,391
Building	21,553,367	22,173,408
Heating and air-conditioning system	5,602,685	6,254,276
Elevators	12,730,421	19,373,192
Security system	772,616	178,939
Electrical fittings, fire fighting equipment and others	59,435,792	59,753,380
	128,951,925	137,658,209
Cost / revalued amount of fully depreciated assets that are still in use:		
Furniture and fixture	12,412,624	10,513,608
Office equipment	35,896,885	36,251,129
Vehicles	9,791,193	27,129,060
Electrical fittings, fire fighting equipment and others	7,984,146	8,386,490
	66,084,848	82,280,287

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		Rupees	
13. INTANGIBLE ASSETS		Computer software	Computer software
At January 1			
Cost		30,203,584	26,731,503
Accumulated amortisation and impairment		24,094,534	19,502,063
Net book value		6,109,050	7,229,440
Year ended December 31			
Opening net book value		6,109,050	7,229,440
Additions - directly purchased		4,705,478	3,472,081
Amortisation charge		4,422,525	4,592,471
Closing net book value		6,392,003	6,109,050
At December 31			
Cost		34,909,062	30,203,584
Accumulated amortisation and impairment		28,517,059	24,094,534
Net book value		6,392,003	6,109,050
Rate of amortisation (percentage)		33.33	33.33
Useful life (years)		3	3
13.1	Cost of fully amortized intangible assets still in use amount to Rs. 23,843,854 (2021: Rs. 18,444,698).		
14. OTHER ASSETS			
Income/ mark-up accrued in local currency - net of provision			
On investments		1,672,475,796	842,458,570
On advances		530,155,076	311,550,059
On deposits		1,074,553	-
		2,203,705,425	1,154,008,629
Advances, deposits, advance rent and other prepayments		24,031,294	13,663,883
Advance taxation (payments less provisions)		1,255,502,709	835,887,833
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	51,651,432	53,803,576
Dividend receivable		34,641,773	42,867,904
Other receivables		4,896,126	684,959
		3,653,246,654	2,179,734,679
Less: Provision held against other assets	14.2	(256,792)	(256,792)
Other assets (net of provision)		3,652,989,862	2,179,477,887
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	22,893,624	23,847,524
Other assets - total		3,675,883,486	2,203,325,411
14.1	Market value of non-banking assets acquired in satisfaction of claims	77,651,100	77,651,100

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The non-banking asset acquired from Irfan Textile represents office area on 1st floor of Famous Mall, Lahore and was initially recorded in the financial statements in June 2007. This asset was last revalued by independent professional valuers M/s Amir Evaluators & Consultants on the basis of assessment of Present Market Value on 31 December 2021 at Rs. 77.651 million. M/s Impulse (Pvt) Limited is member of Pakistan Engineering Council and also on panel of Pakistan Banking Association.

Business activity could not be started since the building was constructed due to pending approval of building map and the issuance of completion certificate from Lahore Development Authority (LDA). Management is hopeful to dispose off the same once the NOC is arranged and provided by the plaza owners.

		2022	2021
	Note	Rupees	
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		77,651,100	163,229,557
Revaluation during the year		-	14,712,840
Disposals during the year		-	(97,369,951)
Depreciation		(3,106,044)	(2,921,346)
Closing balance		74,545,056	77,651,100
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	158,000,000
less: carrying value		-	(97,369,951)
Gain realized on disposal		-	60,630,049
14.2 Provision held against other assets			
Advances, deposits, advance rent & other prepayments	14.2.1	256,792	256,792
14.2.1 Movement in provision held against other assets			
Opening balance		256,792	256,792
Charge for the year		-	-
Reversals / transfer		-	-
Amount Written off		-	-
Closing balance		256,792	256,792
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under refinance scheme			
Long term financing facility	15.1	2,195,224,199	845,810,022
Temporary economic relief facility	15.2	491,424,500	491,424,500
		2,686,648,699	1,337,234,522
Repurchase agreement borrowings	15.3	27,775,718,150	21,831,884,450
Against book debts/receivables	15.4	4,812,500,000	3,287,500,000
Total secured		35,274,866,849	26,456,618,972
Unsecured			
Call borrowings	15.5	1,500,000,000	-
Total unsecured		1,500,000,000	-
		36,774,866,849	26,456,618,972



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- 15.1** These represent facilities obtained against State Bank of Pakistan refinance schemes under LTFF. The mark up is charged at the rates ranging from 2.00% to 7.00% (2021: 2.00%) per annum. These facilities will mature during January 2023 to June 2032 (2021: January 2022 to January 2029).
- 15.2** These represent facilities obtained against State Bank of Pakistan refinance schemes under TERF. The mark up is charged at the rate of 1.00% (2021: 1.00%) per annum. These facilities will mature during April 2023 to January 2031 (2021: April 2023 to January 2031).
- 15.3** These facilities were secured against government securities (PIBs). These carry markup at rates ranging from 15.34% to 16.60% (2021: 10.25% to 10.65%) per annum having maturity during January 2023 to March 2023 (2021: during January 2022).
- 15.4** These represent facilities obtained from various banks against charge on book debts/receivables valuing Rs. 10,267 million (2021: Rs. 10,267 million). The mark up is charged at varying rates ranging from 15.86% to 17.31% (2021: 7.96% to 11.79%) per annum. These facilities will mature during January 2023 to December 2027 (2021: January 2022 to April 2025).
- 15.5** These facilities were unsecured and carrying markup at rate of 16.25% (2021: nil) per annum having maturity in January 2023 (2021: nil).

		2022	2021
Note		Rupees	
15.6	Particulars of borrowings with respect to Currencies		
	In local currency	36,774,866,849	26,456,618,972
	In foreign currencies	-	-
		<u>36,774,866,849</u>	<u>26,456,618,972</u>
16.	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	- Term deposits (local currency)	16.1 1,953,000,000	2,911,587,775
16.1	Composition of deposits		
	- Public Sector Entities	16.2 1,343,000,000	2,701,587,775
	- Non-Banking Financial Institutions	16.3 10,000,000	10,000,000
	- Private Sector	16.4 600,000,000	200,000,000
		<u>1,953,000,000</u>	<u>2,911,587,775</u>

- 16.2** These Certificate of Investments (COIs) carry mark up at the rates ranging from 16.80% to 16.88% (2021: 8.00% to 10.55%) per annum with maturity on November 2023 (2021: January 2022 to November 2022).
- 16.3** These Certificate of Investments (COIs) carry mark up at the rate of 16.12% (2021: 7.75%) per annum with maturity on March 2023 (2021: March 2022).
- 16.4** These Certificate of Investments (COIs) carry mark up at the rates ranging from 15.67% to 17.06% (2021: 11.14%) per annum with maturity during July 2023 to December 2023 (2021: December 2022).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

17. DEFERRED TAX LIABILITIES / (ASSETS)

	2022				
	At January 1 2022	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31 2022
	Rupees				
Deductible Temporary Differences on					
Actuarial loss on defined benefit plan	(5,914,941)	-	-	(1,286,565)	(7,201,506)
Surplus / (deficit) on revaluation of securities - AFS	(125,773,667)	-	-	(483,962,085)	(609,735,752)
Provision on non-performing loans	(549,082,000)	(107,885,000)	-	-	(656,967,000)
Impairment loss on available for sale quoted securities	(67,767,173)	(38,573,703)	-	-	(106,340,876)
	(748,537,781)	(146,458,703)	-	(485,248,650)	(1,380,245,134)
Taxable Temporary Differences on					
Accelerated tax depreciation	25,281,541	13,971,083	-	-	39,252,624
Dividend receivable	10,716,976	(670,862)	-	-	10,046,114
Net investment in leases	-	-	-	-	-
Right of Use Assets - net of lease liabilities	2,815,688	495,048	-	-	3,310,736
Surplus on revaluation of securities - HFT	273,377	(273,377)	-	-	-
Surplus on revaluation of operating fixed assets	1,150,815,223	(35,084,488)	153,893,895	-	1,269,624,630
	1,189,902,805	(21,562,596)	153,893,895	-	1,322,234,104
	441,365,024	(168,021,299)	153,893,895	(485,248,650)	(58,011,030)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021				
	At January 1 2021	Recognised in P&L A/C	Recognised in Equity	At December 31 2021
Rupees				
Deductible Temporary Differences on				
Actuarial loss on defined benefit plan	(5,094,609)	-	-	(5,914,941)
Surplus / (deficit) on revaluation of securities - AFS	(87,557,285)	-	-	(125,773,667)
Provision on non-performing loans	(592,956,000)	43,874,000	-	(549,082,000)
Impairment loss on available for sale quoted securities	(91,939,258)	24,172,085	-	(67,767,173)
	(777,547,152)	68,046,085	-	(748,537,781)
Taxable Temporary Differences on				
Accelerated tax depreciation	22,905,822	2,375,719	-	25,281,541
Dividend receivable	5,255,702	5,461,274	-	10,716,976
Net investment in leases	18,670,058	(18,670,058)	-	-
Right of Use Assets - net of lease liabilities	-	2,815,688	-	2,815,688
Surplus on revaluation of securities - HFT	241,065	32,312	-	273,377
Surplus on revaluation of operating fixed assets	770,771,780	(26,722,800)	-	1,150,815,223
	817,844,427	(34,707,865)	-	1,189,902,805
	40,297,275	33,338,220	-	441,365,024

17.1 At current year end, the Company had net deferred tax assets of Rs. 58,011 Million (2021: nil). Management believes that is probable that the company will be able to achieve the profits and consequently, the deferred tax assets will either be realized in future or adjusted against the taxable temporary differences on net basis. Deferred tax assets and liabilities on temporary differences are measured at the rate of 33% (2021: 29%).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	Rupees
18. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	378,356,147	149,516,538
Accrued expenses	32,301,635	61,574,046
Advance rental income	154,619,487	122,988,692
Security deposits against rented properties	40,959,597	35,333,783
Payable to defined benefit plan	10,219,869	10,308,832
Provision for compensated absences	9,672,514	9,491,958
Directors' remuneration	-	5,293,500
Payable to stock brokers - net	76,825,002	119,060
Lease liability against ROU assets as per IFRS - 16 Leases	31,382,086	-
Dividend payable to Foreign Shareholder	82,500,000	-
Others	18,437,052	24,841,994
	835,273,389	419,468,403

Note

18.1

35.4

18.1 This represents rent received in advance for premises let out in the Saudi Pak Tower, Jinnah Avenue, Blue Area, Islamabad.

19. SHARE CAPITAL

19.1 Authorized Capital

	2022	2021
	Number of shares	Rupees
1,000,000,000	1,000,000,000	10,000,000,000

Ordinary shares of Rs. 10 each

19.2 Issued, subscribed and paid up share capital

	2022	2021
	Number of shares	Rupees
Ordinary shares		
Fully paid in cash	400,000,000	4,000,000,000
Issued as bonus shares (note 19.4)	260,000,000	2,600,000,000
	676,500,000	6,600,000,000

19.3 State Bank of Pakistan on behalf of the Government of Pakistan and Ministry of Finance, KSA on behalf of Kingdom of Saudi Arabia are equal shareholders of the Company.

19.4 This includes 16,500,000 (2021: nil) bonus shares of Rs. 165,000,000 (2021: nil) transferred from unappropriated profits after approval of the shareholders in the Annual General Meeting held on March 26, 2022. These shares rank pari passu with the existing shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
Note		Rupees	
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	(1,897,120,736)	(1,006,189,337)
- Fixed assets	20.1	3,847,347,375	3,968,328,363
- Non-banking assets acquired in satisfaction of claims	20.2	22,893,624	23,847,524
		1,973,120,263	2,985,986,550
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		609,735,752	125,773,667
- Fixed assets	20.1	(1,269,624,630)	(1,150,815,223)
- Non-banking assets acquired in satisfaction of claims		-	-
		(659,888,878)	(1,025,041,556)
		1,313,231,385	1,960,944,994
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		3,968,328,363	2,657,833,730
Recognised during the year		-	1,402,642,217
Realised on disposal during the year - net of deferred tax		-	-
Related deferred tax liability on surplus realised on disposal		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(85,896,500)	(65,424,784)
Related deferred tax liability on incremental depreciation charged during the year		(35,084,488)	(26,722,800)
Surplus on revaluation of fixed assets as at December 31		3,847,347,375	3,968,328,363
Less: related deferred tax liability on:			
- revaluation as at January 1		1,150,815,223	770,771,780
- revaluation recognised during the year		-	406,766,243
- surplus realised on disposal during the year		-	-
- Impact of change in tax rate		153,893,895	-
- incremental depreciation charged during the year		(35,084,488)	(26,722,800)
		1,269,624,630	1,150,815,223
		2,577,722,745	2,817,513,140
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		23,847,524	23,920,343
Recognised during the year		-	14,712,840
Realized on disposal during the year		-	(14,361,521)
Incremental depreciation		(953,900)	(424,138)
Surplus on revaluation as at December 31		22,893,624	23,847,524
21. CONTINGENCIES AND COMMITMENTS			
-Guarantees	21.1	70,000,000	-
-Commitments	21.2	759,115,718	1,342,595,377
		829,115,718	1,342,595,377

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	
21.1 Guarantees:		
Financial guarantees	70,000,000	-
21.2 Commitments:		
Commitment for the acquisition of:		
- Operating fixed assets	8,935,734	5,527,051
- Intangible assets	2,525,000	3,940,759
	11,460,734	9,467,810
Non disbursed commitment for term and working capital finance	747,654,984	1,333,127,567
	759,115,718	1,342,595,377
21.3 Other contingent liabilities		
21.3.1 Tax contingencies		
i) The Appellate Tribunal Inland Revenue (ATIR) Islamabad did not accept the Company's contention on certain matters in appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. These issues mainly relate to disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The Company has filed tax references before the Islamabad High Court that are pending adjudication. The Company however, accounted for the impact of tax of Rs. 617.237 million on provision for non performing loans & advances by routing it through Profit & Loss in the year 2018.		
The related tax demands for all the aforesaid tax years aggregate to Rs 1,091.694 million, out of which Rs 635.194 million has been paid by / recovered from the Company.		
ii) For the tax years 2015 to 2018, the assessing officer amended the Company's assessment under section 122(5A) of the Income Tax Ordinance 2001 and created an aggregate tax demand of Rs. 1,463.932 million by making various add backs and disallowances. The Company preferred appeals before Commissioner Inland Revenue - Appeals [CIR(A)] who in terms of separate appellate orders remanded majority of the matters to the assessing officer and on certain matters upheld the actions of assessing officer. The Company has preferred separate appeals before ATIR for aforesaid cases which are pending adjudication.		
iii) For tax years 2015 to 2017 proceedings under section 161 were initiated and cumulative demand of Rs. 276.482 million was created on account of alleged default in withholding of tax out of which Rs 26.034 million has been paid by / recovered from the Company. The Company preferred appeal before the CIR(A) who remanded certain issues and upheld certain matters. The Company preferred further appeal before ATIR which is pending adjudication.		
The management, based on the opinion of its legal counsels, believes that the above mentioned matters are likely to be decided in favour of the Company at superior appellate forums and therefore no further charge is required to be recognised in these unconsolidated financial statements.		
21.3.2 Other contingencies		
i) MACPAC Films Limited (Suit No. B-24/2014 of Rs. 1,040.623 million)		
MACPAC Films Limited Karachi ("Customer") availed a Term Finance of Rs. 125 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by Saudi Pak which contained waiver/write-off of Rs. 72.659 million on account of Markup and Liquidated Damages subject to payment of Rs. 100.141 million. The Customer accepted and paid Rs. 100.141 million. The write off/waiver was reported to the Credit Information Bureau of the State Bank of Pakistan (SBP) in compliance with regulatory requirements. Customer requested Saudi Pak and SBP to remove its name from CIB as it was allegedly reflecting bad on its business. Neither SBP nor Saudi Pak agreed however, the Customer filed the subject suit in 2014 in the Sindh High Court, Karachi which is being contested on merits. On the Court's direction, SBP has also filed comments endorsing regulatory compliance by Saudi Pak. So far, the Customer's		



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

evidence has been recorded. Now, it is fixed for recording of Saudi Pak's evidence (Defendant). Saudi Pak is confident that there is no substance in the present suit and liable to be dismissed after due process of law.

ii) Muhammad Zafar Sultan Paracha vs. Saudi Pak, Federation of Pakistan, DHA, Mukhtiarkar Gadap Town, Karachi (Suit No.1065/2014 of Rs. 200 million)

On April 27, 2014, the Company invited bids for the sale of four properties i.e. farm house at Gadap Town and three plots (DHA Plots No.9-C, 17-C, 20-C) at Karachi. Highest bid of Rs. 134.500 million offered by Mr. Mudassir for only three plots at DHA was accepted, down payment was received and sale agreement dated June 2, 2014 was executed between Saudi Pak and the highest bidder through his nominee. Mr. Zafar Sultan Paracha had offered a lower bid of Rs. 93 million against all the four properties therefore his bid was rejected. He filed the subject suit in the Sindh High Court, Karachi and obtained an interim stay on July 5, 2014 restraining transfer of the above mentioned plots. Saudi Pak contested and got the stay vacated through Court as a result, three plots at DHA were transferred to the successful bidder/buyer after receipt of balance sale consideration. Mr. Piracha then filed an Appeal in the Court against the Stay Vacation Order which was also contested by Saudi Pak, separately. While vacating the stay order, the learned Judge of the Sindh High Court had observed that remaining suit to the extent of damages claimed against alleged loss of business opportunity etc, will separately be heard and decided. Appeal was fixed for hearing on 20 April 2022 but neither the counsel nor the Appellant attended the hearing, therefore, the Division Bench of the Sindh High Court dismissed the Appeal for non-prosecution. Saudi Pak has filed its reply in the suit proceeding and filed Application for rejection of Plaintiff being without any merits having no cause of action. Hearing is now scheduled on 06 March 2023 for settling issues for evidence of parties and arguments on Saudi Pak's application seeking out-right rejection of the plaintiff. Prima facie, the suit is baseless, as no cause of action is accrued to the Plaintiff, therefore, it is expected that it will be dismissed after due process of law.

iii) Kohinoor Spinning Mills Limited and its Guarantors vs. Saudi Pak (Suite No.258676/2018 of Rs. 600 million)

The Customer had availed Term Finance Facility (TFF) of Rs. 400 million from the Company in 2014 but defaulted after part payments whereof the Company filed a recovery suit of Rs. 396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore in which proceedings still continue. In 2018, the Customer filed a Suit of for Declaration and damages of Rs. 600 million against Saudi Pak in the same court. The Customer alleged that TFF of Rs. 400 million approved by the Company was not disbursed to the Customer and due to non-disbursement of the approved TFF, the Customer suffered business losses of Rs. 200 million. Its reply was filed by the Company. The Suit is at evidence stage. Recording of Customer's evidence is in process and Saudi Pak's evidence will be recorded after completion of customer's evidence. Saudi Pak believes that the suit of the Customer is a counterblast against Saudi Pak's initiated litigation. Saudi Pak has denied all allegations vehemently by filing reply to this.. The management believes there is no substance in this suit and will be dismissed on merits after due process of law.

22. Presently, the Company does not deal in derivative products

	2022	2021
	Rupees	
23. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances	1,062,279,338	1,131,054,292
On investments	4,068,149,441	2,581,246,864
On lendings to financial institutions	26,062,611	4,686,802
On balances with banks	5,444,261	4,044,905
	5,161,935,651	3,721,032,863

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	Rupees	
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	24.1	347,353,169	197,052,381
Borrowings			
Securities purchased under repurchase agreements		3,444,840,982	1,522,641,882
Other short term borrowings		486,422,628	281,373,700
Long term finance for export oriented projects from SBP		40,187,941	21,758,569
Long term borrowings		337,890,358	257,058,285
		4,309,341,909	2,082,832,436
Interest expense on lease liability against ROU assets		1,284,979	1,411,285
Brokerage fee		4,666,899	9,156,371
		<u>4,662,646,956</u>	<u>2,290,452,473</u>

24.1 The markup expensed amounting to Rs. 1,225,668 (2021: Rs. 771,746) relates to Saudi Pak Employees Contributory Fund.

		2022	2021
	Note	Rupees	
25. FEE & COMMISSION INCOME			
Credit related fees		8,775,000	3,860,000
Commission on guarantees		175,000	-
		<u>8,950,000</u>	<u>3,860,000</u>
26. (LOSS) / GAIN ON SECURITIES			
Realised	26.1	66,148,755	(301,989,273)
Unrealised - held for trading	9.1	-	1,822,511
		<u>66,148,755</u>	<u>(300,166,762)</u>
26.1 Realised (loss) / gain on:			
Federal Government Securities		51,000	(345,070,665)
Mutual funds		-	-
Shares - listed		37,493,074	43,081,392
Shares - unlisted		28,604,681	-
		<u>66,148,755</u>	<u>(301,989,273)</u>
27. OTHER INCOME			
Rent on property - net	27.1	233,461,683	213,885,032
Gain / (loss) on sale of fixed assets - net		22,701,534	(794,282)
Gain on sale of non banking assets		-	60,630,049
Others		1,967,553	2,374,335
		<u>258,130,770</u>	<u>276,095,134</u>



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FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
27.1 Rent on property - net			
Rental income		464,828,257	412,227,292
Less: property expense			
Salaries, allowances and employee benefits		34,718,943	28,861,689
Traveling and conveyance		2,700	3,100
Medical		1,228,016	500,424
Janitorial services		12,624,321	11,681,103
Security services		24,523,502	23,533,773
Insurance		2,170,994	1,817,391
Postage, telegraph, telegram and telephone		41,632	97,321
Printing and stationery		124,541	46,132
Utilities		13,067,191	14,424,300
Consultancy and professional charges		-	100,000
Repairs and maintenance		16,287,578	11,076,469
Rent, rates and taxes		2,656,870	2,735,184
Depreciation		122,185,410	102,131,308
Office general expenses		1,734,876	1,334,066
		231,366,574	198,342,260
		233,461,683	213,885,032
28. OPERATING EXPENSES			
Total compensation expense	28.1	264,069,092	298,551,347
Property expense			
Rent & taxes		526,106	537,895
Insurance		310,142	259,627
Utilities cost		25,345,973	16,305,919
Security (including guards)		4,892,041	4,608,168
Repair and maintenance (including janitorial charges)		4,130,272	3,251,082
Depreciation on ROU assets		14,675,277	13,785,682
Depreciation		17,455,058	14,590,187
		67,334,869	53,338,560
Information technology expenses			
Software maintenance		7,550,749	6,241,842
Hardware maintenance		1,911,398	1,457,324
Amortisation		4,422,525	4,592,471
Network charges		4,324,979	4,032,596
		18,209,651	16,324,233

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
Other operating expenses			
Shareholders' fee		(5,293,500)	5,293,500
Directors' fees and allowances		25,250,000	22,790,000
Legal and professional charges		4,547,177	7,528,803
Consultancy, custodial and rating services		9,379,323	9,036,366
Outsourced services costs		40,668,689	40,121,512
Travelling and conveyance		33,910,740	11,377,257
Depreciation		27,380,391	26,122,040
Training and development		2,819,548	2,786,747
Postage and courier charges		419,168	688,466
Communication		4,011,293	3,741,004
Stationery and printing		5,386,972	5,710,189
Marketing, advertisement and publicity		2,520,104	2,039,331
Donations	28.2	3,000,000	1,000,000
Auditors' remuneration	28.3	2,375,250	2,000,000
Repair and maintenance		3,929,886	3,710,241
Insurance		1,719,753	2,109,021
Office and general expenses		15,653,071	15,900,783
Bank charges		239,481	286,381
		177,917,346	162,241,641
		527,530,958	530,455,781
28.1 Total compensation expense			
Fees and allowances etc.		-	-
Managerial remuneration			
i) Fixed		108,864,052	110,188,781
ii) Variable			
of which;			
a) Cash bonus / awards etc.		10,000,000	50,000,000
b) Bonus & awards in shares etc.		-	-
Charge for defined benefit plan		8,793,471	7,480,100
Contribution to defined contribution plan		10,128,872	9,545,208
Compensated absences		7,258,409	6,451,181
Leave fare assistance		4,434,247	4,486,970
Exgratia		9,128,662	8,342,846
Rent & house maintenance		52,492,716	50,934,136
Utilities		11,169,873	10,609,962
Medical		18,384,801	19,570,867
Conveyance		20,181,714	16,436,309
Grant to employee		-	2,500,000
Others	28.1.1	3,232,275	2,004,987
Sub-total		264,069,092	298,551,347
Sign-on bonus		-	-
Severance allowance		-	-
Grand total		264,069,092	298,551,347

28.1.1 This includes mainly group life insurance for permanent employees.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
28.2 Donations			
Prime Minister's Flood Relief Fund Account 2022		2,000,000	-
Make-A-Wish Foundation Pakistan		400,000	-
Cancer Foundation Hospital		300,000	-
Aziz Jehan Begum Trust For The Blind		300,000	-
Behbud Association of Pakistan		-	400,000
Sundas Foundation		-	300,000
Sahil		-	300,000
		<u>3,000,000</u>	<u>1,000,000</u>
28.3 Auditors' remuneration			
Grant Thornton Anjum Rahman			
Audit fee		1,150,000	-
Half yearly review		550,000	-
Fee for other statutory certifications		200,000	-
Out of pocket expenses		100,000	-
		<u>2,000,000</u>	<u>-</u>
KPMG Taseer Hadi & Co.			
Audit fee		-	1,150,000
Half yearly review		-	550,000
Fee for other statutory certifications		-	200,000
Out of pocket expenses		-	100,000
		<u>-</u>	<u>2,000,000</u>
Fee for other certifications		375,250	-
Tax services		-	-
		<u>2,375,250</u>	<u>2,000,000</u>
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		30,000	130,429
		<u>30,000</u>	<u>130,429</u>
30. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments- net	9.3.1	204,114,878	101,275,992
(Reversal) / provisions against loans & advances- net	10.4	113,895,841	(241,560,274)
Bad debts written off directly		-	559,822
		<u>318,010,719</u>	<u>(139,724,460)</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
31. TAXATION			
Current tax			
Current year		203,608,193	386,466,176
Prior year		47,583,851	(1,057,879)
		251,192,044	385,408,297
Deferred tax			
Current year		(168,021,299)	33,338,220
Prior year		-	-
		(168,021,299)	33,338,220
	31.1	83,170,745	418,746,517
31.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		393,954,965	1,341,064,524
Tax rate		29%	29%
Tax on accounting profit		114,246,940	388,908,712
Tax effect on income subject to lower rate of taxation		(68,062,641)	44,128,878
Tax effect of prior years		47,583,851	(1,057,879)
Impact of super tax for current year		31,327,256	-
Impact of change of rate on deferred tax		(99,581,727)	-
Reversal of deferred tax asset for prior year		-	-
Permanent differences on			
Reversal of provision against investment		47,113,204	53,542,123
Expenses not claimable against rental income		(2,089,590)	(2,110,090)
Right of use asset under IFRS - 16 Leases		(4,255,830)	(1,166,521)
Others		16,889,282	(63,498,706)
		83,170,745	418,746,517
32. BASIC / DILUTED EARNINGS PER SHARE			
Profit for the year - Rupees		310,784,220	922,318,007
Weighted average number of ordinary shares		676,500,000	Restated 676,500,000
Basic / diluted earnings per share - Rupee		0.459	1.363



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

33. CASH AND CASH EQUIVALENTS

Cash and Balance with Treasury Banks
Balance with other banks

2022	2021
Rupees	
116,437,350	101,939,997
127,875,540	134,486,399
244,312,890	236,426,396

34. STAFF STRENGTH

Permanent
On Company's contract
Company's own staff strength at the end of the year

2022	2021
Number	
69	64
1	3
70	67

34.1 In addition to the above, 85 (2021: 92) employees of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than security and janitorial services. No employee was working abroad.

35. DEFINED BENEFIT PLAN

35.1 General description

The Company operates an approved funded gratuity scheme for all its regular employees and GM/CEO. Contributions are made in accordance with the actuarial recommendations. The benefits under the gratuity fund are payable in lump sum on retirement at the age of 60 years or earlier cessation of service, subject to minimum service period of three years. The benefit is equal to month's last drawn basic salary for each completed year of eligible service and on pro-rata basis for the incomplete year. The latest actuarial valuation of defined benefit plan was conducted at December 31, 2022 using the projected unit credit method. Detail of the defined benefit plan are:

35.2 Number of employees under the scheme

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

	2022	2021
	Number	
Gratuity fund	70	65

35.3 Principal actuarial assumptions

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

	2022	2021
Discount rate	14.50% per annum	11.75% per annum
Expected rate of return on plan assets	12.57% per annum	8.02% per annum
Expected rate of salary increase	12.50% per annum	9.75% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Moderate	Moderate

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
35.4 Reconciliation of payable to defined benefit plans			
Present value of obligations		74,143,323	66,100,005
Fair value of plan assets		(63,923,454)	(55,791,173)
Net liability payable		10,219,869	10,308,832
35.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		66,100,005	62,233,677
Current service cost		7,642,125	6,702,160
Interest cost		7,747,584	5,970,729
Benefits paid by the Company		(9,253,654)	(10,668,173)
Re-measurement loss		1,907,263	1,861,612
Obligations at the end of the year		74,143,323	66,100,005
35.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		55,791,173	53,874,873
Interest income on plan assets		6,596,238	5,192,789
Contributions by Company - net		10,308,832	8,358,804
Benefits paid by the Fund to the Company		(9,253,654)	(10,668,173)
Re-measurements: net return on plan assets over interest income - loss	35.8.2	480,865	(967,120)
Fair value at the end of the year		63,923,454	55,791,173
35.7 Movement in payable under defined benefit schemes			
Opening balance		10,308,832	8,358,804
Charge for the year		8,793,471	7,480,100
Benefits paid to outgoing members		(9,253,654)	(10,668,173)
Contribution by the Company - net		(10,308,832)	(8,358,804)
Re-measurement loss recognised in OCI during the year	35.8.2	1,426,398	2,828,732
Amount paid by the fund to the Company		9,253,654	10,668,173
Closing balance		10,219,869	10,308,832



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	
35.8 Charge for defined benefit plans		
35.8.1 Cost recognised in profit and loss		
Current service cost	7,642,125	6,702,160
Net interest on defined benefit liability	1,151,346	777,940
	<u>8,793,471</u>	<u>7,480,100</u>
35.8.2 Re-measurements recognised in OCI during the year		
Loss / (gain) on obligation		
- Demographic assumptions	-	-
- Financial assumptions	1,104,585	737,405
- Experience adjustments	802,678	1,124,207
Total actuarial loss on obligation	1,907,263	1,861,612
Return on plan assets over interest income - loss	(480,865)	967,120
Total re-measurements recognised in OCI	<u>1,426,398</u>	<u>2,828,732</u>
35.9 Components of plan assets		
Cash and cash equivalents - net	3,474,857	2,962,848
Term deposit receipts (TDR) / Certificate of Investment	60,448,597	52,828,325
	<u>63,923,454</u>	<u>55,791,173</u>

35.9.1 There is no significant risk associated with the plan assets, as it consists of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

35.10 Sensitivity analysis

A sensitivity analysis is performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Discount rate +0.5%
Discount rate -0.5%
Long term salary increase +0.5%
Long term salary increase -0.5%

35.11 Expected contributions to be paid to the fund in the next financial year

35.12 Expected charge for next financial year

Current service cost
Net interest on defined benefit asset / liability

35.13 Maturity profile

Distribution of timing of benefit payments (years)

- 1
- 2
- 3
- 4
- 5
- 6-10

Weighted average duration of the PBO (years)

35.14 Funding Policy

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

2022

2021

Rupees

72,245,115	64,351,025
76,153,975	67,960,635
76,350,565	68,141,454
72,043,332	64,165,575

2023

---- Rupees ----

9,803,037

8,399,429

1,403,608

9,803,037

2022

2021

Rupees

5,412,973	7,977,685
41,755,063	31,496,832
11,544,936	7,507,647
3,134,589	10,671,731
5,335,696	2,862,200
60,425,869	30,157,264

5.27

5.45



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

35.15 Significant risk associated with the staff retirement benefit schemes

Asset volatility	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Changes in bond yields	Not applicable as underlying interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may lose its value due to the increase of general inflation rate.
Life expectancy	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.
Withdrawal rate	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

36. DEFINED CONTRIBUTION PLAN

The Company operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Company and by the employees to the Fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the Fund. As per latest available unaudited financial statements of the Fund, total assets of the Fund as at December 31, 2022 were Rs. 139,621,456 (2021: Rs. 122,649,667).



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Items	2022			
	Directors		GM / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)		
37.1 Total compensation expense				
		Non-Executives		
		Rupees		
Fees and allowances etc.	4,650,000	-	-	-
Managerial remuneration	-	-	-	-
i) Fixed	-	-	26,347,359	39,187,232
ii) Total variable	-	-	-	-
of which				
a) Cash bonus / awards	-	-	-	3,243,965
b) Bonus & awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	-	-
Contribution to defined contribution plan	-	-	2,576,121	2,773,757
Compensated absences	-	-	2,634,736	3,326,807
Leave fare assistance	-	-	3,806,660	1,446,742
Exgratia	-	-	2,196,150	2,238,097
Rent & house maintenance	-	-	2,196,150	3,258,600
Utilities	-	-	7,560,000	19,960,774
Medical	-	-	3,532,665	3,474,897
Conveyance	-	-	408,000	5,662,370
Others	-	-	3,938,787	9,348,944
Total	4,650,000	-	55,196,628	93,922,185
Number of persons	1	0	1	14

In addition to above, the GM / CEO of the Company and certain other key management personnel are provided with Company maintained vehicles and club membership in accordance with their terms of employment.

For the purposes of the foregoing, the term "Key Management Personnel" as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to GM, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the GM / Chief Executive or the person mentioned in (a) above.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Items	2021			
	Directors			Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives	
	Rupees			
Fees and Allowances etc.	3,240,000	-	19,550,000	-
Managerial Remuneration				
i) Fixed	-	-	-	42,652,085
ii) Total Variable	-	-	-	-
of which				
a) Cash Bonus / Awards	-	-	-	11,850,000
b) Bonus & Awards in Shares	-	-	-	-
Charge for defined benefit plan	-	-	-	1,839,810
Contribution to defined contribution plan	-	-	-	2,939,848
Compensated absences	-	-	-	2,104,543
Leave fare assistance	-	-	-	2,490,470
Exgratia	-	-	-	2,457,765
Rent & house maintenance	-	-	-	17,639,083
Utilities	-	-	-	3,057,245
Medical	-	-	-	5,123,818
Conveyance	-	-	-	6,469,873
Others	-	-	-	2,500,000
Total	3,240,000	-	19,550,000	101,124,540
Number of Persons	1	0	5	18



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Sr. No.	Name of Directors	Meeting Fees and Allowances Paid				
		For Board Meetings	For Annual General Meeting	For Board Committees		
				Audit Committee	Risk Management Committee	Human Resource Committee
1	Sultan Mohammed Hasan Abdurrauf	3,600,000	150,000	-	900,000	4,650,000
2	Majid Misfer J.Alghamdi	2,400,000	80,000	950,000	450,000	4,330,000
3	Ghanem Alghanem	2,400,000	80,000	900,000	450,000	4,080,000
4	Zafar Hasan	3,000,000	80,000	-	500,000	4,080,000
5	Qumar Sarwar Abbasi	2,700,000	80,000	950,000	500,000	4,230,000
6	Mohammad Tanvir Butt	2,400,000	80,000	700,000	-	3,880,000
	Total Amount Paid	16,500,000	550,000	3,500,000	1,900,000	25,250,000

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Company and are included in traveling expenses under other operating expenses.

Sr. No.	Name of Directors	2021					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Annual General Meeting	For Board Committees			
				Audit Committee	Risk Management Committee	Human Resource Committee	
		Rupees					
1	Sultan Mohammed Hasan Abdurrauf	2,640,000	150,000	-	-	450,000	3,240,000
2	Majid Misfer J.Alghamdi	2,200,000	80,000	950,000	450,000	450,000	4,130,000
3	Ghanem Alghanem	2,200,000	80,000	950,000	450,000	-	3,680,000
4	Zafar Hasan	2,500,000	80,000	-	500,000	500,000	3,580,000
5	Qumar Sarwar Abbasi	2,500,000	80,000	1,000,000	500,000	-	4,080,000
6	Mohammad Tanvir Butt	2,500,000	80,000	1,000,000	-	500,000	4,080,000
Total Amount Paid		14,540,000	550,000	3,900,000	1,900,000	1,900,000	22,790,000

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Company and are included in traveling expenses under other operating expenses.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

38. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy as stated in note 5.5

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

38.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association.
- 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 carried at fair values, by the level in the fair value hierarchy into which the fair value measurement is categorised.

					2022
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	31,193,768,300	-	31,193,768,300	-	31,193,768,300
Shares	2,225,006,399	2,225,006,399	-	-	2,225,006,399
Non-Government Debt Securities	891,725,421	-	891,725,421	-	891,725,421
Financial assets - disclosed but not measured at fair value					
Investments					
Non-Government Debt Securities	1,000,515,000	-	-	1,000,515,000	1,000,515,000
Cash and balances with treasury banks	116,437,350	-	-	-	-
Balances with other banks	127,875,540	-	-	-	-
Advances	9,119,290,062	-	-	-	-
Other assets	2,243,243,324	-	-	-	-
Off-balance sheet financial instruments - measured at fair value					
		-	-	-	-



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021			
	Carrying / Notional Value	Level 1	Level 2	Level 3
Rupees				
On balance sheet financial instruments				Total
Financial assets - measured at fair value				
Investments				
Federal Government Securities	25,168,381,000	-	25,168,381,000	-
Shares	2,522,903,596	2,522,903,596	-	-
Non-Government Debt Securities	1,103,843,821	-	1,103,843,821	-
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	1,323,068,000	-	-	1,323,068,000
Cash and balances with treasury banks	101,939,997	-	-	-
Balances with other banks	134,486,399	-	-	-
Advances	6,867,783,165	-	-	-
Other assets	1,197,561,492	-	-	-
Off-balance sheet financial instruments - measured at fair value				
		-	-	-

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Non-Government Debt Securities	Investment in Non-Government Debt Securities determined in Rupees are valued on the basis of rates announced by MUFAP. These are classified in level 2. Where market rates of these securities are not available on MUFAP as at December 31, 2022, therefore, these securities are classified level 3.

38.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

38.3 Fair value of non-financial assets

In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and non-banking assets acquired in satisfaction of claims.

"The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2021. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in December 2021. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

[illegible]

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

39. SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2022			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & loss				
Net mark-up/return/profit	211,014,445	288,274,250	-	499,288,695
Non mark-up / return / interest income	8,950,000	495,858,711	235,429,236	740,237,947
Total income	219,964,445	784,132,961	235,429,236	1,239,526,642
Segment direct expenses	115,571,112	411,989,846	-	527,560,958
Total expenses	115,571,112	411,989,846	-	527,560,958
Provisions	97,424,113	220,586,606	-	318,010,719
Profit before tax	6,969,220	151,556,509	235,429,236	393,954,965
Balance sheet				
Cash & bank balances	-	244,312,890	-	244,312,890
Investments	1,000,515,000	35,320,500,128	-	36,321,015,128
Lendings to financial institutions	-	-	-	-
Advances - performing	8,610,024,073	-	-	8,610,024,073
- non-performing net of provision	509,265,989	-	-	509,265,989
Others	1,691,972,230	3,626,762,851	2,603,348,007	7,922,083,088
Total assets	11,811,777,292	39,191,575,869	2,603,348,007	53,606,701,168
Borrowings	9,544,598,132	27,230,268,717	-	36,774,866,849
Deposits & other accounts	506,884,232	1,446,115,768	-	1,953,000,000
Others	146,307,332	494,232,619	194,733,438	835,273,389
Total liabilities	10,197,789,696	29,170,617,104	194,733,438	39,563,140,238
Equity	-	-	-	14,043,560,930
Total equity & liabilities	10,197,789,696	29,170,617,104	194,733,438	53,606,701,168
Contingencies & commitments	818,560,311	2,582,854	7,972,553	829,115,718

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021		
	Corporate Finance	Trading and sales	Building rental services
	Rupees		
Profit & loss			
Net mark-up/return/profit	520,832,757	909,747,633	-
Non mark-up / return / interest income	3,860,000	81,226,517	216,259,367
Total income	524,692,757	990,974,150	216,259,367
Segment direct expenses	183,678,050	346,908,160	-
Total expenses	183,678,050	346,908,160	-
Provisions / (reversals)	(99,795,278)	(39,929,182)	-
Profit before tax	440,809,985	683,995,172	216,259,367
			530,586,210
			530,586,210
			(139,724,460)
			1,341,064,524
Balance sheet			
Cash & bank balances	-	236,426,396	-
Investments	1,323,068,000	29,807,628,425	-
Lendings to financial institutions	-	-	-
Advances - performing	6,721,837,122	-	-
- non-performing	145,946,043	-	-
Others	854,579,982	1,642,074,661	3,956,259,297
Total assets	9,045,431,147	31,686,129,482	3,956,259,297
Borrowings	6,977,336,527	19,479,282,445	-
Deposits & other accounts	767,865,605	2,143,722,170	-
Others	(472,347,293)	35,209,749	1,297,970,971
Total liabilities	7,272,854,839	21,658,214,364	1,297,970,971
Equity	-	-	-
Total equity & liabilities	7,272,854,839	21,658,214,364	1,297,970,971
Contingencies & commitments	1,334,211,192	3,025,258	5,358,927
			1,342,595,377



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

39.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2022		
	In Pakistan	Outside Pakistan	Total
Profit & loss			
Net mark-up/return/profit	499,288,695	-	499,288,695
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	740,237,947	-	740,237,947
Total income	1,239,526,642	-	1,239,526,642
Segment direct expenses	527,560,958	-	527,560,958
Inter segment expense allocation	-	-	-
Total expenses	527,560,958	-	527,560,958
Provisions	318,010,719	-	318,010,719
Profit before tax	393,954,965	-	393,954,965
Balance sheet			
Cash & bank balances	244,312,890	-	244,312,890
Investments	36,321,015,128	-	36,321,015,128
Net inter segment lendings	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	8,610,024,073	-	8,610,024,073
- non-performing net of provision	509,265,989	-	509,265,989
Others	7,864,072,058	-	7,864,072,058
Total assets	53,548,690,138	-	53,548,690,138
Borrowings	36,774,866,849	-	36,774,866,849
Deposits & other accounts	1,953,000,000	-	1,953,000,000
Net inter segment borrowing	-	-	-
Others	835,273,389	-	835,273,389
Total liabilities	39,563,140,238	-	39,563,140,238
Equity	14,043,560,930	-	14,043,560,930
Total equity & liabilities	53,606,701,168	-	53,606,701,168
Contingencies & commitments	829,115,718	-	829,115,718

Rupees

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	1,430,580,390	-	1,430,580,390
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	301,345,884	-	301,345,884
Total Income	1,731,926,274	-	1,731,926,274
Segment direct expenses	530,586,210	-	530,586,210
Inter segment expense allocation	-	-	-
Total expenses	530,586,210	-	530,586,210
Provisions	(139,724,460)	-	(139,724,460)
Profit before tax	1,341,064,524	-	1,341,064,524
Balance sheet			
Cash & bank balances	236,426,396	-	236,426,396
Investments	31,130,696,425	-	31,130,696,425
Net inter segment lendings	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	6,721,837,122	-	6,721,837,122
- non-performing net of provision	145,946,043	-	145,946,043
Others	6,452,913,940	-	6,452,913,940
Total assets	44,687,819,926	-	44,687,819,926
Borrowings	-	-	-
Deposits & other accounts	26,456,618,972	-	26,456,618,972
Net inter segment borrowing	2,911,587,775	-	2,911,587,775
Others	-	-	-
Total liabilities	860,833,427	-	860,833,427
Equity	30,229,040,174	-	30,229,040,174
Total equity & liabilities	14,458,779,752	-	14,458,779,752
Contingencies & commitments	44,687,819,926	-	44,687,819,926
	1,342,595,377	-	1,342,595,377



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

40 RELATED PARTY TRANSACTIONS

The Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. Contributions to and accruals in respect of Staff Gratuity Fund are made in accordance with the actuarial valuation.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with Company maintained car.

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

	2022				
	Shareholders	Directors	Key management personnel	Subsidiaries	Associates
	Rupees				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	19,492,212,383
Repaid during the year	-	-	-	-	(19,492,212,383)
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	500,000,000	-
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	500,000,000	199,640,000
Provision for diminution in value of investments	-	-	-	-	-
Advances					
Opening balance	-	-	26,026,934	-	-
Addition during the year	-	-	10,412,718	-	-
Repaid during the year	-	-	(12,894,098)	-	-
Transfer in / (out) - net	-	-	1,018,517	-	-
Closing balance	-	-	24,564,071	-	-
Provision held against advances	-	-	-	-	-
Non-current asset classified as held for sale					
Opening balance	-	-	-	-	576,676,075
Addition during the year	-	-	-	-	-
Repaid during the year	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	576,676,075
Provision for Non-current asset classified as held for sale	-	-	-	-	-

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FOR THE YEAR ENDED DECEMBER 31, 2022

2022

	Shareholders	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					
Other assets - Income / markup accrued	-	-	-	-	-	6,511,442
Other assets - security deposit	-	-	-	2,633,280	-	-
Provision against other assets	-	-	-	-	-	-
Borrowings						
Opening balance	-	-	-	-	-	6,670,000,000
Borrowings during the year	-	-	-	-	-	142,563,911,654
Settled during the year	-	-	-	-	-	(149,233,911,654)
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	-	-	-	-	-	2,711,587,775
Received during the year	-	-	-	-	-	356,073,379
Withdrawn during the year	-	-	-	-	-	(1,714,661,154)
Closing balance	-	-	-	-	-	1,353,000,000
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	10,786,083
Payable to defined benefit plan	-	-	-	-	-	10,219,869
Dividend payable to Foreign shareholder	82,500,000	-	-	-	-	-
Security deposit	-	-	-	426,170	-	2,366,908
Rent received in advance	-	-	-	1,065,425	-	24,773,648
Income						
Mark-up / return / interest earned	-	-	754,188	-	-	42,924,206
Rental income	-	-	-	4,911,721	-	26,226,209
Expense						
Mark-up / return / interest expensed	-	-	-	-	-	781,514,882
Contribution to employees' funds	-	-	-	-	-	10,464,818
Directors' fees and allowances	-	25,250,000	-	-	-	-
Shareholders' fee	-	-	-	-	-	(5,293,500)
Operating expenses	-	-	149,118,813	-	388,780	-



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FOR THE YEAR ENDED DECEMBER 31, 2022

2021

	Shareholders	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	4,386,994,540
Repaid during the year	-	-	-	-	-	(4,386,994,540)
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	500,000,000	-	199,800,000
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	500,000,000	-	199,720,000
Provision for diminution in value of investments	-	-	-	-	-	-
Advances						
Opening balance	-	-	22,314,824	-	-	-
Addition during the year	-	-	8,034,694	-	-	-
Repaid during the year	-	-	(12,347,584)	-	-	-
Transfer in / (out) - net	-	-	8,025,000	-	-	-
Closing balance	-	-	26,026,934	-	-	-
Provision held against advances	-	-	-	-	-	-
Non-current asset classified as held for sale						
Opening balance	-	-	-	-	576,676,075	-
Addition during the year	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	576,676,075	-
Provision for Non-current asset classified as held for sale	-	-	-	-	576,676,075	-
Other assets - Income / markup accrued	-	-	-	-	-	3,826,416
Other assets - security deposit	-	-	-	2,633,280	-	-
Provision against other assets	-	-	-	-	-	-

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FOR THE YEAR ENDED DECEMBER 31, 2022

2021

	Shareholders	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					
Borrowings						
Opening balance	-	-	-	-	-	13,000,000,000
Borrowings during the year	-	-	-	-	-	94,074,973,235
Settled during the year	-	-	-	-	-	(100,404,973,235)
Closing balance	-	-	-	-	-	6,670,000,000
Deposits and other accounts						
Opening balance	-	-	-	-	-	2,445,800,000
Received during the year	-	-	-	-	-	406,587,775
Withdrawn during the year	-	-	-	-	-	(140,800,000)
Closing balance	-	-	-	-	-	2,711,587,775
Other Liabilities						
Interest / mark-up payable	-	-	-	-	-	43,413,083
Payable to defined benefit plan	-	-	-	-	-	10,308,832
Dividend payable to Foreign shareholder	-	-	-	-	-	-
Security deposit	-	-	-	401,960	-	1,697,850
Rent received in advance	-	-	-	973,462	-	22,596,961
Income						
Mark-up / return / interest earned	-	-	1,536,707	-	-	20,277,364
Rental income	-	-	-	4,523,221	-	24,168,462
Expense						
Mark-up / return / interest expensed	-	-	-	-	-	577,049,331
Contribution to employees' funds	-	-	-	-	-	9,933,319
Directors' fees and allowances	-	22,790,000	-	-	-	-
Shareholders' fee	-	-	-	-	-	5,293,500
Operating expenses	-	-	158,890,112	-	369,875	-

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FOR THE YEAR ENDED DECEMBER 31, 2022

41. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

As of December 2022, the Company is required to meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 11.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

2022

2021

Rs '000'

	6,765,000	6,600,000
	12,253,559	11,993,920
	-	-
	12,253,559	11,993,920
	1,124,774	1,662,546
	13,378,333	13,656,466
	22,217,420	18,537,351
	6,111,660	7,191,165
	2,876,520	3,238,102
	31,205,600	28,966,618
	39.27%	41.41%
	39.27%	41.41%
	42.87%	47.15%

2022

2021

Rs '000'

	12,253,559	11,993,920
	53,966,116	45,532,808
	22.71%	26.34%



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	2022	2021
	Rs '000'	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,639,985	5,109,796
Total Net Cash Outflow	3,295,451	2,266,280
Liquidity Coverage Ratio	140.80%	225.47%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	36,098,612	30,780,826
Total Required Stable Funding	21,362,298	18,385,334
Net Stable Funding Ratio	168.98%	167.42%

41.1 The link to the full disclosures for capital adequacy, leverage and liquidity ratios will be available at <https://www.saudipak.com/financial/>

42. RISK MANAGEMENT

Saudi Pak Industrial & Agricultural Investment Co. Ltd. (the Company) defines risk as the possibility that an action or event could have adverse outcomes, which could either result in a direct loss of earnings / capital, or the imposition of constraints on the ability to meet objectives. In the normal course of business, the Company is exposed to various risks, including, but not limited to, credit, market, liquidity, and operational risks. The Company recognizes that management of these risks is essential for maintaining financial viability and achieving objectives. In this regard, the Company's approach to risk management is to ensure the ongoing alignment of its risk levels with its risk appetite through a coordinated set of activities that direct and control the Company with regard to risk.

The Company's overall appetite for risk is governed by its Board of Directors (Board) approved "Risk Management Policy", which delineates key definitions, roles and responsibilities, risk appetite / risk limits, and principles for managing risk across the Company. The Company's Risk Management Framework, comprising of the Risk Management Policy, other Board-approved policies, procedural manuals, sound management information system (MIS) and reporting, and clearly articulated roles, responsibilities and accountabilities, is fundamental to the Company's overall risk management culture and awareness.

The Company recognizes that responsibility for risk management resides at all levels, since the risk management processes rely on individual responsibility and independent oversight. The Board, duly supported by its Risk Management Committee, is accountable for ensuring that adequate and sound structures and policies are in place for risk management. The Management's role is to transform strategic decisions and risk appetite set by the Board into effective processes and systems, and to institute an appropriate hierarchy to execute and implement the approved policies and procedures. In this regard, the Company has implemented a three-line-of-defense approach, wherein as a first line of defense, risk management activities are performed in the business units and functional support units, with the Divisional Heads being accountable for managing risk in their area of operations in accordance with the Risk Management Framework, as well as for the results (both positive and negative) of taking these risks.

To assist in discharge of these responsibilities and accountabilities, various cross-functional committees have been constituted at the Senior Management level, and delegation of authority in financial / operational powers for the Divisions / Regional Offices has been clearly defined. The Risk Management Division (RMD) and Compliance Division (CD) serve as second-line of defense by providing independent oversight of the Company's risk-taking activities and regulatory compliance respectively. The RMD's responsibilities include the design of a clear, transparent and well-aligned Risk Management Policy,

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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independent pre-approval risk reviews of proposals and policies, and ongoing assessment, monitoring and reporting of risks at the portfolio and enterprise level through a broad spectrum of techniques.

The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Credit Risk Management Committee, Operational Risk Management Committee and Compliance Committee. The Internal Audit Division functions as the third-line-of-defense, with direct reporting to the Audit Committee of the Board and independently carrying out internal audits in line with its approved roles and responsibilities.

On an enterprise level, risk monitoring results for the year revealed that the Company's Capital Adequacy Ratio (CAR) remained well above both the internal as well as the regulatory requirements throughout the year, and that the capital and liquidity position remained resilient even under stress.

42.1 Credit Risk

Credit risk is the risk of loss to the Company's earnings or capital arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform on such obligation is impaired. Credit risk arises primarily from the Company's advances / debt investments portfolio and lending to financial institutions (FIs) portfolio. Credit risk may also arise at the portfolio level in case of inadequate diversification of the advances portfolio, in terms of industrial sectors, regions, products, or clients.

Pursuit of credit risk is essential to fulfilling the corporate objectives of the Company, and is a primary source of income, conversely, also constituting one of the greatest risk of losses. In this regard, focus is primarily on bankable transactions, offering adequate risk & reward relationship with satisfactory security support. The Company's credit risk management process encompasses identification, assessment, monitoring and control of credit risk exposures. As part of this process, obligor risk, facility risk and environmental risk are carefully evaluated using internal risk rating methodologies, as articulated in the Company's Internal Credit Risk Rating Policy.

Advances exposures are invariably secured by credit risk mitigants in the form of various types of collateral / security with adequate margins. Readily marketable / liquid securities / urban properties are preferred over other forms of collateral. Credit risk stress testing is regularly carried out to identify vulnerable areas for initiating corrective action, if necessary. Regular assessment, monitoring and reporting of the performing & non-performing credit risk portfolio in terms of trends & concentrations, is made by the Risk Management Division (RMD) to the Credit Risk Management Committee and Risk Management Committee of the Board. Board-approved Credit Policy, Credit Risk Policy, Credit Administration Policy, and Special Asset Management Policy are in place, clearly establishing relevant roles and responsibilities, selection criteria, principles and limits for credit risk.

Specific norms for appraisal, sanctioning, documentation, inspections and monitoring, maintenance, rehabilitation and management of assets have been stipulated. Internal controls and processes in place for credit risk management also include:

- Well-defined credit approval and disbursement mechanism, with deliberation at cross-functional committee, and review by independent functions;
- Post-disbursement credit administration, monitoring and review, including review of credit ratings;
- Board-approved borrower / group limits well within those prescribed in terms of Prudential Regulations, along with other limits on portfolio concentration, e.g. sectoral limits;
- Board-approved counterparty limits for lendings to FIs in place and regularly reviewed;
- Clear lines of authority for Treasury transactions, and independent Back Office / Settlement Division in place to process deals;



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- Independent Middle Office in place at RMD to monitor lending to FIs limit compliance;
- Credit Risk Management Committee-approved insurer-wise limits and eligible valuers in place and reviewed annually;
- Policies & procedures circulated amongst concerned functionaries through the Company's intranet; and
- Various training initiatives to enhance credit risk knowledge for concerned personnel.

Dedicated Special Asset Management Division (SAMD) and Law Division (LD) are in place to manage past due and impaired assets through litigation, workout or other remedial measures, as appropriate. The Company adheres to the SBP instructions for definitions of past due and impaired assets in the Corporate / Commercial, SME-Medium Enterprise, and SME-Small Enterprise categories respectively.

In addition, the Company may consider subjective criteria in determining account classification. The Company determines provisioning requirements for non-performing advances in accordance with the requirements of the Prudential Regulations issued by SBP. Write-offs are made when there is no realistic prospect of recovery.

The Company employs the Basel Standardized Approach to determine capital requirements for credit risk. As per SBP Guidelines, the Company recognizes VIS and PACRA as approved rating agencies and applies their ratings where available to determine appropriate risk weight by using mapping criteria prescribed by SBP. In absence of external ratings, the exposures are treated as unrated and relevant risk weights are applied. The Company follows Simple Approach for credit risk mitigation in its Basel capital calculation. Under Simple Approach, the risk weight of the mitigant is substituted for the risk weight of the counterparty to the extent coverage is provided by the mitigant, provided the former risk weight is lower than the latter.

The Company is presently not involved in securitization activities.

The Company's maximum credit risk exposure as at December 31, 2022 amounted to:

	2022 Without benefit of collateral	2022 With benefit of collateral
	Rupees	
Lending to financial institutions	-	-
Debt investments	-	-
(excluding Government of Pakistan local currency denominated debt)	-	1,892,240,421
Advances	-	9,119,290,062
	-	11,011,530,483

Particulars of Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings	Non-performing lendings	Provision held
Public / Government	-	-	-
Private	-	-	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments	Non-performing investments		Provision held
		Rupees		
Textile	329,355,000	329,355,000	329,355,000	295,605,000
Chemical and Pharmaceuticals	272,134,533	286,283,751	272,134,533	272,134,533
Power (electricity), Gas, Water, Sanitary	500,000,000	1,000,000,000	-	-
Transport, Storage and Communication	37,964,468	40,286,978	37,964,468	37,964,468
Financial	1,359,898,921	1,382,451,921	3,748,500	3,748,500
	2,499,352,922	3,038,377,650	659,674,229	625,924,229
Credit risk by public / private sector				
Public / Government	199,640,000	199,720,000	-	-
Private	2,299,712,922	2,838,657,650	643,202,501	609,452,501
	2,499,352,922	3,038,377,650	643,202,501	609,452,501

Credit risk by public / private sector

Public / Government	199,640,000	199,720,000	-	-	-
Private	2,299,712,922	2,838,657,650	643,202,501	659,674,229	625,924,229
	2,499,352,922	3,038,377,650	643,202,501	659,674,229	625,924,229

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FOR THE YEAR ENDED DECEMBER 31, 2022

42.1.3 Advances

Credit risk by industry sector

	2022	2021	2022	2021	2022	2021
	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees					
Textile	3,218,986,672	3,452,666,967	1,345,653,567	1,166,887,577	1,106,387,578	1,020,941,534
Chemical and Pharmaceuticals	-	-	-	-	-	-
Cement	1,118,795,322	141,075,041	116,206,923	116,206,923	116,206,923	116,206,923
Sugar	243,114,473	243,114,473	243,114,473	243,114,473	243,114,473	243,114,473
Automobile and transportation equipment	403,000,000	153,000,000	153,000,000	153,000,000	153,000,000	153,000,000
Electronics and electrical appliances	951,375,492	871,447,933	-	-	-	-
Construction	196,080,094	200,044,160	196,080,094	200,044,160	196,080,094	200,044,160
Power (electricity), Gas, Water, Sanitary	1,010,710,571	1,194,574,207	165,028,752	165,028,752	165,028,752	165,028,752
Transport, Storage and Communication	1,700,000,000	800,000,000	-	-	-	-
Financial	123,500,000	123,500,000	73,500,000	73,500,000	73,500,000	73,500,000
Services	901,000,000	275,530,294	101,000,000	133,030,294	101,000,000	133,030,294
Paper board and products	4,203,851	26,143,311	4,203,851	26,143,311	4,203,851	26,143,311
Rubber and plastic products	270,000,000	270,000,000	270,000,000	-	-	-
Basic metals	178,920,566	204,781,184	69,093,230	69,093,230	69,093,230	69,093,230
Dairy & Poultry	1,055,555,554	1,055,555,554	-	-	-	-
Others	99,295,985	97,702,718	41,250,000	41,250,000	41,250,000	41,250,000
	11,474,538,580	9,109,135,842	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677

	2022	2021	2022	2021	2022	2021
	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees					
Public/ Government	-	-	-	-	-	-
Private	11,474,538,580	9,109,135,842	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677
	11,474,538,580	9,109,135,842	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677

Credit risk by public / private sector

Public/ Government
Private

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FOR THE YEAR ENDED DECEMBER 31, 2022

42.1.4 Contingencies and Commitments

Commitments: credit risk by industry sector

	2022	2021
	Rupees	
Textile	378,000,000	8,575,500
Cement	5,264,695	1,000,000,000
Sugar	112,000,000	-
Electronics and electrical appliances	52,390,289	124,552,067
Power (electricity), Gas, Water, Sanitary	70,000,000	-
Financial	200,000,000	200,000,000
Others	11,460,734	9,467,810
	829,115,718	1,342,595,377

Credit risk by public / private sector

Public/ Government	-	-
Private	829,115,718	1,342,595,377
	829,115,718	1,342,595,377

42.1.5 Concentration of Advances

Top 10 exposures of the Company on the basis of total (funded and non-funded exposures) aggregated to Rs. 7,153 million (2021: Rs. 5,752 million) as follows:

	2022	2021
	Rupees	
Funded	7,153,388,076	5,751,975,737
Non Funded	-	-
Total Exposure	7,153,388,076	5,751,975,737

The sanctioned limits against these top 10 exposures aggregated to Rs. 8,025,000,000 (2021: Rs. 6,901,341,120).

	2022		2021	
	Amount	Provision held	Amount	Provision held
	Rupees			
Total funded classified therein				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	719,909,649	719,909,649
Total	-	-	719,909,649	719,909,649



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42.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province/Region	2022					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
Punjab	-	-	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	3,756,229,305	2,511,494,000	1,244,735,305	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	3,756,229,305	2,511,494,000	1,244,735,305	-	-	-

Province/Region	2021					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
Punjab	-	-	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	3,024,787,500	2,483,363,000	541,424,500	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	3,024,787,500	2,483,363,000	541,424,500	-	-	-

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42.2 Market Risk

Market risk is the risk of loss to the Company's earnings or capital arising from potential movements in market risk factors, such as interest rates, equity prices and foreign exchange rates. The Company is exposed to market risk from its banking book as well as trading book exposures, the latter of which includes HFT & AFS investments in debt & listed equity instruments. The Company uses Basel Standardized Approach to assess the market risk for its trading book exposures. The portfolios covered under the approach include the Held for Trading (HFT) and Available for Sale (AFS) investments in debt and listed equity instruments. The capital charge required there against is presented in Note 41.

The market risk strategy of the Company is to maximize returns while keeping exposure to market risk at or below the approved levels, provided in the shape of market risk limits. Board-approved Treasury Policy, PMD Investment Policy and Market Risk Policy are in place with defined market risk management parameters / limits to control market risk levels. The Treasury Division (TD) and Portfolio Management Division (PMD) consider economic and market conditions, along with the Company's portfolio mix, diversification and expertise when setting and executing annual business strategy and reviewing policy.

Assets / Liability Management Committee (ALCO) meets monthly, and evaluates liquidity, market and interest rate risk as part of its approved Terms of Reference. An independent Market & Liquidity Risk / Middle Office Unit housed in RMD is tasked to, inter alia, independently monitor, measure and analyze market risk of the Company on daily basis, perform risk review of day-to-day PMD & TD activities, escalate any limit breaches or exceptions on the same working day of identification, review the Company's interest rate risk management framework & methodology, and prepare risk reports for ALCO and RMCB, including review of performance of the investment portfolio.

The Company uses a comprehensive suite of risk measurement techniques to assess market risk in the trading book, which includes monitoring levels and trends in mark-to-market, price value of basis point (PVBP), beta, and Value-at-Risk (VaR) metrics, as well as stress tests and sensitivity analyses based on these measures. VaR is calculated for all trading book positions and portfolios on a daily basis, and measures the estimated maximum loss over a defined horizon based on historical simulation.

The Company calculates its VaR with a 1-day, 10-day and 30-day horizon period using a one-tail, 99% confidence interval in accordance with Basel specifications. The 1-day VaR is further back tested on daily basis against next day's P&L based on actual observed movements in market risk factors. Back testing results suggest that the model is currently providing an appropriate estimate of the risk. For interest rate risk in the banking book, the Company primarily relies on gap analysis & static simulation model. Stress tests are carried out for traded & non-traded market risks on the basis of extreme, yet plausible, stress scenarios. Results produced by the aforementioned models are included in management and Board-committee reporting.



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42.2.1 Balance sheet split by trading and banking books

	2022		2021			
	Banking book	Trading book Rupees	Total	Banking book	Trading book Rupees	Total
Cash and balances with treasury banks	116,437,350	-	116,437,350	101,939,997	-	101,939,997
Balances with other banks	127,875,540	-	127,875,540	134,486,399	-	134,486,399
Lendings to financial institutions	-	-	-	-	-	-
Investments	2,902,240,429	33,418,774,699	36,321,015,128	3,439,411,829	27,691,284,596	31,130,696,425
Advances	9,119,290,062	-	9,119,290,062	6,867,783,165	-	6,867,783,165
Fixed assets	4,181,796,569	-	4,181,796,569	4,243,479,479	-	4,243,479,479
Intangible assets	6,392,003	-	6,392,003	6,109,050	-	6,109,050
Deferred tax assets	58,011,030	-	58,011,030	-	-	-
Other assets	3,675,883,486	-	3,675,883,486	2,203,325,411	-	2,203,325,411
	20,187,925,469	33,418,774,699	53,606,701,168	16,996,535,330	27,691,284,596	44,687,819,926

42.2.2 Foreign Exchange Risk

The Company does not actively deal in foreign currency. Its aggregate foreign currency exposure is limited to USD-denominated bank balance, as represented in the table below. As such, the Company's direct exposure to foreign currency risk is minimal, with a favourable impact in case of PKR depreciation.

The foreign exchange exposures during the year of the Company is given as follows:

[illegible]

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42.2.3 Equity position Risk

The Company's objective regarding trading in equities is to maximize the return on equity investment by acquiring fundamentally strong shares at appropriate levels and maintaining such a balance between short term and long term investment that can provide maximum possible opportunities to avail both capital gains and dividend income. The Company's maximum exposure to the stock market is constrained in terms of the single-stock and aggregate limits prescribed under the SBP Prudential Regulations. Prime responsibility for managing the Company's equity positions rests with the Portfolio Management Division (PMD). The Board of Directors has approved sectoral limits, as well as portfolio limits that fall within the SBP-prescribed aggregate limit for DFIs. Senior Management's Quoted Securities Monitoring Committee reviews investment climate and stock market investment strategy & portfolio, and reviews & approves listed stock investment / divestment recommendations by PMD, and stop loss decision where required. Unquoted Investments Monitoring Committee is also in place to monitor and manage investments in unquoted companies. The Market & Liquidity Risk /Middle Office Unit housed in RMD independently monitors PMD deals, policy / limit compliance, broker usage, realized/unrealized gain/loss, and generates market risk metrics such as beta, Value-at-Risk, sensitivity analyses and stress tests. The Unit is responsible for escalation of any limit breaches to concerned authorities, and also provides monthly summary reports to ALCO and periodic performance reports to the Risk Management Committee of the Board. PMD performance is also regularly reviewed by ALCO through regular reporting by the former, with the latter also serving as approving authority for the broker panel.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	3,396,400
- Other comprehensive income	-	111,250,320	-	122,748,780

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

The Company's interest rate risk arises from its trading book and banking book. Interest rate risk in the trading book is a result of HFT & AFS investments in debt instruments that are reported at fair value, and whose value is influenced by prevailing interest rates. The Company's interest rate risk exposures in the banking book originate from financial assets & liabilities that are exposed to different points in the yield curve, and are not matched in terms of repricing / maturity dates or interest rate basis. Since the Company does not take non-maturity deposits and bulk of its loans are floating-rate in nature, optionality/ prepayment-related interest rate risk is insignificant.

The primary objective of interest rate risk management is to control exposure to interest rate risk, within approved limits. The Company has Board-approved Treasury Policy and Interest Rate Risk Management Framework in place that govern the interest rate risk management process. The Treasury Division directly functions to manage interest rate risks through diversification of exposures and structuring matching asset/ liability transactions. The ALCO provides oversight of interest rate risk, including articulating interest rate view, deciding on future business strategy, monitoring interest rate risk and deliberating on mitigation measures. To control interest rate risk in the trading book, duration limits are in place for the fixed income investment portfolio, in terms of the Treasury Policy. To control interest rate risk in the banking book, target levels have been established on the repricing/ maturity gaps in each time band, as determined through slotting of interest-rate sensitive assets and liabilities according to contractual repricing / maturity



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dates, whichever is earlier, and ALCO-approved earnings at risk tolerance limit is also in place. The Market & Liquidity Risk / Middle Office Unit monitors limit compliance, reviews the interest rate risk management framework, develops interest rate risk measurement methodology, and provides monthly & quarterly reports to ALCO. Interest rate risk measurement methodology currently employed by the Company for the trading book includes marking-to-market, price value of basis point (PVBP), sensitivity analyses / stress testing and Value-at-Risk. For the banking book, methodology is based on gap analysis and static simulation, with an earnings and economic value perspective, as well as stress testing.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 1% change in interest rates on				
- Profit and loss account	34,871,809	-	52,224,727	-
- Other comprehensive income	-	-	-	-



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42.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Mismatch of Interest Rate Sensitive Assets and Liabilities												
Effective Yield/Interest rate	Total	2022										Non-interest bearing financial instruments
		Exposed to Yield/Interest risk										
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees												
On-balance sheet financial instruments												
Assets												
		116,437,350	-	-	-	-	-	-	-	-	-	116,437,350
12.25		127,875,540	43,498,975	-	-	-	-	-	-	-	-	84,376,565
14.58		36,321,015,128	7,308,100,000	296,390,421	-	5,578,040,800	-	-	1,976,227,500	-	-	3,268,756,407
13.89		9,119,290,062	2,320,631,187	4,953,112,892	1,787,499,998	2,295,976	4,719,603	-	51,030,406	-	-	2,243,243,324
		2,243,243,324	-	-	-	-	-	-	-	-	-	-
	47,927,861,404	9,672,230,162	22,846,612,892	2,083,890,419	2,295,976	5,582,760,403	-	-	2,027,257,906	-	-	5,712,813,642
Liabilities												
15.32		36,774,866,849	11,089,130,590	19,407,917,842	98,374,594	314,603,970	353,845,068	707,690,136	1,129,117,352	-	-	-
16.62		1,953,000,000	1,743,000,000	10,000,000	200,000,000	-	-	-	-	-	-	-
		546,879,433	-	-	-	-	-	-	-	-	-	546,879,433
	39,274,746,282	12,832,130,590	19,417,917,842	3,874,187,297	98,374,594	314,603,970	353,845,068	707,690,136	1,129,117,352	-	-	546,879,433
	8,653,115,122	(3,159,900,428)	3,428,695,050	(1,790,296,878)	(96,078,618)	5,268,156,433	(353,845,068)	(707,690,136)	898,140,554	-	-	5,165,934,213
On-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap												
		(3,159,900,428)	3,428,695,050	(1,790,296,878)	(96,078,618)	5,268,156,433	(353,845,068)	(707,690,136)	898,140,554	-	-	5,165,934,213
Cumulative Yield/Interest Risk Sensitivity Gap												
		(3,159,900,428)	268,794,622	(1,521,502,256)	(1,617,580,874)	3,650,575,559	3,296,730,491	2,589,040,355	3,487,180,909	-	-	-
2021												
Effective Yield/Interest rate	Total	Exposed to Yield/Interest risk										Non-interest bearing financial instruments
		Exposed to Yield/Interest risk										
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees												
On-balance sheet financial instruments												
Assets												
		101,939,997	-	-	-	-	-	-	-	-	-	101,939,997
5.50		134,486,399	127,603,414	-	-	-	-	-	-	-	-	6,882,985
8.72		31,130,696,425	430,000,000	318,943,421	-	-	5,926,611,000	-	2,190,370,000	-	-	3,535,403,604
10.66		6,867,783,165	1,514,895,355	2,833,547,052	1,589,444	5,101,187	-	-	49,762,087	-	-	276,678,921
		1,197,561,492	-	-	-	-	-	-	-	-	-	1,197,561,492
	39,432,467,478	2,012,488,769	21,192,266,440	3,152,490,473	1,589,444	5,101,187	5,926,611,000	-	2,240,132,087	-	-	4,841,788,078
Liabilities												
9.83		26,456,618,972	22,850,230,040	327,984,692	67,660,564	181,392,173	191,831,014	336,506,312	492,831,895	-	-	-
10.16		2,911,587,775	2,404,927,231	306,660,544	-	-	-	-	-	-	-	-
		276,678,921	-	-	-	-	-	-	-	-	-	276,678,921
	29,644,895,668	25,255,157,271	634,645,236	2,208,830,282	67,660,564	181,392,173	191,831,014	336,506,312	492,831,895	-	-	276,678,921
	9,787,581,810	(23,182,668,502)	20,557,621,204	943,660,191	(66,071,120)	(176,290,986)	5,735,427,986	(336,506,312)	1,747,300,192	-	-	4,565,109,157
On-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap												
		(23,182,668,502)	20,557,621,204	943,660,191	(66,071,120)	(176,290,986)	5,735,427,986	(336,506,312)	1,747,300,192	-	-	4,565,109,157
Cumulative Yield/Interest Risk Sensitivity Gap												
		(23,182,668,502)	(2,625,047,298)	(1,681,387,107)	(1,747,458,227)	(1,923,749,213)	3,811,678,773	3,475,172,461	5,222,472,653	5,222,472,653	-	-

42.2.6 Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

42.2.7 Assets do not include fixed assets of Rs. 4,181,796,569 (2021: Rs. 4,243,479,479). Intangible assets of Rs. 6,392,003 (2021: Rs. 6,090,050) and other assets consisting of Advances, deposits, advance rent and other prepayments, advance taxation, excise duty, non-banking assets acquired in satisfaction of claims of Rs. 1,432,640,162 (2021: Rs. 1,005,763,919)

42.2.8 Liabilities do not include other liabilities consisting of advance rental income, Payable to defined benefit plan, Provision for compensated absences of Rs. 288,393,956 (2021: Rs. 142,789,482)

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42.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Types of events that can lead to operational risk include:

- Internal / external fraud events
- Employment practices & workplace safety events
- Clients, products & business practices events
- Damage to physical assets events
- Business disruption and system failures events
- Execution, delivery & process management events

Types of operational risk losses can include monetary, regulatory, client, or health & safety loss, or legal liability / inability to enforce legal claim, and measures that may be taken to mitigate losses include improving underlying processes through enhanced internal controls, having contingency plan / backup arrangements in place, and ensuring adequate insurance coverage.

The Company's operational risk management process is governed by the Operational Risk Management Framework ("ORMF") and Operational Risk Policy which have been duly approved by the Board of Directors. The operational risk management structure comprises the line management as first line of defense, an independent Operational Risk Management Unit ("ORMU") operating under the Risk Management Division ("RMD") as second line of defense, and independent Internal Audit as third line of defense. An organizational culture of integrity and discipline built through trainings and appropriate hiring, and separation of duties and principles of internal control as embedded in relevant policies and procedures, are key principles for operational risk management. Operational Risk Coordinators ("ORCs") that have been established from each division work with the ORMU to identify, analyze, explain and mitigate operational issues within their respective areas of expertise. The ORMU develops and updates the ORMF, implements operational risk measurement and reporting, and coordinates with ORCs to source necessary information and promote sound operational risk management. Senior management-level Operational Risk Management Committee ("ORMC") meets quarterly with the goal to assure that actions are being taken to meet the stated objective of operational risk management in the Company. Presently loss data, key risk indicators, risk & control self-assessments, and scenario analysis are being used to assess operational risk. Operational risk reports on the basis of these tools, along with suggested risk mitigants where required, are presented by ORMU to the ORMC. Operational risk reports are also discussed as part of the agenda of meetings of Risk Management Committee of the Board ("RMCB").

In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Company has a robust Business Continuity Plan / Disaster Recovery Plan in place, with off-site backup and regular testing carried out. The Company also has a Technology Governance Framework & IT Security Policy in place, addressing issues such as incident reporting, risk identification, IT controls and systems security, with added oversight provided by regular meetings of the IT Steering Committee of management. KYC / AML Policies are also in place for Credit and Treasury activities.

Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years has been applied for Operational Risk. Loss data process has been fully implemented, with ORCs providing details for events / near misses / potential losses through an in-house software.

42.4 Liquidity Risk

Liquidity risk is the potential for loss arising from either an inability to meet obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The liquidity risk strategy of the Company is to strive to maintain liquidity at an acceptable level over the short- and long-term, in order to settle financial obligations in a timely and economical manner. Liquidity Risk Policy, Treasury Policy and Contingency Funding Plan are in place to govern the liquidity risk management process. The prime responsibility for the management of liquidity risk lies with Treasury Division (TD) which ensures that the Company's operations can meet its current and future funding needs. Mix of Saudi Pak assets

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and liabilities is monitored by TD to ensure that gaps are efficiently managed, and target gap levels are in place. Regulatory limits (e.g. Statutory Liquidity Requirement [SLR], Net Stable Funding Ratio [NSFR]) are monitored and returns are submitted. Internal limit on liquid assets to total borrowings and deposits is also in place. TD further aims for effective diversification of sources of borrowing /liquidity. The Company's leverage also remains well within parameters allowed by SBP, ensuring a stable source of liquidity in the form of capital. ALCO provides additional oversight for liquidity risk management through its monthly meetings. The Market & Liquidity Risk / Middle Office Unit housed in RMD independently reviews liquidity risk policy, and monitors liquidity ratios, gaps and funding concentrations on daily basis, providing regular reporting on the same to ALCO along with stress testing, with timely escalation in case of any limit breach. The Company overall strives to maintain a strong market reputation and to keep credit risk and market risk within manageable limits so that these risks may not trigger any undesirable liquidity crunch.

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

2022

	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 9 days	Over 10 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														
Assets														
Cash and balances with treasury banks	18,637,350	18,637,350	-	-	-	250,030,000	33,750,000	22,495,000	250,030,000	2,278,888,829	10,520,475,800	2,280,280,000	860,180,000	-
Balances with other banks	127,875,540	127,875,540	-	-	-	-	-	494,675,645	239,983,500	450,354,723	1,622,498,015	1,752,777,788	2504,67,056	210,46,867,518
Lending to financial institutions	-	-	-	-	-	35,541,891	-	-	-	-	-	-	-	137,251,679
Investments	36,321,015,128	-	60,000	21,93,875	36,263,497	-	-	-	-	-	-	-	-	-
Advances	9,119,290,002	352,051,245	-	-	-	-	-	-	-	-	-	-	-	-
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,187,795,569	44,109	2,884,494	2,884,494	6,625,108	12,422,017	12,422,016	77,52,842	37,286,230	37,286,229	948,084,917	59,882,490	254,488,960	3,469,138,942
Intangible assets	6,392,003	5,918	35,508	41,426	94,686	177,558	177,557	532,613	532,613	532,613	213,452	213,069	-	-
Derecognised assets	58,011,030	94,102	236,120	17,767	30,399	483,432	966,865	1,450,297	966,841	193,612	5,801,117	5,801,117	-	28,521,987
Deferred tax assets	277,861,546	589,321,800	351,904,432	601,195,008	559,422,912	559,422,912	559,422,912	559,422,912	689,740,132	689,740,132	-	-	-	-
Other assets	53,806,701,769	689,046,883	938,308,088	59,331,984	103,208,698	553,386,394	626,349,636	1,167,628,353	1,220,518,376	3,483,944,257	12,299,977,299	4,160,862,494	34,301,824,980	24,896,680,316
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	36,774,966,849	-	15,181,72,488	4,400,233,092	4,400,233,092	75,292,333,596	4,043,684,246	424,187,297	11,681,297	61,681,297	1,252,103,970	1,103,845,068	1,770,190,136	1,029,177,352
Deposits and other accounts	19,530,000,000	-	-	-	-	-	10,000,000	-	400,000,000	1,543,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	855,273,389	6,681,350	46,238,453	925,989,906	529,068,804	810,159,951	162,203,190	175,793,103	881,210,959	881,210,959	17,520,021	-	72,081,031	16,818,759
Net assets	39,365,940,298	6,681,350	5,217,074,453	1,610,694,404	4,453,159,696	15,220,353,181	4,276,987,436	589,969,400	589,803,596	2,242,803,596	1,289,623,981	1,103,845,068	1,777,389,167	14,953,631,190
Share capital/ Head office capital account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,290,140,151	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated/ Unremitted profit	4,751,803,994	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on revaluation of assets	34,043,560,150	6,681,353,093	14,277,101,365	1,551,369,420	4,349,931,198	14,769,969,797	3,589,537,910	567,659,953	620,710,980	1,216,116,181	1,030,341,208	3,057,007,426	1,655,268,813	23,750,744,226

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021

	Total	Up to 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
Assets														
Cash and balances with treasury banks	10,939,987	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	13,448,359	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	31,330,686,625	-	-	-	-	250,030,000	37,689,777	58,000	250,030,000	25,088,650,118	559,508,400	5,942,206,000	969,740,000	20,553,590,008
Advances	6,697,833,095	13,501,026	-	25,875,000	44,370,026	37,689,777	33,486,719	380,399,703	328,857,574	345,014,798	1,001,294,425	1,155,257,120	2,002,846,872	1,245,167,765
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,243,479,479	453,328	2,737,369	3,194,297	7,307,249	13,889,843	13,889,842	44,273,866	39,033,322	39,033,322	750,462,429	750,462,429	292,627,981	3,488,467,022
Intangible assets	6,109,050	5,656	33,936	39,592	90,495	168,678	168,678	505,036	509,036	509,036	2,036,144	2,036,762	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,203,326,411	335,638,411	-	63,127,939	10,824,282	138,121,176	276,242,353	32,192,526	480,107,412	480,107,412	-	-	-	-
	44,697,819,526	709,827,817	2,771,905	9,223,828	16,010,592	439,700,444	425,236,592	747,564,831	1,065,645,344	3,371,528,305	180,333,098	7,264,982,311	3,255,211,433	25,295,254,795
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	26,456,618,972	-	4,492,426,600	10,064,007,348	8,235,794,602	6,232,466	71,794,446	508,830,282	96,330,282	408,830,282	1,054,392,713	503,663,074	469,506,312	462,837,886
Deposits and other accounts	29,015,877,755	-	-	-	16,932,273	62,888,133	24,377,411	-	300,000,000	2,155,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	44,355,024	2,434,543	-	458,133	795,600	3,670,096	7,356,982	1,034,288	7,356,012	9,712,023	44,136,611	44,136,611	88,273,221	270,003,684
Other liabilities	419,468,403	193,571	13,550,464	27,100,928	15,486,245	38,716,612	77,433,223	98,461,963	62,082,848	62,082,848	-	-	6,486,142	13,544,328
	30,229,040,774	437,0324	4,505,977,064	10,061,566,409	8,475,985,168	1,151,089	40,039,272	619,526,553	485,789,142	2,620,525,154	1,100,528,784	547,818,625	556,255,675	729,989,917
Net assets	14,468,779,752	705,467,463	(4,503,205,150)	(8,998,134,591)	(8,379,939,216)	329,183,327	24,951,320	27,827,578	6,527,76,202	750,903,152	702,802,334	6,740,172,686	2,669,045,749	24,560,284,878
Share capital/ Head office capital account	6,600,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,727,982,307	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated/ Unretained profit	4,169,642,451	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	1,980,944,994	-	-	-	-	-	-	-	-	-	-	-	-	-
	14,468,779,752	705,467,463	(4,503,205,150)	(8,998,134,591)	(8,379,939,216)	329,183,327	24,951,320	27,827,578	6,527,76,202	750,903,152	702,802,334	6,740,172,686	2,669,045,749	24,560,284,878

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

42.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Company.

2022

[illegible]

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021										
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees										
Assets										
Cash and balances with treasury banks	101939.997	101939.997	-	-	-	-	-	-	-	-
Balances with other banks	134,466,399	134,466,399	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	31,130,696,425	-	351,077,999	58,000	2,756,886,018	559,508,400	5,949,206,000	959,740,000	20,053,590,008	500,000,000
Advances	6,867,783,165	207,746,052	71,176,436	380,389,703	673,872,092	1,091,294,125	1,195,257,120	2,002,849,872	12,42,429,434	2,768,331
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,243,479,479	13,689,843	27,379,685	44,273,866	78,062,644	150,492,429	150,492,429	292,621,561	540,310,658	2,946,156,364
Intangible assets	6,109,050	169,679	339,357	509,036	1,018,072	2,036,144	2,036,144	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	2,203,325,411	506,803,532	443,353,529	321,923,526	960,234,824	-	-	-	-	-
	44,687,819,926	994,835,502	864,967,006	747,154,131	4,470,073,650	1,803,331,098	7,296,992,311	3,255,211,433	21,836,330,100	3,448,924,695
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	26,456,618,972	22,850,230,040	77,994,692	508,830,282	505,160,594	10,56,392,173	503,683,014	461,506,312	492,831,895	-
Deposits and other accounts	2,911,587,775	169,927,231	306,660,544	-	2,435,000,000	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	441,365,024	3,678,276	11,034,288	110,34,288	22,068,035	44,136,611	44,136,611	88,273,221	103,612,081	113,391,613
Other liabilities	419,468,403	58,073,418	116,146,835	99,461,983	124,165,597	-	-	6,486,142	15,134,328	-
	30,229,140,174	23,091,908,965	511,826,359	619,326,553	3,086,394,296	1,100,528,784	547,819,625	556,265,675	611,578,304	113,391,613
Net assets	14,458,779,752	1,22,07,073,463	353,140,647	127,827,578	1,383,679,354	702,802,314	67,491,72,686	2,698,945,768	21,224,757,796	3,335,533,082
Share capital/ Head office capital account	6,600,000,000									
Reserves	1,727,982,507									
Unappropriated/ Unremitred profit	4,169,842,450									
Surplus/(Deficit) on revaluation of assets	1,960,944,994									
	14,458,779,752									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

42.5 Derivative Risk

Presently the Company does not have exposure in derivative products, and consequently is not exposed to derivatives-related risk.

43 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Saudi Pak Industrial and Agricultural Investment Company Limited on 25 February 2023.



GM/Chief Executive

Chief Financial Officer

Director

Director

Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

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

S. No.	Name and address	Name of individual / Partners / Directors	CNIC No.	Fathers' / Husband Name	Outstanding liabilities at the beginning of the year				Principal written off	Mark up waived	Other financial relief provided	Total
					Principal	Mark up	Others	Total				
1		3	4	5	6	7	8	9	10	11	12	13
1	Plyfo Industries Limited 1095, A/117, Ward # 10, Gali Baba Ahmed Din Wali, Gujranwala Road, Alipur Chatta, Wazirabad, Gujranwala.	Abdul Waheed Gill Muhammad Rana Gill Saljad Mehmood Gill Abdul Ghanni Gill	34104-2310743-5 34104-2261018-9 34104-2310745-5 34104-2287873-5	Imam Din Gill Imam Din Gill Muhammad Abdullah Gill Imam Din Gill	21,939	4,849	0.000	26,788	0.000	4,779	37,709	42,488
2	Dewan Salman Fiber Limited 2nd Floor, Block "A", Finance & Trade Centre, Shahrah-e-Faisal, Karachi	Mr. Zafar Asim Mr. Muhammad Irfan Ali Mr. Saleem-ul-Haque Mr. Asghar Iqbal Mr. Muhammad Wajid Syed Farhan Asdaq Ms. Momina Gul	42101-0140193-3 36302-2168721-7 41303-0223520-3 42101-6615857-3 42201-0361792-3 42101-1385134-1 42501-5495565-4	Mr. Muhammad Fahim Mr. Ali Daraz Mr. Nadeem-ul-Haque Mr. Muhammad Iqbal Ahmed Mr. Shafiq Ahmed Syed Mansoor Asdaq Syed Tahir Hussain	49,999	4,461	0.187	54,647	0.000	0.000	72,719	72,719
					71,938	9,310	0.187	81,435	0.000	4,779	110,428	115,207



Financial Statements

for the year ended December 31, 2022

CONSOLIDATED

INDEPENDENT AUDITOR'S REPORT

To the members of
Saudi Pak Industrial and Agricultural Investment Company Limited

Opinion

We have audited the annexed consolidated financial statements of **Saudi Pak Industrial and Agricultural Investment Company Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

1. We draw attention to note 9.1.1 to the accompanying consolidated financial statements describing the effect of lock-in event in respect of term finance certificates (TFCs). Our opinion is not modified in respect of this matter.
2. We draw attention to note 22.3.1 to the accompanying consolidated financial statements describing in detail the tax contingencies. Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 26 March 2022.

The engagement partner on the audit resulting in this independent auditor's report is Hassaan Riaz.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman

Chartered Accountants

Place: Islamabad

Date: March 02, 2023

UDIN: AR2022101645ZPOIpHWF



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
ASSETS			
Cash and balances with treasury banks	6	116,440,110	101,956,575
Balances with other banks	7	137,866,992	179,155,362
Lendings to financial institutions	8	-	-
Investments	9	36,154,009,926	30,897,653,705
Advances	10	9,119,337,560	6,868,108,912
Non-current asset classified as held for sale	11	-	-
Fixed assets	12	4,384,554,352	4,468,645,879
Intangible assets	13	6,392,003	6,109,050
Deferred tax assets	18	61,321,766	-
Other assets	14	3,702,657,861	2,221,065,136
Development properties	15	192,734,028	198,210,163
		53,875,314,598	44,940,904,782
LIABILITIES			
Bills payable		-	-
Borrowings	16	36,774,866,849	26,456,618,972
Deposits and other accounts	17	1,953,000,000	2,911,587,775
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	18	-	438,549,336
Other liabilities	19	810,490,215	423,993,771
		39,538,357,064	30,230,749,854
NET ASSETS			
		14,336,957,534	14,710,154,928
REPRESENTED BY			
Share capital	20	6,765,000,000	6,600,000,000
Statutory reserve		1,431,486,211	1,369,329,367
General reserve		358,662,940	358,662,940
Surplus on revaluation of assets	21	1,313,231,385	1,960,944,994
Unappropriated/ Unremitted profit		4,468,576,998	4,421,217,627
		14,336,957,534	14,710,154,928
CONTINGENCIES AND COMMITMENTS			
	22		

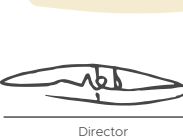
The annexed notes 1 to 44 and annexure I form an integral part of these consolidated financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
Mark-up / return / interest earned	24	5,186,890,998	3,743,064,292
Mark-up / return / interest expensed	25	4,661,361,977	2,289,041,188
Net mark-up / interest income		525,529,021	1,454,023,104
Non mark-up / interest income			
Fee and commission income	26	8,950,000	3,860,000
Dividend income		415,684,929	319,605,065
Foreign exchange income		6,551,295	2,202,435
Income / (loss) from derivatives		-	-
(Loss) / gain on securities	27	67,495,895	(300,119,731)
Other income	28	273,076,812	288,967,064
Total non-markup / interest income		771,758,931	314,514,833
Total income		1,297,287,952	1,768,537,937
Non mark-up / interest expenses			
Operating expenses	29	536,171,894	536,481,912
Workers welfare fund		-	-
Other charges	30	30,000	130,429
Total non-markup / interest expenses		536,201,894	536,612,341
Profit before provisions		761,086,058	1,231,925,596
Provisions and write offs - net	31	318,010,719	(139,676,460)
Extra ordinary / unusual items		-	-
Profit before taxation		443,075,339	1,371,602,056
Taxation	32	90,273,997	418,552,497
Profit after taxation		352,801,342	953,049,559
Basic and diluted earnings per share	33	0.522	Restated 1.409

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


GM/Chief Executive


Chief Financial Officer


Director


Director


Director



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022


	2022	2021
	Rupees	
Profit after taxation for the year	352,801,342	953,049,559
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	(406,969,314)	(384,257,720)
	(406,969,314)	(384,257,720)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(135,527)	(2,188,829)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	995,875,974
Movement in surplus on revaluation of non-banking assets	-	14,712,840
	(135,527)	1,008,399,985
Total comprehensive income / (loss)	(54,303,499)	1,577,191,824


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


GM/Chief Executive


Chief Financial Officer


Director


Director


Director




CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of Investments	Fixed / Non Banking Assets	Unappropriated / Unremitted profit	Total
Rupees-----							
Balance as at January 1, 2021	6,600,000,000	1,184,865,766	358,662,940	(496,157,950)	1,910,982,293	3,574,610,055	13,132,963,104
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	953,049,559	953,049,559
Other comprehensive (loss) / Income - net of tax	-	-	-	(384,257,720)	1,010,588,814	(2,188,829)	624,142,265
Transfer to statutory reserve	-	184,463,601	-	-	-	(184,463,601)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(80,210,443)	80,210,443	-
Transactions with owners, recorded directly in equity							
Dividend 2020: Nil per ordinary share	-	-	-	-	-	-	-
Balance as at December 31, 2021	6,600,000,000	1,369,329,367	358,662,940	(880,415,670)	2,841,360,664	4,421,217,627	14,710,154,928
Balance as at January 1, 2022	6,600,000,000	1,369,329,367	358,662,940	(880,415,670)	2,841,360,664	4,421,217,627	14,710,154,928
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	352,801,342	352,801,342
Other comprehensive (loss) / Income - net of tax	-	-	-	(406,969,314)	-	(135,527)	(407,104,841)
Transfer to statutory reserve	-	62,156,844	-	-	-	(62,156,844)	-
Impact of rate change	-	-	-	-	(153,893,895)	-	(153,893,895)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(86,850,400)	86,850,400	-
Transactions with owners, recorded directly in equity							
Bonus shares issued	165,000,000	-	-	-	-	(165,000,000)	-
Dividend 2021: 2.5% per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at December 31, 2022	6,765,000,000	1,431,486,211	358,662,940	(1,287,384,984)	2,600,616,369	4,468,576,998	14,336,957,534

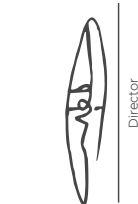
The annexed notes 1 to 44 and annexure I form an integral part of these consolidated financial statements.


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
Cash flow from operating activities			
Profit before taxation		443,075,339	1,371,602,056
Less: dividend income		(415,684,929)	(319,605,065)
		27,390,410	1,051,996,991
Adjustments:			
Depreciation		167,855,891	143,832,933
Amortisation	13	4,422,525	4,592,471
Provision and write-offs	31	318,010,719	(139,676,460)
Loss / (gain) on sale of fixed assets		(22,753,534)	1,324,399
Gain on disposal of non banking assets		-	(60,630,049)
Interest expense on lease liability against ROU assets		-	-
Charge for defined benefit plan	29.1	10,887,223	5,385,748
Charge for compensated absences	29.1	7,694,770	6,821,564
Unrealized gain - held for trading investments	9.1	(1,347,140)	(1,860,369)
		484,770,454	(40,209,763)
		512,160,864	1,011,787,228
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	119,988,000
Held-for-trading securities		(85,015,635)	(25,030,989)
Development properties		5,476,135	-
Advances		(2,365,124,489)	184,408,462
Others assets (excluding advance taxation)		(1,070,619,261)	(14,841,968)
		(3,515,283,250)	264,523,505
(Decrease) / increase in operating liabilities			
Borrowings from financial institutions		10,318,247,877	(5,863,060,462)
Deposits		(958,587,775)	465,787,775
Other liabilities (excluding current taxation)		301,887,484	(80,849,088)
		9,661,547,586	(5,478,121,775)
Payments against off-balance sheet obligations		-	-
Payment to defined benefit plan and compensated absences		(17,895,125)	(14,741,186)
Income tax paid		(681,095,983)	(525,641,447)
		5,959,434,092	(4,742,193,675)
Net cash flow (used in) / from operating activities			
Cash flow from investing activities			
Net investments in available-for-sale securities		(6,690,909,105)	4,139,972,919
Net investments in held-to-maturity securities		425,869,382	(237,670,578)
Dividends received		423,911,060	298,961,448
Investments in operating fixed assets		(88,414,215)	(65,777,004)
Proceeds from sale of fixed assets		25,803,951	5,363,693
Sale proceeds from disposal of non banking assets		-	158,000,000
		(5,903,738,927)	4,298,850,478
Net cash flow from / (used in) investing activities			
Cash flow from financing activities			
Payments against lease liabilities		-	-
Dividend paid		(82,500,000)	-
		(82,500,000)	-
Net cash flow used in financing activities			
Effects of exchange rate changes on cash and cash equivalents		-	-
		(26,804,835)	(443,343,197)
(Decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		281,111,937	724,455,134
Cash and cash equivalents at end of the year	34	254,307,102	281,111,937


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


GM/Chief Executive


Chief Financial Officer


Director


Director


Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company is a Development Financial Institution (DFI) and principally engaged in investment in the industrial and agro-based industrial projects in Pakistan on commercial basis and markets its products in Pakistan and abroad. The Company was initially setup for a period of fifty years and upon mutual consent of the Government of Kingdom of Saudi Arabia (KSA) and Government of Pakistan the duration of Company has been further extended for another period of fifty years.

The registered office of the Holding Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Holding Company is also operating offices in Lahore and Karachi.

The Group consists of Saudi Pak Industrial and Agricultural Investment Company Limited, (the Holding Company) and its subsidiary company namely Saudi Pak Real Estate Limited (the subsidiary company) and associate company namely Saudi Pak Leasing Company Limited (the associate company).

Saudi Pak Real Estate Limited (the subsidiary company)

The subsidiary company was incorporated in Pakistan as an unlisted public limited company on November 14, 2006 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The subsidiary company is wholly owned subsidiary of the Holding Company. The principal place of business of the subsidiary company is Pakistan. The principal business of the subsidiary company is investment in properties (both for investment and development purposes), property management services, investment in joint ventures and other related services. The registered office of the subsidiary company is situated at Saudi Pak Tower, 61-A, Jinnah Avenue, Islamabad.

Saudi Pak Leasing Company Limited (the associate company)

The Holding Company has 35.06% (2021: 35.06%) investment in ordinary share capital and 63% (2021: 63%) of the issued non-redeemable / convertible preference shares of the associate company. The license of associate company to carry out business of leasing expired on March 18, 2010, and is non-operational. However, the Board of Directors of the Holding Company approved disposal of investment in Saudi Pak Leasing Company Limited. Consequent to the approval the investment has been classified as held for sale as per the requirements of IFRS 5 'Non-current asset classified as held for sale and discontinued operations'. Prior to the decision of disposal, the Group has accounted for the investment in the associate using the equity accounting of investments as per the requirements of IAS-28.

2. BASIS OF PRESENTATION

These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No.2 dated January 25, 2018.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of subsidiary company from the date on which control of the subsidiary by the Holding Company commences until the date control ceases. Subsidiary company are those enterprises in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NCI and other components of equity. Any resulting gain or loss is recognised in consolidated profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. The financial statements of the subsidiary company are incorporated on a line-by-line basis and the investment held by the Holding Company is eliminated against the corresponding share capital and pre-acquisition reserve of subsidiary company in the consolidated financial statements.

The financial statements of subsidiary company are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company. However, Non-banking subsidiary company in Pakistan follows the requirements of International Financial Reporting Standard (IFRS) 9, Financial Instruments, Recognition and Measurement as applicable to the subsidiary company, IAS 40, Investment Property and IFRS 7, Financial Instruments: Disclosures. Intra-group balances and transactions are eliminated.

Associate company is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Interests in associate company is accounted for using the equity method. It is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the consolidated profit or loss and consolidated comprehensive income of equity accounted investee, until the date on which significant influence or control ceases.

2.2 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies and DFIs till further instructions. Further, the SBP, vide its BSD Circular Letter no. 10 dated September 11, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instrument; recognition and measurement and IFRS 10, Consolidated Financial Statement was made applicable from period beginning on or after January 01, 2015 vide S.R.O. 663(1)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O. 56(1)/2016 dated January 28, 2016, that the requirement of consolidation under section 2018 of Companies

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Act, 2017 and IFRS 10 is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs.

3.3 Standards, interpretations of and amendments to the published accounting and reporting standards that are effective in the current year:

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company for the accounting periods beginning on or after January 1, 2022. These are considered either not to be relevant or not to have any significant impact on these unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
 - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods will have no material impact on these consolidated financial statements other than in presentation / disclosures.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered either not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these unconsolidated financial statements except the IFRS 9 Financial instruments: classification and measurement that will have significant effect on unconsolidated financial statements on its application as detailed below:

SBP vide its BPRD Circular Letter no. 03 of 2022 dated July 05, 2022 has conveyed the implementation date of IFRS-9 for DFIs as January 01, 2023 and has also issued detailed application guidance for its implementation. The standard IFRS 9 "financial Instruments" addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The total estimated adjustment at the adoption of IFRS 9 will decrease opening balance of the Holding Company's equity at 01 January 2023 by Rs. 853.928 million due to recognition of ECL on related financial assets and also increase related deferred tax asset by Rs. 281.796 million. The adjusted Capital Adequacy Ratio of the Holding Company after absorbing referred adjustments will be 43.96%.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- certain items of fixed assets and non-banking assets acquired in satisfaction of claims which are shown at revalued amounts;
- certain investments which are carried at fair value in accordance with directives of the SBP; and
- staff retirement benefit which is stated at present value of defined benefit obligation net of fair value of plan assets.
- investment properties which are carried at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The Group uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equals the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are as follows:

- i) Classification of investments (note 5.4)
- ii) Provision against investments (note 5.16), advances (note 5.5) and other assets (note 14)
- iii) Valuation and impairment of available for sale securities (note 5.4(b))
- iv) Valuation, useful life and depreciation of fixed assets (note 5.6) and non-banking assets acquired in satisfaction of claims (note 5.8)
- v) Useful life of intangibles (note 5.7)
- vi) Taxation (note 5.11)
- vii) Present value of staff retirement benefits (note 5.12)
- viii) Net realizable value of development properties (note 5.9)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

5.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

5.2 Non-current asset classified as held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition and its sale must be probable. For sale to be probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete plan must have been initiated. Assets designated as held for sale are carried at lower of carrying amount at designation and fair value less cost to sell, if fair value can reasonably be determined.

5.3 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the consolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

expensed and earned respectively on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

5.4 Investments

Investments are classified as follows:

(a) Held-For-Trading (HFT)

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to consolidated profit and loss account in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

(b) Available-For-Sale (AFS)

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD Circular No. 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges, are valued at market value and the resulting surplus / deficit on revaluation, net of deferred tax, is taken through "Statement of Comprehensive Income" and is shown in the shareholders' equity in the consolidated statement of financial position. Where the decline in prices of available for sale securities is significant and prolonged, it is considered impaired and included in consolidated profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of prudential regulations issued by SBP.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee companies as per their latest available financial statements.

Investments in other unquoted securities are valued at cost less impairment losses, if any.

(c) Held-To-Maturity (HTM)

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, if any, in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

5.5 Advances

Advances are stated net of provision. Provision for non-performing advances is determined in accordance with the requirements of the Prudential Regulations issued by SBP from time to time.

The provision against non-performing advances are charged to the consolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

5.6 Fixed assets and depreciation

(a) Property and equipment (owned and leased)

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost and lease hold land, buildings and certain other items which are carried at revalued amount less depreciation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Certain items of fixed assets are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown in the shareholders' equity in the consolidated statement of financial position.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

Depreciation is provided on straight line method at rates specified in note 12.2 to the consolidated financial statements so as to write off the cost of the assets over their estimated useful lives. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date when the asset is classified as held for sale and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Maintenance and normal repairs are charged to consolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the consolidated profit and loss account.

(b) Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of fixed assets when available for intended use.

5.7 Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to consolidated profit and loss account. Amortization is computed from the date of purchase to date of disposal / write off using the straight line method in accordance with the rates specified in note 13 to these consolidated financial statements to write off cost of the assets over their estimated useful life.

5.8 Non banking assets acquired in satisfaction of claims

In accordance with the BPRD Circular No. 1 of 2016 dated January 1, 2016 issued by SBP, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. These assets are depreciated as per Group's policy.

5.9 Development properties

Development properties include acquisition or development of properties for sale in the ordinary course of business. These are carried in the consolidated statement of financial position at lower of cost and net realizable value. Cost includes all direct costs attributable to the acquisition, design and construction of the properties.

The cost of development properties recognized in consolidated profit and loss account on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred for sale. The management reviews the carrying values of the development properties on an annual basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.10 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to consolidated profit and loss account on a time proportion basis.

5.11 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or in equity.

(a) Current

Provision for current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the date of consolidated statement of financial position. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

(b) Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position, and applicable at the time of its reversal. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

The Group recognizes deferred tax asset / liability on (deficit) / surplus on revaluation of securities and revaluation of fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of fixed assets.

5.12 Staff retirement benefits

(a) Defined benefit plan

The Group operates an approved gratuity fund for its permanent employees as disclosed in note 36. Contributions to the fund are made on the basis of actuarial recommendations. The actuarial valuation is carried out periodically using "projected unit credit method".

(b) Defined contribution plan

The Group also operates a recognized provident fund for all of its employees. Equal monthly contributions at the rate of 10% of basic salary are made both by the Group and the employees, which are transferred to the provident fund.

(c) Compensated absences

As per its service rules, the Group grants compensated absences to all of its permanent employees. The provision for compensated absences is made on the basis of last drawn basic salary.

5.13 Revenue recognition

- Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis in compliance with Prudential Regulations issued by the SBP. Fines / penalties on delayed payments are recorded in the consolidated profit and loss account on receipt basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- Markup / interest on rescheduled / restructured advances and return on investment is recognized in accordance with the directives of the SBP.
- Fees, commission and brokerage income is recognised at the time of performance of service.
- Dividend income is recognized when the Group's right to receive income is established.
- The Group follows the finance method to recognize income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income / expense on realization. Unrealized lease income on classified lease is held in suspense account, where necessary, in accordance with the requirements of SBP guidelines and recognized as income on receipt basis.
- Gains and losses on sale of investments are taken to the consolidated profit and loss account.
- Rental income is recognized on systematic basis.
- Gains and losses on disposal of fixed assets are taken to the consolidated profit and loss account.
- Revenue from sale of properties recognized on accrual basis.

5.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the date of consolidated statement of financial position. Exchange gains and losses are included in consolidated profit and loss account of the Group.

5.15 Impairment

The carrying amount of the Group's assets are reviewed at the date of consolidated statement of financial position to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

5.16 Provisions

Provisions are recognised when there are present, legal or constructive obligations as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.

5.17 Financial instruments

Financial assets and liabilities

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.18 Off-setting of financial instruments

Financial assets and financial liabilities are only set-off and net amount is reported in the consolidated financial statements when there is legally enforceable right to set-off the recognized amount and the Group either intends to settle on net basis or to settle the liabilities and realize the assets simultaneously.

5.19 Statutory reserve

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

5.20 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing differentiated products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Group's functional structure and the guidance of State Bank of Pakistan. The Group's primary format of reporting is based on business segments. The Group comprises of the following main business segments:

(a) Business Segment

- **Corporate finance**
This includes investment activities such as underwriting, Initial Public Offers (IPOs) and corporate financing.
- **Trading and Sales**
Trading and sales includes the Group's treasury and money market activities.
- **Building Rental Services & Real State**
This segment undertakes the purchase, development and sale of properties, property management services, investment in joint ventures and other related services and also undertakes the rental services of Saudi Pak Tower and its allied activities.

(b) Geographical Segment

The Group conducts all its operations in Pakistan.

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency

With State Bank of Pakistan in

Local currency current accounts

Note	2022	2021
	Rupees	
	288,648	343,708
6.1	116,151,462	101,612,867
	<u>116,440,110</u>	<u>101,956,575</u>

6.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		84,439,991	6,946,411
In deposit accounts	7.1 & 7.2	53,427,001	172,208,951
		<u>137,866,992</u>	<u>179,155,362</u>

7.1 Deposit accounts include local currency accounts amounting to Rs. 23,551,283 (2021: Rs. 148,455,340) held in local currency accounts. These accounts carry markup at the rates ranging from 3.75% to 14.50% (2021: 2.25% to 9.75%) per annum.

7.2 Deposit accounts include USD 132,006.24 (2021: USD 134,619.50) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% (2021: 0.25%) per annum.

	Note	2022	2021
		Rupees	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.1	-	-
		-	-
Less: provision held against Lending to Financial Institutions		-	-
Lending to Financial Institutions - net of provision		-	-
8.1 Particulars of lending			
In local currency		-	-

8.2 Securities held as collateral against lending to financial institutions

		2022			2021		
		Held by the Group	Further given as collateral	Total	Held by the Group	Further given as collateral	Total
Note		Rupees			Rupees		
Pakistan Investment Bonds	8.2.1	-	-	-	-	-	-
Total		-	-	-	-	-	-

8.2.1 Market value of securities held as collateral at December 31, 2022 is Nil (2021: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

9. INVESTMENTS

		2022		2021	
Investments by type:		Rupees		Rupees	
	Note	Cost/amortised cost	Provision for diminution	Surplus/ (deficit)	Carrying value
Held-for-trading securities					
Quoted shares		-	-	-	67,927,999
Open end mutual fund		187,981,492	1,347,140	37,858	35,037,858
		187,981,492	1,347,140	1,860,369	102,965,857
Available-for-sale securities					
Federal Government Securities					
- Pakistan Investment Bonds (PIBs)		32,994,355,755	(1,800,587,455)	(988,367,679)	25,168,381,000
		32,994,355,755	(1,800,587,455)	(988,367,679)	25,168,381,000
Shares- quoted securities		3,265,391,260	(941,511,580)	(32,280,058)	2,454,975,597
Non Government Debt Securities					
- Term Finance Certificates (TFCs) / Sukuk		969,651,845	(80,266,424)	14,458,400	1,103,843,821
- Commercial paper		-	-	-	-
Un-quoted securities		783,833,048	(273,833,040)	-	512,500,008
		38,013,231,908	(1,295,611,044)	(1,006,189,337)	29,239,700,426
Held-to-maturity securities					
Federal Government Securities					
-Market treasury bills		143,666,166	-	-	166,634,489
Non Government Debt Securities					
- Term Finance Certificates (TFCs)	9.1.1	1,529,701,077	(529,186,077)	-	1,323,068,000
- Certificate of Investment (COI)		1,673,367,243	(529,186,077)	-	65,284,933
		39,874,580,643	(1,824,797,121)	(1,004,328,968)	30,897,653,705
Total Investments					
		39,874,580,643	(1,824,797,121)	(1,004,328,968)	30,897,653,705

9.1.1 Installments of Rs.14,310 million and Rs.18,728 million were due on February 10, 2022 & August 10, 2022 respectively against unsecured subordinated TFCs of Rs. 299,760 million issued by Silk Bank Limited (the Issuer). Delay in payments is due to "lock in event" that has restricted the issuer to make payment without the approval of the State Bank of Pakistan (SBP) to avoid the issuer's noncompliance of minimum capital requirement and capital adequacy ratio. In view of the fact that the issuer is continuing as a going concern without any restriction on its operations, the debt obligation is duly recognized and that the application for allowing the payment is pending with SBP, the management of the Holding Company believes that no provisions is required to be made in the financial statements pursuant to clause 2.8 of the trust deed, the delay in payment does not constitute a breach of the issuer's redemption obligations as per the independent legal opinion provided by the trustee to all the participating financial institutions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

9.2 Investments by segments:

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees				Rupees			
Federal Government Securities:								
Market treasury bills	143,666,166	-	-	143,666,166	166,634,489	-	-	166,634,489
Pakistan Investment Bonds	32,994,355,755	-	(1800,587,455)	31,193,768,300	26,156,748,679	-	(988,367,679)	25,168,381,000
	33,138,021,921	-	(1800,587,455)	31,337,434,466	26,323,383,168	-	(988,367,679)	25,335,015,489
Shares:								
Listed companies	3,265,391,260	(941,511,580)	(98,873,281)	2,225,006,399	3,274,286,117	(720,924,974)	(30,457,547)	2,522,903,596
Unlisted companies	783,833,048	(273,833,040)	-	510,000,008	786,333,048	(273,833,040)	-	512,500,008
	4,049,224,308	(1,215,344,620)	(98,873,281)	2,735,006,407	4,060,619,165	(994,758,014)	(30,457,547)	3,035,403,604
Non Government Debt Securities								
Listed TFCs / Sukuk	1,231,098,389	(41,712,968)	2,340,000	1,191,725,421	2,095,099,899	(322,765,478)	14,458,400	1,786,792,821
Unlisted TFCs / Sukuk	1,268,254,533	(567,739,533)	-	700,515,000	943,277,751	(303,158,751)	-	640,119,000
Commercial paper	-	-	-	-	-	-	-	-
	2,499,352,922	(609,452,501)	2,340,000	1,892,240,421	3,038,377,650	(625,924,229)	14,458,400	2,426,911,821
Other investments								
Mutual funds	187,981,492	-	1,347,140	189,328,632	35,000,000	-	37,858	35,037,858
Certificate of Investment (COI)	-	-	-	-	65,284,933	-	-	65,284,933
	187,981,492	-	1,347,140	189,328,632	100,284,933	-	37,858	100,322,791
Total Investments	39,874,580,643	(1,824,797,121)	(1,895,773,596)	36,154,009,926	33,522,664,916	(1,620,682,243)	(1,004,328,968)	30,897,653,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees	
9.2.1 Investments given as collateral		
Pakistan Investment Bonds (PIBs)	27,399,908,300	21,908,529,525
	<u>27,399,908,300</u>	<u>21,908,529,525</u>
9.3 Provision for diminution in value of investments		
9.3.1 Opening balance	1,620,682,243	1,519,406,251
Charge / reversals		
Charge for the year	264,524,009	207,601,400
Reversals for the year	(16,471,728)	(3,757,789)
Reversal on disposals	(43,937,403)	(102,567,619)
	204,114,878	101,275,992
Transfers - net	-	-
Amounts written off	-	-
Closing balance	<u>1,824,797,121</u>	<u>1,620,682,243</u>

9.3.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	NPI	Provision	NPI	Provision
	Rupees		Rupees	
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	643,202,501	609,452,501	659,674,229	625,924,229
	<u>643,202,501</u>	<u>609,452,501</u>	<u>659,674,229</u>	<u>625,924,229</u>
Overseas	-	-	-	-
Total	<u>643,202,501</u>	<u>609,452,501</u>	<u>659,674,229</u>	<u>625,924,229</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

9.4 Quality of Available for Sale Securities

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

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

2022

2021

Cost in Rupees

Shares:

Listed Companies

Cement	109,775,900	109,775,900
Chemical	417,127,705	417,127,705
Close-end Mutual Fund	37,745,634	37,745,634
Commercial Banks	860,941,393	647,875,278
Fertilizer	-	233,487,301
Insurance	145,952,935	100,820,544
Oil & Gas Marketing Companies	255,976,980	211,761,553
Oil & Gas Exploration Companies	517,973,984	517,973,844
Power Generation and Distribution	885,925,664	897,641,805
Technology and Communication	33,971,065	33,971,065
	<u>3,265,391,260</u>	<u>3,208,180,629</u>

2022

2021

Cost

Breakup Value

Cost

Breakup Value

Rupees

Rupees

Unlisted Companies

Al Hamra Avenue Private Limited	50,000,000	-	50,000,000	-
Alhamra Hills Private Limited	50,000,000	-	50,000,000	-
Ali Paper Board Industries Limited	5,710,000	-	5,710,000	-
Bela Chemical Industries Limited	6,500,000	-	6,500,000	-
Fruit Sap Limited	4,000,000	-	4,000,000	-
Innovative Investment Bank Limited	37,623,048	-	37,623,048	-
ISE Towers - REIT Management Company Limited	-	-	2,500,000	48,580,204
Pace Barka Properties Limited	168,750,000	193,302,602	168,750,000	210,367,051
Pak Kuwait Takaful Company	40,000,000	283,222	40,000,000	(2,485,549)
Pakistan Textile City Limited	50,000,000	5,047,010	50,000,000	5,047,010
Pakistan GasPort Consortium Limited	330,000,000	621,580,218	330,000,000	737,382,277
Saudi Pak Kalabagh Livestock Company Limited	10,000,000	-	10,000,000	-
Taurus Securities Limited	11,250,000	24,090,707	11,250,000	24,651,223
Trust Investment Bank Limited	20,000,000	-	20,000,000	-
	<u>783,833,048</u>	<u>844,303,759</u>	<u>786,333,048</u>	<u>1,023,542,216</u>

Breakup value has been calculated using latest available audited financial statements, except for the parties for which no breakup value is mentioned above due to non-availability of latest audited financial statements because of litigation or liquidation proceedings.



SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Non Government Debt Securities

Listed

- AA+, AA, AA-
- CCC and below
- Unrated

Unlisted

- A+, A, A-
- Unrated

	2022	2021
	Cost in Rupees	
	860,000,000	1,060,000,000
	29,385,421	29,385,421
	23,009,084	24,417,686
	912,394,505	1,113,803,107
	-	-
	57,257,340	57,257,340
	57,257,340	57,257,340
	969,651,845	1,171,060,447

9.5 The Group does not have any investments in foreign securities as at December 31, 2022 (2021: Nil).

9.6 Particulars relating to Held to Maturity securities are as follows:

	2022	2021
Note	Cost in Rupees	
Federal Government Securities - Government guaranteed		
- Market Treasury Bills	143,666,166	166,634,489
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	300,000,000	600,000,000
- Unrated	18,703,884	19,617,792
9.6.1	318,703,884	619,617,792
Unlisted		
- AA+, AA, AA-	267,005,000	289,558,000
- A+, A, A-	100,000,000	100,000,000
- BBB+, BBB, BBB-	-	299,760,000
- B+, B, B-	299,760,000	-
- Unrated	544,232,193	558,381,411
	1,210,997,193	1,247,699,411
Others		
- Unrated	-	65,284,933
	1,529,701,077	1,932,602,136

9.6.1 Market value of held-to-maturity securities other than non performing investments as at December 31, 2022 is Rs. 576 million (2021: Rs. 1,193 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. ADVANCES

Loans, leases, running finances- gross	10.1	8,696,455,188	6,722,162,869	2,778,130,890	2,387,298,720	11,474,586,078	9,109,461,589
Provision against advances							
- Specific		-	-	(2,268,864,901)	(2,241,352,677)	(2,268,864,901)	(2,241,352,677)
- General		(86,383,617)	-	-	-	(86,383,617)	-
		(86,383,617)	-	(2,268,864,901)	(2,241,352,677)	(2,355,248,518)	(2,241,352,677)
Advances - net of provision		8,610,071,571	6,722,162,869	509,265,989	145,946,043	9,119,337,560	6,868,108,912

10.1 Includes Net Investment in Finance Lease as disclosed below:

	2022		2021		Total
	Later than one and less than five years	Over five years	Not later than one year	Later than one and less than five years	
Lease rentals receivable	95,208,694	-	95,208,694	-	95,208,694
Residual value	-	-	-	-	-
Minimum lease payments	95,208,694	-	95,208,694	-	95,208,694
Financial charges for future periods	(28,746,708)	-	(28,746,708)	-	(28,746,708)
Present value of minimum lease payments	66,461,986	-	66,461,986	-	66,461,986

10.2 Particulars of advances (Gross)

	2022	2021
In local currency	11,474,586,078	9,109,461,589
In foreign currencies	-	-
	11,474,586,078	9,109,461,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10.3 Advances include Rs. 2,778,130,890 (2021: Rs. 2,387,298,720) which have been placed under non-performing status as detailed below:-

Category of Classification	2022		2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees		Rupees	
Domestic				
Substandard	-	-	-	-
Doubtful	270,000,000	-	291,892,086	145,946,043
Loss	2,508,130,890	2,268,864,901	2,095,406,634	2,095,406,634
Total	2,778,130,890	2,268,864,901	2,387,298,720	2,241,352,677

Particulars of provision against advances	2022		2021	
	Specific	General	Specific	General
		Rupees		Rupees
Opening balance	2,241,352,677	-	2,241,352,677	2,533,847,014
Charge for the year	146,592,629	86,383,617	232,976,246	-
Reversals	(119,080,405)	-	(119,080,405)	-
Amounts written off	27,512,224	86,383,617	113,895,841	-
Closing balance	2,268,864,901	86,383,617	2,355,248,518	2,241,352,677

10.4.1 During the year, the Holding Company provided general provisioning of Rs.86.384 Million, i.e. 1% of regular loan portfolio other than staff advances on the anticipation that challenging economic conditions may have an adverse impact on regular loans and risk of increase in NPLs cannot be precluded.

Particulars of provision against advances	2022		2021	
	Specific	General	Specific	General
		Rupees		Rupees
In local currency	2,268,864,901	86,383,617	2,355,248,518	-
In foreign currencies	-	-	-	-
	2,268,864,901	86,383,617	2,355,248,518	2,241,352,677

10.4.3 The net FSV benefit already availed has been increased by Rs. 374,266 million, which has resulted reduction in specific provision for the year by the same amount. Had the FSV benefit not changed, before and after tax profit for the year would have been decreased by Rs. 374,266 million (December 31, 2021: nil) and Rs. 265,729 million (December 31, 2021: nil) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 265,729 million (December 31, 2021: Rs. Nil) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	Rupees	
10.5 Particulars of write offs:			
10.5.1 Against Provisions	10.4	-	50,934,063
Directly charged to Profit & Loss account		-	607,822
		-	51,541,885
10.5.2 Write Offs of Rs. 500,000 and above	10.6		
- Domestic		-	51,493,885
- Overseas		-	-
Write Offs of Below Rs. 500,000		-	48,000
		-	51,541,885

10.6 Details of loan write off of Rs. 500,000/- and above

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

10.7 Particulars of loans and advances to staff included in advances

	2022	2021
	Rupees	
Opening balance	56,778,465	64,036,392
Amount disbursed during the year	28,536,481	17,877,546
Amount received during the year	(27,221,463)	(24,539,953)
Amount written off	-	(595,520)
Closing balance	58,093,483	56,778,465
11. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE		
Cost of investment reclassified from investments		
- Investment in ordinary shares	243,467,574	243,467,574
- Investment in preference shares	333,208,501	333,208,501
Less: Provision on investment	(576,676,075)	(576,676,075)
	-	-
Less: Amounts received till 31 December	-	-
	-	-

11.1 The Holding Company's investment in Saudi Pak Leasing Company Limited (the "associate company") has been classified as non-current asset held for sale in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sales and Discontinued Operations" and measured at lower of carrying amount at designation and fair value less cost to sell. The potential buyer had submitted its binding offer to Saudi Pak against which letter of intent was issued and the company submitted request to SECP for sale of its stake in SPLC. After completion of necessary formalities as sought by SECP from the potential buyer, the outcome of request submitted is awaited.

		2022	2021
	Note	Rupees	
12. FIXED ASSETS			
Capital work-in-progress	12.1	40,256,613	3,204,338
Property and equipment	12.2	4,344,297,739	4,465,441,541
		4,384,554,352	4,468,645,879
12.1 Capital work-in-progress			
Civil works		38,359,113	-
Advances to suppliers		1,897,500	3,204,338
		40,256,613	3,204,338



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12.2 Property and equipment

2022												
Leasehold land	Building - Karachi office	Other buildings	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems *	Electrical fittings, fire fighting equipment and others **	Total	
Rupees												
2,578,050,000	52,282,000	233,620,000	1,244,411,875	15,619,117	59,001,950	103,181,243	101,608,491	51,800,000	4,431,722	162,778,926	4,606,785,324	
-	-	-	-	14,217,999	46,410,800	64,824,621	-	-	53,703	15,836,660	141,343,783	
2,578,050,000	52,282,000	233,620,000	1,244,411,875	1,401,118	12,591,150	38,356,622	101,608,491	51,800,000	4,378,019	146,942,266	4,465,441,541	
Year ended December 31, 2022												
2,578,050,000	52,282,000	233,620,000	1,244,411,875	1,401,118	12,591,150	38,356,622	101,608,491	51,800,000	4,378,019	146,942,266	4,465,441,541	
-	-	9,593,000	867,460	937,311	10,412,512	7,229,594	719,780	-	718,283	16,178,522	46,656,462	
Disposals												
-	-	-	(28,289)	(204,916)	(6,763,024)	(29,775,720)	(62,951)	-	(82,857)	(1,130,554)	(38,048,311)	
-	-	-	757	204,883	6,653,016	27,030,975	6,339	-	8,342	1,093,582	34,997,894	
-	-	-	(27,532)	(33)	(110,008)	(2,744,745)	(56,612)	-	(74,515)	(36,972)	(3,050,417)	
(43,122,244)	(2,094,616)	-	(49,862,442)	(702,770)	(7,597,108)	(13,425,744)	(15,186,005)	(7,782,413)	(718,507)	(24,257,998)	(164,749,847)	
-	-	-	-	-	-	-	-	-	-	-	-	
2,534,927,756	50,187,384	243,213,000	1,195,389,361	1,635,626	15,296,546	29,415,727	87,085,654	44,017,587	4,303,280	138,825,818	4,344,297,739	
At December 31, 2022												
2,578,050,000	52,282,000	243,213,000	1,245,251,046	16,351,512	62,651,438	80,635,117	102,265,320	51,800,000	5,067,148	177,826,894	4,615,393,475	
43,122,244	2,094,616	-	49,861,685	14,715,886	47,354,892	51,219,390	15,179,666	7,782,413	763,868	39,001,076	271,095,736	
2,534,927,756	50,187,384	243,213,000	1,195,389,361	1,635,626	15,296,546	29,415,727	87,085,654	44,017,587	4,303,280	138,825,818	4,344,297,739	
1.67	4	-	4	20	33.33	20	15	15	15	15		
Rate of depreciation (percentage)												



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021											
	Leasehold land	Building - Karachi office	Other buildings	Building on Leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems *	Electrical fittings, fire fighting equipment and others **	Total
	Rupees											
At January 1, 2021												
Cost / Revalued amount	1,743,975,000	36,597,000	215,874,000	996,414,324	15,269,542	54,667,127	107,921,188	101,520,389	48,090,798	5,325,558	183,585,637	3,509,240,563
Accumulated depreciation	55,458,402	2,927,756	-	79,695,506	13,543,098	45,447,180	62,645,857	30,047,348	14,160,838	16,09,252	55,773,390	361,308,627
Net book value	1,688,516,598	33,669,244	215,874,000	916,718,818	1,726,444	9,219,947	45,275,331	71,473,041	33,929,960	3,716,306	127,812,247	3,147,931,936
Year ended December 31, 2021												
Opening net book value	1,688,516,598	33,669,244	215,874,000	916,718,818	1,726,444	9,219,947	45,275,331	71,473,041	33,929,960	3,716,306	127,812,247	3,147,931,936
Additions / revaluation	-	-	17,746,000	477,844	428,075	9,942,213	13,890,479	3,991,318	-	92,728	15,898,410	62,467,067
Movement in surplus on assets revalued during the year	917,262,603	20,076,634	-	367,079,645	-	-	-	41,518,234	25,083,655	1,374,996	30,246,450	1,402,642,217
Revaluation adjustment	(83,187,603)	(4,391,634)	-	(119,559,938)	-	-	-	(45,421,450)	(21,374,453)	(2,361,560)	(66,681,940)	(342,978,578)
Disposals												
- Cost / Revalued amount	-	-	-	-	(78,500)	(5,607,390)	(18,630,424)	-	-	-	(269,631)	(24,585,945)
- Accumulated depreciation	-	-	-	-	78,500	5,544,042	12,005,685	-	-	-	269,626	17,897,853
	-	-	-	-	-	(63,348)	(6,624,739)	-	-	-	(5)	(6,688,092)
Depreciation charge	(27,729,201)	(1,463,878)	-	(39,864,432)	(753,401)	(6,507,662)	(14,184,449)	(15,374,102)	(7,213,615)	(806,011)	(27,014,836)	(140,911,587)
Revaluation adjustment	83,187,603	4,391,634	-	119,559,938	-	-	-	45,421,450	21,374,453	2,361,560	66,681,940	342,978,578
Closing net book value	2,578,050,000	52,282,000	233,620,000	1,244,411,875	1,401,118	12,591,150	38,356,622	101,608,491	51,800,000	4,378,019	146,942,266	4,465,441,541
At December 31, 2021												
Cost / Revalued amount	2,578,050,000	52,282,000	233,620,000	1,244,411,875	15,619,117	59,001,950	103,181,243	101,608,491	51,800,000	4,431,722	162,778,926	4,606,785,324
Accumulated depreciation	-	-	-	-	14,217,999	46,410,800	64,824,621	-	-	53,703	15,836,660	141,343,783
Net book value	2,578,050,000	52,282,000	233,620,000	1,244,411,875	1,401,118	12,591,150	38,356,622	101,608,491	51,800,000	4,378,019	146,942,266	4,465,441,541
Rate of depreciation (percentage)	1.59	4	-	4	20	33.33	20	15	15	15	15	

* This represents security system at Islamabad and Karachi office of Holding Company. Security system of Islamabad office are revalued only, as they form an integral part of building structure.

** This represents electrical fittings, fire fighting equipment, telephone installation, leasehold improvements, electrical appliances, loose tools & miscellaneous item at Islamabad, Lahore and Karachi office of Holding Company and office of subsidiary company. The Group revalues electrical fittings, fire fighting equipment and telephone installation for its Islamabad office only, as they form an integral part of building structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12.3 Details of disposal of operating fixed assets

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Building on leasehold land	28,288	757	27,532	29,000	Auction	Suleman Khan
Building items - Islamabad office						
Furniture and fixture						
Furniture items - Islamabad office	127,791	127,772	19	48,500	Auction	Suleman Khan
Furniture items - Lahore office	10,400	10,398	2	2,000	Auction	Golden Interior
Furniture items - BCP Site	41,725	41,713	12	15,000	Auction	Golden Interior
Furniture and fixture - Subsidiary Company	25,000	25,000	-	25,000	Auction	Wood & Wood
	204,916	204,883	33	90,500		
Office equipment						
Samsung S 8 Plus	67,500	67,499	1	1	As per policy *	Zafar Iqbal
IT Equipment - Islamabad office	2,134,956	2,134,934	22	72,000	Auction	Arif Masih
Iphone Xs Max	100,000	51,365	48,635	48,635	As per policy *	Kashif Suhail
Samsung S 10 Lite	100,000	67,260	32,740	32,740	As per policy *	Shalkh Aftab Ahmed
HP Elitebook 850 G6	252,913	238,047	14,866	14,866	As per policy *	Shalkh Aftab Ahmed
HP Elitebook 850 G6	252,914	239,201	13,713	13,713	As per policy *	Zafar Iqbal
HP Elitebook 850 G6	252,913	252,912	1	1	As per policy *	Yawar Khan Afridi
HP Elitebook 850 G6	252,914	252,913	1	12,646	As per policy *	Arif Majeed Butt
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	M. Ghairat Hayat
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	Safdar Abbas Zaidi
HP Elitebook 850 G6	252,914	252,913	1	1	As per policy *	All Imran
IT Equipment - Islamabad office	338,287	338,282	5	14,545	Auction	Syed Azhar Ud Din Shah
IT Equipment - Karachi office	1,141,460	1,141,450	10	25,455	Auction	Ghulam Mustafa
IT Equipment - Lahore office	705,129	705,120	9	9,000	Auction	Golden Interior
IT Equipment - BCP Site	156,086	156,084	2	2,000	Auction	Golden Interior
Photocopy machine - Subsidiary Company	249,210	249,210	-	27,000	Auction	Ghalib Traders
	6,763,024	6,653,016	110,008	272,605		
Vehicles						
Suzuki Cultus - AQC 893	2,008,162	841,776	1,166,386	1,166,386	As per policy *	Mohammad Aslam
Honda CD-70	63,500	63,499	1	38,909	Auction	Rizwan Mazhar
Honda Civic i-Vtech Oriol - AJS 802	2,718,178	2,196,881	521,297	521,297	As per policy *	Kashif Suhail
Suzuki Cultus - AEV 729	1,406,560	1,406,559	1	1	As per policy *	Tayyaba Yamin
Honda Civic 1.8 - AGC 479	2,699,400	2,699,399	1	3,527,786	Auction	Nasir Iqbal Rana
Toyota Land Cruiser ZX-V8 - CX 422	18,818,700	18,818,699	1	18,681,818	Auction	Sultan M Bahadar Aziz
Kia Picanto - LE 20 5839	2,061,220	1,004,162	1,057,058	1,057,058	As per policy *	Gohar Ayub Marth
	29,775,720	27,030,975	2,744,745	24,993,255		
Heating and air-conditioning						
Heating and air-conditioning items - Islamabad office	62,951	6,339	56,612	62,000	Auction	Suleman Khan
Security systems						
Security items - Islamabad office	82,857	8,342	74,515	77,100	Auction	Suleman Khan



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FOR THE YEAR ENDED DECEMBER 31, 2022

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Electrical fittings, fire fighting equipment and others						
Diesel Generator 16-KVA	1	-	1	90,455	Auction	System And Power Engineering
Fire fighting equipment items - Islamabad office	12,930	1,295	11,635	18,000	Auction	Suleman Khan
Telephone installation items - Islamabad office	43	5	38	1,000	Auction	Suleman Khan
Telephone Exchange - Karachi office	139,028	139,027	1	18,000	Auction	Muhammad Nauman
Electrical Appliances - Islamabad office	421,962	400,419	21,543	64,036	Auction	Suleman Khan
Electrical Appliances - Karachi office	522,750	518,997	3,753	80,000	Auction	Muhammad Nauman
Misc Items - Islamabad office	33,840	33,839	1	8,000	Auction	Suleman Khan
	1,130,554	1,093,582	36,972	279,491		
	38,048,311	34,997,894	3,050,417	25,803,951		

* These items were sold to employees including key management personnel in accordance with policy of the Group.

12.4 Revaluation of property and equipment

The property and equipment of the Holding Company were revalued by independent professional valuer on the estimated value on market / depreciated basis as at December 31, 2021. The revaluation was carried out by M/s Impulse (Pvt) Limited, member of Pakistan Engineering Council and on panel of Pakistan Banking Association; on the basis of professional assessment of present market values and resulted in surplus by Rs. 1,402,642 million. The total surplus arising against revaluation of fixed assets as at December 31, 2021 amounted to Rs. 3,968,328 million. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2021 would have been as follows:

	2022	2021
Rupees		
Leasehold Land	27,337,889	27,787,623
Building - Karachi office	1,519,155	2,137,391
Building	21,553,367	22,173,408
Heating and air-conditioning system	5,602,685	6,254,276
Elevators	12,730,421	19,373,192
Security system	772,616	178,939
Electrical fittings, fire fighting equipment and others	59,435,792	59,753,380
	128,951,925	137,658,209
Cost / revalued amount of fully depreciated assets that are still in use:		
Furniture and fixture	12,412,624	10,513,608
Office equipment	35,696,885	36,251,129
Vehicles	9,791,193	27,129,060
Electrical fittings, fire fighting equipment and others	7,884,146	8,386,490
	66,084,848	82,280,287

12.5 Cost / revalued amount of fully depreciated assets that are still in use:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		Rupees	
		Computer software	Computer software
13. INTANGIBLE ASSETS			
At January 1			
Cost		30,203,584	26,731,503
Accumulated amortisation and impairment		24,094,534	19,502,063
Net book value		6,109,050	7,229,440
Year ended December 31			
Opening net book value		6,109,050	7,229,440
Additions - directly purchased		4,705,478	3,472,081
Amortisation charge		4,422,525	4,592,471
Closing net book value		6,392,003	6,109,050
At December 31			
Cost		34,909,062	30,203,584
Accumulated amortisation and impairment		28,517,059	24,094,534
Net book value		6,392,003	6,109,050
Rate of amortisation (percentage)		33.33	33.33
Useful life (years)		3	3
13.1	Cost of fully amortized intangible assets still in use amount to Rs. 23,843,854 (2021: Rs. 18,444,698).		
14. OTHER ASSETS			
Income/ mark-up accrued in local currency - net of provision			
On investments		1,678,229,864	842,458,570
On advances		530,155,076	311,550,059
On saving bank accounts		1,148,561	14,414
		2,209,533,501	1,154,023,043
Advances, deposits, advance rent and other prepayments		22,212,185	11,314,549
Advance taxation (payments less provisions)		1,278,268,117	855,962,478
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	51,651,432	53,803,576
Dividend receivable		34,641,773	42,867,904
Other receivables		4,896,126	684,959
		3,680,021,029	2,197,474,404
Less: Provision held against other assets	14.2	(256,792)	(256,792)
Other assets (net of provision)		3,679,764,237	2,197,217,612
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	22,893,624	23,847,524
Other assets - total		3,702,657,861	2,221,065,136
14.1	Market value of non-banking assets acquired in satisfaction of claims	77,651,100	77,651,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The non-banking asset acquired from Irfan Textile represents office area on 1st floor of Famous Mall, Lahore and was initially recorded in the financial statements in June 2007. This asset was last revalued by independent professional valuers M/s Amir Evaluators & Consultants on the basis of assessment of Present Market Value on 31 December 2021 at Rs. 77.651 million. M/s Impulse (Pvt) Limited is member of Pakistan Engineering Council and also on panel of Pakistan Banking Association.

Business activity could not be started since the building was constructed due to pending approval of building map and the issuance of completion certificate from Lahore Development Authority (LDA). Management is hopeful to dispose off the same once the NOC is arranged and provided by the plaza owners.

	Note	2022	2021
		Rupees	
14.1.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		77,651,100	163,229,557
Revaluation during the year		-	14,712,840
Disposals during the year		-	(97,369,951)
Depreciation		(3,106,044)	(2,921,346)
Closing balance		74,545,056	77,651,100
14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	158,000,000
less: carrying value		-	(97,369,951)
Gain realized on disposal		-	60,630,049
14.2 Provision held against other assets			
Advances, deposits, advance rent & other prepayments	14.2.1	256,792	256,792
14.2.1 Movement in provision held against other assets			
Opening balance		256,792	256,792
Charge for the year		-	-
Reversals / transfer		-	-
Amount Written off		-	-
Closing balance		256,792	256,792
15. DEVELOPMENT PROPERTIES			
Balance at beginning of the year		198,210,163	198,210,163
Additions during the year		-	-
Cost of plots / house sold during the year		(5,476,135)	-
Balance at end of the year	15.1	192,734,028	198,210,163
15.1			
This represents cost of 34 - eight marla plots situated at Royal Residencia Housing Scheme, Lahore held by subsidiary Company.			



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FOR THE YEAR ENDED DECEMBER 31, 2022

16. BORROWINGS

	Note	2022	2021
		Rupees	
Secured			
Borrowings from State Bank of Pakistan under refinance scheme			
Long term financing facility	16.1	2,195,224,199	845,810,022
Temporary economic relief facility	16.2	491,424,500	491,424,500
		2,686,648,699	1,337,234,522
Repurchase agreement borrowings	16.3	27,775,718,150	21,831,884,450
Against book debts/receivables	16.4	4,812,500,000	3,287,500,000
Total secured		35,274,866,849	26,456,618,972
Unsecured			
Call borrowings	16.5	1,500,000,000	-
Total unsecured		1,500,000,000	-
		36,774,866,849	26,456,618,972

16.1 These represent facilities obtained against State Bank of Pakistan refinance schemes under LTFF. The mark up is charged at the rates ranging from 2.00% to 7.00% (2021: 2.00%) per annum. These facilities will mature during January 2023 to June 2032 (2021: January 2022 to January 2029).

16.2 These represent facilities obtained against State Bank of Pakistan refinance schemes under TERF. The mark up is charged at the rate of 1.00% (2021: 1.00%) per annum. These facilities will mature during April 2023 to January 2031 (2021: April 2023 to January 2031).

16.3 These facilities were secured against government securities (PIBs). These carry markup at rates ranging from 15.34% to 16.60% (2021: 10.25% to 10.65%) per annum having maturity during January 2023 to March 2023 (2021: during January 2022).

16.4 These represent facilities obtained from various banks against charge on book debts/receivables valuing Rs. 10,267 million (2021: Rs. 10,267 million). The mark up is charged at varying rates ranging from 15.86% to 17.31% (2021: 7.96% to 11.79%) per annum. These facilities will mature during January 2023 to December 2027 (2021: January 2022 to April 2025).

16.5 These facilities were unsecured and carrying markup at rate of 16.25% (2021: nil) per annum having maturity in January 2023 (2021: nil).

	Note	2022	2021
		Rupees	
16.6 Particulars of borrowings with respect to Currencies			
In local currency		36,774,866,849	26,456,618,972
In foreign currencies		-	-
		36,774,866,849	26,456,618,972

17. DEPOSITS AND OTHER ACCOUNTS

Customers

- Term deposits (local currency)

17.1 1,953,000,000 2,911,587,775

17.1 Composition of deposits

- Public Sector Entities

17.2 1,343,000,000 2,701,587,775

- Non-Banking Financial Institutions

17.3 10,000,000 10,000,000

- Private Sector

17.4 600,000,000 200,000,000

1,953,000,000 2,911,587,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17.2 These Certificate of Investments (COIs) carry mark up at the rates ranging from 16.80% to 16.88% (2021: 8.00% to 10.55%) per annum with maturity on November 2023 (2021: January 2022 to November 2022).

17.3 These Certificate of Investments (COIs) carry mark up at the rate of 16.12% (2021: 7.75%) per annum with maturity on March 2023 (2021: March 2022).

17.4 These Certificate of Investments (COIs) carry mark up at the rates ranging from 15.67% to 17.06% (2021: 11.14%) per annum with maturity during July 2023 to December 2023 (2021: December 2022).

18. DEFERRED TAX LIABILITIES / (ASSETS)

2022		At January 1 2022	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31 2022
Rupees						
Deductible Temporary Differences on						
		(5,853,874)	-	-	(1,346,383)	(7,200,257)
	Actuarial loss on defined benefit plan	(17,218,138)	5,973,247	-	-	(11,244,891)
	Unused tax losses	(125,773,667)	-	-	(483,962,085)	(609,735,752)
	Surplus / (deficit) on revaluation of securities - AFS	(549,082,000)	(107,885,000)	-	-	(656,967,000)
	Provision on non-performing loans	(67,767,173)	(38,573,703)	-	-	(106,340,876)
	Impairment loss on available for sale quoted securities	(765,694,852)	(140,485,456)	-	(485,308,468)	(1,391,488,776)
Taxable Temporary Differences on						
	Accelerated tax depreciation	25,428,722	12,624,138	-	-	38,052,860
	Dividend receivable	10,716,976	(670,862)	-	-	10,046,114
	Net investment in leases	-	-	-	-	-
	Surplus on revaluation of securities - HFT	273,377	(273,377)	-	-	-
	Surplus on revaluation of operating fixed assets	1,150,815,223	(35,084,488)	153,893,895	-	1,269,624,630
	Short term investment - COI & T Bill	503,014	(445,009)	-	-	58,005
		1,187,737,312	(23,849,598)	153,893,895	-	1,317,781,609
	Excess deferred tax asset of the subsidiary company not recognized	16,506,876	(4,181,293)	-	59,818	12,385,401
		438,549,336	(168,516,347)	153,893,895	(485,248,650)	(61,321,766)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021

Note	At January 1 2021	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31 2021
Deductible Temporary Differences on					
Actuarial loss on defined benefit plan	(5,087,885)	-	-	(765,989)	(5,853,874)
Unused tax losses	(8,513,171)	(8,704,967)	-	-	(17,218,138)
Surplus / (deficit) on revaluation of securities - AFS	(87,557,285)	-	-	(38,216,382)	(125,773,667)
Provision on non-performing loans	(592,956,000)	43,874,000	-	-	(549,082,000)
Impairment loss on available for sale quoted securities	(91,939,258)	24,172,085	-	-	(67,767,173)
	(786,053,599)	59,341,118	-	(38,982,371)	(765,694,852)
Taxable Temporary Differences on					
Accelerated tax depreciation	21,720,964	3,707,758	-	-	25,428,722
Dividend receivable	5,255,702	5,461,274	-	-	10,716,976
Net investment in leases	18,670,058	(18,670,058)	-	-	-
Surplus on revaluation of securities - HFT	241,065	32,312	-	-	273,377
Surplus on revaluation of operating fixed assets	770,771,780	(26,722,800)	-	406,766,243	1,150,815,223
Short term investment - COI & T Bill	679,099	(176,085)	-	-	503,014
	817,338,668	(36,367,599)	-	406,766,243	1,187,737,312
Excess deferred tax asset of the subsidiary	9,012,206	7,549,013	-	(54,343)	16,506,876
company not recognized	40,297,275	30,522,532	-	367,729,529	438,549,336

18.1 Deferred tax asset to the extent of Rs. 12,385,401 (2021: Rs. 16,506,876) related to the subsidiary company has not been recognized by its management in view of uncertainty related to taxable profits in foreseeable future.

18.2 At current year end, the Group had net deferred tax assets of Rs. 61,322 Million (2021: nil). Management believes that is probable that the Group will be able to achieve the profits and consequently, the deferred tax assets will either be realized in future or adjusted against the taxable temporary differences on net basis. Deferred tax assets and liabilities on temporary differences are measured at the rate of 33% (2021: 29%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. OTHER LIABILITIES	Note	2022	2021
		Rupees	Rupees
Mark-up / return / interest payable in local currency		378,356,147	149,516,538
Accrued expenses		33,069,012	62,594,158
Advance rental income	19.1	158,377,284	126,425,325
Security deposits against rented properties		42,827,182	37,225,579
Payable to defined benefit plan	36.4	10,015,734	8,015,251
Provision for compensated absences		10,021,723	9,913,246
Directors' remuneration		-	5,293,500
Payable to stock brokers - net		76,825,002	119,060
Dividend Payable to Foreign Shareholder		82,500,000	-
Others		18,498,131	24,891,114
		<u>810,490,215</u>	<u>423,993,771</u>

19.1 This represents rent received in advance for premises let out in the Saudi Pak Tower, Jinnah Avenue, Blue Area, Islamabad and Tricon Plaza, Lahore

20. SHARE CAPITAL

20.1 Authorized Capital	2021	2021
	Number of Shares	Rupees
	1,000,000,000	10,000,000,000

20.2 Issued, subscribed and paid up share capital

2022	2021	2021
	Number of Shares	Rupees
	1,000,000,000	10,000,000,000
	Ordinary shares	
	Fully paid in cash	4,000,000,000
	Issued as bonus shares (note 20.4)	2,600,000,000
	<u>6,600,000,000</u>	<u>6,600,000,000</u>

20.3 State Bank of Pakistan on behalf of the Government of Pakistan and Ministry of Finance, KSA on behalf of Kingdom of Saudi Arabia are equal shareholders of the Holding Company.

20.4 This includes 16,500,000 (2021: nil) bonus shares of Rs. 165,000,000 (2021: nil) transferred from unappropriated profits after approval of the shareholders in the Annual General Meeting held on March 26, 2022. These shares rank pari passu with the existing shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	Rupees	
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	(1,897,120,736)	(1,006,189,337)
- Fixed assets	21.1	3,847,347,375	3,968,328,363
- Non-banking assets acquired in satisfaction of claims	21.2	22,893,624	23,847,524
		1,973,120,263	2,985,986,550
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		609,735,752	125,773,667
- Fixed assets	21.1	(1,269,624,630)	(1,150,815,223)
- Non-banking assets acquired in satisfaction of claims		-	-
		(659,888,878)	(1,025,041,556)
		1,313,231,385	1,960,944,994
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		3,968,328,363	2,657,833,730
Recognised during the year		-	1,402,642,217
Realised on disposal during the year - net of deferred tax		-	-
Related deferred tax liability on surplus realised on disposal		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(85,896,500)	(65,424,784)
Related deferred tax liability on incremental depreciation charged during the year		(35,084,488)	(26,722,800)
Surplus on revaluation of fixed assets as at December 31		3,847,347,375	3,968,328,363
Less: related deferred tax liability on:			
- revaluation as at January 1		1,150,815,223	770,771,780
- revaluation recognised during the year		-	406,766,243
- surplus realised on disposal during the year		-	-
- Impact of change in tax rate		153,893,895	-
- incremental depreciation charged during the year		(35,084,488)	(26,722,800)
		1,269,624,630	1,150,815,223
		2,577,722,745	2,817,513,140

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	Note	2022	2021
		Rupees	
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		23,847,524	23,920,343
Recognised during the year		-	14,712,840
Realized on disposal during the year		-	(14,361,521)
Incremental depreciation		(953,900)	(424,138)
Surplus on revaluation as at December 31		22,893,624	23,847,524
22. CONTINGENCIES AND COMMITMENTS			
-Guarantees	22.1	70,000,000	-
-Commitments	22.2	759,115,718	1,342,595,377
		829,115,718	1,342,595,377
22.1 Guarantees:			
Financial guarantees		70,000,000	-
22.2 Commitments:			
Commitment for the acquisition of:			
- Operating fixed assets		8,935,734	5,527,051
- Intangible assets		2,525,000	3,940,759
		11,460,734	9,467,810
Non disbursed commitment for term and working capital finance		747,654,984	1,333,127,567
		759,115,718	1,342,595,377
22.3 Other contingent liabilities			
22.3.1 Tax contingencies- Holding Company			
i)	The Appellate Tribunal Inland Revenue (ATIR) Islamabad did not accept the Holding Company's contention on certain matters in appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. These issues mainly relate to disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The Holding Company has filed tax references before the Islamabad High Court that are pending adjudication. The Holding Company however, accounted for the impact of tax of Rs. 617.237 million on provision for non performing loans & advances by routing it through Profit & Loss in the year 2018.		
	The related tax demands for all the aforesaid tax years aggregate to Rs 1,091.694 million, out of which Rs 635.194 million has been paid by / recovered from the Holding Company.		
ii)	For the tax years 2015 to 2018, the assessing officer amended the Holding Company's assessment under section 122(5A) of the Income Tax Ordinance 2001 and created an aggregate tax demand of Rs. 1,463.932 million by making various add backs and disallowances. The Holding Company preferred appeals before Commissioner Inland Revenue - Appeals [CIR(A)] who in terms of separate appellate orders remanded majority of the matters to the assessing officer and on certain matters upheld the actions of assessing officer. The Holding Company has preferred separate appeals before ATIR for aforesaid cases which are pending adjudication.		
iii)	For tax years 2015 to 2017 proceedings under section 161 were initiated and cumulative demand of Rs. 276.482 million was created on account of alleged default in withholding of tax out of which Rs 26.034 million has been paid by / recovered from the Holding Company. The Holding Company preferred appeal before the CIR(A) who remanded certain issues and upheld certain matters. The Holding Company preferred further appeal before ATIR which is pending adjudication.		
	The management, based on the opinion of its legal counsels, believes that the above mentioned matters are likely to be decided in favour of the Holding Company at superior appellate forums and therefore no further charge is required to be recognised in these consolidated financial statements.		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

22.3.2 Tax contingencies- subsidiary company

22.3.2.1 The subsidiary company was selected for tax audit under section 177 of the Income Tax Ordinance 2001 for the tax year 2014 and a tax demand of Rs 4,787,629 was raised. The subsidiary company filed an appeal against the aforesaid assessment order before the CIR(A). The CIR(A) has remanded back the case.

22.3.2.2 The subsidiary company was selected for tax audit under section 177 of the Income Tax Ordinance 2001 for the tax year 2015 and a tax demand of Rs 9,022,333 was raised. The subsidiary company filed an appeal against the aforesaid assessment order before the CIR(A). A potential outcome of this proceedings cannot be ascertained at this stage.

22.3.2.3 The assessment in respect of tax year 2016 was amended by Additional Commissioner Inland Revenue vide assessment order bearing bar code No. 100000125720901 dated June 13, 2022 under Section 122 (5A) of the Income Tax Ordinance 2001 creating an aggregate demand amounting Rs. 183,642. The subsidiary company filed an appeal against the aforesaid assessment order before the CIR(A). The CIR(A) has remanded back the case.

22.3.2.4 The subsidiary company was selected for tax audit under section 177 of the Income Tax Ordinance 2001 for the tax year 2015 and a tax demand of Rs 19,256,487 was raised. The subsidiary company filed an appeal against the aforesaid assessment order before the CIR(A). A potential outcome of this proceedings cannot be ascertained at this stage.

22.3.2.5 The subsidiary company has received an order dated December 29, 2022, creating an aggregate demand amounting Rs 18,256,487 under section 161(1A) of the Ordinance. The subsidiary company filed an appeal before Commissioner Inland Revenue Appeals CIR(A) against the said order on January 05, 2023 which has not been fixed for hearing.

22.3.3 Other contingencies

i) **MACPAC Films Limited (Suit No. B-24/2014 of Rs. 1,040.623 million)**

MACPAC Films Limited Karachi ("Customer") availed a Term Finance of Rs. 125 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by Holding Company which contained waiver/write-off of Rs. 72.659 million on account of Markup and Liquidated Damages subject to payment of Rs. 100.141 million. The Customer accepted and paid Rs. 100.141 million. The write off/waiver was reported to the Credit Information Bureau of the State Bank of Pakistan (SBP) in compliance with regulatory requirements. Customer requested Holding Company and SBP to remove its name from CIB as it was allegedly reflecting bad on its business. Neither SBP nor Holding Company agreed however, the Customer filed the subject suit in 2014 in the Sindh High Court, Karachi which is being contested on merits. On the Court's direction, SBP has also filed comments endorsing regulatory compliance by Holding Company. So far, the Customer's evidence has been recorded. Now, it is fixed for recording of Holding Company's evidence (Defendant). Holding Company is confident that there is no substance in the present suit and liable to be dismissed after due process of law.

ii) **Muhammad Zafar Sultan Paracha vs. Saudi Pak, Federation of Pakistan, DHA, Mukhtiarkar Gadap Town, Karachi (Suit No.1065/2014 of Rs. 200 million)**

On April 27, 2014, the Holding Company invited bids for the sale of four properties i.e. farm house at Gadap Town and three plots (DHA Plots No.9-C, 17-C, 20-C) at Karachi. Highest bid of Rs. 134.500 million offered by Mr. Mudassir for only three plots at DHA was accepted, down payment was received and sale agreement dated June 2, 2014 was executed between Holding Company and the highest bidder through his nominee. Mr. Zafar Sultan Paracha had offered a lower bid of Rs. 93 million against all the four properties therefore his bid was rejected. He filed the subject suit in the Sindh High Court, Karachi and obtained an interim stay on July 5, 2014 restraining transfer of the above mentioned plots. Holding Company contested and got the stay vacated through Court as a result, three plots at DHA were transferred to the successful bidder/buyer after receipt of balance sale consideration. Mr. Paracha then filed an Appeal in the Court against the Stay Vacation Order which was also contested by Holding Company, separately. While vacating the stay order, the learned Judge of the Sindh High Court had observed that remaining suit to the extent of damages claimed against alleged loss of business opportunity etc, will separately be heard and decided. Appeal was fixed for hearing on 20 April 2022 but neither the counsel nor the Appellant attended the hearing, therefore, the Division Bench of the Sindh High Court dismissed the Appeal for non-prosecution. Holding Company has filed its reply in the suit proceeding and filed Application for rejection of Plaintiff being without any merits having no cause of action. Hearing is now scheduled on 06 March 2023 for settling issues for evidence of parties and arguments on Holding Company's application seeking out-right rejection of the plaintiff. Prima facie, the suit is baseless, as no cause of action is accrued to the Plaintiff, therefore, it is expected that it will be dismissed after due process of law.

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iii) Kohinoor Spinning Mills Limited and its Guarantors vs. Saudi Pak (Suite No.258676/2018 of Rs. 600 million)

The Customer had availed Term Finance Facility (TFF) of Rs. 400 million from the Holding Company in 2014 but defaulted after part payments whereof the Holding Company filed a recovery suit of Rs. 396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore in which proceedings still continue. In 2018, the Customer filed a Suit of for Declaration and damages of Rs. 600 million against Holding Company in the same court. The Customer alleged that TFF of Rs. 400 million approved by the Holding Company was not disbursed to the Customer and due to non-disbursement of the approved TFF, the Customer suffered business losses of Rs. 200 million. Its reply was filed by the Holding Company. The Suit is at evidence stage. Recording of Customer's evidence is in process and Holding Company's evidence will be recorded after completion of customer's evidence. Holding Company believes that the suit of the Customer is a counterblast against Holding Company's initiated litigation. Holding Company has denied all allegations vehemently by filing reply to this. The management believes there is no substance in this suit and will be dismissed on merits after due process of law.

23. Presently, the Group does not deal in derivative products.

24. MARK-UP / RETURN / INTEREST EARNED

		2022	2021
	Note	Rupees	
On loans and advances		1,062,279,338	1,131,054,292
On investments		4,088,857,074	2,597,861,136
On lendings to financial institutions		26,062,611	4,686,802
On balances with banks		9,691,975	9,462,062
		<u>5,186,890,998</u>	<u>3,743,064,292</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	25.1	347,353,169	197,052,381
Borrowings			
Securities purchased under repurchase agreements		3,444,840,982	1,522,641,882
Other short term borrowings		486,422,628	281,373,700
Long term finance for export oriented projects from SBP		40,187,941	21,758,569
Long term borrowings		337,890,358	257,058,285
		<u>4,309,341,909</u>	<u>2,082,832,436</u>
Brokerage fee		4,666,899	9,156,371
		<u>4,661,361,977</u>	<u>2,289,041,188</u>

25.1 The markup expensed amounting to Rs. 1,225,668 (2021: Rs. 771,746) relates to Saudi Pak Employees Contributory Fund.

26. FEE & COMMISSION INCOME

Credit related fees		8,775,000	3,860,000
Commission on guarantees		175,000	-
		<u>8,950,000</u>	<u>3,860,000</u>

27. (LOSS) / GAIN ON SECURITIES

Realised	27.1	66,148,755	(301,980,100)
Unrealised - held for trading	9.1	1,347,140	1,860,369
		<u>67,495,895</u>	<u>(300,119,731)</u>



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		2022	2021
	Note	Rupees	
27.1 Realised (loss) / gain on:			
Federal Government Securities		51,000	(345,070,665)
Mutual funds		-	9,173
Shares- listed		37,493,074	43,081,392
Shares - unlisted		28,604,681	-
		<u>66,148,755</u>	<u>(301,980,100)</u>
28. OTHER INCOME			
Rent on property - net	28.1	237,770,603	209,539,229
(Loss) / gain on sale of fixed assets - net		22,753,534	(1,324,399)
Gain on sale of non banking assets		-	60,630,049
Others		12,552,675	20,122,185
		<u>273,076,812</u>	<u>288,967,064</u>
28.1 Rent on property - net			
Rental income		469,137,177	407,881,489
Less: property expense			
Salaries, allowances and employee benefits		34,718,943	28,861,689
Traveling and conveyance		2,700	3,100
Medical		1,228,016	500,424
Janitorial services		12,624,321	11,681,103
Security services		24,523,502	23,533,773
Insurance		2,170,994	1,817,391
Postage, telegraph, telegram and telephone		41,632	97,321
Printing and stationery		124,541	46,132
Utilities		13,067,191	14,424,300
Consultancy and professional charges		-	100,000
Repairs and maintenance		16,287,578	11,076,469
Rent, rates and taxes		2,656,870	2,735,184
Depreciation		122,185,410	102,131,308
Office general expenses		1,734,876	1,334,066
		<u>231,366,574</u>	<u>198,342,260</u>
		<u>237,770,603</u>	<u>209,539,229</u>

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FOR THE YEAR ENDED DECEMBER 31, 2022

29. OPERATING EXPENSES

Total compensation expense

Property expense

Rent & taxes

Insurance

Utilities cost

Security (including guards)

Repair and maintenance (including janitorial charges)

Depreciation

Information technology expenses

Software maintenance

Hardware maintenance

Amortisation

Network charges

Other operating expenses

Shareholders' fee

Directors' fees and allowances

Legal and professional charges

Consultancy, custodial and rating services

Outsourced services costs

Travelling and conveyance

Depreciation

Training and development

Postage and courier charges

Communication

Stationery and printing

Marketing, advertisement and publicity

Donations

Auditors' remuneration

Repair and maintenance

Insurance

Office and general expenses

Bank charges

Note	2022	2021
	Rupees	
29.1	279,547,285	309,522,453
	526,106	537,895
	310,142	259,627
	26,029,722	16,844,118
	4,892,041	4,608,168
	4,130,272	3,251,082
	17,455,058	14,590,187
	53,343,341	40,091,077
	7,550,749	6,241,842
	1,911,398	1,457,324
	4,422,525	4,592,471
	4,324,979	4,032,596
	18,209,651	16,324,233
	(5,293,500)	5,293,500
	25,250,000	22,790,000
	5,708,367	8,733,533
	9,379,323	9,036,366
	40,668,689	40,121,512
	36,723,947	13,367,063
	28,215,423	27,111,438
	2,819,548	2,786,747
	419,168	688,466
	4,085,899	3,813,302
	5,451,222	5,757,294
	2,672,104	2,855,166
29.2	3,000,000	1,000,000
29.3	3,200,250	2,825,000
	4,438,299	4,954,829
	1,879,022	2,530,678
	16,199,043	16,580,100
	254,813	299,155
	185,071,617	170,544,149
	536,171,894	536,481,912



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	Note	2022	2021
		Rupees	
29.1 Total compensation expense			
Fees and allowances etc.		-	-
Managerial remuneration			
i) Fixed		119,285,632	120,757,046
ii) Variable			
of which;			
a) Cash bonus / awards etc.		11,200,000	50,000,000
b) Bonus & awards in shares etc.		-	-
Charge for defined benefit plan		10,887,223	5,385,748
Contribution to defined contribution plan		10,589,261	10,008,653
Compensated absences		7,694,770	6,821,564
Leave fare assistance		4,434,247	4,486,970
Exgratia		9,128,662	8,342,846
Rent & house maintenance		52,492,716	50,934,136
Utilities		11,169,873	10,609,962
Medical		19,250,912	21,114,232
Conveyance		20,181,714	16,556,309
Grant to employee		-	2,500,000
Others	29.1.1	3,232,275	2,004,987
Sub-total		279,547,285	309,522,453
Sign-on bonus		-	-
Severance allowance		-	-
Grand total		279,547,285	309,522,453
29.1.1 This includes mainly group life insurance for permanent employees.			
29.2 Donations			
Prime Minister's Flood Relief Fund Account 2022		2,000,000	-
Make-A-Wish Foundation Pakistan		400,000	-
Cancer Foundation Hospital		300,000	-
Aziz Jehan Begum Trust For The Blind		300,000	-
Behbud Association Of Pakistan		-	400,000
Sundas Foundation		-	300,000
Sahil		-	300,000
		3,000,000	1,000,000
29.3 Auditors' remuneration			
Grant Thornton Anjum Rahman			
Audit fee		1,700,000	-
Half yearly review		750,000	-
Fee for other statutory certifications		200,000	-
Out of pocket expenses		175,000	-
		2,825,000	-

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FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	Rupees	
KPMG Taseer Hadi & Co.			
Audit fee		-	1,700,000
Half yearly review		-	750,000
Fee for other statutory certifications		-	200,000
Out of pocket expenses		-	175,000
		-	2,825,000
Fee for other certifications		375,250	-
Tax services		-	-
		3,200,250	2,825,000
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		30,000	130,429
		30,000	130,429
31. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments- net	9.3.1	204,114,878	101,275,992
(Reversal) / provisions against loans & advances- net	10.4	113,895,841	(241,560,274)
Bad debts written off directly		-	607,822
		318,010,719	(139,676,460)
32. TAXATION			
Current tax			
Current year		211,252,963	389,087,844
Prior years		47,537,381	(1,057,879)
		258,790,344	388,029,965
Deferred tax			
Current year		(168,516,347)	30,522,532
Prior year		-	-
		(168,516,347)	30,522,532
	32.1	90,273,997	418,552,497
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		443,075,339	1,371,602,056
Tax rate		29%	29%
Tax on accounting profit		128,491,848	397,764,596
Tax effect on income subject to lower rate of taxation		(73,641,008)	42,263,200
Tax effect of prior years		47,537,381	(1,057,879)
Impact of super tax for current year		31,327,256	-
Impact of change of rate on deferred tax		(99,581,727)	-
Reversal of deferred tax asset for prior year		-	-
Minimum tax of subsidiary company		7,644,770	2,621,668
Permanent differences on			
Reversal of provision against investment		47,113,204	53,542,123
Expenses not claimable against rental income		(2,089,590)	(2,110,090)
Right of use asset under IFRS - 16 Leases		-	-
Others		3,471,863	(74,471,121)
		90,273,997	418,552,497



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33. BASIC / DILUTED EARNINGS PER SHARE

Profit for the year - Rupees

2022

2021

352,801,342

953,049,559

Restated

Weighted average number of ordinary shares

676,500,000

676,500,000

Basic / diluted earnings per share - Rupee

0.522

1.409

2022

2021

Rupees

34. CASH AND CASH EQUIVALENTS

Cash and Balance with Treasury Banks

116,440,110

101,956,575

Balance with other banks

137,866,992

179,155,362

254,307,102

281,111,937

2022

2021

Number

35. STAFF STRENGTH

Permanent

73

71

On Group's contract

1

3

Group's own staff strength at the end of the year

74

74

35.1 In addition to the above, 85 (2021: 92) employees of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than security and janitorial services. No employee was working abroad.

36. DEFINED BENEFIT PLAN

36.1 General description

The Group operates an approved funded gratuity scheme for all its regular employees and GM/CEO. Contributions are made in accordance with the actuarial recommendations. The benefits under the gratuity fund are payable in lump sum on retirement at the age of 60 years or earlier cessation of service, subject to minimum service period of three years. The benefit is equal to month's last drawn basic salary for each completed year of eligible service and on pro-rata basis for the incomplete year. The latest actuarial valuation of defined benefit plan was conducted at December 31, 2022 using the projected unit credit method. Detail of the defined benefit plan are:

36.2 Number of employees under the scheme

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

2022

2021

Number

Gratuity fund

74

72

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36.3 Principal actuarial assumptions

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

	2022	2021
Discount rate - (the Holding Company)	14.50% per annum	11.75% per annum
Discount rate - (the subsidiary company)	11.75% per annum	9.75% per annum
Expected rate of return on plan assets	12.57% per annum	8.02% per annum
Expected rate of salary increase - (the Holding Company)	12.50% per annum	9.75% per annum
Expected rate of salary increase - (the subsidiary company)	N/A	N/A
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Moderate	Moderate

Note	2022	2021
	Rupees	

36.4 Reconciliation of payable to defined benefit plans

Present value of obligations	78,318,840	67,985,232
Fair value of plan assets	(68,303,106)	(60,397,842)
Payable to Member	-	427,861
Net liability payable	10,015,734	8,015,251

36.5 Movement in defined benefit obligations

Obligations at the beginning of the year	67,985,232	67,900,973
Current service cost	7,947,441	7,067,466
Interest cost	7,958,153	6,142,339
Benefits paid by the Group	(9,439,947)	(12,371,018)
Past service cost / (Plan Curtailment)	2,108,206	(2,141,006)
Benefits Payable	-	(427,861)
Re-measurement loss	1,759,755	1,814,339
Obligations at the end of the year	78,318,840	67,985,232

36.6 Movement in fair value of plan assets

Fair value at the beginning of the year	60,397,842	59,587,414
Interest income on plan assets	7,126,577	5,683,051
Contributions by Group - net	10,308,832	8,693,217
Benefits paid by the Fund to the Group	(9,867,808)	(12,371,018)
Re-measurements: net return on plan assets over interest income - loss	337,663	(1,194,822)
Fair value at the end of the year	68,303,106	60,397,842

36.8.2



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	Note	2022	2021
		Rupees	
36.7 Movement in payable under defined benefit schemes			
Opening balance		8,015,251	8,313,559
Charge for the year		10,887,223	5,385,748
Benefits paid to outgoing members		(9,439,947)	(12,371,018)
Contribution by the Group - net		(10,308,832)	(8,693,217)
Re-measurement loss recognised in OCI during the year	36.8.2	1,422,092	3,009,161
Amount paid by the fund to the Group		9,439,947	12,371,018
Closing balance		10,015,734	8,015,251
36.8 Charge for defined benefit plans			
36.8.1 Cost recognised in profit and loss			
Current service cost		7,947,441	7,067,466
Past service cost (credit) arising on plan curtailment		2,108,206	(2,141,006)
Net interest on defined benefit liability		831,576	459,288
		10,887,223	5,385,748
36.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Demographic assumptions		-	-
- Financial assumptions		920,363	526,828
- Experience adjustments		839,392	1,287,511
Total actuarial loss on obligation		1,759,755	1,814,339
Return on plan assets over interest income - loss		(337,663)	1,194,822
Total re-measurements recognised in OCI		1,422,092	3,009,161
36.9 Components of plan assets			
Cash and cash equivalents - net		5,390,951	5,356,645
Term deposit receipts (TDR) / Certificate of Investment		60,448,597	52,828,325
Investment in mutual funds		2,463,558	2,212,872
		68,303,106	60,397,842
36.9.1	There is no significant risk associated with the plan assets, as it consists of fixed interest rate bearing TDR's, saving accounts with financial institutions and investment in mutual funds having satisfactory credit ratings.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36.10 Sensitivity analysis

A sensitivity analysis is performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2022	2021
	Rupees	
Discount rate +0.5%	74,156,278	65,239,549
Discount rate -0.5%	78,443,112	68,964,370
Long term salary increase +0.5%	78,647,254	69,095,674
Long term salary increase -0.5%	73,944,945	65,097,947

2023
---- Rupees ----

36.11 Expected contributions to be paid to the fund in the next financial year

10,180,984

36.12 Expected charge for next financial year

Current service cost	8,777,376
Net interest on defined benefit asset / liability	1,403,608
	10,180,984

2022 2021

Rupees

36.13 Maturity profile

Distribution of timing of benefit payments (years)

- 1	5,790,920	8,008,153
- 2	42,119,346	31,549,238
- 3	11,911,730	7,575,835
- 4	3,517,027	10,754,397
- 5	5,335,696	2,862,200
- 6-10	103,796,055	48,122,888
Weighted average duration of the PBO (years) - (the Holding Company)	5.27	5.45
Weighted average duration of the PBO (years) - (the subsidiary company)	6.00	6.00



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36.14 Funding Policy

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.

36.15 Significant risk associated with the staff retirement benefit schemes

Asset volatility	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Changes in bond yields	Not applicable as underlying interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may lose its value due to the increase of general inflation rate.
Life expectancy	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.
Withdrawal rate	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

37. DEFINED CONTRIBUTION PLAN

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees to the Fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the Fund. As per latest available unaudited financial statements of the Fund, total assets of the Fund as at December 31, 2022 were Rs. 141,427,906 (2021: Rs. 124,256,264).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

2022				
Items	Directors		GM / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)		
	Non-Executives			
Rupees				
Fees and allowances etc.	4,650,000	-	320,000	-
Managerial remuneration				
i) Fixed	-	-	28,127,115	42,721,964
ii) Total variable	-	-	-	-
of which				
a) Cash bonus / awards	-	-	300,000	3,743,965
b) Bonus & awards in shares	-	-	-	-
Charge for defined benefit plan	-	-	2,576,121	2,989,289
Contribution to defined contribution plan	-	-	2,634,736	3,585,443
Compensated absences	-	-	3,806,660	1,446,742
Leave fare assistance	-	-	2,196,150	2,238,097
Exgratia	-	-	2,344,464	3,474,132
Rent & house maintenance	-	-	7,560,000	19,960,774
Utilities	-	-	3,532,665	3,474,897
Medical	-	-	408,000	6,093,434
Conveyance	-	-	3,938,787	9,348,944
Others	-	-	-	-
Total	4,650,000	-	57,744,698	99,077,681
Number of persons	1	0	2	15

In addition to above, the GM / CEO of the Holding Company and certain other key management personnel are provided with Group maintained vehicles and club membership in accordance with their terms of employment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

For the purposes of the foregoing, the term "Key Management Personnel" as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to GM, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director..
- (b) Any executive or key executive reporting directly to the GM / Chief Executive or the person mentioned in (a) above.

2021					
Items	Directors			Key Management Personnel	
	Chairman	Executives (other than CEO)	Non-Executives		
	Rupees				
Fees and Allowances etc.	3,240,000	-	19,550,000	220,000	-
Managerial Remuneration					
i) Fixed	-	-	-	25,658,395	46,304,760
ii) Total Variable	-	-	-	-	-
of which					
a) Cash Bonus / Awards	-	-	-	8,500,000	11,850,000
b) Bonus & Awards in Shares	-	-	-	-	-
Charge for defined benefit plan	-	-	-	2,117,039	2,061,558
Contribution to defined contribution plan	-	-	-	2,395,215	3,171,025
Compensated absences	-	-	-	1,996,500	2,104,543
Leave fare assistance	-	-	-	1,996,500	2,490,470
Exgratia	-	-	-	2,121,500	2,582,765
Rent & house maintenance	-	-	-	7,560,000	17,639,083
Utilities	-	-	-	3,263,519	3,057,245
Medical	-	-	-	411,810	5,595,669
Conveyance	-	-	-	3,576,344	6,469,873
Others	-	-	-	-	2,500,000
Total	3,240,000	-	19,550,000	59,816,822	105,826,991
Number of Persons	1	0	5	2	20



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

2022

Sr. No.	Name of Directors	Meeting Fees and Allowances Paid					Total Amount Paid
		For Board Committees					
		For Board Meetings	For Annual General Meeting	Audit Committee	Risk Management Committee	Human Resource Committee	
		Rupees					
1	Sultan Mohammed Hasan Abdulrauf	3,600,000	150,000	-	-	900,000	4,650,000
2	Majid Misfer J.Alghamdi	2,400,000	80,000	950,000	450,000	450,000	4,330,000
3	Ghanem Alghanem	2,400,000	80,000	900,000	450,000	250,000	4,080,000
4	Zafar Hasan	3,000,000	80,000	-	500,000	500,000	4,080,000
5	Qumar Sarwar Abbasi	2,700,000	80,000	950,000	500,000	-	4,230,000
6	Mohammad Tanvir Butt	2,400,000	80,000	700,000	-	700,000	3,880,000
	Total Amount Paid	16,500,000	550,000	3,500,000	1,900,000	2,800,000	25,250,000

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Group and are included in traveling expenses under other operating expenses.

2021

Sr. No.	Name of Directors	Meeting Fees and Allowances Paid					Total Amount Paid
		For Board Committees					
		For Board Meetings	For Annual General Meeting	Audit Committee	Risk Management Committee	Human Resource Committee	
		Rupees					
1	Sultan Mohammed Hasan Abdulrauf	2,640,000	150,000	-	-	450,000	3,240,000
2	Majid Misfer J.Alghamdi	2,200,000	80,000	950,000	450,000	450,000	4,130,000
3	Ghanem Alghanem	2,200,000	80,000	950,000	450,000	-	3,680,000
4	Zafar Hasan	2,500,000	80,000	-	500,000	500,000	3,580,000
5	Qumar Sarwar Abbasi	2,500,000	80,000	1,000,000	500,000	-	4,080,000
6	Mohammad Tanvir Butt	2,500,000	80,000	1,000,000	-	500,000	4,080,000
Total Amount Paid		14,540,000	550,000	3,900,000	1,900,000	1,900,000	22,790,000

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the Group and are included in traveling expenses under other operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

39. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.5.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

39.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association.
- 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 carried at fair values, by the level in the fair value hierarchy into which the fair value measurement is categorised.

2022

	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
		Rupees			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	31,193,768,300	-	31,193,768,300	-	31,193,768,300
Shares	2,225,006,399	2,225,006,399	-	-	2,225,006,399
Open end Mutual Fund	189,328,632	-	189,328,632	-	189,328,632
Non-Government Debt Securities	891,725,421	-	891,725,421	-	891,725,421
Financial assets - disclosed but not measured at fair value					
Investments					
Non-Government Debt Securities	1,000,515,000	-	-	1,000,515,000	1,000,515,000
Federal Government Securities	143,666,166	-	-	143,666,166	143,666,166
Certificate of Investment	-	-	-	-	-
Cash and balances with treasury banks	116,440,110	-	-	-	-
Balances with other banks	137,866,992	-	-	-	-
Advances	9,119,337,560	-	-	-	-
Other assets	2,249,071,400	-	-	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Carrying / Notional Value	2021			Total
		Level 1	Level 2	Level 3	
		Rupees			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	25,168,381,000	-	25,168,381,000	-	25,168,381,000
Shares	2,522,903,596	2,522,903,596	-	-	2,522,903,596
Open end Mutual Fund	35,037,858	-	35,037,858	-	35,037,858
Non-Government Debt Securities	1,103,843,821	-	1,103,843,821	-	1,103,843,821
Financial assets - disclosed but not measured at fair value					
Investments					
Non-Government Debt Securities	1,323,068,000	-	-	1,323,068,000	1,323,068,000
Federal Government Securities	166,634,489	-	-	166,634,489	166,634,489
Certificate of Investment	65,284,933	-	-	65,284,933	65,284,933
Cash and balances with treasury banks	101,956,575	-	-	-	-
Balances with other banks	179,155,362	-	-	-	-
Advances	6,868,108,912	-	-	-	-
Other assets	1,197,575,906	-	-	-	-
Off-balance sheet financial instruments - measured at fair value					
	-	-	-	-	-
Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3					

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Non-Government Debt Securities	Investment in Non-Government Debt Securities determined in Rupees are valued on the basis of rates announced by MUFAP. These are classified in level 2. Where market rates of these securities are not available on MUFAP as at December 31, 2022, therefore, these securities are classified under level 3.

39.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

39.3 Fair value of non-financial assets

In case of non-financial assets, the Group has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and non-banking assets acquired in satisfaction of claims. The property and equipment of the Holding Company were recently revalued by independent professional valuer as at December 31, 2021. The revaluation was carried out by M/s Impuls (Pvt) Limited on the basis of professional assessment of present market values.

The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in December 2021. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

[illegible]

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

40. SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2022			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & loss				
Net mark-up/return/profit	211,295,942	289,277,732	24,955,347	525,529,021
Non mark-up / return / interest income	8,950,000	495,858,711	266,950,220	771,758,931
Total income	220,245,942	785,136,443	291,905,567	1,297,287,952
Segment direct expenses	112,356,245	400,529,436	23,316,213	536,201,894
Total expenses	112,356,245	400,529,436	23,316,213	536,201,894
Provisions	97,424,113	220,586,606	-	318,010,719
Profit before tax	10,465,584	164,020,401	268,589,354	443,075,339
Balance sheet				
Cash & bank balances	-	244,312,890	9,994,212	254,307,102
Investments	1,000,515,000	34,820,500,128	332,994,798	36,154,009,926
Lendings to financial institutions	-	-	-	-
Advances - performing	8,610,024,073	-	47,498	8,610,071,571
- non-performing net of provision	509,265,989	-	-	509,265,989
Others	1,686,531,797	3,607,102,073	3,054,026,140	8,347,660,010
Total assets	11,806,336,859	38,671,915,091	3,397,062,648	53,875,314,598
Borrowings	9,633,924,998	27,140,941,851	-	36,774,866,849
Deposits & other accounts	511,628,107	1,441,371,893	-	1,953,000,000
Others	138,698,706	467,570,571	204,220,938	810,490,215
Total liabilities	10,284,251,811	29,049,884,315	204,220,938	39,538,357,064
Equity	-	-	-	14,336,957,534
Total equity & liabilities	10,284,251,811	29,049,884,315	204,220,938	53,875,314,598
Contingencies & commitments	818,555,809	2,537,828	8,022,081	829,115,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021		
	Corporate Finance	Trading and sales	Building rental services
	Rupees		
Profit & loss			
Net mark-up/return/profit	521,321,315	910,670,360	22,031,429
Non mark-up / return / interest income	3,860,000	81,226,517	229,428,316
Total income	525,181,315	991,896,877	251,459,745
Segment direct expenses	178,905,730	337,894,798	19,811,813
Total expenses	178,905,730	337,894,798	19,811,813
Provisions / (reversals)	(99,795,278)	(39,929,182)	48,000
Profit before tax	446,070,863	693,931,261	231,599,932
			1,371,602,056
Balance sheet			
Cash & bank balances	-	236,426,396	44,685,541
Investments	1,323,068,000	29,307,628,425	266,957,280
Lendings to financial institutions	-	-	-
Advances - performing	6,721,837,122	-	325,747
- non-performing net of provision	145,946,043	-	-
Others	853,566,301	1,640,160,148	4,400,303,779
Total assets	9,044,417,466	31,184,214,969	4,712,272,347
Borrowings	7,055,296,406	19,401,322,566	-
Deposits & other accounts	776,445,198	2,135,142,577	-
Others	(473,173,933)	29,638,884	1,306,078,156
Total liabilities	7,358,567,671	21,566,104,027	1,306,078,156
Equity	-	-	-
Total equity & liabilities	7,358,567,671	21,566,104,027	1,306,078,156
			44,940,904,782
Contingencies & commitments	1,334,205,547	2,964,330	5,425,500
			1,342,595,377



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

40.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

2022

	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	525,529,021	-	525,529,021
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	771,758,931	-	771,758,931
Total income	1,297,287,952	-	1,297,287,952
Segment direct expenses	536,201,894	-	536,201,894
Inter segment expense allocation	-	-	-
Total expenses	536,201,894	-	536,201,894
Provisions	318,010,719	-	318,010,719
Profit before tax	443,075,339	-	443,075,339
Balance sheet			
Cash & bank balances	254,307,102	-	254,307,102
Investments	36,154,009,926	-	36,154,009,926
Net inter segment lendings	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	8,610,071,571	-	8,610,071,571
- non-performing net of provision	509,265,989	-	509,265,989
Others	8,286,338,244	-	8,286,338,244
Total assets	53,813,992,832	-	53,813,992,832
Borrowings	36,774,866,849	-	36,774,866,849
Deposits & other accounts	1,953,000,000	-	1,953,000,000
Net inter segment borrowing	-	-	-
Others	810,490,215	-	810,490,215
Total liabilities	39,538,357,064	-	39,538,357,064
Equity	14,336,957,534	-	14,336,957,534
Total equity & liabilities	53,875,314,598	-	53,875,314,598
Contingencies & commitments	829,115,718	-	829,115,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2021		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	1,454,023,104	-	1,454,023,104
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	314,514,833	-	314,514,833
Total Income	1,768,537,937	-	1,768,537,937
Segment direct expenses			
Inter segment expense allocation	536,612,341	-	536,612,341
Total expenses	536,612,341	-	536,612,341
Provisions	(139,676,460)	-	(139,676,460)
Profit before tax	1,371,602,056	-	1,371,602,056
Balance sheet			
Cash & bank balances	281,111,937	-	281,111,937
Investments	30,897,653,705	-	30,897,653,705
Net inter segment lendings	-	-	-
Lendings to financial institutions	-	-	-
Advances - performing	6,722,162,869	-	6,722,162,869
- non-performing net of provision	145,946,043	-	145,946,043
Others	6,894,030,228	-	6,894,030,228
Total assets	44,940,904,782	-	44,940,904,782
Borrowings	26,456,618,972	-	26,456,618,972
Deposits & other accounts	2,911,587,775	-	2,911,587,775
Net inter segment borrowing	-	-	-
Others	862,543,107	-	862,543,107
Total liabilities	30,230,749,854	-	30,230,749,854
Equity	14,710,154,928	-	14,710,154,928
Total equity & liabilities	44,940,904,782	-	44,940,904,782
Contingencies & commitments	1,342,595,377	-	1,342,595,377



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41 RELATED PARTY TRANSACTIONS

The Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Holding Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Group. Other related parties comprise of entities over which the Group has control (subsidiaries), entities able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Group in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. Contributions to and accruals in respect of Staff Gratuity Fund are made in accordance with the actuarial valuation. The Group has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Group have been provided with Group maintained car.

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

	2022				
	Shareholders	Directors	Key management personnel	Associates	Other related parties
	Rupees				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	19,492,212,383
Repaid during the year	-	-	-	-	(19,492,212,383)
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	-	199,720,000
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	199,640,000
Provision for diminution in value of investments	-	-	-	-	-
Advances					
Opening balance	-	-	26,026,934	-	-
Addition during the year	-	-	10,412,718	-	-
Repaid during the year	-	-	(12,894,098)	-	-
Transfer in / (out) - net	-	-	1,018,517	-	-
Closing balance	-	-	24,564,071	-	-
Provision held against advances	-	-	-	-	-
Non-current asset classified as held for sale					
Opening balance	-	-	-	576,676,075	-
Addition during the year	-	-	-	-	-
Repaid during the year	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	576,676,075	-
Provision for Non-current asset classified as held for sale	-	-	-	576,676,075	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2022

	Shareholders	Directors	Key management personnel	Associates	Other related parties
	Rupees				
Other assets - Income / markup accrued	-	-	-	-	6,511,442
Other assets - security deposit	-	-	-	-	-
Provision against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	6,670,000,000
Borrowings during the year	-	-	-	-	142,563,911,654
Settled during the year	-	-	-	-	(149,233,911,654)
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	-	-	-	2,711,587,775
Received during the year	-	-	-	-	356,073,379
Withdrawn during the year	-	-	-	-	(1,714,661,154)
Closing balance	-	-	-	-	1,353,000,000
Other Liabilities					
Interest / mark-up payable	-	-	-	-	10,786,083
Payable to defined benefit plan	-	-	-	-	10,015,734
Security deposit	-	-	-	-	2,366,908
Dividend payable to Foreign shareholder	82,500,000	-	-	-	-
Rent received in advance	-	-	-	-	24,773,648
Income					
Mark-up / return / interest earned	-	-	754,188	-	42,924,206
Rental income	-	-	-	-	26,226,209
Expense					
Mark-up / return / interest expensed	-	-	-	-	781,514,882
Contribution to employees' funds	-	-	-	-	10,925,207
Directors' fees and allowances	-	25,250,000	-	-	-
Shareholders' fee	-	-	-	-	(5,293,500)
Operating expenses	-	-	156,822,379	388,780	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	2021				
	Shareholders	Directors	Key management personnel	Associates	Other related parties
	Rupees				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	4,386,994,540
Repaid during the year	-	-	-	-	(4,386,994,540)
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	-	199,800,000
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	199,720,000
Provision for diminution in value of investments	-	-	-	-	-
Advances					
Opening balance	-	-	22,314,824	-	-
Addition during the year	-	-	8,034,694	-	-
Repaid during the year	-	-	(12,347,584)	-	-
Transfer in / (out) - net	-	-	8,025,000	-	-
Closing balance	-	-	26,026,934	-	-
Provision held against advances	-	-	-	-	-
Non-current asset classified as held for sale					
Opening balance	-	-	-	576,676,075	-
Addition during the year	-	-	-	-	-
Repaid during the year	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	576,676,075	-
Provision for Non-current asset classified as held for sale	-	-	-	576,676,075	-

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	2021				
	Shareholders	Directors	Key management personnel	Associates	Other related parties
	Rupees				
Other assets - Income / markup accrued	-	-	-	-	3,826,416
Other assets - security deposit	-	-	-	-	-
Provision against other assets	-	-	-	-	-
Borrowings					
Opening balance	-	-	-	-	13,000,000,000
Borrowings during the year	-	-	-	-	94,074,973,235
Settled during the year	-	-	-	-	(100,404,973,235)
Closing balance	-	-	-	-	6,670,000,000
Deposits and other accounts					
Opening balance	-	-	-	-	2,445,800,000
Received during the year	-	-	-	-	406,587,775
Withdrawn during the year	-	-	-	-	(140,800,000)
Closing balance	-	-	-	-	2,711,587,775
Other Liabilities					
Interest / mark-up payable	-	-	-	-	43,413,083
Payable to defined benefit plan	-	-	-	-	8,015,251
Security deposit	-	-	-	-	1,697,850
Dividend payable to Foreign shareholder	-	-	-	-	-
Rent received in advance	-	-	-	-	22,596,961
Income					
Mark-up / return / interest earned	-	-	1,536,707	-	20,277,364
Rental income	-	-	-	-	24,168,462
Expense					
Mark-up / return / interest expensed	-	-	-	-	577,049,331
Contribution to employees' funds	-	-	-	-	10,396,764
Directors' fees and allowances	-	22,790,000	-	-	-
Shareholders' fee	-	-	-	-	5,293,500
Operating expenses	-	-	165,643,813	369,875	-

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42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

As of December 2022, the Holding Company is required to meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 11.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

	2022	2021
	Rs. '000'	
	6,765,000	6,600,000
	12,253,559	11,993,920
	-	-
	12,253,559	11,993,920
	1,124,774	1,662,546
	13,378,333	13,656,466
	22,217,420	18,537,351
	6,111,660	7,191,165
	2,876,520	3,238,102
	31,205,600	28,966,618
	39.27%	41.41%
	39.27%	41.41%
	42.87%	47.15%

	2022	2021
	Rs. '000'	
	12,253,559	11,993,920
	53,966,116	45,532,808
	22.71%	26.34%

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Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

	2022	2021
	Rs. '000'	
	4,639,985	5,109,796
	3,295,451	2,266,280
	140.80%	225.47%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

	36,098,612	30,780,826
	21,362,298	18,385,334
	168.98%	167.42%

42.1 The link to the full disclosures for capital adequacy, leverage and liquidity ratios will be available at <https://www.saudipak.com/financial/>

43. RISK MANAGEMENT

The Group defines risk as the possibility that an action or event could have adverse outcomes, which could either result in a direct loss of earnings / capital, or the imposition of constraints on the ability to meet objectives. In the normal course of business, the Group is exposed to various risks, including, but not limited to, credit, market, liquidity, and operational risks. The Group recognizes that management of these risks is essential for maintaining financial viability and achieving objectives. In this regard, the Group's approach to risk management is to ensure the ongoing alignment of its risk levels with its risk appetite through a coordinated set of activities that direct and control the Group with regard to risk.

The Group's overall appetite for risk is governed by its Board of Directors (Board) approved "Risk Management Policy", which delineates key definitions, roles and responsibilities, risk appetite / risk limits, and principles for managing risk across the Group. The Group's Risk Management Framework, comprising of the Risk Management Policy, other Board-approved policies, procedural manuals, sound management information system (MIS) and reporting, and clearly articulated roles, responsibilities and accountabilities, is fundamental to the Group's overall risk management culture and awareness.

The Group recognizes that responsibility for risk management resides at all levels, since the risk management processes rely on individual responsibility and independent oversight. The Board, duly supported by its Risk Management Committee, is accountable for ensuring that adequate and sound structures and policies are in place for risk management. The Management's role is to transform strategic decisions and risk appetite set by the Board into effective processes and systems, and to institute an appropriate hierarchy to execute and implement the approved policies and procedures. In this regard, the Group has implemented a three-line-of-defense approach, wherein as a first line of defense, risk management activities are performed in the business units and functional support units, with the Divisional Heads being accountable for managing risk in their area of operations in accordance with the Risk Management Framework, as well as for the results (both positive and negative) of taking these risks.

To assist in discharge of these responsibilities and accountabilities, various cross-functional committees have been constituted at the Senior Management level, and delegation of authority in financial / operational powers for the Divisions / Regional Offices has been clearly defined. The Risk Management Division (RMD) and Compliance Division (CD) serve as second-line of defense by providing independent oversight of the Group's risk-taking activities and regulatory compliance respectively. The RMD's responsibilities include the design of a clear, transparent and well-aligned Risk Management Policy, independent pre-approval risk reviews of proposals and policies, and ongoing assessment, monitoring and reporting of risks at the portfolio and enterprise level through a broad spectrum of techniques.

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The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Credit Risk Management Committee, Operational Risk Management Committee and Compliance Committee. The Internal Audit Division functions as the third-line-of-defense, with direct reporting to the Audit Committee of the Board and independently carrying out internal audits in line with its approved roles and responsibilities.

On an enterprise level, risk monitoring results for the year revealed that the Group's Capital Adequacy Ratio (CAR) remained well above both the internal as well as the regulatory requirements throughout the year, and that the capital and liquidity position remained resilient even under stress.

43.1 Credit Risk

Credit risk is the risk of loss to the Group's earnings or capital arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform on such obligation is impaired. Credit risk arises primarily from the Group's advances / debt investments portfolio and lending to financial institutions (FIs) portfolio. Credit risk may also arise at the portfolio level in case of inadequate diversification of the advances portfolio, in terms of industrial sectors, regions, products, or clients.

Pursuit of credit risk is essential to fulfilling the corporate objectives of the Group, and is a primary source of income, conversely, also constituting one of the greatest risk of losses. In this regard, focus is primarily on bankable transactions, offering adequate risk & reward relationship with satisfactory security support. The Group's credit risk management process encompasses identification, assessment, monitoring and control of credit risk exposures. As part of this process, obligor risk, facility risk and environmental risk are carefully evaluated using internal risk rating methodologies, as articulated in the Group's Internal Credit Risk Rating Policy.

Advances exposures are invariably secured by credit risk mitigants in the form of various types of collateral / security with adequate margins. Readily marketable / liquid securities / urban properties are preferred over other forms of collateral. Credit risk stress testing is regularly carried out to identify vulnerable areas for initiating corrective action, if necessary. Regular assessment, monitoring and reporting of the performing & non-performing credit risk portfolio in terms of trends & concentrations, is made by the Risk Management Division (RMD) to the Credit Risk Management Committee and Risk Management Committee of the Board. Board-approved Credit Policy, Credit Risk Policy, Credit Administration Policy, and Special Asset Management Policy are in place, clearly establishing relevant roles and responsibilities, selection criteria, principles and limits for credit risk.

Specific norms for appraisal, sanctioning, documentation, inspections and monitoring, maintenance, rehabilitation and management of assets have been stipulated. Internal controls and processes in place for credit risk management also include:

- Well-defined credit approval and disbursement mechanism, with deliberation at cross-functional committee, and review by independent functions;
- Post-disbursement credit administration, monitoring and review, including review of credit ratings;
- Board-approved borrower / group limits well within those prescribed in terms of Prudential Regulations, along with other limits on portfolio concentration, e.g. sectoral limits;
- Board-approved counterparty limits for lendings to FIs in place and regularly reviewed;
- Clear lines of authority for Treasury transactions, and independent Back Office / Settlement Division in place to process deals;
- Independent Middle Office in place at RMD to monitor lending to FIs limit compliance;
- Credit Risk Management Committee-approved insurer-wise limits and eligible valuers in place and reviewed annually;



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- Policies & procedures circulated amongst concerned functionaries through the Group's intranet; and
- Various training initiatives to enhance credit risk knowledge for concerned personnel.

Dedicated Special Asset Management Division (SAMD) and Law Division (LD) are in place to manage past due and impaired assets through litigation, workout or other remedial measures, as appropriate. The Group adheres to the SBP instructions for definitions of past due and impaired assets in the Corporate / Commercial, SME-Medium Enterprise, and SME-Small Enterprise categories respectively.

In addition, the Group may consider subjective criteria in determining account classification. The Group determines provisioning requirements for non-performing advances in accordance with the requirements of the Prudential Regulations issued by SBP. Write-offs are made when there is no realistic prospect of recovery.

The Group employs the Basel Standardized Approach to determine capital requirements for credit risk. As per SBP Guidelines, the Group recognizes VIS and PACRA as approved rating agencies and applies their ratings where available to determine appropriate risk weight by using mapping criteria prescribed by SBP. In absence of external ratings, the exposures are treated as unrated and relevant risk weights are applied. The Group follows Simple Approach for credit risk mitigation in its Basel capital calculation. Under Simple Approach, the risk weight of the mitigant is substituted for the risk weight of the counterparty to the extent coverage is provided by the mitigant, provided the former risk weight is lower than the latter.

The Group is presently not involved in securitization activities.

The Group's maximum credit risk exposure as at December 31, 2022 amounted to:

	2022 Without benefit of collateral	2022 With benefit of collateral
	Rupees	
Lending to financial institutions	-	-
Debt investments	-	-
(excluding Government of Pakistan local currency denominated debt)	-	1,892,240,421
Advances	-	9,119,337,560
	-	11,011,577,981

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Particulars of Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings	Non-performing lendings	Provision held
Public / Government	-	-	-
Private	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments	Non-performing investments	Provision held
Rupees			

Textile	329,355,000	329,355,000	329,355,000	295,605,000	295,605,000
Chemical and Pharmaceuticals	272,134,533	286,283,751	272,134,533	272,134,533	286,283,751
Power (electricity), Gas, Water, Sanitary	500,000,000	1,000,000,000	-	-	-
Transport, Storage and Communication	37,964,468	40,286,978	37,964,468	37,964,468	40,286,978
Financial	1,359,898,921	1,447,736,854	3,748,500	3,748,500	3,748,500
	2,499,352,922	3,103,662,583	643,202,501	609,452,501	625,924,229

Credit risk by public / private sector

Public / Government	199,640,000	265,004,933	-	-	-
Private	2,299,712,922	2,838,657,650	643,202,501	659,674,229	625,924,229
	2,499,352,922	3,103,662,583	643,202,501	659,674,229	625,924,229

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43.1.3 Advances

Credit risk by industry sector

	2022	2021	2022	2021	2022	2021
	Gross advances		Non-performing advances		Provision held	
			Rupees			
Textile	3,218,986,672	3,452,666,967	1,345,653,567	1,166,887,577	1,106,387,578	1,020,941,534
Chemical and Pharmaceuticals	-	-	-	-	-	-
Cement	1,118,795,322	141,075,041	116,206,923	116,206,923	116,206,923	116,206,923
Sugar	243,114,473	243,114,473	243,114,473	243,114,473	243,114,473	243,114,473
Automobile and transportation equipment	403,000,000	153,000,000	153,000,000	153,000,000	153,000,000	153,000,000
Electronics and electrical appliances	951,375,492	871,447,933	-	-	-	-
Construction	196,080,094	200,044,160	196,080,094	200,044,160	196,080,094	200,044,160
Power (electricity), Gas, Water, Sanitary	1,010,710,571	1,194,574,207	165,028,752	165,028,752	165,028,752	165,028,752
Transport, Storage and Communication	1,700,000,000	800,000,000	-	-	-	-
Financial	123,500,000	123,500,000	73,500,000	73,500,000	73,500,000	73,500,000
Services	901,000,000	275,530,294	101,000,000	133,030,294	101,000,000	133,030,294
Paper board and products	4,203,851	26,143,311	4,203,851	26,143,311	4,203,851	26,143,311
Rubber and plastic products	270,000,000	270,000,000	270,000,000	-	-	-
Basic metals	178,920,566	204,781,184	69,093,230	69,093,230	69,093,230	69,093,230
Dairy & Poultry	1,055,555,554	1,055,555,554	-	-	-	-
Others	99,343,483	98,028,465	41,250,000	41,250,000	41,250,000	41,250,000
	11,474,586,078	9,109,461,589	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677
	2022	2021	2022	2021	2022	2021

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
			Rupees			
Public/ Government	-	-	-	-	-	-
Private	11,474,586,078	9,109,461,589	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677
	11,474,586,078	9,109,461,589	2,778,130,890	2,387,298,720	2,268,864,901	2,241,352,677

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43.1.4 Contingencies and Commitments

Commitments: credit risk by industry sector

Textile
Cement
Sugar
Electronics and electrical appliances
Power (electricity), Gas, Water, Sanitary
Financial
Others

Credit risk by public / private sector

Public/ Government
Private

	2022	2021
	Rupees	
	378,000,000	8,575,500
	5,264,695	1,000,000,000
	112,000,000	-
	52,390,289	124,552,067
	70,000,000	-
	200,000,000	200,000,000
	11,460,734	9,467,810
	829,115,718	1,342,595,377
	-	-
	829,115,718	1,342,595,377
	829,115,718	1,342,595,377

43.1.5 Concentration of Advances

Top 10 exposures of the Group on the basis of total (funded and non-funded exposures) aggregated to Rs. 7,153 million (2021: Rs. 5,752 million) as follows:

Funded
Non Funded
Total Exposure

	2022	2021
	Rupees	
	7,153,388,076	5,751,975,737
	-	-
	7,153,388,076	5,751,975,737

The sanctioned limits against these top 10 exposures aggregated to Rs. 8,025,000,000 (2021: Rs. 6,901,341,120).

Total funded classified therein

Substandard
Doubtful
Loss
Total

	2022		2021	
	Amount	Provision held	Amount	Provision held
	Rupees			
	-	-	-	-
	-	-	-	-
	-	-	719,909,649	719,909,649
	-	-	719,909,649	719,909,649



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43.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province/Region	2022					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
Punjab	-	-	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	3,756,229,305	2,511,494,000	1,244,735,305	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	3,756,229,305	2,511,494,000	1,244,735,305	-	-	-

Province/Region	2021					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
Punjab	-	-	-	-	-	-
Sindh	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-
Islamabad	3,024,787,500	2,483,363,000	541,424,500	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	3,024,787,500	2,483,363,000	541,424,500	-	-	-

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43.2 Market Risk

Market risk is the risk of loss to the Group's earnings or capital arising from potential movements in market risk factors, such as interest rates, equity prices and foreign exchange rates. The Group is exposed to market risk from its banking book as well as trading book exposures, the latter of which includes HFT & AFS investments in debt & listed equity instruments. The Group uses Basel Standardized Approach to assess the market risk for its trading book exposures. The portfolios covered under the approach include the Held for Trading (HFT) and Available for Sale (AFS) investments in debt and listed equity instruments. The capital charge required there against is presented in Note 41.

The market risk strategy of the Group is to maximize returns while keeping exposure to market risk at or below the approved levels, provided in the shape of market risk limits. Board-approved Treasury Policy, PMD Investment Policy and Market Risk Policy are in place with defined market risk management parameters / limits to control market risk levels. The Treasury Division (TD) and Portfolio Management Division (PMD) consider economic and market conditions, along with the Group's portfolio mix, diversification and expertise when setting and executing annual business strategy and reviewing policy.

Assets / Liability Management Committee (ALCO) meets monthly, and evaluates liquidity, market and interest rate risk as part of its approved Terms of Reference. An independent Market & Liquidity Risk / Middle Office Unit housed in RMD is tasked to, inter alia, independently monitor, measure and analyze market risk of the Group on daily basis, perform risk review of day-to-day PMD & TD activities, escalate any limit breaches or exceptions on the same working day of identification, review the Group's interest rate risk management framework & methodology, and prepare risk reports for ALCO and RMCB, including review of performance of the investment portfolio.

The Group uses a comprehensive suite of risk measurement techniques to assess market risk in the trading book, which includes monitoring levels and trends in mark-to-market, price value of basis point (PVBP), beta, and Value-at-Risk (VaR) metrics, as well as stress tests and sensitivity analyses based on these measures. VaR is calculated for all trading book positions and portfolios on a daily basis, and measures the estimated maximum loss over a defined horizon based on historical simulation.

The Group calculates its VaR with a 1-day, 10-day and 30-day horizon period using a one-tail, 99% confidence interval in accordance with Basel specifications. The 1-day VaR is further back tested on daily basis against next day's P&L based on actual observed movements in market risk factors. Back testing results suggest that the model is currently providing an appropriate estimate of the risk. For interest rate risk in the banking book, the Group primarily relies on gap analysis & static simulation model. Stress tests are carried out for traded & non-traded market risks on the basis of extreme, yet plausible, stress scenarios. Results produced by the aforementioned models are included in management and Board-committee reporting.

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43.2.1 Balance sheet split by trading and banking books

	2022		2021			
	Banking book	Trading book Rupees	Total	Banking book	Trading book Rupees	Total
Cash and balances with treasury banks	116,440,110	-	116,440,110	101,956,575	-	101,956,575
Balances with other banks	137,866,992	-	137,866,992	179,155,362	-	179,155,362
Lendings to financial institutions	-	-	-	-	-	-
Investments	2,735,235,227	33,418,774,699	36,154,009,926	3,206,369,109	27,691,284,596	30,897,653,705
Advances	9,119,337,560	-	9,119,337,560	6,868,108,912	-	6,868,108,912
Fixed assets	4,384,554,352	-	4,384,554,352	4,468,645,879	-	4,468,645,879
Intangible assets	6,392,003	-	6,392,003	6,109,050	-	6,109,050
Deferred tax assets	61,321,766	-	61,321,766	-	-	-
Other assets	3,702,657,861	-	3,702,657,861	2,221,065,136	-	2,221,065,136
Development Properties	192,734,028	-	192,734,028	198,210,163	-	198,210,163
	20,456,539,899	33,418,774,699	53,875,314,598	17,249,620,186	27,691,284,596	44,940,904,782

43.2.2

Foreign Exchange Risk

The Group does not actively deal in foreign currency. Its aggregate foreign currency exposure is limited to USD-denominated bank balance, as represented in the table below. As such, the Group's direct exposure to foreign currency risk is minimal, with a favourable impact in case of PKR depreciation.

The foreign exchange exposures during the year of the Group is given as follows:

[illegible]

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43.2.3 Equity position Risk

The Group's objective regarding trading in equities is to maximize the return on equity investment by acquiring fundamentally strong shares at appropriate levels and maintaining such a balance between short term and long term investment that can provide maximum possible opportunities to avail both capital gains and dividend income. The Group's maximum exposure to the stock market is constrained in terms of the single-stock and aggregate limits prescribed under the SBP Prudential Regulations. Prime responsibility for managing the Group's equity positions rests with the Portfolio Management Division (PMD). The Board of Directors has approved sectoral limits, as well as portfolio limits that fall within the SBP-prescribed aggregate limit for DFIs. Senior Management's Quoted Securities Monitoring Committee reviews investment climate and stock market investment strategy & portfolio, and reviews & approves listed stock investment / divestment recommendations by PMD, and stop loss decision where required. Unquoted Investments Monitoring Committee is also in place to monitor and manage investments in unquoted companies. The Market & Liquidity Risk /Middle Office Unit housed in RMD independently monitors PMD deals, policy / limit compliance, broker usage, realized/unrealized gain/loss, and generates market risk metrics such as beta, Value-at-Risk, sensitivity analyses and stress tests. The Unit is responsible for escalation of any limit breaches to concerned authorities, and also provides monthly summary reports to ALCO and periodic performance reports to the Risk Management Committee of the Board. PMD performance is also regularly reviewed by ALCO through regular reporting by the former, with the latter also serving as approving authority for the broker panel.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	3,396,400
- Other comprehensive income	-	111,250,320	-	122,748,780

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

The Group's interest rate risk arises from its trading book and banking book. Interest rate risk in the trading book is a result of HFT & AFS investments in debt instruments that are reported at fair value, and whose value is influenced by prevailing interest rates. The Group's interest rate risk exposures in the banking book originate from financial assets & liabilities that are exposed to different points in the yield curve, and are not matched in terms of repricing / maturity dates or interest rate basis. Since the Group does not take non-maturity deposits and bulk of its loans are floating-rate in nature, optionality/prepayment-related interest rate risk is insignificant.

The primary objective of interest rate risk management is to control exposure to interest rate risk, within approved limits. The Group has Board-approved Treasury Policy and Interest Rate Risk Management Framework in place that govern the interest rate risk management process. The Treasury Division directly functions to manage interest rate risks through diversification of exposures and structuring matching asset/liability transactions. The ALCO provides oversight of interest rate risk, including articulating interest rate view, deciding on future business strategy, monitoring interest rate risk and deliberating on mitigation measures. To control interest rate risk in the trading book, duration limits are in place for the fixed income investment portfolio, in terms of the Treasury Policy. To control interest rate risk in the banking book, target levels have been established on the repricing/ maturity gaps in each time band, as determined through slotting of interest-rate sensitive assets and liabilities according to contractual repricing / maturity

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dates, whichever is earlier, and ALCO-approved earnings at risk tolerance limit is also in place. The Market & Liquidity Risk / Middle Office Unit monitors limit compliance, reviews the interest rate risk management framework, develops interest rate risk measurement methodology, and provides monthly & quarterly reports to ALCO. Interest rate risk measurement methodology currently employed by the Group for the trading book includes marking-to-market, price value of basis point (PVBP), sensitivity analyses / stress testing and Value-at-Risk. For the banking book, methodology is based on gap analysis and static simulation, with an earnings and economic value perspective, as well as stress testing.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 1% change in interest rates on				
- Profit and loss account	36,408,226	-	54,993,234	-
- Other comprehensive income	-	-	-	-

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SAUDI PAK
INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Mismatch of Interest Rate Sensitive Assets and Liabilities		2022										
Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk								Non-interest bearing financial instruments		
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years	
Rupees												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	116,440,110	-	-	-	-	-	-	-	-	-	116,440,110
Balances with other banks	12.25	137,866,992	53,427,001	-	-	-	-	-	-	-	-	84,439,991
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	14.58	36,154,009,926	7,308,100,000	17,893,500,000	440,056,587	-	5,578,040,800	-	1,976,227,500	-	-	2,958,085,039
Advances	13.89	9,119,337,560	2,320,631,187	4,953,112,892	1,787,499,998	2,295,976	4,767,101	-	51,030,406	-	-	2,249,071,400
Other assets	-	2,249,071,400	-	-	-	-	-	-	-	-	-	-
	-	47,776,723,988	9,692,158,188	22,846,612,892	2,227,556,585	2,295,976	5,582,807,901	-	2,027,257,906	-	-	5,408,036,540
Liabilities												
Borrowings	15.32	36,774,866,849	11,089,130,590	19,407,917,842	3,674,187,297	98,374,594	314,603,970	353,845,068	707,690,136	1,129,117,352	-	-
Deposits and other accounts	16.62	1,953,000,000	1,743,000,000	10,000,000	200,000,000	-	-	-	-	-	-	-
Other liabilities	-	549,575,474	-	-	-	-	-	-	-	-	-	549,575,474
	-	39,277,442,323	12,832,130,590	19,417,917,842	3,874,187,297	98,374,594	314,603,970	353,845,068	707,690,136	1,129,117,352	-	549,575,474
On-balance sheet gap	-	8,499,283,665	(3,149,972,402)	3,428,695,050	(1,646,630,712)	(96,078,618)	5,268,203,931	(353,845,068)	(707,690,136)	898,140,554	-	4,858,461,066
Off-balance sheet financial instruments												
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap	-	(3,149,972,402)	(3,149,972,402)	3,428,695,050	(1,646,630,712)	(96,078,618)	5,268,203,931	(353,845,068)	(707,690,136)	898,140,554	-	4,858,461,066
Cumulative Yield/Interest Risk Sensitivity Gap	-	(3,149,972,402)	(3,149,972,402)	278,722,648	(1,367,908,064)	(1,463,986,682)	3,804,217,249	3,450,372,181	2,742,682,045	3,640,822,599	3,640,822,599	-

2021

	Effective Yield/ Interest rate	Total	2021										Non-interest bearing financial instruments
			Exposed to Yield/ Interest risk										
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
			Rupees										
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	-	101,956,575	-	-	-	-	-	-	-	-	-	-	101,956,575
Balances with other banks	5.50	179,155,362	172,208,951	-	-	-	-	-	-	-	-	-	6,946,411
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	8.72	30,897,653,705	505,226,378	18,886,061,444	318,943,421	-	-	5,926,611,000	2,190,370,000	-	-	-	3,070,441,462
Advances	10.66	6,868,108,912	1,514,885,355	2,462,898,040	2,833,547,052	1,589,444	5,426,934	-	49,762,087	-	-	-	1,197,575,906
Other assets	-	1,197,575,906	-	-	-	-	-	-	-	-	-	-	-
		39,244,450,460	2,192,320,684	21,348,959,484	3,152,490,473	1,589,444	5,426,934	5,926,611,000	2,240,132,087	-	-	-	4,376,920,354
Liabilities													
Borrowings	9.83	26,456,618,972	22,850,230,040	327,984,692	2,008,830,282	67,660,564	181,392,173	191,183,014	336,506,312	492,831,895	-	-	-
Deposits and other accounts	10.16	2,911,587,775	2,404,927,231	306,660,544	200,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	279,639,949	-	-	-	-	-	-	-	-	-	-	279,639,949
		29,647,846,696	25,255,157,271	634,645,236	2,208,830,282	67,660,564	181,392,173	191,183,014	336,506,312	492,831,895	-	-	279,639,949
On-balance sheet gap		9,596,603,764	(23,062,836,587)	20,714,314,248	943,660,191	(66,071,120)	(175,965,239)	5,735,427,986	(336,506,312)	1,747,300,192	-	-	4,097,280,405
Off-balance sheet financial instruments													
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap													
		(23,062,836,587)	(23,062,836,587)	20,714,314,248	943,660,191	(66,071,120)	(175,965,239)	5,735,427,986	(336,506,312)	1,747,300,192	-	-	4,097,280,405
Cumulative Yield/Interest Risk Sensitivity Gap		(23,062,836,587)	(23,062,836,587)	(2,348,522,339)	(1,404,862,148)	(1,470,933,268)	(1,646,898,507)	4,088,529,479	3,752,023,167	5,499,323,359	-	-	5,499,323,359

43.2.6 Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

43.2.7 Assets do not include fixed assets of Rs. 4,384,554,352 (2021: Rs. 4,468,645,879), intangible assets of Rs. 6,392,003 (2021: Rs. 6,109,050), other assets consisting of Advances, deposits, advance rent and other prepayments, advance taxation, excise duty, non-banking assets acquired in satisfaction of claims of Rs. 1,453,586,461 (2021: Rs. 1,023,489,230) and development property of Rs. 192,734,028 (2021: Rs. 198,210,163)

43.2.8 Liabilities do not include other liabilities consisting of advance rental income, Payable to defined benefit plan, Provision for compensated absences of Rs. 260,914,741 (2021: Rs. 144,353,822)

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43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Types of events that can lead to operational risk include:

- Internal / external fraud events
- Employment practices & workplace safety events
- Clients, products & business practices events
- Damage to physical assets events
- Business disruption and system failures events
- Execution, delivery & process management events

Types of operational risk losses can include monetary, regulatory, client, or health & safety loss, or legal liability / inability to enforce legal claim, and measures that may be taken to mitigate losses include improving underlying processes through enhanced internal controls, having contingency plan / backup arrangements in place, and ensuring adequate insurance coverage.

The Group's operational risk management process is governed by the Operational Risk Management Framework ("ORMF") and Operational Risk Policy which have been duly approved by the Board of Directors. The operational risk management structure comprises the line management as first line of defense, an independent Operational Risk Management Unit ("ORMU") operating under the Risk Management Division ("RMD") as second line of defense, and independent Internal Audit as third line of defense. An organizational culture of integrity and discipline built through trainings and appropriate hiring, and separation of duties and principles of internal control as embedded in relevant policies and procedures, are key principles for operational risk management. Operational Risk Coordinators ("ORCs") that have been established from each division work with the ORMU to identify, analyze, explain and mitigate operational issues within their respective areas of expertise. The ORMU develops and updates the ORMF, implements operational risk measurement and reporting, and coordinates with ORCs to source necessary information and promote sound operational risk management. Senior management-level Operational Risk Management Committee ("ORMC") meets quarterly with the goal to assure that actions are being taken to meet the stated objective of operational risk management in the Group. Presently loss data, key risk indicators, risk & control self-assessments, and scenario analysis are being used to assess operational risk. Operational risk reports on the basis of these tools, along with suggested risk mitigants where required, are presented by ORMU to the ORMC. Operational risk reports are also discussed as part of the agenda of meetings of Risk Management Committee of the Board ("RMCB").

In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Group has a robust Business Continuity Plan / Disaster Recovery Plan in place, with off-site backup and regular testing carried out. The Group also has a Technology Governance Framework & IT Security Policy in place, addressing issues such as incident reporting, risk identification, IT controls and systems security, with added oversight provided by regular meetings of the IT Steering Committee of management. KYC / AML Policies are also in place for Credit and Treasury activities.

Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years has been applied for Operational Risk. Loss data process has been fully implemented, with ORCs providing details for events / near misses / potential losses through an in-house software.

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43.4 Liquidity Risk

Liquidity risk is the potential for loss arising from either an inability to meet obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The liquidity risk strategy of the Group is to strive to maintain liquidity at an acceptable level over the short- and long-term, in order to settle financial obligations in a timely and economical manner. Liquidity Risk Policy, Treasury Policy and Contingency Funding Plan are in place to govern the liquidity risk management process. The prime responsibility for the management of liquidity risk lies with Treasury Division (TD) which ensures that the Group's operations can meet its current and future funding needs. Mix of Saudi Pak assets and liabilities is monitored by TD to ensure that gaps are efficiently managed, and target gap levels are in place. Regulatory limits (e.g. Statutory Liquidity Requirement [SLR], Net Stable Funding Ratio [NSFR]) are monitored and returns are submitted. Internal limit on liquid assets to total borrowings and deposits is also in place. TD further aims for effective diversification of sources of borrowing / liquidity. The Group's leverage also remains well within parameters allowed by SBP, ensuring a stable source of liquidity in the form of capital. ALCO provides additional oversight for liquidity risk management through its monthly meetings. The Market & Liquidity Risk / Middle Office Unit housed in RMD independently reviews liquidity risk policy, and monitors liquidity ratios, gaps and funding concentrations on daily basis, providing regular reporting on the same to ALCO along with stress testing, with timely escalation in case of any limit breach. The Group overall strives to maintain a strong market reputation and to keep credit risk and market risk within manageable limits so that these risks may not trigger any undesirable liquidity crunch.



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43.4.1 Maturities of Assets and Liabilities – based on contractual maturity of the assets and liabilities of the Group

2022														
Rupees														
	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
Assets														
Cash and balances with treasury banks	116,440,110	116,440,110	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	13,886,942	13,886,942	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	60,000	-	-	250,030,000	223,078,632	166,161,866	250,030,000	2,276,888,820	10,520,475,800	2,280,260,000	660,180,000	19,946,887,930
Investments	36,154,009,926	-	352,051,246	21,163,875	36,253,497	35,541,891	68,610,546	494,675,645	239,983,500	46,054,723	16,224,561	1,752,777,788	2,504,674,156	13,725,181,979
Advances	9,119,337,560	16,722,404	352,051,246	21,163,875	36,253,497	35,541,891	68,610,546	494,675,645	239,983,500	46,054,723	16,224,561	1,752,777,788	2,504,674,156	13,725,181,979
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,384,554,352	414,069	2,484,475	2,898,484	6,825,108	12,422,077	12,422,076	775,22,842	37,266,230	37,266,229	149,094,317	59,882,480	457,246,473	3,449,033,942
Intangible assets	6,382,003	5,918	35,508	41,426	94,688	177,538	177,537	53,2813	532,615	532,613	2,130,462	2,131,099	-	-
Deferred tax assets	61,321,766	140,172	295,120	17,767	30,369	483,432	968,865	145,02,597	968,841	1,933,682	5,801,117	5,801,117	14,912,970	28,521,987
Other assets	3,712,457,861	27,756,190	584,381,800	35,180,432	60,185,018	254,711,656	509,422,912	570,948,956	681,740,192	718,514,565	-	-	-	-
Development Properties	192,754,028	-	-	-	-	-	-	-	-	-	-	-	18,734,028	-
	53,875,314,588	689,841,205	989,308,088	59,331,984	103,208,688	553,866,394	815,678,568	1,311,282,518	1,220,519,276	3,485,888,632	12,300,018,797	4,180,852,494	3,829,721,527	24,386,680,376
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	36,774,886,849	-	5,70,785,000	1,58,172,488	4,400,233,092	15,239,233,586	4,043,684,246	424,187,297	11,887,297	61,887,297	1,252,033,970	1,103,845,088	1,770,900,136	1,231,170,532
Deposits and other accounts	1,953,000,000	-	-	-	-	-	10,000,000	-	400,000,000	1,943,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	810,400,715	6,613,350	46,293,453	92,886,906	52,908,804	8,110,195	162,213,193	175,719,103	74,259,034	94,720,011	-	-	72,08,031	16,818,738
	36,538,357,084	6,613,350	5,27,078,453	1,61,689,404	4,463,193,886	15,320,335,191	4,215,884,246	593,986,400	585,946,331	2,249,407,308	1,252,033,970	1,103,845,088	1,777,981,167	1,146,336,090
Net assets	14,336,957,504	683,027,855	14,277,030,635	1,35,367,420	1,35,367,420	14,786,583,797	13,400,208,868	711,281,118	634,573,945	1,236,281,324	11,047,914,827	3,057,007,426	2,052,393,360	23,250,744,276
Share capital/ Head office capital account	6,765,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,700,149,151	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated/ Unremit profit	4,465,575,688	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	143,589,5754	-	-	-	-	-	-	-	-	-	-	-	-	-

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2021													
Total	Up to 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													
Assets													
Cash and balances with treasury banks	101956.575	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	179155.362	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	30,817,653.705	-	-	-	-	-	-	-	-	-	-	-	-
Investments	6,888,108.372	15730.026	25,875,000	44,370,026	75,226.378	37,889.717	380,339.703	328,857,574	3,045,451.8	558,508,400	5,949,206,000	959,740,000	2,01,653,590,008
Advances	4,488,646,879	418,035	2,508,207	2,926,242	6,688,532	37,889.717	380,339.703	328,857,574	3,045,451.8	558,508,400	5,949,206,000	2,01,653,590,008	1,245,197,765
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed assets	6,105,050	5,556	33,936	39,562	90,485	189,678	518,679	509,036	505,036	15,049,429	2,036,762	527,497,231	3,488,467,022
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	2,221,085,116	3,355,438,411	63,122,939	108,242,182	138,121,076	321,923,526	480,117,442	407,857,157	-	-	-	-	-
Development Properties	10,820,183	-	-	-	-	-	-	-	-	-	-	-	189,270,683
	44,94,030,782	754,475,065	2,542,743	91,963,773	234,617,633	536,244,161	743,707,701	1,097,153,150	3,387,959,816	1,803,658,845	72,96,392,311	3,888,291,266	24,785,257,935
Liabilities													
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	28,465,688,192	-	4,492,426,600	10,064,007,348	8,263,796,032	6,235,246	71,749,446	96,330,282	4,08,830,282	1,056,332,073	503,883,014	46,158,312	48,833,185
Deposits and other accounts	2,291,587,775	-	-	188,927,231	62,888,133	243,724,111	-	300,000,000	2,050,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	438,548,336	2,549,943	498,133	795,600	3,678,096	7,356,162	11,034,288	73,560,012	14,72,023	44,036,811	44,036,811	88,273,221	214,889,006
Other liabilities	423,983,771	18,357,811	13,550,464	27,100,928	75,468,245	38,75,602	77,45,122,3	62,82,82,848	6,688,62,75	-	-	6,466,142	15,134,330
	30,230,768,928	4,370,324	4,535,977,084	10,091,586,409	8,439,995,168	11,057,087	400,309,272	2,825,510,320	11,005,28,794	54,919,825	54,919,825	556,266,075	722,154,231
	14,70,154,928	750,004,741	14,503,464,320	18,946,012,636	18,245,377,535	48,372,594	124,381,357	631,137,888	76,27,192,246	7,03,128,161	6,740,172,686	3,132,031,591	24,063,001,594
Net assets													
Share capital/ Head office capital account	6,800,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	172,992,307	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated/ Unremitted profit	4,492,276,727	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	1,880,944,994	-	-	-	-	-	-	-	-	-	-	-	-
	14,70,154,928	-	-	-	-	-	-	-	-	-	-	-	-

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43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group.

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										
Assets										
Cash and balances with treasury banks	116,440,110	116,440,110	-	-	-	-	-	-	-	-
Balances with other banks	137,866,992	137,866,992	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	36,154,009,926	60,000	473,108,632	166,161,166	2,526,916,820	10,520,475,800	2,260,260,000	660,160,000	19,546,867,508	-
Advances	9,119,337,560	57,672,021	105,152,437	494,675,645	690,538,223	1,622,546,511	1,752,777,788	2,504,674,056	1,372,251,879	-
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,384,554,352	12,422,076	24,844,153	77,522,842	74,532,459	149,064,917	139,882,490	457,246,473	468,421,553	2,980,617,389
Intangible assets	6,392,003	177,538	355,075	532,613	1,065,226	2,130,452	2,131,099	-	-	-
Deferred tax assets	61,321,766	483,458	1,450,297	1,450,297	2,900,523	5,801,117	5,801,117	14,912,970	25,981,253	2,540,734
Other assets	3,702,657,861	957,318,780	764,134,368	570,949,956	1,410,254,757	-	-	-	-	-
Development Properties	192,734,028	-	-	-	-	-	-	192,734,028	-	-
	53,875,314,598	1,801,489,975	1,369,044,962	1,311,292,519	47,066,208,008	123,000,187,797	4,160,852,494	3,829,727,527	21,413,522,193	2,983,158,123
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	36,774,866,949	110,891,301,590	19,282,917,842	424,187,297	723,374,594	1,252,103,970	1,103,845,068	1,770,190,136	1,129,117,352	-
Deposits and other accounts	1,953,000,000	-	10,000,000	-	1,943,000,000	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	810,490,215	198,400,513	243,304,785	175,779,103	168,979,045	-	-	7,208,031	16,818,738	-
	39,538,357,064	11,287,531,103	19,536,222,627	599,966,400	2,835,353,639	1,252,103,970	1,103,845,068	1,777,398,167	1,145,936,090	-
Net assets	14,336,957,534	(9,486,041,128)	(18,167,177,665)	711,326,119	18,70,854,369	11,047,914,827	3,057,007,426	2,052,329,360	20,267,586,103	2,983,158,123
Share capital/ Head office capital account	67,65,000,000									
Reserves	1,790,149,151									
Unappropriated/ Unremitted profit	4,468,576,998									
Surplus/(Deficit) on revaluation of assets	1,313,231,385									
	14,336,957,534									



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees										
Assets										
Cash and balances with treasury banks	101,956,575	101,956,575	-	-	-	-	-	-	-	-
Balances with other banks	179,155,362	179,155,362	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	30,897,853,705	75,226,378	543,438,901	58,000	2,756,886,018	559,508,400	5,949,206,000	959,740,000	20,053,590,008	-
Advances	6,868,108,912	207,746,052	71,176,436	380,389,703	673,872,082	1,091,619,872	1,195,257,120	2,002,849,872	1,242,429,434	2,766,331
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-
Fixed assets	4,468,645,879	12,541,036	25,082,072	40,827,445	752,462,715	150,492,429	150,492,429	527,497,231	540,310,658	2,946,156,354
Intangible assets	6,109,050	169,679	339,357	509,036	1,018,072	2,036,144	2,036,144	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	2,221,065,136	50,680,532	444,363,529	321,923,526	977,974,549	-	-	-	-	-
Development Properties	198,210,163	-	-	-	-	-	-	198,210,163	-	-
	44,940,904,782	1,083,598,614	1,054,400,295	743,707,710	4,484,986,946	1,803,656,845	7,296,992,311	3,688,297,266	21,836,330,100	2,948,924,695
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	26,456,618,972	22,850,230,040	77,984,692	508,830,282	505,160,564	1,056,392,173	503,683,014	461,506,312	492,831,895	-
Deposits and other accounts	2,911,587,775	169,927,231	306,660,544	-	2,435,000,000	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	438,549,336	3,678,276	11,034,288	110,342,888	22,068,035	44,136,611	44,136,611	88,273,221	100,796,393	113,391,613
Other liabilities	423,933,771	58,073,418	116,146,835	99,461,983	128,691,063	-	-	6,486,142	15,134,330	-
	30,230,749,854	23,081,908,965	511,826,359	619,326,553	3,090,919,662	1,100,528,784	547,819,625	556,265,075	608,762,618	113,391,613
Net assets	14,710,154,928	(21,988,310,351)	542,573,936	124,381,157	1,394,077,284	703,128,061	6,749,172,686	3,132,031,591	21,227,567,482	2,835,533,082

Share capital/ Head office capital account	6,600,000,000
Reserves	1,727,992,307
Unappropriated/ Unremitted profit	4,421,271,627
Surplus/(Deficit) on revaluation of assets	1,960,944,994
	14,710,154,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

43.5 Derivative Risk

Presently the Group does not have exposure in derivative products, and consequently is not exposed to derivatives-related risk.

44. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Saudi Pak Industrial and Agricultural Investment Company Limited on 25 February 2023.


GM/Chief Executive
Chief Financial Officer
Director
Director
Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED



Annexure - I

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

(Rupee in million)

S. No.	Name and address	3	CNIC No.	Fathers / Husband Name	Outstanding liabilities at the beginning of the year				Principal written off	Mark up waived	Other financial relief provided	Total
					Principal	Mark up	Others	Total				
1			4	5	6	7	8	9	10	11	12	13
1	Plyfo Industries Limited 1095, A/117, Ward # 10, Gali Baba Ahmed Din Wali, Gujranwala Road, Alipur Chatta, Wazirabad, Gujranwala.	Abdul Waheed Gill Muhammad Rana Gill Saljad Mehmood Gill Abdul Ghanni Gill	34104-2310743-5 34104-2261018-9 34104-2310745-5 34104-2287873-5	Imam Din Gill Imam Din Gill Muhammad Abdullah Gill Imam Din Gill	21.939	4.849	0.000	26.788	0.000	4.779	37.709	42.488
2	Dewan Salman Fiber Limited 2nd Floor, Block "A", Finance & Trade Centre, Shahrah-e-Faisal, Karachi	Mr. Zafar Asim Mr. Muhammad Irfan Ali Mr. Saleem-ul-Haque Mr. Asghar Iqbal Mr. Muhammad Wajid Syed Farhan Asdaq Ms. Momina Gul	42101-0140193-3 36302-2168721-7 41303-0223520-3 42101-6615857-3 42201-0361792-3 42101-1385134-1 42501-5495565-4	Mr. Muhammad Fahim Mr. Ali Daraz Mr. Nadeem-ul-Haque Mr. Muhammad Iqbal Ahmed Mr. Shafiq Ahmed Syed Mansoor Asdaq Syed Tahir Hussain	49.999	4.461	0.187	54.647	0.000	0.000	72.719	72.719
					71.938	9.310	0.187	81.435	0.000	4.779	110.428	115.207

NOTES

A decorative yellow line drawing of a stylized plant or branch on the right side of the page. The drawing features a central vertical stem with several horizontal branches extending outwards. The branches are thin and delicate, with some small, rounded tips. The overall shape is somewhat symmetrical, resembling a stylized 'Y' or a simple tree branch. The drawing is positioned on the right side of the page, with its base near the bottom and its top extending towards the top of the page. The lines are thin and yellow, contrasting with the white background.

NOTES





SAUDI PAK

INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED

● **Head Office:**

SAUDI PAK TOWER, 61-A
JINNAH AVENUE
ISLAMABAD.

● **Regional Office, Karachi:**

LAKSON SQUARE BUILDING
NO. 1, 9TH FLOOR
265-R.A. LINE, KARACHI.

● **Regional Office, Lahore:**

OFFICE NO. 301, 3RD FLOOR
TRICON CORPORATE CENTRE,
73-E, MAIN JAIL ROAD
GULBERG II, LAHORE.



PHONE: UAN 111 222 003



FAX: UAN 111 222 004



SAUDIPAK@SAUDIPAK.COM



SAUDIPAKLTD



SAUDIPAK