SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Holding 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subsidiary company was incorporated in Pakistan as an unlisted public limited company on November 14, 2006 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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

Saudi Pak Leasing Company Limited (SPLC) (the associate company)

The Holding Company has 35.06% (2022: 35.06%) investment in ordinary share capital and 63% (2022: 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 subsequently has been cancelled on June 30, 2021, and is non-operational. The principal place of business of the associate company is Pakistan. The Group has accounted for the investment in the associate using the equity accounting of investments as per the requirements of IAS-28.
During the year, SECP vide its letter dated May 12, 2023, cancelled the SPLC's leasing license and further informed that SPLC is no longer classified as an NBFC and as such Group's application for transfer of its shares under Rule 5(6)(e) of NBFC Rules 2003, could not be processed. The Group obtained a legal opinion as per which this SECP notice does not forbid Group to continue its efforts for divestment. As Group common stock of SPLC are frozen due to its previous status as an NBFC, therefore any release and subsequent sale of these shares requires a change in the Memorandum and Article of Association of the SPLC to be in line with the new status of being a non-NBFC company. Accordingly the Group has accounted for the investment in the associate using the equity accounting of investments as per the requirements of IAS-28, as it does not currently fulfills the criteria of IFRS-5, i.e.. non-current assets held for sale.

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. 02 dated February 09, 2023.

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 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 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 consolidated 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 Group for the accounting periods beginning on or after January 1, 2023. These are considered either not to be relevant or not to have any significant impact on these consolidated financial statements except the IFRS 9 Financial Instruments: classification and measurement that have significant effect on these consolidated financial statements on its application as disclosed in note 5.1.

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 2024:

- **Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1**

The International Accounting Standards Board (IASB) issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures requirements

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments must be applied retrospectively.

- **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16**

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

- **Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

- **Lack of exchangeability – Amendments to IAS 21**

  The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28**

  The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

  The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  The effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

- IFRS 1 – First time Adoption of IFRS
- IFRS 17 – Insurance Contracts

4. BASIS OF MEASUREMENT

These consolidated 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.
- investment properties which are carried at fair value.

Critical accounting judgments and estimation uncertainty

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
ii) ECL against investments, advances and other assets
iii) Valuation and impairment of available for sale securities
iv) Valuation, useful life and depreciation of fixed assets and non-banking assets acquired in satisfactior of claims
v) Useful life of intangibles
vi) Taxation
vii) Present value of staff retirement benefits
viii) Net realizable value of development properties

5. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for early adoption of IFRS-9 w.e.f January 01, 2023.

5.1 Adoption of IFRS 9 and new forms of the preparation of annual financial statements

The State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 07 dated April 13, 2023 has deferred the implementation of IFRS 9 "Financial Instruments" to accounting period beginning on or after January 01, 2024, however earlier adoption of IFRS 9 is permitted and encouraged, therefore the management of the Holding Company has decided to adopt the IFRS 9 from accounting period on January 01, 2023.

The adoption of IFRS 9 resulted changes in accounting policies and adjustments to amounts previously recognized in the consolidated financial statements. As permitted by IFRS 09, the requirements have been applied retrospectively without restating the comparatives. As a result, the difference between the previously reported carrying amounts and new carrying amounts of financial instruments as of December 31, 2022 and January 01, 2023 amounting to Rs. 527.956 million has been recognized in opening retained earnings. The new standard provides significant changes to classification and measurement of financial assets. The new standard also requires to recognize Expected Credit Losses (ECL) which require significant judgement and estimates to be made by the Group.

There were significant changes in the accounting policies, which are detailed below:

Further, during the year, the SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the annual financial statements of the Banks/DFIs which is applicable for the year beginning on or after January 01, 2023 which was subsequently deferred to January 01, 2024. Since the Group has early adopted the IFRS 9, it has early adopted the new format of the consolidated financial statements. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated financial statements.

5.1.1 IFRS 9 – Financial Instruments

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

5.1.2 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:
- Financial assets at fair value through profit or loss account (FVPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortized cost. Financial liabilities can also be designated at FVPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Group did not have any financial liability measured at FVPL.

The classification and subsequent measurement is dependent on the Group's business model.

5.1.3 Business model assessment

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

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

a. Hold to Collect (HTC) Business Model: Holding assets in order to collect contractual cash flows
b. Hold to Collect and Sell (HTC&S) Business Model: Collecting contractual cash flows and selling financial assets
c. Other Business Models: Resulting in classification of financial assets as FVPL

5.1.4 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than deminimize exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

The Group has arrived at the below given classification and measurement mapping for its financial assets.

Portfolio / Business Model		Financial asset measurement	
Financial assets portfolio	Business model	Asset is SPPI	Asset is not SPPI
Advances and Debt Investments originated by CFD	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Bank Deposits / Cash	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Placements with Financial Institutions	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to resale	Other	At Fair Value through Profit and Loss (SPPI test not applicable)	
Debt Investments originated by Treasury Division with the intent to hold to collect and sell	Hold to Collect and Sell	At Fair Value through Other Comprehensive Income	At Fair Value through Profit and Loss
Debt Investments originated by Treasury Division with the intent to hold to collect	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss
Equity Investments	Other	• Quoted: At Fair Value through Profit & Loss or Fair Value through OCI (Irrevocable option) • Unquoted: At Fair Value through Other Comprehensive Income • Strategic investment: N/a	
Staff Advances	Hold to Collect	At Amortized Cost	At Fair Value through Profit and Loss

5.1.5 Reclassification

Reclassification of financial assets will only be made in exceptional cases along with the rationale for the change in the business model (under which they were managed) that has led to the reclassification. Such changes must be demonstrable to external parties. Financial liabilities are never reclassified.

5.1.6 Financial assets – debt instruments

Debt financial assets held by the Group (including; advances, lending to financial institutions, investment in federal government securities and other private debt securities, cash and balances with treasury Banks, balances with other Banks, and other financial assets) are measured at amortized cost if they meet both of the following conditions and is not designated as at FVPL:

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

The Group's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Group assess whether and how the sales are consistent with the HTC objective. This assessment includes the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVPL:

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

The aforementioned financial assets if held for trading purposes are classified as measured at FVPL

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.1.7 Financial assets – equity instruments

An equity instrument held by the Group for trading purposes is classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Group has decided to classify some of its available for sale equity investment portfolio as of December 31, 2022 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, unlisted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 under the SBP's instructions. Accordingly, the Group has reversed impairment of Rs. 473.921 million on listed equity investment (FVOCI) held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements.

5.1.8 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group purchase or sell the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognized when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Group will recognize due to customer and financial institution balances when these funds reach the Group.

5.1.8.1 Amortized cost

Financial assets and liabilities under amortized cost category are initially recognized at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortized cost using the effective interest method. An expected credit loss allowance (ECL) is recognized for financial assets in the profit or loss. Interest income / expense on these assets / liabilities are recognized in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognized in the profit or loss account.

5.1.8.2 Fair value through other comprehensive income

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

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

5.1.8.3 Fair value through profit or loss

Financial assets under FVPL category are initially recognized at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognized in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognized in the profit or loss account. An expected credit loss allowance (ECL) is not recognized for these financial assets.

5.1.9 Derecognition

5.1.9.1 Financial assets

The Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

5.1.9.2 Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the profit or loss account.

5.1.10 Modification

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

5.1.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met.

5.1.12 Overview of the ECL principles

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVPL, together with letter of comfort, guarantees and unutilized financing commitments hereinafter referred to as "Financial Instruments". The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1

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

Stage 2

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

Stage 3

For financial instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations whichever is higher.

POCI

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing

When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings are drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented with respective facility's ECL.

Guarantee and letters of comfort:

The Group estimates ECLs based on credit conversion factor (CCF) calculated using the historical data relating to amount approved of a facility and actual utilized amount for Guarantee and letter of comfort contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognized within other liabilities.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

5.1.12.1 The calculation of ECLs

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

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

PD

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The Group has adopted obligator risk rating (ORR) method for the determination of PD. Under this method, historical data has been analyzed relating to ORR yearly migration for probability of default matrix. Macroeconomic adjustments are then applied to default rates to incorporate current and future changes in economic environment. Macroeconomic variables that may affect default rates are identified and their impact on default rates is calculated using a multiple scenario-based modeling framework.

EAD

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD

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

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

Definition of default

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments.

The Group considers a default to have occurred with regard to any particular credit instrument when either or both of the following two events have taken place:

- The Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if held).
- If principal or mark-up/interest, on any of the obligor's material credit obligations, is overdue by 90 days or more from the due date or as defined in Prudential Regulations from time to time.

Write-offs

The gross carrying amount of a credit instrument will be reduced when there is no reasonable expectation of recovery, in accordance with the terms of its Write-Off policy. Write-off constitutes a derecognition event.

5.1.13 Transitioning adjustments

The comparative period have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS-9 have been recognized in opening retained earnings as of January 01, 2023, as per detail given below:-

5.1.13.1 Transition due to adoption of IFRS 9

	31 December 2022	Expected credit loss allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
		---------- "Rupees" ----------		
ASSETS				
Cash and balances with treasury banks	116,440,110	-	-	116,440,110
Balances with other banks	137,866,992	(581,837)	-	137,285,155
Non-current asset classified as held for sale	-	-	-	-
Lendings to financial institutions	-	-	-	-
Investments	36,154,009,926	(112,987,223)	719,100,564	36,760,123,267
Advances	9,119,337,560	(1,114,285,741)	-	8,005,051,819
Property and equipment	4,384,554,352	-	-	4,384,554,352
Right of Use Assets	-	-	-	-
Intangible assets	6,392,003	-	-	6,392,003
Deferred tax assets	61,321,766	405,633,585	(237,303,187)	229,652,164
Other assets	3,702,657,861	-	-	3,702,657,861
Development properties	192,734,028	-	-	192,734,028
	53,875,314,598	**(822,221,216)**	**481,797,377**	**53,534,890,759**
LIABILITIES				
Bills payable	-	-	-	-
Borrowings	36,774,866,849	-	-	36,774,866,849
Deposits and other accounts	1,953,000,000	-	-	1,953,000,000
Lease liabilities	-	-	-	-
Subordinated debt	-	-	-	-
Deferred tax liabilities	-	-	-	-
Other liabilities	810,490,215	1,337,880	-	811,828,095
	39,538,357,064	**1,337,880**	-	**39,539,694,944**
NET ASSETS	**14,336,957,534**	**(823,559,096)**	**481,797,377**	**13,995,195,815**
REPRESENTED BY				
Share capital	6,765,000,000	-	-	6,765,000,000
Statutory reserve	1,431,486,211	-	-	1,431,486,211
General reserve	358,662,940	-	-	358,662,940
Surplus on revaluation of assets - net	1,313,231,385	-	186,193,795	1,499,425,180
Unappropriated / unremitted profit	4,468,576,998	(823,559,096)	295,603,582	3,940,621,484
	14,336,957,534	**(823,559,096)**	**481,797,377**	**13,995,195,815**

Unappropriated profit		**Rupees**
Retained earnings as of December 31, 2022		4,468,576,998
IFRS - 9 Impact		
Expected Credit loss (ECL) allowance		(1,229,192,681)
Reclassification of provision for impairment on AFS quoted securities		473,921,310
Reclassification of deficit on AFS quoted securities		(175,426,724)
Deferred tax on ECL	405,633,585	
Deferred tax on provision for Impairment	(31,836,413)	
Deferred tax on deficit on AFS quoted	28,945,409	
Related deferred tax impact		**402,742,581**
Revised Retained Earnings as of January 01, 2023		**3,940,621,484**

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Balances with Other banks	Rupees	
As at December 31, 2022		137,866,992
IFRS 9 Impact		
Credit loss allowance	(581,837)	(581,837)
As at January 01, 2023		**137,285,155**
Investment		
As at December 31, 2022		36,154,009,926
IFRS 9 Impact		
ECL allowance	(112,987,223)	
Reclassification of AFS debt securities to amortised cost	719,100,564	606,113,341
As at January 01, 2023		**36,760,123,267**
Advances		
As at December 31, 2022		9,119,337,560
IFRS 9 Impact		
ECL allowance	(1,114,285,741)	(1,114,285,741)
As at January 01, 2023		**8,005,051,819**
Other liabilities		
As at December 31, 2022		810,490,215
IFRS 9 Impact		
ECL allowance		1,337,880
As at January 01, 2023		**811,828,095**
Surplus on revaluation of assets - net		
As at December 31, 2022		1,313,231,385
IFRS 9 Impact		
Reclassification of AFS debt securities to amortised cost	719,100,564	
Reclassification of deferred tax	(237,303,186)	
		481,797,378
Reclassification of provision for impairment on AFS quoted securit	(473,921,310)	
Adjustment of deferred tax in relation to impairment adjustment	31,836,413	
		(442,084,897)
Reclassification of deficit on AFS quoted securities	175,426,724	
Reclassification of deferred tax	(28,945,410)	
		146,481,314
As at January 01, 2023		**1,499,425,180**

Deferred tax assets	Rupees	
As at December 31, 2022		61,321,766
IFRS 9 Impact		
Reclassification of deferred tax in relation to adopting IFRS 9	(237,303,187)	
Deferred tax on ECL allowance	405,633,585	
		168,330,398
As at January 01, 2023		**229,652,164**

5.1.13.2 Reclassification of investments due to adoption of IFRS-9

Reclassification for Available for sale securities (AFS)	**Rupees**
Balance as at December 31, 2022 - Audited	**34,820,500,128**
Equity securities reclassified to FVPL	(1,487,154,488)
Debt securities reclassified to amortised cost	(5,578,040,800)
Debt securities reclassified through FVOCI	(26,507,452,921)
Equity securities reclassified through FVOCI	(1,247,851,919)
AFS investment as at January 01, 2023 - Unaudited	-

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COM
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
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	Share capital
Balance as at January 1, 2022	**6,600,000,000**
Profit after taxation for the year ended December 31, 2022	-
Other comprehensive (loss) / income - net of tax	-
Transfer to statutory reserve	-
Impact of rate change	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-
Transactions with owners, recorded directly in equity	
Bonus shares issued	165,000,000
Dividend 2021: 2.5% per ordinary share	-
Balance as at December 31, 2022	**6,765,000,000**
Balance as at January 1, 2023	**6,765,000,000**
Adjustment on initial application of IFRS - 9	-
Balance as at January 01, 2023 (Revised)	**6,765,000,000**
Profit after taxation for the year ended December 31, 2023	-
Other comprehensive (loss) / Income - net of tax	-
Transfer to statutory reserve	-
Impact of rate change	-
Loss realized on sale of FVOCI	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-
Transactions with owners, recorded directly in equity	
Dividend 2022: Nil per ordinary share	-
Balance as at December 31, 2023	**6,765,000,000**

The annexed notes 1 to 44 and annexure I form an integral part of these

GM/Chief Executive

Chief Financial Officer

5.2 Cash and cash equivalents

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

5.3 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.

5.4 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 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.

5.5 Investments

Following classification and measurement policies for investments, except for that of subsidiary and associate, remained implemented until December 31, 2022, have been changed on adoption of IFRS 9 as detailed in note 5.1 above.

(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. 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.

(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 Group commits to purchase or sell the investments.

5.6 Advances

Advances are stated net of provision. Provision for non-performing advances until December 31, 2023 determined in accordance with the requirements of the Prudential Regulations issued by SBP from time to time has now been determined according to policy reflected in note 5.1.12.

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.

5.7 Finance lease receivables

Leases where the Group 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.

5.8 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 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.

5.9 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.

5.10 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. 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.

5.11 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 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

5.12 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.

5.13 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.

5.14 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 operating fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of operating fixed assets.

5.15 Staff retirement benefits

(a) Defined benefit plan

The Group 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 Group 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 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.

5.16 Revenue recognition

- **Interest Income**

  Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For the financial assets that have become credit-impaired (Stage 3) subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense presented in the statement of profit or loss include:

  - interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
  - Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

- **Fee and commission income**

  Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

  Other fee and commission income are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction the services are received. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

- **Income from investment securities**

  Recognition of income from investment securities under respective classification are given in note 5.1 above.

- 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

- Dividend income is recognized when the Group's right to receive income is established.

- Rental income is recognized on systematic basis.

- Gains and losses on disposal of operating fixed assets are taken to the consolidated profit and loss account.

5.17 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.

5.18 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.

5.19 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.

5.20 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.21 Dividend Distribution

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

5.22 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

5.23 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.

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

5.24 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.

5.25 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**

  This segment 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

	Note	2023	2022
		------------- Rupees	-------------
In hand			
Local currency		242,707	288,648
With State Bank of Pakistan in			
Local currency current accounts	6.1	134,343,934	116,151,462
		134,586,641	116,440,110

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

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7. BALANCES WITH OTHER BANKS

	2023	2022
	------------ Rupees ------------	
In Pakistan		
In current accounts	6,419,626	84,439,991
In deposit accounts	90,437,797	53,427,001
Less: Credit loss allowance held against balance with other banks	(177,964)	-
Balances with other banks - net of credit loss allowance	96,679,459	137,866,992

7.1 Deposit accounts include Rs. 53,239,087 (2022: Rs Rs. 23,551,283) held in local currency accounts. These accounts carry markup at the rates ranging from 7.00% to 20.50% (2022: 3.75% to 14.50%) per annum.

7.2 Deposit accounts include USD 132,013.73 (2022: USD 132,006.24) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% (2022: 0.25%) per annum.

8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
		------------ Rupees ------------	
Repurchase agreement lendings (Reverse Repo)	8.1	3,030,155,700	-
Letter based placement		220,000,000	-
		3,250,155,700	-
Less: Credit loss allowance held against lending to financial institutions		(160,987)	-
Lending to Financial Institutions - net of credit loss allowance		3,249,994,713	-

8.1 Particulars of lending

	2023	2022
In local currency	3,249,994,713	-

8.2 Securities held as collateral against lending to financial institutions

	2023			2022		
	Held by the Group	Further given as collateral	Total	Held by the Group	Further given as collateral	Total
	-------Rupees-------			-------Rupees-------		
Pakistan Investment Bonds	3,030,155,700	-	3,030,155,700	-	-	-
Total	3,030,155,700	-	3,030,155,700	-	-	-

8.3 Lending to FIs - Particulars of credit loss allowance

		2023		2022	
		Lending	Credit loss allowance held	Classified Lending	Provision held
		-------Rupees-------		-------Rupees-------	
Domestic					
Performing	Stage 1	3,250,155,700	160,987	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
		3,250,155,700	160,987	-	-
Total		3,250,155,700	160,987	-	-

	2023			2022
	Stage 1	Stage 2	Stage 3	
	------------ Rupees ------------			
Balance at the start of the year	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	-	-	-	-
New financial assets originated or purchased	160,987	-	-	-
Financial assets that have been derecognised	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Balance at the end of the year	**160,987**	-	-	-

9. INVESTMENTS

9.1 Investments by type:

	Note	2023				2022			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		Rupees				Rupees			
– Equity instruments									
Classified / Measured at FVPL									
Quoted securities		564,091,607	-	280,134,143	844,225,750	-	-	-	-
Open end mutual fund		131,049,903	-	1,614,613	132,664,516	-	-	-	-
		695,141,510	-	281,748,756	976,890,266	-	-	-	-
Classified / Measured at FVOCI (Non-reclassifiable)									
Shares									
Listed companies		661,427,300	-	(128,123,750)	533,303,550	-	-	-	-
Un-listed companies		783,833,048	(273,833,040)	-	510,000,008	-	-	-	-
		1,445,260,348	(273,833,040)	(128,123,750)	1,043,303,558	-	-	-	-
– Debt Instruments									
Classified / Measured at FVOCI									
Federal Government Securities									
-Pakistan Investment Bonds (PIBs)		26,112,632,149	-	(972,135,349)	25,140,496,800	-	-	-	-
		26,112,632,149	-	(972,135,349)	25,140,496,800	-	-	-	-
Non Government Debt Securities									
-Term Finance Certificates (TFCs) / Sukuk		1,069,651,845	(88,848,430)	-	980,803,415	-	-	-	-
		27,182,283,994	(88,848,430)	(972,135,349)	26,121,300,215	-	-	-	-
Classified / Measured at Amortised cost									
Federal Government Securities									
-Pakistan Investment Bonds (PIBs)		6,241,392,062	-	-	6,241,392,062	-	-	-	-
		6,241,392,062	-	-	6,241,392,062	-	-	-	-
Non Government Debt Securities									
-Term Finance Certificates (TFCs) / Sukuk		1,163,022,923	(576,721,469)	-	586,301,454	-	-	-	-
		7,404,414,985	(576,721,469)	-	6,827,693,516	-	-	-	-
Held-for-trading securities									
Open end mutual fund		-	-	-	-	187,981,492	-	1,347,140	189,328,632
		-	-	-	-	187,981,492	-	1,347,140	189,328,632
Available-for-sale securities (AFS)									
Federal Government Securities									
-Pakistan Investment Bonds (PIBs)		-	-	-	-	32,994,355,755	-	(1,800,587,455)	31,193,768,300
		-	-	-	-	32,994,355,755	-	(1,800,587,455)	31,193,768,300
Shares- quoted securities		-	-	-	-	3,265,391,260	(941,511,580)	(98,873,281)	2,225,006,399
Non Government Debt Securities									
-Term Finance Certificates (TFCs) / Sukuk		-	-	-	-	969,651,845	(80,266,424)	2,340,000	891,725,421
Un-quoted securities		-	-	-	-	783,833,048	(273,833,040)	-	510,000,008
		-	-	-	-	38,013,231,908	(1,295,611,044)	(1,897,120,736)	34,820,500,128
Held-to-maturity securities									
Federal Government Securities									
-Market treasury bills		-	-	-	-	143,666,166	-	-	143,666,166
Non Government Debt Securities									
-Term Finance Certificates (TFCs)	9.1.1	-	-	-	-	1,529,701,077	(529,186,077)	-	1,000,515,000
		-	-	-	-	1,673,367,243	(529,186,077)	-	1,144,181,166
Associates									
Saudi Pak Leasing Company Limited									
- Investment in shares		243,467,574	(243,467,574)	-	-	-	-	-	-
- Investment in preference shares		333,208,501	(333,208,501)	-	-	-	-	-	-
	9.1.2	576,676,075	(576,676,075)	-	-	-	-	-	-
Total Investments		37,303,776,912	(1,516,079,014)	(818,510,343)	34,969,187,555	39,874,580,643	(1,824,797,121)	(1,895,773,596)	36,154,009,926

9.1.1 The Group has investment in unsecured subordinated TFCs having outstanding principal of Rs.299.760 million, issued by Silk Bank Limited (the Issuer). Markup of Rs.118.721 million accrued as of December 31, 2023 has been suspended (December 31, 2022 : NIL) along with provision of Rs.58.768 million (December 31, 2022: NIL) in these consolidated financial statements under expected credit loss (ECL) model as per IFRS 9. The overdue principal of Rs. 0.060 million (2022: Rs.0.060 million) and the accrued markup have not been paid due to "lock in event" that restricts the issuer to make payment without the approval of the State Bank of Pakistan (SBP) to avoid Issuer's non-compliance with capital adequacy ratio. The issuer's operations are continuing without any restriction and it is expected that the above restriction shall be lifted soon by SBP as corrective measures are in progress. Silk Bank also obtained extension to hold its AGM till March 05, 2024, keeping in view the finalization of due diligence exercise conducted by United Bank Limited and MCB Bank Limited. The debt obligation under TFCs is also duly recognized by the Issuer.

9.1.2 The Group has Investment of 35.06% (2022: 35.06%) shareholding in ordinary shares of Saudi Pak Leasing Company Limited (SPLC) was classified under non-current assets held for sale under IFRS-5 as of year end December 31, 2022. During the year, SECP vide its letter dated May 12, 2023, cancelled the SPLC's leasing license and further informed that SPLC is no longer classified as an NBFC and as such Group's application for transfer of its shares under Rule 5(6)(e) of NBFC Rules 2003, could not be processed. The Group obtained a legal opinion as per which this SECP notice does not forbid Group to continue its efforts for divestment. As Group common stock of SPLC are frozen due to its previous status as an NBFC, therefore any release and subsequent sale of these shares requires a change in the Memorandum and Article of Association of the SPLC to be in line with the new status of being a non-NBFC company. Accordingly in their Group has accounted for the investment in the asssociate using the equity accounting of investments as per the requirements of IAS-28, as it does not currently fulfills the criteria of IFRS-5, i.e. non-current assets held for sale.

On the basis of latest available audited financial statements of SPLC as at June 30, 2023, total assets and liabilities of SPLC are Rs. 811.584 million (2022: Rs. 783.362 million) and Rs. 1,380.019 million (2022: Rs. 1,394.910 million) while total revenue, profit after taxation and total comprehensive income for the year ended June 30, 2023 are Rs. 32.438 million (2022: Rs. 20.853 million), Rs. 14.581 million (2022: loss of Rs. 68.606 million) and Rs. 27.440 million (2022: loss of Rs. 64.621 million) respectively.

9.2 Investments by segments:

	2023				2022			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Federal Government Securities:								
Market Treasury Bills	-	-	-	-	143,666,166	-	-	143,666,166
Pakistan Investment Bonds	32,354,024,211	-	(972,135,349)	31,381,888,862	32,994,355,755	-	(1,800,587,455)	31,193,768,300
	32,354,024,211	-	(972,135,349)	31,381,888,862	33,138,021,921	-	(1,800,587,455)	31,337,434,466
Shares:								
Listed Companies	1,225,518,907	-	152,010,393	1,377,529,300	3,265,391,260	(941,511,580)	(98,873,281)	2,225,006,399
Unlisted Companies	783,833,048	(273,833,040)	-	510,000,008	783,833,048	(273,833,040)	-	510,000,008
	2,009,351,955	(273,833,040)	152,010,393	1,887,529,308	4,049,224,308	(1,215,344,620)	(98,873,281)	2,735,006,407
Non Government Debt Securities								
Listed TFCs / Sukuk	731,098,389	(44,247,405)	-	686,850,984	1,231,098,389	(41,712,968)	2,340,000	1,191,725,421
Unlisted TFCs / Sukuk	1,501,576,379	(621,322,494)	-	880,253,885	1,268,254,533	(567,739,533)	-	700,515,000
Commercial paper	-	-	-	-	-	-	-	-
	2,232,674,768	(665,569,899)	-	1,567,104,869	2,499,352,922	(609,452,501)	2,340,000	1,892,240,421
Other investments								
Mutual funds	131,049,903	-	1,614,613	132,664,516	187,981,492	-	1,347,140	189,328,632
Certificate of Investment (COI)	-	-	-	-	-	-	-	-
	131,049,903	-	1,614,613	132,664,516	187,981,492	-	1,347,140	189,328,632
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares	243,467,574	(243,467,574)	-	-	-	-	-	-
- Investment in preference shares	333,208,501	(333,208,501)	-	-	-	-	-	-
	576,676,075	(576,676,075)	-	-	-	-	-	-
Total Investments	37,303,776,912	(1,516,079,014)	(818,510,343)	34,969,187,555	39,874,580,643	(1,824,797,121)	(1,895,773,596)	36,154,009,926

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	2023	2022
	Rupees	
9.2.1 Investments given as collateral		
Pakistan Investment Bonds (PIBs)	29,914,192,062	27,399,908,300
	29,914,192,062	27,399,908,300

9.3 Particulars of credit loss allowance

9.3.1 Investments - exposure	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Loss (2022)
		Rupees		
Opening balance	-	-	-	-
Impact of reclassification due to adoption of IFRS-9	1,427,005,000	429,145,421	643,202,501	-
New investments	300,000,000	-	-	-
Investments derecognised or repaid	(544,990,000)	-	(21,688,154)	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(244,990,000)	-	(21,688,154)	-
Amounts written off / charged Off	-	-	-	-
Closing balance	**1,182,015,000**	**429,145,421**	**621,514,347**	**-**

9.3.2 Investments - Credit loss allowance	Stage 1 (2023)	Stage 2 (2023)	Stage 3 (2023)	Loss (2022)
		Rupees		
Opening balance	-	-	1,824,797,121	1,620,682,243
Impact of reclassification due to adoption of IFRS-9	-	-	(941,511,580)	-
Impact of remeasurement due to adoption of IFRS-9	13,517,406	99,469,816	-	-
New investments	6,047,569	-	-	
Investments derecognised or repaid	(10,139,420)	-	(21,688,154)	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(4,091,851)	-	(21,688,154)	-
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(1,528,204)	(29,561,615)	-	-
Charge / reversals				
Charge for the year	-	-	-	264,524,009
Reversals for the year	-	-	-	(16,471,728)
Reversal on disposals	-	-	-	(43,937,403)
	-	-	-	204,114,878
	7,897,351	69,908,201	861,597,387	1,824,797,121
Transfers - net (Note. 11)	-	-	576,676,075	-
Closing balance	7,897,351	69,908,201	1,438,273,462	1,824,797,121

9.3.3 Particulars of credit loss allowance / provision against debt securities

Category of classification

		2023		2022	
		Outstanding amount	Credit Loss Allowance	NPI	Provision
		Rupees		Rupees	
Domestic					
Performing	Stage 1	1,182,015,000	7,897,351	-	-
Underperforming	Stage 2	429,145,421	69,908,201	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		621,514,347	587,764,347	643,202,501	609,452,501
		621,514,347	587,764,347	643,202,501	609,452,501
Overseas		-	-	-	-
Total		2,232,674,768	665,569,899	643,202,501	609,452,501

9.4 Quality of FVOCI / Available for Sale Securities

Details regarding quality of securities held under "Held to Collect and Sell" model / Available for Sale (AFS) securities are as follows

	2023	2022
	---------- Cost in Rupees ----------	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	26,112,632,149	32,994,355,755
	26,112,632,149	32,994,355,755
Shares:		
Listed Companies		
Cement	52,702,188	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
Fertilizer	-	-
Insurance	-	145,952,935
Oil & Gas Marketing Companies	-	255,976,980
Oil & Gas Exploration Companies	-	517,973,984
Power Generation and Distribution	153,851,773	885,925,664
Technology and Communication	-	33,971,065
	661,427,300	3,265,391,260

	2023		2022	
	Cost	Breakup Value	Cost	Breakup Value
Unlisted Companies	----------------Rupees----------------		----------------Rupees----------------	
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 Limitec	-	-	-	-
Pace Barka Properties Limited	168,750,000	178,188,218	168,750,000	193,302,602
Pak Kuwait Takaful Company	40,000,000	589,091	40,000,000	283,222
Pakistan Textile City Limited	50,000,000	5,047,010	50,000,000	5,047,010
Pakistan GasPort Consortium Limited	330,000,000	450,283,106	330,000,000	621,580,218
Saudi Pak Kalabagh Livestock Company Limited	10,000,000	-	10,000,000	-
Taurus Securities Limited	11,250,000	24,400,565	11,250,000	24,090,707
Trust Investment Bank Limited	20,000,000	-	20,000,000	-
	783,833,048	658,507,990	783,833,048	844,303,759

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.

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	2023	2022
	------------Cost in Rupees------------	
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	660,000,000	860,000,000
- B+, B, B-	29,385,421	-
- CCC and below	-	29,385,421
- Unrated	23,009,084	23,009,084
	712,394,505	912,394,505
Unlisted		
- A+, A, A-	300,000,000	-
- Unrated	57,257,340	57,257,340
	357,257,340	57,257,340
	1,069,651,845	969,651,845

9.5 The Group does not have any investments in foreign securities as at December 31, 2023 (2022: Nil).

9.6 Particulars relating to securities classified Under "Held to Collect" model / Held to Maturity securities:

	Note	2023	2022
		------------Cost in Rupees------------	
Federal Government Securities - Government guaranteed			
Market Treasury Bills		-	143,666,166
Pakistan Investment Bonds		6,241,392,062	-
	9.6.1	6,241,392,062	143,666,166
Non Government Debt Securities			
Listed			
- AA+, AA, AA-		-	300,000,000
- Unrated		18,703,884	18,703,884
		18,703,884	318,703,884
Unlisted			
- AA+, AA, AA-		222,015,000	267,005,000
- A+, A, A-		100,000,000	100,000,000
- B+, B, B-		299,760,000	299,760,000
- Unrated		522,544,039	544,232,193
		1,144,319,039	1,210,997,193
	9.6.1	1,163,022,923	1,529,701,077

9.6.1 Market value of held to collect model / held-to-maturity securities other than non performing investments as at December 31, 2023 is Rs. 6,254 million (2022: Rs. 576 million).

	Note	2023	2022	2023	2022	2023	2022
		Performing		Non Performing		Total	
		Rupees					
10. ADVANCES							
Loans, leases, running finances- gross	10.1	8,904,014,068	8,696,455,188	2,568,413,975	2,778,130,890	11,472,428,043	11,474,586,078
Credit loss allowance / Provision against advances							
- Stage 1		(116,499,781)	-	-	-	(116,499,781)	-
- Stage 2		(175,564,694)	-	-	-	(175,564,694)	-
- Stage 3		(614,180,004)	-	(2,303,709,919)	-	(2,917,889,923)	-
- Specific		-	-	-	(2,268,864,901)	-	(2,268,864,901)
- General		-	(86,383,617)	-	-	-	(86,383,617)
		(906,244,479)	(86,383,617)	(2,303,709,919)	(2,268,864,901)	(3,209,954,398)	(2,355,248,518)
Advances - net of credit loss allowance / provision		7,997,769,589	8,610,071,571	264,704,056	509,265,989	8,262,473,645	9,119,337,560

10.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees				Rupees			
Lease rentals receivable	93,182,383	-	-	93,182,383	95,208,694	-	-	95,208,694
Residual value	-	-	-	-	-	-	-	-
Minimum lease payments	93,182,383	-	-	93,182,383	95,208,694	-	-	95,208,694
Financial charges for future periods	(28,746,708)	-	-	(28,746,708)	(28,746,708)	-	-	(28,746,708)
Present value of minimum lease payments	64,435,675	-	-	64,435,675	66,461,986	-	-	66,461,986

	2023	2022
10.2 Particulars of advances (Gross)	Rupees	
In local currency	11,472,428,043	11,474,586,078
In foreign currency	-	-
	11,472,428,043	11,474,586,078

10.3 Particulars of credit loss allowance

10.3.1 Advances - exposure

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2022 Loss
	Rupees			
Gross carrying amount - current year	6,704,910,784	935,988,850	3,833,686,444	-
New advances	975,339,911	-	-	-
Advances derecognized or repaid	(405,268,770)	(359,214,358)	(213,014,818)	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(250,000,000)	250,000,000	-	-
Transfer to stage 3	-	-	-	-
	320,071,141	(109,214,358)	(213,014,818)	-
Amounts written off / charged Off	-	-	-	-
Closing balance - current year	**7,024,981,925**	**826,774,492**	**3,620,671,626**	**-**

10.3.2 Advances - Credit loss allowance

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2022
	Rupees			
Opening balance	43,191,808	43,191,809	2,268,864,901	2,241,352,677
Impact of remeasurement due to adoption of IFRS-9	109,975,611	35,851,157	968,458,973	-
New advances	19,297,482	-	-	-
Advances derecognized or repaid	(22,660,183)	(13,880,078)	(198,004,746)	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(7,298,803)	7,298,803	-	-
Transfer to stage 3	-	-	-	-
	(10,661,504)	(6,581,275)	(198,004,746)	-
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(26,006,134)	103,103,003	(121,429,205)	-
Charge / reversals				
Charge for the year	-	-	-	232,976,246
Reversals for the year	-	-	-	(119,080,405)
Reversal on disposals	-	-	-	-
	-	-	-	113,895,841
Transfers - net	-	-	-	-
Closing balance	**116,499,781**	**175,564,694**	**2,917,889,923**	**2,355,248,518**

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

	2023 Stage 1	2023 Stage 2	2023 Stage 3	2022 Loss
	Rupees			
Outstanding gross exposure				
Performing - Stage 1	7,024,981,925	-	-	-
Under Performing - Stage 2	-	826,774,492	-	-
Non-performing - Stage 3				
Other Assets Especially Mentioned	-	-	1,052,257,651	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	2,568,413,975	-
	-	-	3,620,671,626	-
Total	**7,024,981,925**	**826,774,492**	**3,620,671,626**	-
Corresponding ECL				
Stage 1 and stage 2	(116,499,781)	(175,564,694)	-	-
Stage 3	-	-	(2,917,889,923)	-
	6,908,482,144	**651,209,798**	**702,781,703**	-

10.4 Advances include Rs. 2,568,413,975 (2022: Rs. 2,778,130,890) which have been placed under non-performing / stage 3 status as detailed below:-

Category of Classification in Stage 3	2023 Non Performing Loans	2023 Credit Loss Allowance	2022 Non Performing Loans	2022 Provision
	Rupees		Rupees	
Domestic				
Other Assets Especially Mentioned	1,052,257,651	614,180,004	-	-
Substandard	-	-	-	-
Doubtful	-	-	270,000,000	-
Loss	2,568,413,975	2,303,709,919	2,508,130,890	2,268,864,901
Total	3,620,671,626	2,917,889,923	2,778,130,890	2,268,864,901

10.5 Particulars of credit loss allowance / provision against advances

	Note	2023 Stage 3	2023 Stage 1 & 2	2023 Total	2022 Specific	2022 General	2022 Total
		Rupees			Rupees		
Opening balance		2,268,864,901	86,383,617	2,355,248,518	2,241,352,677	-	2,241,352,677
Impact of remeasurement due to adoption of IFRS-9		968,458,973	145,826,769	1,114,285,742	-	-	-
Charge for the year		17,864,333	122,400,485	140,264,818	146,592,629	86,383,617	232,976,246
Reversals		(337,298,284)	(62,546,396)	(399,844,680)	(119,080,405)	-	(119,080,405)
		(319,433,951)	59,854,089	(259,579,862)	27,512,224	86,383,617	113,895,841
Amounts written off	10.6	-	-	-	-	-	-
Closing balance		2,917,889,923	292,064,475	3,209,954,398	2,268,864,901	86,383,617	2,355,248,518

10.5.1 Particulars of Credit loss allowance / provision against advances

	2023 Stage 3	2023 Stage 1 & 2	2023 Total	2022 Specific	2022 General	2022 Total
	Rupees			Rupees		
In local currency	2,917,889,923	292,064,475	3,209,954,398	2,268,864,901	86,383,617	2,355,248,518
In foreign currencies	-	-	-	-	-	-
	2,917,889,923	292,064,475	3,209,954,398	2,268,864,901	86,383,617	2,355,248,518

10.5.2 In accordance with BSD circular No. 1 of 2011 dated October 21, 2011 issued by the SBP, as of December 31, 2023 the Group has availed FSV benefit aggregating to Rs. nil (2022: Rs. 374.266 million, net of tax Rs.265.729 million). Accordingly, accumulated profit to the extent of Rs. nil (2022: Rs. 374.266 million) are not available for the distribution as cash or stock dividend as required by the aforementioned SBP directives.

		Note	2023	2022
			----Rupees----	
10.6	**Particulars of write offs:**			
10.6.1	Against credit loss allowance / provisions	10.5	-	-
	Directly charged to Profit & Loss account		-	-
			-	-
10.6.2	Write Offs of Rs. 500,000 and above	10.7		
	- Domestic		-	-
	- Overseas		-	-
	Write Offs of Below Rs. 500,000		-	-
			-	-

10.7 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, 2023 is given at Annexure I.

10.8 Particulars of loans and advances to staff included in advances

	Note	2023	2022
		----Rupees----	
Opening balance		58,093,483	56,778,465
Amount disbursed during the year		103,235,697	28,536,481
Amount received during the year		(29,897,692)	(27,221,463)
Amount written off		-	-
Closing balance		131,431,488	58,093,483

11. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Note	2023	2022
Cost of investment reclassified to / from investments	9.1.2		
- Investment in ordinary shares		-	243,467,574
- Investment in preference shares		-	333,208,501
Less: Provision on investment		-	(576,676,075)
		-	-
Less: Amounts received till 31 December		-	-
		-	-

12. PROPERTY AND EQUIPMENT

	Note	2023	2022
Capital work-in-progress	12.1	60,227,595	40,256,613
Property and equipment	12.2	4,457,564,898	4,344,297,739
		4,517,792,493	4,384,554,352

12.1 Capital work-in-progress

	2023	2022
Civil works	55,127,823	38,359,113
Equipment	5,099,772	-
Advances to suppliers	-	1,897,500
	60,227,595	40,256,613

12.2 Property and equipment

2023

	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, 2023												
Cost / Revalued amount	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
Accumulated depreciation	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
Net book value	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
Year ended December 31, 2023												
Opening net book value	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	136,825,818	4,344,297,739
Additions	-	-	225,311,612	6,016,507	4,320,016	6,215,236	27,251,076	829,842	5,054,055	490,600	12,589,863	288,078,807
Disposals												
- Cost / Revalued amount	-	-	-	-	(522,234)	(2,030,217)	(19,017,023)	-	-	-	(640,480)	(22,209,954)
- Accumulated depreciation	-	-	-	-	522,149	1,240,734	13,634,434	-	-	-	615,059	16,012,376
	-	-	-	-	(85)	(789,483)	(5,382,589)	-	-	-	(25,421)	(6,197,578)
Depreciation charge	(43,053,444)	(2,091,276)	-	(49,872,350)	(900,282)	(8,446,209)	(14,854,825)	(15,373,120)	(7,834,101)	(792,986)	(25,395,477)	(168,614,070)
Closing net book value	2,491,874,312	48,096,108	468,524,612	1,151,533,518	5,055,275	12,276,090	36,429,389	72,542,376	41,237,541	4,000,894	125,994,783	4,457,564,898
At December 31, 2023												
Cost / Revalued amount	2,578,050,000	52,282,000	468,524,612	1,251,267,553	20,149,294	66,836,457	88,869,170	103,095,162	56,854,055	5,557,748	189,776,277	4,881,262,328
Accumulated depreciation	86,175,688	4,185,892	-	99,734,035	15,094,019	54,560,367	52,439,781	30,552,786	15,616,514	1,556,854	63,781,494	423,697,430
Net book value	2,491,874,312	48,096,108	468,524,612	1,151,533,518	5,055,275	12,276,090	36,429,389	72,542,376	41,237,541	4,000,894	125,994,783	4,457,564,898
Rate of depreciation (percentage)	**1.67**	**4**	**1.14**	**4**	**20**	**33.33**	**20**	**15**	**15**	**15**	**15**	

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											
At January 1, 2022												
Cost / Revalued amount	2,578,050,000	52,282,000	233,620,000	1,244,411,875	15,619,117	59,001,950	103,161,243	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
Year ended December 31, 2022												
Opening 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
Additions	-	-	9,593,000	867,460	937,311	10,412,512	7,229,594	719,780	-	718,283	16,178,522	46,656,462
Disposals												
- Cost / Revalued amount	-	-	-	(28,289)	(204,916)	(6,763,024)	(29,775,720)	(62,951)	-	(82,857)	(1,130,554)	(38,048,311)
- Accumulated depreciation	-	-	-	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)
Depreciation charge	(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)
Closing net book value	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												
Cost / Revalued amount	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
Accumulated depreciation	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
Net book value	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
Rate of depreciation (percentage)	**1.67**	**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 Group revalues electrical fittings, fire fighting equipment and telephone installation for its Islamabad office only, as they form an integral part of building structure.

12.3 Details of disposal of property & equipment

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
	----------	---------- Rupees	----------	----------		
Furniture and fixture						
Furniture items - Islamabad office	179,824	179,760	64	88,000	Auction	Suleman Khan
Furniture items - Islamabad office	65,705	65,697	8	36,500	Auction	Munir Khan
Furniture items - Lahore office	103,705	103,693	12	24,000	Auction	Golden Interior
Furniture and fixture - Subsidiary company	173,000	172,999	1	45,500	Auction	Sadiq Shah
	522,234	522,149	85	194,000		
Office equipment						
Hp Elitebook Laptop	216,000	148,318	67,682	67,682	As per policy *	Kamal Uddin Khan
Iphone 13 Promax	401,277	158,783	242,494	242,494	As per policy *	Kamal Uddin Khan
Iphone II Promax	284,392	257,829	26,563	26,563	As per policy *	Kamal Uddin Khan
Iphone SE Red	67,500	30,665	36,835	36,835	As per policy *	Muhammad Ghairat Hayat
Hp Laptop Elitebook 850 G8	343,965	56,852	287,113	287,113	As per policy *	Muhammad Ghairat Hayat
Lenovo XI Laptop	442,766	341,746	101,020	101,020	As per policy *	Umar Saeed Khan
Samsung Mobile Galaxy N20	125,000	97,225	27,775	27,775	As per policy *	Umar Saeed Khan
Ups (6Kva) BCP	149,317	149,316	1	11,500	Auction	Golden Interior
	2,030,217	1,240,734	789,483	800,982		
Vehicles						
Toyota Corolla - ATS 583	4,121,022	1,371,604	2,749,418	2,749,418	As per policy *	Yawar Khan Afridi
Toyota Corolla Gli - AGG 857	1,954,454	1,954,453	1	1	As per policy *	Ali Imran
Toyota Corolla Gli - AMC 835	2,456,904	2,080,891	376,013	376,013	As per policy *	Muhammad Ghairat Hayat
Honda Civic I-Vtech Oriel - AJG 493	2,717,004	2,717,003	1	1	As per policy *	Fateh Tariq
Kia Picanto - AQY 977	2,058,512	1,323,990	734,522	734,522	As per policy *	M Zahid Rana
Kia Picanto - APY 834	2,057,502	1,611,714	445,788	445,788	As per policy *	Maqsood Ahmed Shaikh
Kia Picanto - AUB 841	2,107,292	1,030,447	1,076,845	1,076,845	As per policy *	Ali Aosjah Muhammad
Suzuki Cultus - LEA 18 9645	1,544,333	1,544,332	1	1	As per policy *	Taimur Javed
	19,017,023	13,634,434	5,382,589	5,382,589		

Particulars of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
	Rupees					
Electrical fittings, fire fighting equipment and others						
Fire fighting equipment Items - Islamabad office	7,511	1,774	5,737	11,500	Auction	Suleman Khan
Fire fighting equipment Items - Islamabad office	27,453	7,782	19,671	48,000	Auction	Munir Khan
Telephone installation Items - Lahore office	5,015	5,010	5	2,500	Auction	Golden Interior
Electrical Appliances - Islamabad office	509,801	509,795	6	8,500	Auction	Suleman Khan
Electrical Appliances - Islamabad office	90,700	90,698	2	8,000	Auction	Munir Khan
	640,480	615,059	25,421	78,500		
	22,209,954	16,012,376	6,197,578	6,456,071		

* 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 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, 2023 would have been as follows:

	2023	2022
	Rupees	
Leasehold Land	26,888,156	27,337,889
Building - Karachi office	900,920	1,519,155
Building	25,992,190	21,553,367
Heating and air-conditioning system	4,961,413	5,602,685
Elevators	11,958,989	12,730,421
Security system	1,080,621	772,616
Electrical fittings, fire fighting equipment and others	51,225,792	59,435,792
	123,008,081	128,951,925

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

	2023	2022
Furniture and fixture	12,276,264	12,412,624
Office equipment	40,534,370	35,896,885
Vehicles	21,206,968	9,791,193
Electrical fittings, fire fighting equipment and others	9,514,363	7,984,146
	83,531,965	66,084,848

13 INTANGIBLE ASSETS

	2023	2022
	---------------- Rupees ----------------	
	Computer software	Computer software
At January 1		
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
Year ended December 31		
Opening net book value	6,392,003	6,109,050
Additions - directly purchased	3,991,803	4,705,478
Amortisation charge	3,926,760	4,422,525
Closing net book value	6,457,046	6,392,003
At December 31		
Cost	38,900,865	34,909,062
Accumulated amortisation and impairment	32,443,819	28,517,059
Net book value	6,457,046	6,392,003
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. 26,731,494 (2022: Rs. 23,843,854).

14. OTHER ASSETS

	Note	2023	2022
		---------------Rupees--------------	
Income/ mark-up accrued in local currency - net of provision			
On investments		2,122,686,292	1,678,229,864
On advances		386,095,341	530,155,076
On lending to financial institutions		5,948,298	-
On deposits		89,558	1,148,561
		2,514,819,489	2,209,533,501
Advances, deposits, advance rent and other prepayments		18,475,916	22,212,185
Advance taxation (payments less provisions)		2,055,389,719	1,278,268,117
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	49,499,288	51,651,432
Dividend receivable		83,755,267	34,641,773
Other receivables		22,700,169	4,896,126
		4,823,457,743	3,680,021,029
Less: Credit loss allowance / Provision held against other assets	14.2	(256,792)	(256,792)
Other assets (net of credit loss allowance / provision)		4,823,200,951	3,679,764,237
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	21,939,724	22,893,624
Other assets - total		4,845,140,675	3,702,657,861

14.1 Market value of non-banking assets acquired in satisfaction of claims	77,651,100	77,651,100

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.

14.1.1 Non-banking assets acquired in satisfaction of claims

	2023	2022
	---Rupees---	
Opening balance	74,545,056	77,651,100
Revaluation during the year	-	-
Disposals during the year	-	-
Depreciation	(3,106,044)	(3,106,044)
Closing balance	71,439,012	74,545,056

14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims

	2023	2022
Disposal proceeds	-	-
less: carrying value	-	-
Gain realized on disposal	-	-

14.2 Credit loss allowance / Provision held against other assets

	Note	2023	2022
		---Rupees---	
Advances, deposits, advance rent & other prepayments	14.2.1	256,792	256,792

14.2.1 Movement in credit loss allowance / provision held against other assets

	2023	2022
Opening balance	256,792	256,792
Charge for the year	-	-
Reversals / transfer	-	-
Amount Written off	-	-
Closing balance	256,792	256,792

15. DEVELOPMENT PROPERTIES

	Note	2023	2022
Balance at beginning of the year		192,734,028	198,210,163
Additions during the year		-	-
Cost of plots / house sold during the year		(10,952,254)	(5,476,135)
Balance at end of the year	15.1	181,781,774	192,734,028

15.1 This represents cost of 32 - eight marla plots situated at Royal Residencia Housing Scheme, Lahore held by subsidiary Company.

16. BORROWINGS

Secured			
Borrowings from State Bank of Pakistan under refinance scheme			
Long term financing facility	16.1	2,059,903,071	2,195,224,199
Temporary economic relief facility	16.2	445,353,455	491,424,500
		2,505,256,526	2,686,648,699
Repurchase agreement borrowings	16.3	25,705,971,600	27,775,718,150
Against Government securities	16.4	3,738,060,000	-
Against book debts/receivables	16.5	5,250,000,000	4,812,500,000
Total secured		37,199,288,126	35,274,866,849
Unsecured			
Call borrowings	16.6	-	1,500,000,000
Total unsecured		-	1,500,000,000
		37,199,288,126	36,774,866,849

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% (2022: 2.00% to 7.00%) per annum. These facilities will mature during January 2024 to June 2032 (2022: January 2023 to June 2032).

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% (2022: 1.00%) per annum. These facilities will mature during January 2024 to January 2031 (2022: April 2023 to January 2031).

16.3 These facilities were secured against government securities (PIBs). These carry markup at rates ranging from 22.08% to 22.16% (2022: 15.34% to 16.60%) per annum having maturity during January 2024 (2022: January 2023 to March 2023).

16.4 These represent facilities obtained from bank against charge on government securities (PIBs). These carry markup at rate of 21.70% (2022: nil) per annum having maturity during January 2024 (2022: nil).

16.5 These represent facilities obtained from various banks against charge on book debts/receivables valuing Rs. 10,267 million (2022: Rs. 10,267 million). The mark up is charged at varying rates ranging from 21.67% to 23.28% (2022: 15.86% to 17.31%) per annum. These facilities will mature during January 2024 to June 2028 (2022: January 2023 to December 2027).

16.6 These facilities were unsecured and carring markup at rate of nil (2022: 16.25%) per annum having maturity in nil (2022: January 2023).

	Note	2023	2022
		---Rupees---	
16.7 Particulars of borrowings with respect to Currencies			
In local currency		37,199,288,126	36,774,866,849
In foreign currencies		-	-
		37,199,288,126	36,774,866,849

17. DEPOSITS AND OTHER ACCOUNTS

Customers			
- Term deposits (local currency)	16.1	3,665,000,000	1,953,000,000

17.1 Composition of deposits

- Public Sector Entities	17.2	3,055,000,000	1,343,000,000
- Non-Banking Financial Institutions	17.3	10,000,000	10,000,000
- Private Sector	17.4	600,000,000	600,000,000
		3,665,000,000	1,953,000,000

17.2 These Certificate of Investments (COIs) carry mark up at the rates ranging from 22.30% to 22.63% (2022: 16.80% to 16.88%) per annum with maturity during January 2024 to November 2024 (2022: November 2023).

17.3 These Certificate of Investments (COIs) carry mark up at the rate of 21.37% (2022: 16.12%) per annum with maturity in March 2024 (2022: March 2023).

17.4 These Certificate of Investments (COIs) carry mark up at the rates ranging from 21.49% to 23.15% (2022: 15.67% to 17.06%) per annum with maturity during July 2024 to December 2024 (2022: July 2023 to December 2023).

18. DEFERRED TAX ASSETS / (LIABILITIES)

	2023						
	At January 1 2023	Effect of IFRS-9 adoption (Note 5.1.13.1)	At January 1 2023 (Adjusted)	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31 2023
			-Rupees-				
Deductible Temporary Differences on							
Actuarial loss on defined benefit plan	7,200,257	-	7,200,257	26,492	-	(7,104,156)	122,593
Unused tax losses	11,244,891	-	11,244,891	3,755,749	-	-	15,000,640
Surplus / (deficit) on revaluation of securities - FVOCI / AFS	609,735,752	(234,412,183)	375,323,569	-	-	9,290,722	384,614,291
Credit loss allowance against advances	656,967,000	405,633,585	1,062,600,585	301,722,032	-	-	1,364,322,617
Impairment loss on quoted securities - FVPL	106,340,876	(31,836,413)	74,504,463	(53,644,546)	-	-	20,859,917
	1,391,488,776	139,384,989	1,530,873,765	251,859,727	-	2,186,566	1,784,920,058
Taxable Temporary Differences on							
Accelerated tax depreciation	(38,052,860)	-	(38,052,860)	(15,693,407)	-	-	(53,746,267)
Dividend receivable	(10,046,114)	-	(10,046,114)	(10,892,703)	-	-	(20,938,817)
Surplus on revaluation of securities - FVPL / HFT	-	28,945,409	28,945,409	(91,975,591)	-	-	(63,030,182)
Surplus on revaluation of operating fixed assets	(1,269,624,630)	-	(1,269,624,630)	39,923,728	(223,581,984)	-	(1,453,282,886)
Short term investment - COI & T Bill	(58,005)	-	(58,005)	58,005	-	-	-
	(1,317,781,609)	28,945,409	(1,288,836,200)	(78,579,968)	(223,581,984)	-	(1,590,998,152)
Excess deferred tax asset of the subsidiary company not recog 18.1	(12,385,401)	-	(12,385,401)	(3,752,673)	-	(97,350)	(16,235,424)
	61,321,766	168,330,398	229,652,164	169,527,086	(223,581,984)	2,089,216	177,686,482

	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	5,853,874	-	-	1,346,383	7,200,257
Unused tax losses	17,218,138	(5,973,247)	-	-	11,244,891
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
	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)
Right of use assets - net of lease liabilities	-	-	-	-	-
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 recog 18.1	(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

18.1 Deferred tax asset to the extent of Rs. 16,235,424 (2022: Rs. 12,385,401) 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. 177.686 Million (2022: Rs. 61.322 Million). 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 39% (2022: 33%).

19. OTHER LIABILITIES

	Note	2023	2022
		----Rupees----	
Mark-up / return / interest payable in local currency		724,775,972	378,356,147
Accrued expenses		58,252,575	33,069,012
Advance rental income	19.1	179,784,614	158,377,284
Security deposits against rented properties		42,920,395	42,827,182
Payable to defined benefit plan	36.	2,346,099	10,015,734
Provision for compensated absences		9,890,572	10,021,723
Payable to stock brokers - net		2,272,399	76,825,002
Dividend payable to Foreign Shareholder		-	82,500,000
Credit loss allowance against off-balance sheet obligations		43,642,361	-
Others		20,881,475	18,498,131
		1,084,766,462	810,490,215

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

19.2 Credit loss allowance / provision against off-balance sheet obligations

	2023	2022
	----Rupees----	
Opening balance	-	-
Impact of remeasurement due to adoption of IFRS-9	1,337,880	-
Charge for the year	42,304,481	-
Reversals	-	-
	42,304,481	-
Closing balance	43,642,361	-

20. SHARE CAPITAL

20.1 Authorized Capital

2023	2022		2023	2022
Number of shares			----Rupees----	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

20.2 Issued, subscribed and paid up share capital

2023	2022		2023	2022
Number of shares			----Rupees----	
		Ordinary shares		
400,000,000	400,000,000	Fully paid in cash	4,000,000,000	4,000,000,000
276,500,000	276,500,000	Issued as bonus shares	2,765,000,000	2,765,000,000
676,500,000	676,500,000		6,765,000,000	6,765,000,000

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.

	Note	2023	2022
		---- Rupees ----	
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI / Available for sale securities	9.1	(1,100,259,100)	(1,897,120,736)
- Property & equipment	21.1	3,726,366,387	3,847,347,375
- Non-banking assets acquired in satisfaction of claims	21.2	21,939,724	22,893,624
		2,648,047,011	1,973,120,263
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI / Available for sale securities		384,614,291	609,735,752
- Property & equipment	21.1	(1,453,282,886)	(1,269,624,630)
- Non-banking assets acquired in satisfaction of claims		-	-
		(1,068,668,595)	(659,888,878)
		1,579,378,416	1,313,231,385

21.1 Surplus on revaluation of property & equipment

	2023	2022
Surplus on revaluation of property & equipment as at January 1	3,847,347,375	3,968,328,363
Recognised during the year	-	-
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	(81,057,260)	(85,896,500)
Related deferred tax liability on incremental depreciation charged during the year	(39,923,728)	(35,084,488)
Surplus on revaluation of property & equipment as at December 31	3,726,366,387	3,847,347,375
Less: related deferred tax liability on:		
- revaluation as at January 1	1,269,624,630	1,150,815,223
- revaluation recognised during the year	-	-
- surplus realised on disposal during the year	-	-
- Impact of change in tax rate	223,581,984	153,893,895
- incremental depreciation charged during the year	(39,923,728)	(35,084,488)
	1,453,282,886	1,269,624,630
	2,273,083,501	2,577,722,745

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

	2023	2022
Surplus on revaluation as at January 1	22,893,624	23,847,524
Recognised during the year	-	-
Realized on disposal during the year	-	-
Incremental depreciation	(953,900)	(953,900)
Surplus on revaluation as at December 31	21,939,724	22,893,624

22. CONTINGENCIES AND COMMITMENTS

	Note	2023	2022
-Guarantees	22.1	3,316,800,526	70,000,000
-Commitments	22.2	3,166,708,369	759,115,718
		6,483,508,895	829,115,718

22.1 Guarantees:

	2023	2022
Financial guarantees	3,316,800,526	70,000,000

22.2 Commitments:

	2023	2022
Commitment for the acquisition of:		
- Property & equipment	821,801	8,935,734
- Intangible assets	2,575,000	2,525,000
	3,396,801	11,460,734
Non disbursed commitment for term and working capital finance	3,163,311,568	747,654,984
	3,166,708,369	759,115,718

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's has filed tax references before the Islamabad High Court. For tax years 2004 to 2006 and 2008 to 2010 the Islamabad High Court (IHC) remanded back the matters of disallowance of provision for non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime to the assessing officer. However, appeal effect proceedings yet to commence. For tax year 2012 to 2014, cases are still pending adjudication. The Holding Company's 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's.

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's 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's 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 cummulative 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's. The Holding Company's preferred appeal before the CIR(A) who remanded certain issues and upheld certain matters. The Holding Company's 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's at superior appellate forums and therefore no further charge is required to be recognised in these consolidated financial statements.

22.3.2 Tax contingencies- subsidiary company

22.3.2.1 The return filed by the subsidiary company was amended vide assessment order under section 122(1) of the Ordinance, for the tax year 2015 creating an aggregate demand amounting PKR 9,022,333. The subsidiary company filed an appeal before the (CIR(A) against the said order on July 27, 2021 which has not yet been fixed for hearing. The management is of the view that a favorable outcome is expected.

22.3.2.2 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 Ordinance 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.

22.3.2.3 The assessment in respect of tax year 2017 was amended by the assessing officer under section 122(5A) of the Ordinance by creating demand amounting PKR 179,569. The subsidiary company filed an appeal before the CIR(A) which has been Annulled back by the CIRA vide Appellate Order bearing Bar code No. 100000158155259 dated August 25, 2023.
Subsequently, the assessing officer passed an order creating demand amounting PKR 19,256,487 under section 161(1A) of the Ordinance for the tax year 2017. The Company filed an appeal before the CIR(A) against the said order on January 05, 2023 which has been remanded back by the CIRA vide Appellate Order bearing Bar code No. 100000158411693 dated August 29, 2023.

22.3.3 Other contingencies - Holding Company

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.125.00 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by Holding Company containing 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 State Bank of Pakistan (SBP) in compliance with regulatory requirements. Customer had requested Holding Company and SBP to remove its name from CIB of SBP as it was allegedly impacting the customer's business which was neither accepted by SBP nor Holding Company. Customer filed the instant suit in the Court which is being contested on merit. Upon Court's direction, SBP had also filed comments endorsing regulatory compliance by Holding Company. Evidence of the customer was recorded and part evidence of Holding Company witness is also recorded. Now case is fixed for recording of remaining evidence of Holding Company witnesses. Prima facie, there is no substance in this frivolous suit, therefore, it is expected that it will be dismissed on merits 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's 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. Piracha 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 plaint 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 application seeking out-right rejection of the plaint. 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 availed disbursement of TFF of Rs.400 million from Holding Company on 11.12.2014 via RTGS but defaulted after part payments whereof Holding Company filed a recovery suit COS No.17/2017 of Rs.396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore in which proceedings still continue. After due process it will be decreed in favor of Holding Company.
As a counter-blast, the Customer subsequently filed a frivolous damages suit of Rs.600 million against Holding Company in the same Court, during 2018, alleging therein that: (i) TFF of Rs.400.00million not disbursed to the Customer; & (ii) Customer suffered business losses of Rs.200.00 million which may also be granted to the Customer. Its reply (PLA) was filed by Holding Company. It is still at evidence stage. Customer has filed affidavits in evidence of its witnesses. It will be fixed for cross examination of customer's witnesses. Holding Company evidence will be recorded after completion of customer's evidence. Prima facie suit of the Customer is baseless/frivolous having no substance. It is therefore expected that it will be dismissed on merits after due process of law.

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

	2023	2022
	---------------- Rupees	----------------
24. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	1,514,593,743	1,062,279,338
Investments	7,992,777,860	4,088,857,074
Lendings to financial institutions	394,861,039	26,062,611
Balances with banks	14,483,263	9,691,975
	9,916,715,905	5,186,890,998
24.1 Interest income (calculated using effective interest rate method) recognised on:		
Financial assets measured at amortised cost	2,174,900,459	1,288,907,997
Financial assets measured at FVOCI	7,741,815,446	3,897,983,001
	9,916,715,905	5,186,890,998

25. MARK-UP / RETURN / INTEREST EXPENSED

	Note	2023	2022
		Rupees	Rupees
Deposits	25.2	787,725,180	347,353,169
Borrowings			
Securities purchased under repurchase agreements		7,430,729,633	3,444,840,982
Other short term borrowings		385,090,507	486,422,628
Long term finance for export oriented projects from SBP		96,924,429	40,187,941
Long term borrowings		855,615,651	337,890,358
		8,768,360,220	4,309,341,909
Brokerage fee		2,232,177	4,666,899
		9,558,317,577	4,661,361,977

25.1 Interest expense calculated using effective interest rate method

	2023	2022
Interest expense calculated using effective interest rate method	9,556,085,400	4,656,695,078
Other financial liabilities	2,232,177	4,666,899
	9,558,317,577	4,661,361,977

25.2 The markup expensed amounting to Rs. 2,069,202 (2022: Rs. 1,225,668) relates to Saudi Pak Employees Contributory Fund.

26. FEE & COMMISSION INCOME

	Note	2023	2022
		Rupees	Rupees
Credit related fees		13,994,833	8,775,000
Commission on guarantees		42,526,526	175,000
		56,521,359	8,950,000

27. (LOSS) / GAIN ON SECURITIES

	Note	2023	2022
Realised	27.1	209,849,835	66,148,755
Unrealised - measured at FVPL / held for trading	9.1	281,748,756	1,347,140
		491,598,591	67,495,895

27.1 Realised (loss) / gain on:

	2023	2022
Federal Government Securities	(165,073,850)	51,000
Shares - listed	374,923,685	37,493,074
Shares - unlisted	-	28,604,681
	209,849,835	66,148,755

28. OTHER INCOME

	Note	2023	2022
Rent on property - net	28.1	278,658,273	237,770,603
Gain / (loss) on sale of property & equipment - net		258,493	22,753,534
Other rental		1,818,101	1,682,700
Sale of scrap items		1,669,192	223,049
Others		4,583,557	10,646,926
		286,987,616	273,076,812

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		Note	2023	2022
			Rupees	
28.1	**Rent on property - net**			
	Rental income		522,479,889	469,137,177
	Less: property expense			
	Salaries, allowances and employee benefits		34,884,715	34,718,943
	Traveling and conveyance		2,800	2,700
	Medical		465,071	1,228,016
	Janitorial services		14,822,185	12,624,321
	Security services		21,548,161	24,523,502
	Insurance		2,370,712	2,170,994
	Postage, telegraph, telegram and telephone		19,121	41,632
	Printing and stationery		92,059	124,541
	Utilities		21,447,278	13,067,191
	Consultancy and professional charges		902,500	-
	Repairs and maintenance		18,843,232	16,287,578
	Rent, rates and taxes		2,659,381	2,656,870
	Depreciation		123,305,824	122,185,410
	Office general expenses		2,458,577	1,734,876
			243,821,616	231,366,574
			278,658,273	237,770,603
29.	**OPERATING EXPENSES**			
	Total compensation expense	29.1	294,393,553	279,547,285
	Property expense			
	Rent & taxes		603,223	526,106
	Insurance		338,673	310,142
	Utilities cost		26,899,621	26,029,722
	Security (including guards)		4,750,205	4,892,041
	Repair and maintenance (including janitorial charges)		4,809,345	4,130,272
	Depreciation		17,615,118	17,455,058
			55,016,185	53,343,341
	Information technology expenses			
	Software maintenance		12,738,667	7,550,749
	Hardware maintenance		2,603,446	1,911,398
	Amortisation		3,926,760	4,422,525
	Network charges		5,941,406	4,324,979
			25,210,279	18,209,651
	Other operating expenses			
	Shareholders' fee		-	(5,293,500)
	Directors' fees and allowances		22,190,000	25,250,000
	Legal and professional charges		5,698,764	5,708,367
	Consultancy, custodial and rating services		12,526,092	9,379,323
	Outsourced services costs		38,046,155	40,668,689
	Travelling and conveyance		30,538,417	36,723,947
	Depreciation		30,799,172	28,215,423
	Training and development		3,557,823	2,819,548
	Postage and courier charges		432,486	419,168
	Communication		4,267,188	4,085,899
	Stationery and printing		5,770,209	5,451,222
	Marketing, advertisement and publicity		5,262,708	2,672,104
	Donations	29.2	2,327,582	3,000,000
	Auditors' remuneration	29.3	3,065,000	3,200,250
	Repair and maintenance		7,123,834	4,438,299
	Insurance		2,226,807	1,879,022
	Office and general expenses		19,338,582	16,199,043
	Bank charges		259,520	254,813
			193,430,339	185,071,617
			568,050,356	536,171,894

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29.1 Total compensation expense

		2023	2022
		---- Rupees ----	
Fees and allowances etc.		-	-
Managerial remuneration			
i) Fixed		112,647,075	119,285,632
ii) Variable			
of which;			
a) Cash bonus / awards etc.		33,200,000	11,200,000
b) Bonus & awards in shares etc.		-	-
Charge for defined benefit plan		10,094,219	10,887,223
Contribution to defined contribution plan		7,111,475	10,589,261
Compensated absences		4,473,971	7,694,770
Leave fare assistance		3,979,619	4,434,247
Exgratia		7,536,924	9,128,662
Rent & house maintenance		54,901,154	52,492,716
Utilities		9,889,934	11,169,873
Medical		20,936,912	19,250,912
Conveyance		24,293,196	20,181,714
Grant to employee		-	-
Others	29.1.1	5,329,074	3,232,275
Sub-total		294,393,553	279,547,285
Sign-on bonus		-	-
Severance allowance		-	-
Grand total		294,393,553	279,547,285

29.1.1 This includes mainly group life insurance for permanent employees.

29.2 Donations

Noon-Educational Services (Pvt) Ltd	1,000,000	-
Anjuman Faiz-Ul-Islam (Reg) Rawalpindi	1,027,582	-
Prime Minister's Flood Relief Fund Account 2022	-	2,000,000
Aziz Jehan Begum Trust For The Blind	300,000	300,000
Make-A-Wish Foundation Pakistan	-	400,000
Cancer Foundation Hospital	-	300,000
	2,327,582	3,000,000

29.3 Auditors' remuneration

Grant Thornton Anjum Rahman		
Audit fee	1,820,000	1,700,000
Half yearly review	820,000	750,000
Fee for other statutory certifications	250,000	200,000
Out of pocket expenses	175,000	175,000
	3,065,000	2,825,000
Fee for other certifications	-	375,250
Tax services	-	-
	3,065,000	3,200,250

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SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
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30. OTHER CHARGES

		2023	2022
		Rupees	
Penalties imposed by State Bank of Pakistan		-	30,000
		-	30,000

31. CREDIT LOSS ALLOWANCE / PROVISIONS & WRITE OFFS - NET

Credit loss allowance / provisions against lending to financial institutions		160,987	-
Credit loss allowance / provisions for diminution in value of investments - net		96,799,311	204,114,878
Credit loss allowance / Provisions against loans and advances - net		328,507,658	113,895,841
Other credit loss allowance		41,900,608	-
Bad debts written off directly		-	-
		467,368,564	318,010,719

32. TAXATION

Current tax			
Current year		227,093,863	211,252,963
Prior year		2,707,551	47,537,381
		229,801,414	258,790,344
Deferred tax			
Current year		(169,527,086)	(168,516,347)
Prior year		-	-
		(169,527,086)	(168,516,347)
	32.1	60,274,328	90,273,997

32.1 Relationship between tax expense andl accounting profit

Accounting profit for the year	-	443,075,339
Tax rate	--	29%
Tax on accounting profit	-	128,491,848
Tax effect on income subject to lower rate of taxation	-	(73,641,008)
Tax effect of prior years	-	47,537,381
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
Permanent differences on		
Reversal of provision against investment	-	47,113,204
Expenses not claimable against rental income	-	(2,089,590)
Right of use asset under IFRS - 16 Leases	-	-
Others	-	3,471,863
	-	90,273,997

32.2 Current year income of the Holding Company is subject to alternate corporate tax under section 113(c) of the Income Tax Ordinance, 2001 (the "Ordinance").

33. BASIC / DILUTED EARNINGS PER SHARE

	2023	2022
Profit for the year - Rupees	528,352,296	352,801,342
Weighted average number of ordinary shares	676,500,000	676,500,000
Basic / diluted earnings per share - Rupee	0.781	0.522

34. CASH AND CASH EQUIVALENTS

	2023	2022
	Rupees	
Cash and Balance with treasury banks	134,586,641	116,440,110
Balance with other banks - Gross	96,857,423	137,866,992
	231,444,064	254,307,102

35. STAFF STRENGTH

	2023	2022
	(Number)	
Permanent	71	73
On Group contract	2	1
Group own staff strength at the end of the year	73	74

35.1 In addition to the above, 76 (2022: 85) 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, 2023 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:

	2023	2022
	(Number)	
Gratuity fund	72	74

36.3 Principal actuarial assumptions

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

	2023	2022
Discount rate - (the Holding Company)	15.50% per annum	14.50% per annum
Discount rate - (the subsidiary company)	15.50% per annum	11.75% per annum
Expected rate of return on plan assets	18.01% per annum	12.57% per annum
Expected rate of salary increase - (the Holding Company)	13.50% per annum	12.50% 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

9

		2023	2022
		---- Rupees ----	

36.4 Reconciliation of payable to defined benefit plans

Present value of obligations		59,153,148	78,318,840
Fair value of plan assets		(56,807,049)	(68,303,106)
Payable to Member		-	-
Net liability payable		2,346,099	10,015,734

36.5 Movement in defined benefit obligations

Obligations at the beginning of the year		78,318,840	67,985,232
Current service cost		8,720,211	7,947,441
Interest cost		11,565,423	7,958,153
Benefits paid by the Group		(31,823,654)	(9,439,947)
Past service cost / (Plan Curtailment)		-	2,108,206
Benefits Payable		-	-
Re-measurement loss		(7,627,672)	1,759,755
Obligations at the end of the year		59,153,148	78,318,840

36.6 Movement in fair value of plan assets

Fair value at the beginning of the year		68,303,106	60,397,842
Interest income on plan assets		10,191,415	7,126,577
Contributions by Group - net		10,219,869	10,308,832
Benefits paid by the Fund to the Group		(31,823,654)	(9,867,808)
Re-measurements: net return on plan assets over interest income - loss	36.8.2	(83,687)	337,663
Fair value at the end of the year		56,807,049	68,303,106

36.7 Movement in payable under defined benefit schemes

Opening balance		10,015,734	8,015,251
Charge for the year		10,094,219	10,887,223
Benefits paid to outgoing members		(31,823,654)	(9,439,947)
Contribution by the Group - net		(10,219,869)	(10,308,832)
Re-measurement loss recognised in OCI during the year	36.8.2	(7,543,985)	1,422,092
Amount paid by the fund to the Group		31,823,654	9,439,947
Closing balance		2,346,099	10,015,734

36.8 Charge for defined benefit plans

36.8.1 Cost recognised in profit and loss

Current service cost		8,720,211	7,947,441
Past service cost (credit) arising on plan curtailment		-	2,108,206
Net interest on defined benefit liability		1,374,008	831,576
		10,094,219	10,887,223

36.8.2 Re-measurements recognised in OCI during the year

	2023	2022
	---------------- Rupees ----------------	
Loss / (gain) on obligation		
- Demographic assumptions	-	-
- Financial assumptions	393,335	920,363
- Experience adjustments	(8,021,007)	839,392
Total actuarial loss on obligation	(7,627,672)	1,759,755
Return on plan assets over interest income - loss	83,687	(337,663)
Total re-measurements recognised in OCI	(7,543,985)	1,422,092

36.9 Components of plan assets

Cash and cash equivalents - net	4,496,036	5,390,951
Term deposit receipts (TDR) / Certificate of Investment - unquoted	49,435,055	60,448,597
Investment in mutual funds	2,875,958	2,463,558
	56,807,049	68,303,106

36.9.1 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.

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 summarized below:

	2023	2022
	---------------- Rupees ----------------	
Discount rate +0.5%	54,441,714	74,156,278
Discount rate -0.5%	58,662,905	78,443,112
Long term salary increase +0.5%	58,819,910	78,647,254
Long term salary increase -0.5%	54,277,215	73,944,945

	2024
	---- Rupees ----
36.11 Expected contributions to be paid to the fund in the next financial year	7,301,419

36.12 Expected charge for next financial year

Current service cost	7,024,022
Net interest on defined benefit asset / liability	277,397
	7,301,419

36.13 Maturity profile

	2023	2022
	---------------- Rupees ----------------	
Distribution of timing of benefit payments (years)		
- 1	8,215,889	5,790,920
- 2	11,990,331	42,119,346
- 3	3,682,441	11,911,730
- 4	5,556,837	3,517,027
- 5	6,623,269	5,335,696
- 6-10	140,098,187	103,796,055
Weighted average duration of the PBO (years) - (the Holding Company)	6.96	5.27
Weighted average duration of the PBO (years) - (the subsidiary company)	6.00	6.00

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 underling interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may loose 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, 2023 were Rs. 133,724,385 (2022: Rs. 141,427,906).

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

Items	2023				
	Directors			GM / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
	Rupees				
Fees and allowances etc.	3,990,000	-	18,200,000	280,000	-
Managerial remuneration					
i) Fixed	-	-	-	12,446,874	44,819,854
ii) Total variable	-	-	-	-	-
of which					
a) Cash bonus / awards	-	-	-	3,130,000	6,041,000
b) Bonus & awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	-	2,915,925	2,771,392
Contribution to defined contribution plan	-	-	-	1,032,109	3,456,679
Compensated absences	-	-	-	-	1,723,696
Leave fare assistance	-	-	-	856,486	3,123,133
Exgratia	-	-	-	1,022,596	2,818,089
Rent & house maintenance	-	-	-	7,210,900	19,001,938
Utilities	-	-	-	1,844,072	3,264,451
Medical	-	-	-	406,903	5,761,107
Conveyance	-	-	-	1,475,274	13,242,061
Others	-	-	-	2,000,000	-
Total	3,990,000	-	18,200,000	34,621,139	106,023,400
Number of persons	1	-	7	2	16

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.

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.

Items	2022				
	Directors			GM / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non-Executives		
	Rupees				
Fees and Allowances etc.	4,650,000	-	20,600,000	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	-	20,600,000	57,744,698	99,077,681
Number of Persons	1	-	5	2	15

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

Sr. No.	Name of Directors	2023					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Annual General Meeting	For Board Committees			Total Amount Paid
				Audit Committee	Risk Management Committee	Human Resource Committee	
		Rupees					
1	Sultan Mohammed Hasan Abdulrauf	3,000,000	150,000	-	-	840,000	3,990,000
2	Majid Misfer J.Alghamdi	1,400,000	80,000	850,000	200,000	-	2,530,000
3	Ghanem Alghanem	1,900,000	80,000	900,000	400,000	750,000	4,030,000
4	Zafar Hasan	1,500,000	80,000	-	250,000	500,000	2,330,000
5	Awais Manzur Sumra	1,000,000	-	250,000	-	250,000	1,500,000
6	Qumar Sarwar Abbasi	2,200,000	80,000	1,000,000	450,000	-	3,730,000
7	Mohammad Tanvir Butt	1,500,000	80,000	500,000	-	500,000	2,580,000
8	Ali Tahir	1,000,000	-	-	250,000	250,000	1,500,000
	Total Amount Paid	13,500,000	550,000	3,500,000	1,550,000	3,090,000	22,190,000

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.

Sr. No.	Name of Directors	2022					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Annual General Meeting	For Board Committees			Total Amount Paid
				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.

39. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'amortised cost'. Securities classified as amortised cost 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.

	Carrying / Notional Value	2023			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees ----------				
Financial assets - measured at fair value					
Investments					
Federal Government Securities	25,140,496,800	-	25,140,496,800	-	25,140,496,800
Shares	1,377,529,300	1,377,529,300	-	-	1,377,529,300
Open end Mutual Fund	132,664,516	132,664,516	-	-	132,664,516
Non-Government Debt Securities	980,803,415	-	980,803,415	-	980,803,415
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	6,241,392,062	-	-	6,241,392,062	6,241,392,062
Non-Government Debt Securities	586,301,454	-	-	586,301,454	586,301,454
Cash and balances with treasury banks	134,586,641	-	-	-	-
Balances with other banks	96,679,459	-	-	-	-
Advances	8,262,473,645	-	-	-	-
Other assets	2,621,274,925	-	-	-	-
Off-balance sheet financial instruments - measured at fair value		-	-	-	-

	Carrying / Notional Value	2022			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- Rupees ----------				
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
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	-	-	-	-
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, 2023, therefore, these securities are classified 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.

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 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.

	2023			
	Level 1	Level 2	Level 3	Total
	Rupees			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building	-	-	4,420,051,054	4,420,051,054
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	71,439,012	71,439,012

	2022			
	Level 1	Level 2	Level 3	Total
	Rupees			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building	-	-	4,292,468,333	4,292,468,333
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	74,545,056	74,545,056

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.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

40. SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2023			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & loss				
Net mark-up/return/profit	12,678,856	325,441,206	20,278,266	358,398,328
Non mark-up / return / interest income	56,223,795	893,902,886	315,520,535	1,265,647,216
Total income	68,902,651	1,219,344,092	335,798,801	1,624,045,544
Segment direct expenses	90,833,841	453,745,294	23,471,221	568,050,356
Total expenses	90,833,841	453,745,294	23,471,221	568,050,356
Provisions	446,821,173	20,547,391	-	467,368,564
Profit before tax	(468,752,363)	745,051,407	312,327,580	588,626,624
Balance sheet				
Cash & bank balances	-	224,887,948	6,378,152	231,266,100
Investments	880,253,885	33,956,269,154	132,664,516	34,969,187,555
Lendings to financial institutions	-	3,249,994,713	-	3,249,994,713
Advances - performing	7,997,516,086	-	253,503	7,997,769,589
- non-performing net of provision	264,704,056	-	-	264,704,056
Others	2,227,143,677	4,474,365,605	3,027,349,188	9,728,858,470
Total assets	11,369,617,704	41,905,517,420	3,166,645,359	56,441,780,483
Borrowings	7,755,256,526	29,444,031,600	-	37,199,288,126
Deposits & other accounts	3,665,000,000	-	-	3,665,000,000
Others	194,365,461	699,578,833	190,822,168	1,084,766,462
Total liabilities	11,614,621,987	30,143,610,433	190,822,168	41,949,054,588
Equity	-	-	-	14,492,725,895
Total equity & liabilities	11,614,621,987	30,143,610,433	190,822,168	56,441,780,483
Contingencies & commitments	6,480,570,445	1,905,007	1,033,443	6,483,508,895

	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 / (reversals)	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	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

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40.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2023		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & loss			
Net mark-up/return/profit	358,398,328	-	358,398,328
Inter segment revenue - net	-	-	-
Non mark-up / return / interest income	1,265,647,216	-	1,265,647,216
Total income	1,624,045,544	-	1,624,045,544
Segment direct expenses	568,050,356	-	568,050,356
Inter segment expense allocation	-	-	-
Total expenses	568,050,356	-	568,050,356
Provisions	467,368,564	-	467,368,564
Profit before tax	588,626,624	-	588,626,624
Balance sheet			
Cash & bank balances	231,266,100	-	231,266,100
Investments	34,969,187,555	-	34,969,187,555
Net inter segment lendings	-	-	-
Lendings to financial institutions	3,249,994,713	-	3,249,994,713
Advances - performing	7,997,769,589	-	7,997,769,589
- non-performing net of provision	264,704,056	-	264,704,056
Others	9,728,858,470	-	9,728,858,470
Total assets	56,441,780,483	-	56,441,780,483
Borrowings	37,199,288,126	-	37,199,288,126
Deposits & other accounts	3,665,000,000	-	3,665,000,000
Net inter segment borrowing	-	-	-
Others	1,084,766,462	-	1,084,766,462
Total liabilities	41,949,054,588	-	41,949,054,588
Equity	14,492,725,895	-	14,492,725,895
Total equity & liabilities	56,441,780,483	-	56,441,780,483
Contingencies & commitments	6,483,508,895	-	6,483,508,895

	2022		
	In Pakistan	Outside Pakistan	Total
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	8,347,660,010	-	8,347,660,010
Total assets	53,875,314,598	-	53,875,314,598
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

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 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 Group in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. Contributions to and accruals

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:

	2023					2022				
	Shareholders	Directors	Key management personnel	Associates	Other related parties	Shareholders	Directors	Key management personnel	Associates	Other related parties
	Rupees					Rupees				
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	180,681,049,393	-	-	-	-	19,492,212,383
Repaid during the year	-	-	-	-	(177,430,893,693)	-	-	-	-	(19,492,212,383)
Closing balance	-	-	-	-	3,250,155,700	-	-	-	-	-
Investments										
Opening balance	-	-	-	-	199,640,000	-	-	-	-	199,720,000
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	(80,000)	-	-	-	-	(80,000)
Transfer in / (out) - net	-	-	-	576,676,075	-	-	-	-	-	-
Closing balance	-	-	-	576,676,075	199,560,000	-	-	-	-	199,640,000
Provision for diminution in value of investments	-	-	-	576,676,075	338,339	-	-	-	-	-
Advances										
Opening balance	-	-	24,564,071	-	-	-	-	26,026,934	-	-
Addition during the year	-	-	47,157,893	-	-	-	-	10,412,716	-	-
Repaid during the year	-	-	(8,079,178)	-	-	-	-	(12,894,096)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	1,018,517	-	-
Closing balance	-	-	83,642,786	-	-	-	-	24,564,071	-	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Non-current asset classified as held for sale										
Opening balance	-	-	-	576,676,075	-	-	-	-	576,678,075	-
Addition during the year	-	-	-	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	(576,676,075)	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	576,678,075	-
Provision for Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	576,676,075	-
Other assets - income / markup accrued	-	-	-	-	14,837,624	-	-	-	-	8,511,442
Other assets - security deposit	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	8,670,000,000
Borrowings during the year	-	-	-	-	20,907,677,325	-	-	-	-	142,563,911,654
Settled during the year	-	-	-	-	(20,907,677,325)	-	-	-	-	(149,233,911,654)
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	-	-	1,353,000,000	-	-	-	-	2,711,587,775
Received during the year	-	-	-	-	1,712,000,000	-	-	-	-	356,073,379
Withdrawn during the year	-	-	-	-	-	-	-	-	-	(1,714,661,154)
Closing balance	-	-	-	-	3,065,000,000	-	-	-	-	1,353,000,000
Other Liabilities										
Interest / mark-up payable	-	-	-	-	17,866,326	-	-	-	-	10,786,083
Payable to defined benefit plan	-	-	-	-	2,346,099	-	-	-	-	10,015,734
Dividend payable to Foreign shareholder	-	-	-	-	-	82,500,000	-	-	-	-
Security deposit	-	-	-	-	2,988,372	-	-	-	-	2,366,908
Rent received in advance	-	-	-	-	33,886,810	-	-	-	-	24,773,648
Income										
Mark-up / return / interest earned	-	-	793,803	-	233,444,774	-	-	754,188	-	42,924,206
Dividend income	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	34,378,212	-	-	-	-	26,226,209
Expense										
Mark-up / return / interest expensed	-	-	-	-	672,638,606	-	-	-	-	781,514,882
Contribution to employees' funds	-	-	-	-	7,390,523	-	-	-	-	10,925,207
Directors' fees and allowances	-	22,190,000	-	-	-	-	25,250,000	-	-	-
Shareholders' fee	-	-	-	-	-	-	-	-	-	(5,293,500)
Operating expenses	-	-	135,599,504	428,960	-	-	-	156,822,379	388,780	-

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	Rs '000'	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,765,000	6,765,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,299,877	12,253,559
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	12,299,877	12,253,559
Eligible Tier 2 Capital	1,680,616	1,124,774
Total Eligible Capital (Tier 1 + Tier 2)	13,980,493	13,378,333
Risk Weighted Assets (RWAs):		
Credit Risk	26,355,145	22,217,420
Market Risk	3,489,031	6,111,660
Operational Risk	3,099,671	2,876,520
Total	32,943,848	31,205,600
Common Equity Tier 1 Capital Adequacy ratio	37.34%	39.27%
Tier 1 Capital Adequacy Ratio	37.34%	39.27%
Total Capital Adequacy Ratio	42.44%	42.87%

As of December 2023, 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.

	2023	2022
Leverage Ratio (LR):		
Eligible Tier-1 Capital	12,299,877	12,253,559
Total Exposures	62,329,101	53,966,116
Leverage Ratio	19.73%	22.71%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,903,416	4,639,985
Total Net Cash Outflow	2,987,739	3,295,451
Liquidity Coverage Ratio	164.12%	140.80%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	37,546,620	36,098,612
Total Required Stable Funding	24,290,905	21,362,298
Net Stable Funding Ratio	154.57%	168.98%

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.

The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Risk Review 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 Risk Review 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;
- 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 applies ECL model for recognizing allowance for credit loss in accordance with IFRS 9 as disclosed in note 5.1.2 to the financial statements.

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. Also the Group developed its internal credit rating policy for assigning obligor risk rating (ORR) as per SBP guidelines. ORR are assigned based on a time horizon that covers the life of the credit. ORR is assigned on a scale of 12 grades, with the first 4 grades (I-IV) representing stage 1 borrowers and afterword 5 grades (V-IX) representing stage 2 in increasing order of riskiness and the last 3 grades (X-XII) representing stage 3/non-performing borrowers. In absence of risk 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, 2023 amounted to:

	2023 Without benefit of collateral	**2023** With benefit of collateral
	-----------Rupees----------	
Lending to financial institutions	220,000,000	3,030,155,700
Debt investments		
(excluding Government of Pakistan local currency denominated debt)	-	1,567,104,869
Advances	-	8,262,473,645
	220,000,000	12,859,734,214

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	2023	2022	2023	2022	2023			2022
	Gross lendings		Non-performing lendings		Stage 1	Stage 2	Stage 3	Provision held
	Rupees							
Public / Government	3,250,155,700	-	-	-	160,987	-	-	-
Private	-	-	-	-	-	-	-	-
	3,250,155,700	-	-	-	-	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector	2023	2022	2023	2022	2023			2022
	Gross investments		Non-performing investments		Stage 1	Stage 2	Stage 3	Provision held
	Rupees							
Textile	321,352,500	329,355,000	321,352,500	329,355,000	-	-	287,602,500	295,605,000
Chemical and Pharmaceuticals	258,448,879	272,134,533	258,448,879	272,134,533	-	-	258,448,879	272,134,533
Construction	300,000,000	-	-	-	6,047,569	-	-	-
Power (electricity), Gas, Water, Sanitary	-	500,000,000	-	-	-	-	-	-
Transport, Storage and Communication	37,964,468	37,964,468	37,964,468	37,964,468	-	-	37,964,468	37,964,468
Financial	1,314,908,921	1,359,898,921	3,748,500	3,748,500	1,849,782	69,908,201	3,748,500	3,748,500
	2,232,674,768	2,499,352,922	621,514,347	643,202,501	7,897,351	69,908,201	587,764,347	609,452,501
Credit risk by public / private sector								
Public / Government	199,560,000	199,720,000	-	-	-	-	-	-
Private	2,033,114,768	2,299,632,922	621,514,347	643,202,501	7,897,351	69,908,201	587,764,347	609,452,501
	2,232,674,768	2,499,352,922	621,514,347	643,202,501	7,897,351	69,908,201	587,764,347	609,452,501

43.1.3 *Advances*

Credit risk by industry sector	2023	2022	2023	2022	2023			2022
	Gross advances		Non-performing advances		Stage 1	Stage 2	Stage 3	Provision held
	--------	--------	--------	Rupees	--------	--------	--------	
Textile	3,334,612,189	3,218,986,672	1,283,936,652	1,345,653,567	34,128,394	1,022,383	1,162,487,642	1,106,387,578
Chemical and Pharmaceuticals	230,000,000	-	-	-	7,574,479	-	-	-
Cement	1,110,942,228	1,118,795,322	116,206,923	116,206,923	10,187,417	-	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	403,000,000	153,000,000	153,000,000	-	99,055,104	153,000,000	153,000,000
Electronics and electrical appliances	758,529,371	951,375,492	-	-	11,763,669	-	-	-
Construction	95,080,094	196,080,094	95,080,094	196,080,094	-	-	95,080,094	196,080,094
Power (electricity), Gas, Water, Sanitary	800,312,844	1,010,710,571	165,028,752	165,028,752	945,761	75,487,207	165,028,752	165,028,752
Transport, Storage and Communication	1,600,000,000	1,700,000,000	-	-	28,596,783	-	-	-
Financial	73,500,000	123,500,000	73,500,000	73,500,000	-	-	73,500,000	73,500,000
Services	851,000,000	901,000,000	101,000,000	101,000,000	16,432,082	-	101,000,000	101,000,000
Paper board and products	4,203,851	4,203,851	4,203,851	4,203,851	-	-	4,203,851	4,203,851
Rubber and plastic products	223,000,000	270,000,000	223,000,000	270,000,000	-	-	79,744,954	-
Basic metals	153,059,948	178,920,566	69,093,230	69,093,230	1,500,220	-	69,093,230	69,093,230
Dairy & Poultry	1,052,257,651	1,055,555,554	-	-	-	-	614,180,004	-
Others	539,815,394	99,343,483	41,250,000	41,250,000	5,370,976	-	41,250,000	41,250,000
	11,472,428,043	11,474,586,078	2,568,413,975	2,778,130,890	116,499,781	175,564,694	2,917,889,923	2,268,864,901

Credit risk by public / private sector	2023	2022	2023	2022	2023			2022
	Gross advances		Non-performing advances		Stage 1	Stage 2	Stage 3	Provision held
	--------	--------	--------	Rupees	--------	--------	--------	
Public/ Government	-	-	-	-	-	-	-	-
Private	11,472,428,043	11,474,586,078	2,568,413,975	2,778,130,890	116,499,781	175,564,694	2,917,889,923	2,268,864,901
	11,472,428,043	11,474,586,078	2,568,413,975	2,778,130,890	116,499,781	175,564,694	2,917,889,923	2,268,864,901

43.1.4 Contingencies and Commitments

	2023	2022
	------------Rupees------------	
Commitments: credit risk by industry sector		
Textile	500,000,000	378,000,000
Chemical and Pharmaceuticals	370,000,000	-
Cement	5,264,695	5,264,695
Sugar	-	112,000,000
Electronics and electrical appliances	200,180,779	52,390,289
Power (electricity), Gas, Water, Sanitary	3,570,000,000	70,000,000
Transport, Storage and Communication	200,000,000	-
Financial	1,326,800,526	200,000,000
Services	275,000,000	-
Others	36,262,895	11,460,734
	6,483,508,895	829,115,718
Credit risk by public / private sector		
Public/ Government	1,326,800,256	-
Private	5,156,708,639	829,115,718
	6,483,508,895	829,115,718

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. 7,977 million (2022: Rs. 7,153 million) as follows:

	2023	2022
	------------Rupees------------	
Funded	5,277,467,905	7,153,388,076
Non Funded	2,700,000,000	-
Total Exposure	7,977,467,905	7,153,388,076

The sanctioned limits against these top 10 exposures aggregated to Rs. 8,650,000,000 (2022: Rs. 8,025,000,000).

	2023		2022	
	Amount	Credit loss allowance held	Amount	Provision held
	------------------------------Rupees------------------------------			
Total funded classified therein				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-

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FOR THE YEAR ENDED DECEMBER 31, 2023

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2023						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	-	-	-	-	-	-	-
Sindh	-	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	1,611,913,906	1,381,913,906	230,000,000	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	1,611,913,906	1,381,913,906	230,000,000	-	-	-	-

	2022						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
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	-	-	-	-

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 FVOCI & FVPL 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 FVOCI & FVPL 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.

43.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees			Rupees		
Cash and balances with treasury banks	134,586,641	-	134,586,641	116,440,110	-	116,440,110
Balances with other banks	96,679,459	-	96,679,459	137,866,992	-	137,866,992
Lendings to financial institutions	3,249,994,713	-	3,249,994,713	-	-	-
Investments	8,451,161,455	26,518,026,100	34,969,187,555	2,735,235,227	33,418,774,699	36,154,009,926
Advances	8,262,473,645	-	8,262,473,645	9,119,337,560	-	9,119,337,560
Fixed assets	4,517,792,493	-	4,517,792,493	4,384,554,352	-	4,384,554,352
Intangible assets	6,457,046	-	6,457,046	6,392,003	-	6,392,003
Deferred tax assets	177,686,482	-	177,686,482	61,321,766	-	61,321,766
Other assets	4,845,140,675	-	4,845,140,675	3,702,657,861	-	3,702,657,861
Development Properties	181,781,774	-	181,781,774	192,734,028	-	192,734,028
	29,741,972,609	26,518,026,100	56,259,998,709	20,456,539,899	33,418,774,699	53,875,314,598

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 favorable impact in case of PKR depreciation.

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

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilitie	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees				Rupees			
United States Dollar	37,198,710	-	-	37,198,710	29,875,718	-	-	29,875,718

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	371,987	-	298,757	-
- Other comprehensive income	-	-	-	-

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. ALCO 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. ALCO also 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 / need basis 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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	---Rupees---		---Rupees---	
Impact of 5% change in equity prices on				
- Profit and loss account	-	48,844,513	-	-
- Other comprehensive	-	26,665,178	-	111,250,320

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 FVPL & OCI 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 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,

	2023 Banking book	2023 Trading book	2022 Banking book	2022 Trading book
Impact of 1% change in interest rates on	----Rupees----		----Rupees----	
- Profit and loss account	36,538,618	-	36,408,226	-
- Other comprehensive income	-	-	-	-

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2023

	Effective Yield/ Interest rate	Total	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	Non-interest bearing financial instruments
			----Rupees----									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	134,586,641	-	-	-	-	-	-	-	-	-	134,586,641
Balances with other banks	20.50	96,679,459	90,437,797	-	-	-	-	-	-	-	-	6,241,662
Lending to financial institutions	22.27	3,249,994,713	3,249,994,713	-	-	-	-	-	-	-	-	-
Investments	19.88	34,969,187,555	7,371,922,332	17,584,873,464	249,359,075	6,241,392,062	-	-	1,467,696,800	-	-	2,053,943,822
Advances	18.83	8,262,473,645	4,086,716,035	2,773,028,258	1,271,297,864	902,194	6,717,143	-	36,176,739	87,635,412	-	-
Other assets	-	2,621,274,925	-	-	-	-	-	-	-	-	-	2,621,274,925
		49,334,196,938	14,799,070,877	20,357,901,722	1,520,656,939	6,242,294,256	6,717,143	-	1,503,873,539	87,635,412	-	4,816,047,050
Liabilities												
Borrowings	20.83	37,199,288,126	30,477,734,205	108,609,692	4,236,687,297	185,604,376	353,845,068	353,845,068	707,690,102	775,272,318	-	-
Deposits and other accounts	22.42	3,665,000,000	3,455,000,000	10,000,000	200,000,000	-	-	-	-	-	-	-
Other liabilities	-	849,102,816	-	-	-	-	-	-	-	-	-	849,102,816
		41,713,390,942	33,932,734,205	118,609,692	4,436,687,297	185,604,376	353,845,068	353,845,068	707,690,102	775,272,318	-	849,102,816
On-balance sheet gap		7,620,805,996	(19,133,663,328)	20,239,292,030	(2,916,030,358)	6,056,689,880	(347,127,925)	(353,845,068)	796,183,437	(687,636,906)	-	3,966,944,234
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(19,133,663,328)	20,239,292,030	(2,916,030,358)	6,056,689,880	(347,127,925)	(353,845,068)	796,183,437	(687,636,906)	-	3,966,944,234
Cumulative Yield/Interest Risk Sensitivity Gap			(19,133,663,328)	1,105,628,702	(1,810,401,656)	4,246,288,224	3,899,160,299	3,545,315,231	4,341,498,668	3,653,861,762	3,653,861,762	-

2022

	Effective Yield/ Interest rate	Total	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	Non-interest bearing financial instruments
			----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	-	-
Other assets	-	2,249,071,400	-	-	-	-	-	-	-	-	-	2,249,071,400
		47,776,725,988	9,682,158,188	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)	3,428,695,050	(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)	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	-

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. 4,517,792,493 (2022: Rs. 4,384,554,352), Intangible assets of Rs. 6,457,046 (2022: Rs. 6,392,003) 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. 2,223,865,750 (2022: Rs. 1,453,586,461) and development property of Rs. 181,781,774 (2022: Rs. 192,734,028)

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. 235,663,646 (2022: Rs. 260,914,741)

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 / need basis 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.

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.

43.4.1 Assets and Liabilities - based on contractual maturity

	Total	2023												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
		Rupees												
Assets														
Cash and balances with treasury banks	134,586,641	134,586,641	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	96,679,459	96,679,459	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,249,994,713	-	3,249,994,713	-	-	-	-	-	-	-	-	-	-	-
Investments	34,969,187,555	-	120,000	-	-	30,000	166,414,516	22,154,994	6,241,422,062	6,672,044,151	2,220,691,482	80,000	2,415,730,342	17,230,500,008
Advances	8,262,473,645	260,098,814	433,244,160	43,614,677	217,731,611	68,964,739	88,005,597	574,075,490	328,858,057	557,586,814	1,882,997,315	1,453,960,522	1,489,928,581	863,407,268
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property And Equipment	4,517,792,493	350,889	2,105,333	2,456,222	5,814,222	10,526,666	10,526,666	91,807,593	31,579,998	31,579,998	126,319,991	126,319,991	714,416,271	3,364,188,853
Intangible assets	6,457,046	5,978	35,869	41,647	95,650	179,344	179,344	538,033	538,033	538,032	2,152,131	2,152,765	-	-
Deferred tax assets	177,686,482	372,109	619,818	62,397	403,645	1,457,898	2,915,797	4,373,695	2,915,725	5,831,449	17,494,563	17,494,563	37,730,405	86,014,418
Other assets	4,845,140,675	303,764,052	505,976,939	50,936,884	329,508,323	295,151,514	590,303,029	586,671,386	1,073,725,428	1,109,103,320	-	-	-	-
Development Properties	181,781,774	-	-	-	-	-	-	-	-	-	-	-	181,781,774	-
	56,441,780,483	795,857,942	4,192,096,832	97,111,827	553,353,451	376,310,161	858,344,949	1,279,621,191	7,679,039,303	8,376,683,764	4,249,655,482	1,600,007,861	4,839,587,373	21,544,110,347
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	37,199,288,126	-	11,000,000,000	11,224,084,098	8,253,650,107	36,860,246	71,749,446	486,687,297	81,370,131	729,234,245	1,478,845,068	1,353,845,068	1,707,690,102	775,272,318
Deposits and other accounts	3,665,000,000	-	-	-	1,712,000,000	-	10,000,000	-	400,000,000	1,543,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,084,766,462	6,970,011	48,790,078	97,580,156	55,760,089	139,400,223	278,800,445	264,913,015	74,959,012	100,508,474	-	-	5,125,488	11,959,471
	41,949,054,588	6,970,011	11,048,790,078	11,321,664,254	10,021,410,196	176,260,469	360,549,891	751,600,312	556,329,143	2,372,742,719	1,478,845,068	1,353,845,068	1,712,815,590	787,231,789
Net assets	14,492,725,895	788,887,931	(6,856,693,246)	(11,224,552,427)	(9,468,056,745)	200,049,692	497,795,058	528,020,879	7,122,710,180	8,003,941,045	2,770,810,414	246,162,793	3,126,771,783	20,756,878,558

Share capital/ Head office capital account	6,765,000,000
Reserves	1,891,661,673
Unappropriated/ Unremitted profit	4,256,685,806
Surplus/(Deficit) on revaluation of assets	1,579,378,416
	14,492,725,895

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FOR THE YEAR ENDED DECEMBER 31, 2023

	Total	2022												
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
		Rupees												
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	-	-	250,030,000	223,078,632	166,161,166	250,030,000	2,276,886,820	10,520,475,800	2,280,260,000	660,180,000	19,546,867,508
Advances	9,119,337,560	167,212,404	352,051,245	21,193,875	36,263,497	35,541,891	69,610,546	494,675,645	239,983,500	450,554,723	1,622,546,511	1,752,777,788	2,504,674,056	1,372,251,879
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property And Equipment	4,384,554,352	367,220	2,203,320	2,570,540	5,875,522	11,016,603	11,016,603	73,306,421	33,049,809	33,049,809	132,199,234	132,199,236	498,661,093	3,449,038,942
Intangible assets	6,392,003	5,916	35,508	41,426	94,686	177,538	177,537	532,613	532,613	532,613	2,130,452	2,131,099	-	-
Deferred tax assets	61,321,766	140,172	295,120	17,767	30,399	463,432	966,865	1,450,297	966,841	1,933,682	5,801,117	5,801,117	14,912,970	28,521,987
Other assets	3,702,657,861	277,561,540	584,381,800	35,180,432	60,195,008	254,711,456	509,422,912	570,949,956	691,740,192	718,514,565	-	-	-	-
Development Properties	192,734,028	-	-	-	-	-	-	-	-	-	-	-	192,734,028	-
	53,675,314,598	699,594,356	939,026,993	59,004,040	102,459,112	551,960,920	614,273,095	1,307,076,098	1,216,302,955	3,461,472,212	12,263,153,114	4,153,169,240	3,871,142,147	24,396,680,316
Liabilities														
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	36,774,866,849	-	5,170,785,000	1,518,112,498	4,400,233,092	15,239,233,596	4,043,684,246	424,167,297	111,687,297	611,687,297	1,252,103,970	1,103,845,066	1,770,190,136	1,129,117,352
Deposits and other accounts	1,953,000,000	-	-	-	-	-	10,000,000	-	400,000,000	1,543,000,000	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	610,490,215	6,613,350	46,293,453	92,586,906	52,906,804	81,101,595	162,203,190	175,779,103	74,259,034	94,720,011	-	-	7,208,031	16,818,738
	39,538,357,064	6,613,350	5,217,078,453	1,610,699,404	4,453,139,896	15,320,335,191	4,215,887,436	599,966,400	585,946,331	2,249,407,308	1,252,103,970	1,103,845,066	1,777,398,167	1,145,936,090
Net assets	14,336,957,534	692,981,006	(4,278,051,460)	(1,551,695,384)	(4,350,680,784)	(14,768,374,271)	(3,401,814,341)	707,109,698	630,356,624	1,232,064,904	11,031,049,144	3,049,324,172	2,093,743,980	23,250,744,226
Share capital/ Head office capital account	6,765,000,000													
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													

43.4.2 Assets and liabilities - based on expected maturities

	Total	2023								
		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	134,586,641	134,586,641	-	-	-	-	-	-	-	-
Balances with other banks	96,679,459	96,679,459	-	-	-	-	-	-	-	-
Lending to financial institutions	3,249,994,713	3,249,994,713	-	-	-	-	-	-	-	-
Investments	34,969,187,555	120,000	166,444,516	22,154,994	12,913,466,213	2,220,691,482	80,000	2,415,730,342	17,230,500,008	-
Advances	8,262,473,645	954,689,262	156,970,336	574,075,490	886,444,871	1,882,997,315	1,453,960,522	1,489,928,581	863,407,268	-
Non-current asset classified as held for sale	-	-	-	-	-	-	-	-	-	-
Property And Equipment	4,517,792,493	10,526,666	21,053,332	91,807,593	63,159,996	126,319,991	126,319,991	714,416,271	449,069,620	2,915,119,033
Right of Use Asset	-	-	-	-	-	-	-	-	-	-
Intangible assets	6,457,046	179,344	358,688	538,033	1,076,065	2,152,131	2,152,785	-	-	-
Deferred tax assets	177,686,482	1,457,969	4,373,695	4,373,695	8,747,174	17,494,563	17,494,563	37,730,405	43,736,301	42,278,117
Other assets	4,845,140,675	1,190,185,998	885,454,543	586,671,386	2,182,828,748	-	-	-	-	-
Development Properties	181,781,774	-	-	-	-	-	-	181,781,774	-	-
	56,441,780,483	5,638,420,052	1,234,655,110	1,279,621,191	16,055,723,067	4,249,655,482	1,600,007,861	4,839,587,373	18,586,713,197	2,957,397,150
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	37,199,288,126	30,477,734,205	108,609,692	486,687,297	810,604,376	1,478,845,068	1,353,845,068	1,707,690,102	775,272,318	-
Deposits and other accounts	3,665,000,000	1,712,000,000	10,000,000	-	1,943,000,000	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,084,766,462	209,100,334	418,200,668	264,913,015	175,467,486	-	-	5,125,488	11,959,471	-
	41,949,054,588	32,398,834,539	536,810,360	751,600,312	2,929,071,862	1,478,845,068	1,353,845,068	1,712,815,590	787,231,789	-
Net assets	14,492,725,895	(26,760,414,487)	697,844,750	528,020,879	13,126,651,205	2,770,810,414	246,162,793	3,126,771,783	17,799,481,408	2,957,397,150
Share capital/ Head office capital account	6,765,000,000									
Reserves	1,891,661,673									
Unappropriated/ Unremitted profit	4,256,685,806									
Surplus/(Deficit) on revaluation of assets	1,579,378,416									
	14,492,725,895									

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Total	2022								
		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	576,721,021	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	-	-	-	-	-	-	-	-	-	-
Property And Equipment	4,384,554,352	11,016,602	22,033,206	73,306,421	66,099,618	132,199,234	132,199,236	498,661,093	468,421,553	2,980,617,389
Right of Use Asset	-	-	-	-	-	-	-	-	-	-
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	1,800,084,501	1,366,234,015	1,307,076,098	4,697,775,167	12,283,153,114	4,153,169,240	3,871,142,147	21,413,522,193	2,983,158,123
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	36,774,866,849	11,089,130,590	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	(9,487,446,602)	(18,169,988,612)	707,109,698	1,862,421,528	11,031,049,144	3,049,324,172	2,093,743,980	20,267,586,103	2,983,158,123
Share capital/ Head office capital account	6,765,000,000									
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									

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 08 MAR 2024

GM/Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE,
PROVIDED DURING THE YEAR JANUARY - DECEMBER 31, 2023

(Rupee in million)

S. No.	Name and address	Name of individual / Partners / Directors	CNIC No.	Fathers' / Husband Nanme	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	2	3	4	5	6	7	8	9	10	11	12	13
1	N/A	N/A	N/A	N/A	---	---	---	---	---	---	---	---
					0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000