PAIR INVESTMENT COMPANY LIMITED

Financial Statements for the Year Ended December 31, 2024

PAÏR INVESTMENT COMPANY LIMITED

CHAIRMAN's REVIEW FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

It is my pleasure to share with you the Financial Statements of PAÏR Investment Company Limited ("the Company") for the year ended December 31, 2024.

With the patronage from both the shareholders the growth of the Company continues in a consistent manner and seems fairly and reasonably certain in the foreseeable future. The whole management team is fully functional and is geared towards increasing the business and strengthening the Company for the years ahead.

Following aggressive and unprecedented interest rate hikes, 2024 saw a series of rate cuts, totaling 900 basis points on an aggregate basis. While this was a welcome relief for businesses struggling with rising operational costs, it had a negative impact on the Company's floating-rate assets. Additionally, assets generating fine spreads now require a disproportionately higher volume to maintain the same level of income.

Despite these challenges, the Company posted a profit before provisions of PKR 1.0 billion, compared to PKR 1.3 billion in the previous year when interest rates were significantly higher. However, credit loss allowances and net write-offs surged to PKR 573.7 million, an increase of PKR 402.8 million from the prior year. A substantial portion of these provisions stemmed from investments in private debt securities of well-established companies within their respective industries. Unfortunately, the prevailing economic challenges have severely impacted these businesses, forcing them to restructure their obligations to lenders.The management is actively engaged with each of these borrowers and remains confident that these are not willful defaulters. Recovery prospects remain strong, and the logistics of the repayment process will be finalized in consultation with stakeholders in due course.

Additionally, the capital markets team capitalized on market movements, generating PKR 198 million in realized gains from the sale of securities classified as FVOCI.

The Company's assets continued to grow organically, reaching PKR 40.44 billion—an 11% increase over the previous year. While the number of borrowers and depositors expanded, the Company remained focused on enhancing its systems and processes. Following the acquisition of new software, the implementation of the credit module, along with the deployment and testing of the treasury module, was successfully completed during the year.

The Asset and Liability Committee continues to oversee the Company's asset profile, ensuring that asset booking and fund generation remain aligned with prevailing economic conditions. Efforts are underway to diversify funding sources while steadily expanding the customer base. As a result, several new clients have been added to the portfolio, with more expected to join on both the asset side and the liability side, particularly in the Certificate of Investment (COI) segment.

I sincerely appreciate the unwavering support of all our stakeholders, including Iran Foreign Investments Company, the Ministry of Finance – Government of Pakistan, the State Bank of Pakistan, and the Securities & Exchange Commission of Pakistan, for their invaluable guidance and cooperation.

I would also like to extend my gratitude to our dedicated staff and colleagues for their commitment, teamwork, and perseverance. Their collective efforts in embracing new initiatives and driving the Company's progress have been instrumental in our continued success.

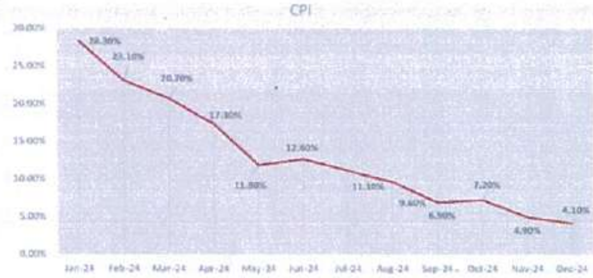
Zulfiqar Younas
Acting Chairman of the Board of Directors
February 15, 2024
Pakistan

PAÏR INVESTMENT COMPANY LIMITED
DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

On behalf of the Board of Directors, I am pleased to present the Financial Statements of PAÏR Investment Company Limited (PAÏR) for the year ended December 31, 2024. These Financial Statements have been prepared in compliance with the requirements of BPRD Circular No. 10 dated November 27, 2018, and BPRD Circular No. 2 dated February 09, 2023.

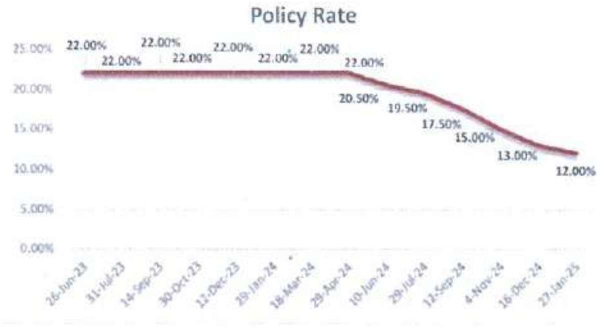
Economic Overview:

In the calendar year 2024, Pakistan's economy showed signs of recovery following a challenging period marked by recession in 2023. The country's GDP growth rebounded to approximately 2.5%, driven primarily by a significant increase in agricultural production. This recovery was aided by improved macroeconomic conditions, including lower inflation and reduced political uncertainty. Continued financial support and stabilization programs from international organizations like the IMF provided essential liquidity and bolstered foreign exchange reserves.



The government's fiscal consolidation measures during calendar year 2024 had several significant impacts on the economy. Total revenue rose, primarily driven by higher non-tax revenues, including collections from the petroleum development levy and profits from the State Bank of Pakistan. This growth in revenue allowed for better funding of essential services and infrastructure projects. The current account deficit (CAD) narrowed significantly. Largely due to reduced imports and improved export performance driven by agricultural recovery. This helped stabilize foreign exchange reserves and strengthen the currency.

The interest rate movements in Pakistan during CY 2024 showcased a responsive monetary policy approach by the State Bank of Pakistan. Substantial cut in the policy rate was seen as inflation pressures eased. Monetary Policy Committee of State Bank of Pakistan closely monitored the inflation trends and economic growth indicators throughout the year, bring down an all-time high of 22% to 13% by end of December 2024. Their decisions reflected a balancing act between stimulating economic growth and controlling inflation. The cuts were intended to stimulate economic activity amid signs of recovery, aimed to support sectors affected by high borrowing costs while ensuring that inflation remained within manageable limits. The decision to lower interest rates was largely influenced by a significant decline in inflation rates, which fell to 4.1% in December 2024, down from higher levels earlier in the year. This decline was attributed to reduced food inflation and the fading effects of previous energy price hikes.



Though PSX experienced periods of volatility, including a historic single-day gain of 4,700 points and a decline of 4,800 points, reflecting both investor excitement and apprehension amid rapid market movements. Overall, 2024 was a landmark year for the PSX, characterized by remarkable returns for investors and significant advancements in trading activity and market capitalization. The stock market's growth was bolstered by macroeconomic stabilization efforts, including interest rate cuts and a strengthening currency following successful negotiations with the IMF for financial support. The benchmark KSE-100 index surged by approximately 84%, closing at around 115,127 points by the end of December 2024 versus 62,451 points at the end of December 2023, indicating a robust recovery and investor confidence in the market. Trading activity reached unprecedented levels, with a total volume of 1.24 billion shares traded throughout the year, nearly double that of 2023. The daily average traded value was around PKR 22.1 billion, reflecting heightened investor participation and enthusiasm. The overall market capitalization of listed companies rose significantly, reaching approximately PKR 14.6 trillion. Despite foreign investors selling shares worth about USD100.45 million, the overall market demonstrated resilience and continued to attract local and international interest, particularly due to improved macroeconomic conditions and potential reclassification into the MSCI Emerging Markets Index.

Financial Highlights

Despite a challenging year in which asset creation required a careful balance between asset type and the Company's risk appetite, total assets increased by approximately PKR 4 billion, reaching PKR 40.44 billion as of December 31, 2024, compared to PKR 36.44 billion the previous year. Net investments grew by approximately PKR 3.72 billion, reflecting a 14% increase from December 31, 2023. Meanwhile, advances saw a marginal rise of PKR 48.30 million, maintaining a breakeven position. The management exercised caution in fresh disbursements, recognizing the ripple effects of high interest rates and rising business costs, which have placed significant financial strain on many businesses. Even borrowers with strong credit histories have faced increasing financial pressures. These challenges contributed to some additions to the non-performing portfolio, necessitating additional provisions. While consistent balance sheet growth remains a key objective for management, the Board, and shareholders, they collectively uphold the principle that it must not come at the expense of asset quality. Accordingly, the Company's growth strategy has prioritized investments while keeping advances stable, ensuring a prudent and balanced approach to financial management.

The operational performance of the components comprising the Profit and Loss account, along with income realized directly in equity, remained strong. This resilience enabled the Company to absorb the impact of provisioning requirements, both for newly classified non-performing loans (NPLs) and the residual provisions arising from the adoption of IFRS-9. Net revenue from funds stood at PKR 1.4 billion, reflecting a shortfall of PKR 294 million compared to the previous year. This decline was primarily due to the reversal of PKR 200 million in income on an exposure classified during the year. Total income amounted to PKR 1.5 billion, down from PKR 1.9 billion in the prior year. While the aforementioned income reversal contributed to this decline, lower dividend income also played a role, as the average investment level remained subdued following divestments in the last quarter of 2023.

In addition to these Profit and Loss impacts, the realized gain on the sale of securities classified as FVOCI (Fair Value Through Other Comprehensive Income) amounted to PKR 198.1 million, representing a 20% increase over the previous year's gain of PKR 164.7 million.

Administrative expenses were tightly controlled, aligning with the income fluctuations experienced during the year. However, operational performance was impacted by unexpected provisions required for debt securities issued by the private sector.

The major provisioning was made against clients who are well-established names in their respective industries. However, the recent economic cycle has adversely affected their businesses. Management remains actively engaged with these borrowers and is optimistic about the full recovery of classified loans. Many of these clients have either proposed restructuring plans for their financial obligations or appointed advisors to oversee the restructuring on their behalf.

A total of PKR 724.5 million was provided as a diminution in the value of investments during the year. On the non-performing loans front, major cash recoveries amounted to PKR 152.51 million, while a net reversal of PKR 348.4 million was recorded. Additionally, PKR 197.5 million was written off during the year following a court settlement of a legacy non-performing account.

Credit Rating

Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed PAÏR Investment Company Ltd.'s long-term entity rating at 'AA' (Double A) and short-term entity rating at 'A1+' (A-One Plus). These ratings reflect a very low expectation of credit risk, signifying the company's strong ability to meet its financial obligations in a timely manner. The ratings are primarily driven by the joint sovereign ownership of PAÏR by Pakistan and Iran, which underscores the stability and financial strength of the company

Statement of Internal Controls

The Board is pleased to endorse the statement made by management relating to internal controls including management's evaluation of ICFR. The Management's Statement on Internal Controls is included in the Annual Report.

Corporate and Financial Reporting Framework

The Board of Directors of PAÏR, for the purpose of establishing a framework of good corporate governance, has implemented the relevant provisions of the Code of Corporate Governance for the year ended December 31, 2024. Review report on the Statement of Compliance with the Code of Corporate Governance from the external auditors is annexed with this report. As required under the Code of Corporate Governance, the Board of Directors states that:

- The financial statements prepared by the management of PAÏR present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- As a continuous process, efforts have been made to effectively implement the internal control system. An effective and sound system of internal control is in place in accordance with the requirements of the regulatory authorities.
- There is no doubt regarding PAÏR's ability to continue as a going concern.
- There has been no material departure from the best practices of the Code of Corporate Governance.

- Key operating and financial data for the years 2015-2024 in a summarized form is included in the annual report.
- The tax outstanding amount and reason thereon are properly disclosed in the attached financial statements.

Risk Management Framework

Taking cognizance of various types of business risks, an effective risk management framework is embedded in PAIR`s strategy and organization structure. An independent Credit and Risk Management Department ("CRMD") is working as a core function to strengthen Company-wide Risk Management activities by adopting Basel II/III Framework. PAÏR is fully compliant with the Capital Adequacy Requirements of the State Bank of Pakistan under the Standardized Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

The prevailing economic situation has led the company to set its focus towards the deployment of stringent risk management policies to assess, mitigate and monitor major risks associated with business operations of the company. Accordingly, the Company has established a set of activities and creates core functions to administer, manage and report in order to complement its core business objectives and to remain abreast with the latest developments & challenges to safeguard shareholders' interests & enhance Shareholder's wealth.

The Company has implemented a robust Internal Capital Adequacy Assessment Process (ICAAP) to establish more Risk Sensitive Assessment, Capital planning, formalization of Company-wide Risk Appetite, and to remain abreast of the internal and external risks that may impact future operations of the company. The deployment of this process allowed adequate management of capital as the Capital Adequacy Ratio stood at 38.27% against the regulatory requirement of 11.50% including Capital Conservation Buffer (CCB) of 1.5%. This contributed to the development of risk appetite and concentration levels with respect to the transaction level risk profiling as well as integrated portfolio management.

PAIR also periodically evaluates the organic strength of business by conducting Stress Testing of overall risk exposure. It helps to ensure the smooth operations of the business under hypothetically stressed circumstances. For this, CRMD applies shocks on different risk factors including interest rate, credit, equity price, and liquidity. Results of the latest stress testing exercise depict the solid and resilient financial position of the Company. The stress testing methodology implemented by PAIR is in adherence to SBP guidelines.

The Credit & Risk Management Department is also involved in the development of entity-wide policies, procedures, systems, and reporting mechanisms to achieve and maintain entity-wide best rating status and adaption of risk management principals in true letter and spirit. Further, the Board Risk Management Committee and Board of Directors of the Company, oversee the strategy related to risk management. In addition, the Internal Audit department conducts independent, risk-based review and verification of major functions throughout the year for evaluation of control systems supplemented by Internal Control and Compliance Divisions.

Events after the Date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the statement of the financial position that requires adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Corporate Social Responsibility

PAÏR Investment Company Limited is deeply committed to its corporate social responsibility, which is an integral part of our corporate culture. We firmly believe that our obligations extend well beyond profitability, encompassing a strong commitment to our employees, society, and the environment

At PAÏR Investment Company Ltd., we take great pride in supporting our employees. Each year, we sponsor one staff member to perform the Hajj, ensuring fairness through a transparent balloting process. In our commitment to fostering an inclusive environment, we are dedicated to providing opportunities that empower our female team members, encouraging their active participation in driving economic progress. Our goal is to cultivate goodwill and strengthen our collective bond as a team.

We are equally honored to continue our philanthropic efforts by making ongoing donations to various institutions. It is important to emphasize that all directors, executives, and their spouses have no personal interests in these charitable initiatives, ensuring transparency and reinforcing our commitment to creating a positive impact in the communities we serve.

As a joint venture between two brotherly countries, we are also committed to supporting charitable organizations and projects of Iranian origin, in compliance with all relevant rules and regulations. During the year the Company paid donations to the following institutions where none of the directors, executives or their spouses had any interest in the done (Donation/Charity):

Name of the Institution	PKR '000
Sindh Institute of Urology and Transplantation	3,000
Patient Aid Foundation	1,025
Layton Rahmatullah Benevolent Trust	1,463
The Citizen Foundation	1,080
Iranian School Managed Locally	2,384

Board of Directors

Six (6) Board Meetings were held during the year 2024. The director(s) who were not able to attend any of the meeting(s) were duly granted a leave of absence by the Board. The directors of the company attended the meetings, as under:

Name of Director	Category	Representing	Meetings Attended
Aamer Mahmood Hussain - Director	*Non-executive Director*	MOF-Pakistan	6
Zulfiqar Younas – Director	*Non-executive Director*	MOF-Pakistan	6
Dr. Mohammad Hussein Mohammadi**	*Non-executive Director*	IFIC -Iran	4
Seyed Mohammad Hadi Sobhanian	*Non-executive Director*	IFIC -Iran	3
Abbas Daneshvar Hakimi Meibodi – MD/CEO	*Executive Director*	IFIC -Iran	6

**Mr. Arif Ahmed Khan appointed as chairman of the Board, resigned from the board on 25 March 2019. Thereafter the meetings are presided by acting chairman of the board with the unanimous consensus of the board members.*

The remuneration paid to Directors for participation in Board and Committee Meetings is disclosed in note 37.2 to the financial statements.

*** Dr. Mohammad Hussein Mohammadi was appointed as Iranian Board Member in place of Mr. Gholamreza Khalil Arjmandi on 15th April, 2024.*

Board Committees

Four (4) meetings of Board Audit Committee (BAC), Four (4) meetings of Board Risk Management Committee (BRMC), Three (2) meetings of Board Human Resource Committee (BHRCC) and Three (3) meeting of Board Strategic Investment Committee (BSIC) were held during 2024.

The member(s) who were not able to attend any of the meeting(s) were duly granted leave of absence by the committee. The details of the meetings attended by each committee member are as under:

Name of Director	Representing	Designation and name of committee	No. of Meetings Attended			
			BAC	BRMC	BHRCC	BSIC
Aamer Mahmood Hussain	MOF-Pakistan	Chairman - BAC	4			
		Member - BHRC			2	
		Chairman - BRMC		4		
Zulfiqar Younas	MOF-Pakistan	Chairman - BSIC				3
		Chairman - BHRC			2	
Dr. Mohammad Hussein Mohammadi	IFIC -Iran	Member - BAC	2			
		Member - BSIC				2
		Member - BRMC		2		
Seyed Mohammad Hadi Sobhanian	IFIC -Iran	Member - BAC	2			
		Member - BHRC			1	
		Member - BSIC				1
		Member - BRMC		2		
Abbas Daneshvar Hakimi Meibodi – MD/CEO	IFIC -Iran	Member - BHRC			2	
		Member - BSIC				3
		Member - BRMC		4		

Staff End of Service Benefits

The Company operates two post-retirement funds, Provident Fund & Gratuity Fund. The carrying value of investments and bank balance respective funds as at December 31, 2024, were:

Value of the Investments and Bank Balances	Provident Fund	Gratuity Fund
	------------PKR '000------------	
2024 – Un Audited	**103,075**	**182,966**
2023 – Audited	76,490	140,381

Earnings Per Share

Basic and Diluted earnings per share have been disclosed in note 32 of the financial statements.

Pattern of Shareholding

Shareholders	Shareholding
Government of Pakistan through the Ministry of Finance	50%
Government of Iran through Iran Foreign Investment Company	50%
Total	**100%**

Appointment of Auditors

The current auditors, M/s. Yousuf Adil & Co., Chartered Accountants, have retired and, being eligible, offer themselves for reappointment at the forthcoming Annual General Meeting. Following the recommendation of the Audit Committee, the Board of Directors proposes that shareholders appoint M/s. Yousuf Adil & Co., Chartered Accountants, as the company's statutory auditors for the financial year ending December 31, 2024

Future Outlook

While economy shows signs of stabilization with declining inflation and supportive monetary policies, achieving sustainable growth will require addressing fiscal deficits, implementing structural reforms, and ensuring adherence to international standards in governance and human rights. The International Monetary Fund has revised Pakistan's projected GDP growth for 2025 to 3%, a slight decrease from the earlier forecast of 3.2%. This adjustment underscores the persistent economic hurdles the country faces.

In line with management's assessment, 2024 provided the much-needed clarity and sense of direction to the business community while we will work on the expanding the loan book it would be strictly monitored and reviewed for any signs of weaknesses in the venerable clients having faced a long spell of economic and sustainability challenges for the last few years. Onboarding will be done where the assessment and judgement can be made with sufficient reliability. Investments in debt securities will continue to provide the much need earnings support while challenges internal to the company will be managed through alternative solutions. Management will be continued to look for the avenues for the non-funded income. Seemingly an agile and continuous alignment of the internal policies would be required hence active asset and liabilities management is planned for 2025 by the management of the Company.

Appreciation and Acknowledgement

We would like to take this opportunity to express our sincere gratitude to our customers and business partners for placing their trust in us during these challenging times. We assure them of our unwavering commitment to upholding high service standards and maintaining a strong culture of corporate governance and compliance in all our endeavors. We also extend our heartfelt appreciation to the Iran Foreign Investment Company, the Ministry of Finance - Government of Pakistan, the State Bank of Pakistan, and the Securities & Exchange Commission of Pakistan for their valuable guidance and support. Finally, we thank our associates, staff, and colleagues for their continued dedication, enthusiasm, and loyalty to the growth and success of the company.

Zulfiqar Younas
Acting Chairman of the Board of Directors

Abbas Daneshvar Hakimi Meibodi
Managing Director/ Chief Executive Office

February 15, 2025

Karachi, Pakistan

YOUSUF ADIL
PACE ALIGNED ...

Yousuf Adil
Chartered Accountants

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KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAIR INVESTMENT COMPANY LIMITED

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

We have reviewed the enclosed Statement of Compliance with the best practices of The Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **PAIR Investment Company Limited** (the Company) for the year ended December 31, 2024 in accordance with the requirements of the Regulations to the extent as adopted by the Company.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as adopted by the Company for the year ended December 31, 2024. We draw attention to the following matters described in the enclosed Statement:

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

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: March 12, 2024
UDIN: CR202410057IoEbm5yuJ

Statement of Compliance with best practice of the Code of Corporate Governance

PAIR Investment Company Limited
Year ended December 31, 2024

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SBP vide BPRD Circular no.14 dated October 20, 2016 has advised that the requirement in terms of Prudential Regulation G-1 with regards to the applicability of Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan (SECP) shall not be applicable on DFIs. However, it is expected that all DFIs will continue to follow the best practices of Corporate Governance. Accordingly, the Company, has adopted certain provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), as applicable.

Accordingly, the Statement of Compliance prescribed by SECP as given below has been adjusted to the extent the same has been adopted by the Company.

The Company has complied with the requirements of the Regulations in the following manner:

1. As per the joint venture arrangement between Government of Pakistan and Government of Iran, the Company's Board of Directors comprises of six directors and all directors are nominated by both the shareholders. The Company encourages representation of non-executive directors on its Board of Directors (the Board). At present the Board includes following five Directors:

Category	Names
Executive Director	Mr. Abbas Daneshvar Hakimi Meibodi
Non-Executive Directors	Mr. Zulfiqar Younas
	Mr. Aamer Mahmood Hussain
	Dr. Seyed Mohammad Hadi Sobhanian
	Dr. Mohammad Hussein Mohammadi

2. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

3. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

5. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations (as adopted).

6. The Board has a formal policy and transparent procedure for remuneration of directors in accordance with the directives issued by the State Bank of Pakistan and the Regulations.

7. There was no change of Chief Financial Officer, Head of Internal Audit and Company Secretary. The Board has approved the remuneration of CFO, Head of Internal Audit Department and Company Secretary;

8. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

9. Chief financial officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board;

10. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

11. The Company has complied with all the corporate and financial reporting requirements of the CCG.

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

a) Board Audit Committee (BAC):

Name of Director	Category
Mr. Aamer Mahmood Hussain	Non-executive / Chairman
Dr. Seyed Mohammad Hadi Sobhanian	Non-executive / Member
Mr. Mohammad Hussain Mohammadi	Non-executive / Member

b) Board HR Compensation Committee (BHRCC):

Name of Director	Category
Mr. Zulfiqar Younas	Non-executive / Chairman
Mr. Aamer Mahmood Hussain	Non-executive / Member
Mr. Abbas Daneshvar Hakimi Meibodi	Executive Director / Member
Dr. Seyed Mohammad Hadi Sobhanian	Non-executive / Member

c) Board Risk Management Committee (BRMC):

Name of Director	Category
Mr. Aamer Mahmood Hussain	Non-executive / Chairman
Mr. Abbas Daneshvar Hakimi Meibodi	Executive Director / Member
Mr. Mohammad Hussain Mohammadi	Non-executive / Member

d) Board Strategic Investment Committee (BSIC):

Name of Director	Category
Mr. Zulfiqar Younas	Non-executive / Chairman
Mr. Mohammad Hussain Mohammadi	Non-executive / Member
Mr. Abbas Daneshvar Hakimi Meibodi	Executive Director / Member

13. The frequency of Board & Committee meetings were as per following:

(a) Board of Directors Meeting: Minimum quarterly meetings of the BOD were held, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1	75th BOD Meeting	18-Feb-24
2	76th BOD Meeting	26-May-24
3	77th BOD Meeting	23-Jun-24
4	78th BOD Meeting	25-Aug-24
5	79th BOD Meeting	27-Oct-24
6	80th BOD Meeting	21-Dec-24

(b) Audit Committee: Minimum quarterly meetings of the Audit Committee were held, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1	65st BAC Meeting	17-Feb-24
2	66nd BAC Meeting	25-May-24
3	67rd BAC Meeting	25-Aug-24
4	68th BAC Meeting	26-Oct-24

(c) Board Human Resource and Compensation Committee: The Board HRCC Committee met two times during the year, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1	42nd BHRCC Meeting	17-Feb-24
2	43rd BHRCC Meeting	25-May-24

(d) Board Risk Management Committee (BRMC): The BRMC met quarterly during the year, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1	50th BRMC Meeting	17-Feb-24
2	51st BRMC Meeting	26-May-24
3	52nd BRMC Meeting	25-Aug-24

4	53rd BRMC Meeting	26-Oct-24

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(e) Board Strategic Investment Committee (BSIC): The BSIC met on following dates during the year, details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1	25th BSIC Meeting	25-May-24
2	26th BSIC Meeting	27-Oct-24
3	27th BSIC Meeting	21-Dec-24

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

15. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

Abbas Daneshvar Hakimi Meibodi
MD / CEO

Zulfiqar Younas
Acting Chairman

This statement is being issued in compliance with the Guidelines on Internal Controls, issued by the State Bank of Pakistan (SBP) vide BSD Circular No. 7 dated May 27, 2004. Paragraph 7a of the SBP guidelines on Internal Controls requires all Banks and DFIs to assess their internal controls and their effectiveness.

Evaluation of Internal Control Systems by Management

The management of the PAIR Investment Company Limited ("DFI") is responsible for (i) preparing the DFI's annual financial statements in accordance with the approved accounting standards as applicable in Pakistan, and (ii) establishing and maintaining an adequate internal control structure and procedures for financial reporting.

The management of PAIR Investment Company Limited maintains an effective organization structure and instituting appropriate control procedures and monitors the adequacy/effectiveness of internal control systems. The Board of Directors is ultimately responsible for ensuring that an adequate and effective System of Internal Controls is established and efforts are made to implement sound control procedures and to maintain a suitable control environment.

The management of PAIR Investment Company Limited has adopted internationally accepted COSO Integrated Framework, in accordance with the guidelines on Internal Controls from the State Bank of Pakistan and has completed all stages of Internal Control over Financial Reporting ("ICFR'). In addition, DFI has formulated comprehensive guidelines for adherence to COSO framework on continuing basis.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness of future periods are subject to the risk that controls may become inadequate because of changes, or that the degree of compliance with the policies and procedures may deteriorate.

At management level, the Internal Control Monitoring Committee ("ICMC") is responsible for monitoring the adequacy and effectiveness of the internal control system including ICFR, by periodically reviewing the internal control systems and implementation of the internal control gaps/deficiencies identified by the respective departments as a result of self-assessment, internal auditors, external auditors and regulators reviews. The gap / recommendation report is then submitted to ICMC which decide on priority and implementation initiatives required taking into account nature and size of the business and cost benefit analysis of the proposed controls.

Furthermore, it also oversees the implementation of the internal controls framework and monitors the progress. Significant findings of testing are presented to the Audit Committee of the Board.

As required by the SBP, Long Form report ("LFR") on the assessment of DFI's ICFR for the year 2023 was issued by the statutory auditors. None of the deficiencies identified are expected to have a material impact on Financial Reporting. Respective departments have carried out testing of the effectiveness of ICFR prevalent throughout the DFI for the year 2024. Statutory auditors were engaged to prepare a Long Form Report on ICFR as of December 31, 2024.

The DFI is continuously making efforts to ensure that an effective and efficient Internal Control System remains active & implemented through consistent & continuous monitoring that would help in further improving the overall control environment.

Based upon the results achieved from reviews and audits conducted during the year, management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored, though room for improvement always exists.

Managing Director/ Chief Executive Office	**Chief Financial Officer**	**Head of Internal Audit**

Date: February 14, 2025

YOUSUF ADIL
PACE ALIGNED ...

Yousuf Adil
Chartered Accountants

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KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITOR'S REPORT

To the members of PAIR Investment Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **PAIR Investment Company Limited ("the Company")**, which comprise the statement of financial position as at December 31, 2024, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with notes to the financial statements, including a summary of material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit, the comprehensive income, the changes in equity and its cash flow for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the Director's report for the year ended December 31, 2024, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Yousuf Adil

Chartered Accountants

Place: Karachi
Date: March 12, 2025
UDIN: AR202410057J8uSHl1gV

PAIR Investment Company Limited
Statement of Financial Position
As at December 31, 2024

	Note	December 31, 2024	December 31, 2023
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	5	213,742	158,668
Balances with other banks	6	288,245	296,119
Lendings to financial institutions		-	-
Investments	7	25,923,281	22,650,509
Advances	8	10,700,180	10,651,883
Property and equipment	9	557,055	486,364
Right-of-use assets		-	-
Intangible assets	10	12,234	9,223
Deferred tax asset	11	576,030	441,163
Other assets	12	2,165,681	1,747,961
		40,436,448	36,441,890
LIABILITIES			
Bills payable		-	-
Borrowings	13	23,798,678	21,789,218
Deposits and other accounts	14	4,501,237	2,724,472
Lease liabilities		-	-
Subordinated loans		-	-
Deferred tax liabilities		-	-
Other liabilities	15	1,253,335	1,347,042
		29,553,250	25,860,732
NET ASSETS		10,883,198	10,581,158
REPRESENTED BY			
Share capital	16	6,000,000	6,000,000
Reserves	17	1,327,571	1,247,496
Surplus / (deficit) on revaluation of assets	18	280,885	124,696
Unappropriated profit		3,274,742	3,208,966
		10,883,198	10,581,158
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 45 form an integral part of these financial statements.

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Chief Financial Officer	Chief Executive and Managing Director	Chairman	Director	Director

PAIR Investment Company Limited
Statement of Profit and Loss Account
For the year ended December 31, 2024

	Note	December 31, 2024	December 31, 2023
		---------- (Rupees in '000) ----------	
Mark-up / return / interest earned	22	6,168,679	5,868,479
Mark-up / return / interest expensed	23	4,762,021	4,167,770
Net mark-up / interest income		1,406,658	1,700,709
NON MARK-UP / INTEREST INCOME			
Fee and Commission income	24	20,981	17,487
Dividend income		58,303	161,176
Foreign Exchange income / (loss)		552	2,173
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	25	30,832	42,669
Net gains / (losses) on derecognition of financial assets measured at amortised cost		-	-
Other income	26	3,696	16
Total non mark-up / interest income		114,364	223,521
Total Income		1,521,022	1,924,230
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	492,865	625,797
Workers Welfare Fund		17,124	21,455
Other charges	28	-	-
Total non mark-up / interest expenses		509,989	647,252
Profit before credit loss allowance		1,011,033	1,276,978
Credit loss allowance and write offs - net	29	573,720	170,882
PROFIT BEFORE LEVIES AND TAXATION		437,313	1,106,096
Levies	30	110,726	25,991
PROFIT BEFORE INCOME TAX		326,587	1,080,105
Taxation	31	(73,790)	311,354
PROFIT AFTER TAXATION		400,377	768,751
Basic and diluted earnings per share	32	0.67	1.28

The annexed notes 1 to 45 form an integral part of these financial statements.

Kowsel,

Chief Financial Officer

Chief Executive and Managing Director

Chairman

Director

Director

PAIR Investment Company Limited
Statement of Comprehensive Income
For the year ended December 31, 2024

	December 31, 2024	December 31, 2023
	---------- (Rupees in '000) ----------	
Profit after taxation for the year	**400,377**	768,751
Other comprehensive income		
Items that may be reclassified to statement of profit and loss account in subsequent periods:		
Movement in surplus on revaluation of debt investments through fair value other comprehensive income - net of tax	**180,072**	51,278
Items that will not be reclassified to statement of profit and loss account in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	**(2,628)**	10,546
Movement in (deficit) / surplus on revaluation of investments in equity investments - net of tax	**(23,883)**	341,915
Realised gain on sale of securities classified as fair value other comprehensive income	**198,102**	164,719
Total comprehensive income	**752,040**	1,337,209

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive and Managing Director	Chairman	Director	Director

PAIR Investment Company Limited
Cash Flow Statement
For the year ended December 31, 2024

	Note	December 31, 2024	December 31, 2023
		---------- (Rupees in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		437,313	1,106,096
Less: Dividend income		(58,303)	(161,176)
		379,010	944,920
Adjustments:			
Depreciation on owned fixed assets		54,485	28,683
Amortisation		239	162
Impairment of assets		-	12,406
Credit loss allowance and write-offs		573,720	158,342
Gain on disposal of property and equipment		(3,696)	(16)
Charge for defined benefit plan		14,584	16,329
Unrealised (gain) / loss on revaluation of equity investments classified as FVPL		(15,991)	166
		623,341	216,072
		1,002,351	1,160,992
Decrease in operating assets			
Securities classified as FVPL		(191,246)	(16,696)
Advances		102,574	(1,033,701)
Others assets (excluding advance taxation)		170,793	(352,047)
		82,121	(1,402,444)
Increase in operating liabilities			
Borrowings from financial institutions		2,009,460	1,453,101
Deposits		1,776,765	952,862
Other liabilities (excluding current taxation)		(93,707)	494,602
		3,692,518	2,900,565
		4,776,990	2,659,113
Levies paid		(110,726)	(25,991)
Income tax paid		(720,250)	(621,593)
Defined benefits paid		(30,553)	(28,824)
Net cash flows from operating activities		3,915,461	1,982,705
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI - Debt		(3,892,826)	(1,603,610)
Net Investments in securities classified as FVOCI - Equity		537,792	
Net Investments in amortized cost securities		-	115,741
Dividend income received		58,303	161,176
Investments in property and equipment		(126,130)	(47,209)
Disposal of property and equipment		4,650	99
Net cash flows used in investing activities		(3,418,211)	(1,373,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(450,000)	(350,000)
Net cash flows from financing activities		(450,000)	(350,000)
Increase in cash and cash equivalents		47,250	258,902
Cash and cash equivalents at beginning of the year	33	454,921	196,019
Cash and cash equivalents at end of the year		502,171	454,921

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive and Managing Director	Chairman	Director	Director

PAIR Investment Company Limited
Statement of Changes in Equity
For the year ended December 31, 2024

	Note	Share capital	Statutory reserve	Surplus / (deficit) on Investments	Unappropriated profit	Total
		(Rupees in '000)				
Opening Balance as at 01 January 2023		**6,000,000**	**1,093,746**	**(268,497)**	**2,947,810**	**9,773,059**
Impact of first time adoption of IFRS-9		-	-	-	(179,110)	(179,110)
Total comprehensive income for the year						
Profit after tax for the year ended 31 December 2023		-	-	-	768,751	768,751
Other comprehensive income						
Movement in surplus on revaluation of investments in equity instruments - net of tax		-	-	341,915	-	341,915
Movement in surplus on revaluation of investments in debt instruments - net of tax		-	-	51,278	-	51,278
Realized gain on sale of securities classified as FVOCI					164,719	164,719
Remeasurement gain on defined benefit obligations - net of tax		-	-	-	10,546	10,546
Total comprehensive income for the year ended 31 December 2023		-	-	**393,193**	**944,016**	**1,337,209**
Transfer to statutory reserve	17	-	153,750	-	(153,750)	-
Final cash dividend - 31 December 2022 declared subsequent to the year end		-	-	-	(350,000)	(350,000)
Opening Balance as at 01 January 2024		**6,000,000**	**1,247,496**	**124,696**	**3,208,966**	**10,581,158**
Total comprehensive income						
Profit after tax for the year ended 31 December 2024		-	-	-	400,377	400,377
Other comprehensive income						
Movement in deficit on revaluation of investments in equity investments - net of tax		-	-	(23,883)	-	(23,883)
Movement in surplus on revaluation of investments in debt instruments - net of tax		-	-	180,072	-	180,072
Realised gain on sale of securities classified as FVOCI					198,102	198,102
Remeasurement gain on defined benefit obligations - net of tax		-	-	-	(2,628)	(2,628)
Total comprehensive income for the year ended 31 December 2024		-	-	156,189	595,851	752,040
Transfer to statutory reserve	17	-	80,075	-	(80,075)	-
Transactions with owners recorded directly in equity						
Final cash dividend - 31 December 2023 declared subsequent to the year end in 2024		-	-	-	(450,000)	(450,000)
Closing Balance as at 31 December 2024		**6,000,000**	**1,327,571**	**280,885**	**3,274,742**	**10,883,198**

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer | Chief Executive and Managing Director | Chairman | Director | Director

1. STATUS AND NATURE OF BUSINESS

PAÏR Investment Company Limited (the Company) is an unlisted public limited company incorporated in Pakistan on 15 January 2007 under the Companies Act, 2017 (repealed Companies Ordinance, 1984). The Company has been notified as a Development Financial Institution (DFI) by the Ministry of Finance, Government of Pakistan.

The Company is a Joint Venture (50:50) between Government of Pakistan and Iran Foreign Investment Company which is owned by the Government of Iran. The Company's objectives interalia includes financing for industrial and commercial projects, capital and money market operations and other investment banking activities. Its registered and principal office is situated at 17th Floor Ocean Tower, Clifton, Karachi. The other regional office is situated at Mezzanine Floor, PACE Tower T-27-H Gulberg 2, Lahore.

2 BASIS OF PRESENTATION

2.1 These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 of 2023 dated February 09, 2023 effective from the accounting year ended December 31, 2023.

These financial statements have been presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of and directives issued under the Banking Companies Ordinance (BCO), 1962, the 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 BCO, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;

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

- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan.

2.3 Standards, interpretation and amendments to publish accounting and reporting standards that are effective:

The following amendments are effective for the year ended December 31, 2024. These amendments and improvements are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

2.4 Standards, interpretation and amendments to publish accounting and reporting standards that are not yet effective:

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
- Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 01, 2026
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with accounting standards as applicable in Pakistan requires management to make judgements, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgements, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Classification and valuation of investments and impairment (Note 4.2 and 7.1)
- Provision against non-performing advances including net investment in finance lease (notes 4.2.7 and 8.3.2)
- Non-banking asset acquired in satisfaction of claims (notes 4.6)
- Useful life and residual value of fixed and intangible assets, depreciation and amortisation (notes 4.5, 9,10)
- Current and deferred taxation (notes 4.12, 11, 31)
- Accounting for defined benefit plan (Note 4.8, 4.9 and 35)
- Contingencies and commitments (Note 19)

The underlying estimates and judgements and methods of computation adopted in preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2023 except as disclosed in below :

2.6 Change In risk parameter

During the year, the company has revised its risk parameter of LGD (loss given default) for calculation of Expected credit loss, previously, the company was using the LGD percentages prescribed under the Basel Foundation – Internal Rating-Based (F-IRB) approach to determine ECL, as per BSD Circular No. 08 dated June 27, 2006. The change in risk parameter is applicable from January 01, 2024 and is treated as change in estimate. Had there is no change in parameter, the ECL against advances and investments, for the year would reduced by Rs. 120.328 million and Rs. 317.820 million respectively.

3. BASIS OF MEASUREMENT & FUNCTIONAL AND PRESENTATION CURRENCY

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments and defined benefit plan, which are revalued as referred to in notes 8 and 36.

3.2 Functional and presentation currency

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except for those mentioned in note no 4.1.

4.1 ADOPTION OF NEW ACCOUNTING POLICY

4.1.1 Accounting for minimum taxes and final taxes

During May 2024, The Institute of Chartered Accountants of Pakistan (ICAP) issued a guide 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the Guide) to provide guidance on accounting of minimum tax and final tax, as mentioned in the Income Tax Ordinance, 2001, under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards.The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide).

In view of the clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 (as these are not based on taxable profits), hence, it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The Guide issued by ICAP provides approaches to account for minimum and final regime taxes according to the facts and circumstances as applicable to the Company. Accordingly, the Company has adopted the following approach:

The Company first designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21 'Levies/IAS 37' Provisions, Contingent Liabilities and Contingent Assets.

Therefore, the effective rate of income tax is equal to the enacted rate of income tax and and the deferred tax will be calculated at such rate.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guidance provided in the guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid assets'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax liability recognised in the year ended December 31, 2024 was already at enacted rate and the application of this guide did not result any material differences except for reclassifications which are presented as below:

	Current Classification	Previous Classification
	(Rupees in '000)	
Effect on statement of profit and loss account:		
For the year ended December 31, 2023		
Taxation:		
- Current year	**290,808**	316,799
Levies:		
-Final tax	**25,991**	-
	316,799	316,799

4.1.2 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

(a) those outflows of resources that are within the scope of other standards.

(b) fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid assets'[It can be changed depending on entity's specific cases].

i. Revenue taxes

Revenue taxes includes amount representing excess of :

a) minimum tax paid under section 113 over income tax determined on income streams taxable at general rate of taxation and;

b) minimum tax withheld / collected / paid or computed over tax liability computed on (related income tax streams taxable at general rate of tax), is not adjustable against tax liability of subsequent tax years.

Amount over income tax determined on income streams taxable at general rate of taxation shall be treated as revenue taxes.

The company determines, based on expected future taxable profits, that excess paid under section 113 by the entity over and above its tax liability (on income stream(s) taxable at general rate of taxation) is expected to be realized in subsequent tax years, then, such excess shall be recorded as deferred tax asset adjustable against tax liability for subsequent tax years. This shall be recognized as 'deferred tax asset' for the reason that it represents unused tax credit as it can be adjusted only against tax liability (of subsequent tax years) arising on taxable income subject to general rate of taxation. Such an asset shall be subject to requirements contained in IAS 12 'Income Tax'

ii. Final Taxes

Final taxes includes tax charged / withheld / paid on certain income streams under various provisions of Income Tax Ordinance, 2001 (Ordinance). Final tax is charged / computed under the Ordinance, without reference to income chargeable to tax at the general rate of tax and final tax computed / withheld or paid for a tax year is construed as final tax liability for the related stream of Income under the Ordinance.

Final tax paid is considered to be full and final discharge of the tax liability for the Company for a tax year related to that income stream.

4.2 IFRS 9 - 'Financial Instruments

4.2.1 Initial recognition and measurement

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

Amortised cost

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

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for these financial assets in the statement of profit or loss account. Interest / dividend income on these assets are recognised in the statement of profit or loss account. On derecognition of these financial assets, capital gain / loss is recognised in the statement of other comprehensive income.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction costs are 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 recognised in the statement of profit or loss account. On derecognition of these financial assets, capital gain / loss is recognised in the statement of profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

Equity based financial assets

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

4.2.2 Derecognition

Financial assets

The Company derecognises 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its 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 derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises 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 recognised 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 recognised in the statement of profit or loss account.

4.2.3 Modification

The Company 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 Company recalculates the gross carrying amount of the financial asset and recognise a modification gain or loss in the statement of profit or loss account. The gross carrying amount of the financial asset is 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 amortised over the remaining term of the modified financial asset.

4.2.4 Off setting

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

4.2.5 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specific in the contract discharge, cancel or expire. Any gain or loss on derecognition of the financial asset and liability is recognised in the statement of profit or loss account of the current year.

4.2.6 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of derivative financial instruments is taken to the statement of profit and loss account.

4.2.7 Overview of the ECL principles

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilized financing commitments hereinafter referred to as "Financial Instruments". The Company recognises 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 Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Company may rebut 30 DPD presumption based on behavioral analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its 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 recognised, the Company recognises 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 Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company 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 Company recognises the lifetime expected credit losses for these instruments. The Company uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever 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 recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Undrawn financing When estimating LTECLs for undrawn financings commitments, the Company 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 is 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 within other liabilities.

Guarantee and letters of credit contracts The Company estimates ECLs based on the BASEL driven credit conversion factor (CCF) for Guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liability.

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 amortised cost of a financial liability

The calculation of ECLs

The Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive.

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

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as the Pluto and Tasche Model of default, particularly for low default portfolios which are based on the Company's internal risk ratings (i.e. from 1 to 12). PDs for Non advances portfolio, the Company has used PDs prescribed by Standard and Poor's (S&Ps) against each risk rating. PDs are then adjusted using Vasicek Model for IFRS 9 ECL calculations to incorporate forward looking information.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and 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 Company has the legal right to call it earlier. The Company's product offering includes a variety of corporate facilities, in which the Company has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

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

The 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. In the absence of computation of the effective profit rate (at reporting date), the Company uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The Company considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability

- History of enforceability and recovery.

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

Forward looking information

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

- GDP growth
- Consumer price index
- Unemployment rate

4.2.8 Definition of default

The Company 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.

Further the following criteria has been determined for assessment of default:

- The Company makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Company taking on the exposure,

- The Company sells the credit obligation at a material credit-related economic loss,

- The Company consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees,

- The Company has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the industry group, and

- The obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

4.2.9 Write-offs

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

4.3 Cash and cash equivalents

For the preparation of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks excluding any term deposit with original terms of greater than three months.

4.4 Repurchase / resale agreements

The Company enters into repurchase / resale agreements at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligations

Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repurchase agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised as investments in the statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the resale agreement.

4.5 Fixed Assets

Capital work in progress

Capital work in progress are stated at cost less impairment, if any. These are transferred to specific assets as and when assets become available for use.

Property and equipment - owned

Operating fixed assets except capital work in progress, are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to statement of profit and loss account on straight line basis so as to write-off the assets over their expected economic lives at the rates specified in note 10.1 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Full month Depreciation is charged in the month the assets are available for use while no depreciation is charged in the month of disposal.

Operating fixed assets transferred from non-banking assets are recognised at fair value as at the date of transfer which is deemed to be the cost of that asset. Any surplus available on the date of transfer is reclassified to unappropriated profits through equity on the transfer date.

Normal repairs and maintenance are charged to statement of profit and loss account as and when incurred. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in operating fixed assets.

Gains and losses on disposal of assets are included in statement of profit and loss account. The Company reviews the rate of depreciation / useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on depreciation charge and impairment.

Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised from the month when these are available for use, using the straight line method, whereby the cost of an intangible asset is amortised over the period which takes into account the economic benefits that will be available to the Company. The residual value, useful life and amortisation method is reviewed and adjusted, if appropriate, at each reporting date.

4.6 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per SBP's requirement by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken statement to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of property is charged to statement of profit and loss account and not capitalised.

4.7 Borrowings and deposits

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

4.8 Staff retirement benefit

Defined benefit plan

The Company operates an approved funded gratuity scheme for all its permanent employees who have completed the qualifying period under the scheme. The scheme is administered by a Board of Trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the Projected Unit Credit Method for the valuation of the scheme.

Gratuity is payable to staff on completion of two years of service.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. The Company recognises past service cost as an expense at the earlier of the following dates:

a) when the plan amendment or curtailment occurs; or

b) and when the Company recognises related restructuring costs or termination benefits.

The Company has adopted certain actuarial assumptions as disclosed in the note 34.3 for valuation of defined benefit obligation and fair value of plan assets, based on actuarial advice.

Defined contribution plan

The Company operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of the basic salary.

4.9 Employees' compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leave as a result of services rendered by the employee against un-availed leaves upto the reporting date.

4.10 Foreign currencies

Transactions and balances in foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the exchange rates prevailing at the reporting date. Foreign currency transactions during the year are recorded at the rates prevailing on the date of transaction.

Translation gains and losses

Exchange gains and losses are included in statement of profit and loss account.

4.11 Revenue recognition

Mark-up / return / interest income is recognised on accrual basis taking into account effective yield on the asset, except where recovery is considered doubtful, the income is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP.

A gain / loss on sale of securities is recognised in statement of profit and loss account at the time of sale of relevant securities.

The surplus / deficit arising on revaluation of the Company's FVTPL investment portfolio is taken to the statement of profit and loss account.

Premium or discount on acquisition of investments is capitalised and amortised through the statement of profit and loss account account over the remaining period through effective interest method.

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

Fee, commission and brokerage income is recognised as the services are rendered.

4.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss account except to the extent that it relates to the items recognised directly in equity or surplus on revaluation of assets, in which case it is recognised in equity or surplus on revaluation of assets.

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the enacted tax rate.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

4.13 Other provisions

Other provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

4.14 Dividend distribution

Dividend and appropriation to reserves, except appropriation which is required by the law after the reporting date, is recognised as liability in the Company's financial statements in the period in which these are approved.

4.15 Earnings per share

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

4.16 Segment reporting

A segment is distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

4.17 Business segments

Following are the main segments of the Company:

Corporate finance and commercial banking	It includes loans, advances, leases and other transactions with corporate customers. Further, it undertakes advisory services including mergers and acquisitions, listed debt syndication, trustee activities and other investment banking activities.
Trading & Sales (other than Capital Market)	Undertakes Company's fund management activities through leveraging and investing in liquid assets such as short term placements, government securities and reverse repo activities. It carries out spread based activities in the inter bank market and manages the interest rate risk exposure of the Company.
Capital Market	Includes trading in listed securities with a view to trade and earn the benefit of market fluctuations and to hold securities for dividend income and capital gains.

4.17.1 Geographical segments

The Company operates only in Pakistan.

4.18 Statutory reserve

Every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit to a statutory reserve until the reserve equals share capital, thereafter 5% of the profit of the DFI is to be transferred to this reserve.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2024	2023
		---------- (Rupees in '000) ----------	
In hand			
Local currency		67	-
Foreign currencies		256	6,138
		323	6,138
With State Bank of Pakistan in			
Local currency current account	5.1	212,490	151,715
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account	5.2	912	798
		929	815
		213,742	158,668
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		213,742	158,668

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

5.2 This carries mark-up at the rate 13.50% per annum (2023: 20.50%).

6. BALANCES WITH OTHER BANKS

	Note	2024	2023
		---------- (Rupees in '000) ----------	
In Pakistan			
In current accounts		100,258	119,259
In deposit accounts	6.1	188,171	176,994
		288,429	296,253
Less: Credit loss allowance held against balances with other banks		(184)	(134)
Balances with other banks - net of credit loss allowance		288,245	296,119

6.1 These deposit accounts carry annual mark-up rate of 5.02% to 13.50% (2023: 6.75% to 20.50%).

7 INVESTMENTS

7.1 Investments by type:

	Note	2024 Cost / amortised cost	2024 Credit loss allowance	2024 Surplus / (deficit)	2024 Carrying value	2023 Cost / amortised cost	2023 Credit loss allowance	2023 Surplus / (deficit)	2023 Carrying value
		(Rupees in '000)							
- Debt Instruments									
Classified / Measured at FVOCI									
Federal Government securities	7.4.1	19,970,322	-	292,874	20,263,196	15,917,301	-	14,496	15,931,797
Non Government Debt Securities	7.4.3	5,924,289	(776,258)	6,222	5,154,253	5,922,710	(51,717)	11,332	5,882,325
		25,894,611	(776,258)	299,096	25,417,449	21,840,011	(51,717)	25,828	21,814,122
Classified / Measured at amortised cost									
- Equity instruments									
Classified / Measured at FVOCI									
Shares - listed	7.4.2	142,029	-	78,298	220,327	643,493	-	114,626	758,119
Classified / Measured at FVPL									
Shares - listed		269,514	-	15,991	285,505	74,143	-	4,125	78,268
Total investments		26,306,154	(776,258)	393,385	25,923,281	22,557,647	(51,717)	144,579	22,650,509

7.2 Investments by segments

	Note	2024 Cost / amortised cost	2024 Credit loss allowance	2024 Surplus / (deficit)	2024 Carrying value	2023 Cost / amortised cost	2023 Credit loss allowance	2023 Surplus / (deficit)	2023 Carrying value
		(Rupees in '000)							
Federal Government securities									
- Market treasury bills	7.5	918,681	-	9,610	928,291	1,705,579	-	5,393	1,710,972
- Pakistan Investment Bonds	7.6	19,051,641	-	283,264	19,334,905	14,211,722	-	9,103	14,220,825
		19,970,322	-	292,874	20,263,196	15,917,301	-	14,496	15,931,797
Shares - listed	7.4.2								
- Ordinary shares of listed companies		383,934	-	90,700	474,634	690,027	-	113,505	803,532
- Preference shares of a listed company		27,609	-	3,589	31,198	27,609	-	5,246	32,855
		411,543	-	94,289	505,832	717,636	-	118,751	836,387
Non Government Debt Securities	7.4.3								
- Term finance certificate - listed		1,908,811	(32,147)	(6,255)	1,870,409	2,159,676	(12,591)	(6,358)	2,140,727
- Term finance certificate - unlisted		2,085,451	(334,998)	12,072	1,762,525	2,029,841	(6,746)	17,019	2,040,114
- Sukuk certificates - listed		297,750	(161,638)	280	136,392	372,750	(395)	671	373,026
- Sukuk certificates - unlisted		1,632,277	(247,475)	125	1,384,927	1,360,443	(31,985)	-	1,328,458
		5,924,289	(776,258)	6,222	5,154,253	5,922,710	(51,717)	11,332	5,882,325
Total investments		26,306,154	(776,258)	393,385	25,923,281	22,557,647	(51,717)	144,579	22,650,509

	2024	2023
	---------- (Rupees in '000) ----------	
7.2.1 Investments given as collateral		
Market Treasury Bills		
Carrying value - before revaluation	-	116,362
Surplus	-	44
	-	116,406
Pakistan Investment Bonds		
Carrying value - before revaluation	**5,571,868**	10,197,913
Surplus / (Deficit)	**49,092**	(15,291)
	5,620,960	10,182,622
Shares		
Carrying value - before revaluation	**39,624**	85,670
Impairment	-	-
Surplus	**28,353**	13,867
	67,977	99,537

Above debt securities are pledged against the repurchase borrowings, while shares are pledged with National Clearing Company Pakistan Limited (NCCPL) against ready market exposure.

	2024	2023
	---------- (Rupees in '000) ----------	
7.2.2 Credit loss allowance for diminution in value of investments		
Opening balance	**51,717**	39,311
Impact of Adoption of IFRS 9	-	2,641
Charge / reversals		
Charge for the year	**728,715**	11,927
Reversal on disposals	**(4,174)**	(2,162)
	724,541	9,765
Closing Balance	**776,258**	51,717

7.3 Particulars of credit loss allowance

7.3.1 Investments - exposure

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2023 Stage 1	2023 Stage 2	2023 Stage 3
	---------- (Rupees in '000) ----------			---------- (Rupees in '000) ----------		
Opening balance	**22,516,524**	**-**	**41,123**	21,430,443	-	43,290
New investments	**9,126,959**	**-**	**37,351**	11,872,492	-	-
Investments derecognised or repaid	**(5,321,676)**	**(25,000)**	**(69,127)**	(10,776,178)	-	(2,167)
Transfer to stage 1	**-**	**-**	**-**	-	-	-
Transfer to stage 2	**(50,000)**	**50,000**	**-**	-	-	-
Transfer to stage 3	**(899,959)**	**-**	**899,959**	-	-	-
	2,855,324	**25,000**	**868,183**	1,096,314	-	(2,167)
Amounts written off / charged Off	**-**	**-**	**-**	(10,233)	-	-
Closing balance	**25,371,848**	**25,000**	**909,306**	22,516,524	-	41,123

7.3.2 Investments - Credit loss allowance

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2023 Stage 1	2023 Stage 2	2023 Stage 3
	---------- (Rupees in '000) ----------			---------- (Rupees in '000) ----------		
Gross carrying amount - Current year	**10,594**	**-**	**41,123**	-	-	39,311
Impact of Adoption of IFRS 9	**-**	**-**	**-**	2,641	-	-
New investments	**24,998**	**-**	**-**	47	-	3,974
Investments derecognised or repaid	**(188)**	**-**	**(3,329)**	-	-	(2,162)
Transfer to stage 1	**-**	**-**	**-**	-	-	-
Transfer to stage 2	**(59)**	**271**	**-**	-	-	-
Transfer to stage 3	**(7,166)**	**-**	**392,194**	-	-	-
	17,585	**271**	**388,865**	47	-	(1,812)
Amounts written off / charged off	**-**	**-**	**-**	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	**21,291**	**205**	**296,324**	7,906	-	-
Closing balance - Current year	**49,470**	**476**	**726,312**	10,594	-	41,123

7.3.3 Particulars of credit loss allowance against debt securities

		2024 Outstanding amount	2024 Credit loss allowance held	2023 Outstanding amount	2023 Credit loss allowance held
		--------------------Rupees in '000--------------------			
Domestic					
Performing	Stage 1	**24,960,305**	**49,470**	21,798,888	10,594
Underperforming	Stage 2	**25,000**	**476**	-	-
Non-Performing	Stage 3				
Substandard		**400,115**	**316,114**	-	-
Doubtful		**471,397**	**372,404**	-	-
Loss		**37,794**	**37,794**	41,123	41,123
		909,306	**726,312**	41,123	41,123
Total		**25,894,611**	**776,258**	21,840,011	51,717
Overseas					
Performing	Stage 1	-	-	-	-
Underperforming	Stage 2				
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		-	-	-	-

7.4 **Quality of securities**

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

	Note	Cost 2024	Cost 2023
		---------- (Rupees in '000) ----------	
7.4.1 Federal Government Securities - Government guaranteed			
Market Treasury Bills	7.5	**918,681**	1,705,579
Pakistan Investment Bonds	7.6	**19,051,641**	14,211,722
		19,970,322	15,917,301
7.4.2 Shares			
Listed Companies			
- Commercial Banks		**88,889**	312,981
- Textile Composite		**2,387**	50,447
- Power Generation and Distribution		**23,094**	39,269
- Oil and Gas Exploration Companies		**29,159**	90,786
- Fertilizer		**-**	7,931
- Oil and Gas Marketing Companies		**61,189**	28,675
- Fixed Line Telecommunication		**8,568**	36,893
- Insurance		**13,404**	25,564
- Miscellaneous		**-**	6,932
- Refinery		**9,600**	5,700
- Chemicals		**76,233**	27,609
- Automobile Parts and Accessories		**1,054**	12,105
- Engineering		**-**	19,163
- Automobile Assembler		**-**	3,150
- Household Goods		**44,311**	-
- Pharmacuticals		**-**	8,257
- Technology Hardware and Equipment		**21,375**	-
- Cement		**32,280**	34,678
- Financial Services		**-**	1,892
- Industrial Transportation		**-**	3,702
- Industrial Metals and Mining		**-**	1,902
		411,543	717,636

		Note	Cost 2024	Cost 2023
			---------- (Rupees in '000) ----------	
7.4.3	**Non Government Debt Securities**			
7.4.3.1	**Listed Term Finance Certificates (TFC) and Sukkuk Certificates**			
	AAA		-	-
	AA+, AA, AA-		**1,836,396**	1,132,627
	A+, A, A-		**154,920**	1,388,554
	CCC and below		**204,000**	-
	Unrated		**11,245**	11,245
			2,206,561	2,532,426
7.4.3.2	**Unlisted Term Finance Certificates (TFC) and Sukkuk Certificates**			
	AAA		**500,000**	299,400
	AA+, AA, AA-		**835,301**	1,273,332
	A+, A, A-		**1,618,368**	1,297,461
	BBB+, BBB, BBB-		**69,997**	90,000
	BB+, BB, BB-		-	400,214
	B+, B, B-		**667,513**	-
	Unrated		**26,549**	29,877
			3,717,728	3,390,284

7.5 Market treasury bills carry yield of 16.99% (2023: 21.43% to 22.99%) per annum with maturities upto August 21, 2025 (2023: December 12, 2024).

7.6 The investments in Pakistan Investment Bonds are maturing upto November 04, 2031 (2023: 22 October 2030) and the effective yield ranges from 7.33% to 22.64% (2023: 7.33% to 23.90%) per annum.

8 ADVANCES

	Note	Performing		Non performing		Total	
		2024	2023	**2024**	2023	**2024**	2023
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	8.1 & 8.2	**10,614,750**	10,458,989	**1,816,616**	2,244,827	**12,431,366**	12,703,816
Islamic financing and related assets		**-**	-	**133,749**	161,358	**133,749**	161,358
Advances - gross	8.3	**10,614,750**	10,458,989	**1,950,365**	2,406,185	**12,565,115**	12,865,174
Credit loss allowance against advances							
-Stage 1	8.4 & 8.5	**(78,504)**	(172,335)	**-**	-	**(78,504)**	(172,335)
-Stage 2		**(21,187)**	(8,796)	**(30,727)**	(9,422)	**(51,914)**	(18,218)
-Stage 3		**-**	-	**(1,734,517)**	(2,022,738)	**(1,734,517)**	(2,022,738)
		(99,691)	(181,131)	**(1,765,244)**	(2,032,160)	**(1,864,935)**	(2,213,291)
Advances - net of provision		**10,515,059**	10,277,858	**185,121**	374,025	**10,700,180**	10,651,883

These include personal loans and house loans of Rs. 66.097 million (2023: Rs. 101.495 million) advanced to employees in accordance with their terms of employment. These personal loans and house loans carry mark-up at the rates of 3% and 5% (2023: 3% and 5%) respectively.

8.1 Includes net investment in finance lease as disclosed below:

	2024			2023		
	Not later than one year	**Later than one and less than five years**	**Total**	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	**754,374**	**1,559,904**	**2,314,278**	625,194	1,287,885	1,913,079
Residual value	**211,505**	**559,370**	**770,875**	202,393	440,222	642,615
Minimum lease payments	**965,879**	**2,119,274**	**3,085,153**	827,587	1,728,107	2,555,694
Financial charges for future periods	**(237,721)**	**(324,569)**	**(562,290)**	(154,841)	(275,356)	(430,197)
Present value of minimum lease payments	**728,158**	**1,794,705**	**2,522,863**	672,746	1,452,751	2,125,497

The Company's implicit rate of return on leases ranges between 14.12% and 26.66% (2023: 11.68% and 28.60%) per annum. These are secured against leased assets and security deposits generally unto 50% (2023: 50%) of the cost of leased assets. Further, the carrying amount of Rs. 185.121 million (2023: Rs. 374.025 million) pertaining to non-performing loan includes security deposit against lease assets placed by the customer with the Company therefore no provision is recorded in accordance with prudential regulations and IFRS 9.

8.2 Particulars of advances (Gross)

	2024	2023
	(Rupees in '000)	
In local currency	**12,565,115**	12,865,174
In foreign currencies	-	-
	12,565,115	12,865,174

Advances include Rs. 1,950 million (2023: Rs. 2,406 million) which has been placed under non-performing status as detailed below:

8.2.1 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
	(Rupees in '000)	
Women	-	-
Women Owned and Managed Enterprises	**92,083**	322,083

8.2.2 Gross loans disbursed to women, women-owned and managed enterprises during the year 2024 is Rs. Nil (2023: 325 million).

8.3 Particulars of credit loss allowance

8.3.1 Advances - Exposure

	Note	2024			2023		
Gross carrying amount - opening		**10,087,772**	**532,575**	**2,244,827**	8,820,929	597,160	1,902,140
New advances		**4,845,746**	**222,852**	**18,694**	6,632,110	-	-
Advances derecognised or repaid		**(4,651,133)**	**(289,313)**	**(249,420)**	(4,962,005)	(103,460)	(21,700)
Transfer to stage 1		**329,363**	**(329,363)**	-	-	-	-
Transfer to stage 2		**(308,665)**	**308,665**	-	(190,319)	190,319	-
Transfer to stage 3		-	-	-	(212,943)	(151,444)	364,387
		215,311	**(87,159)**	**(230,726)**	1,266,843	(64,585)	342,687
Amounts written off / charged off	8.6	-	-	**(197,485)**	-	-	-
Closing balance - Current year		**10,303,083**	**445,416**	**1,816,616**	10,087,772	532,575	2,244,827

8.3.2 Advances - Credit loss allowance

	Note	2024			2023		
Opening balance		**172,335**	**18,218**	**2,022,738**	-	-	1,878,498
Impact of Adoption of IFRS 9		-	-	-	151,836	23,442	1,173
New Advances		**12,130**	**8,082**	-	66,131	-	-
Advances derecognised or repaid		**(137,527)**	**(4,476)**	**(155,094)**	(40,872)	(5,700)	(20,878)
Transfer to stage 1		**1,559**	**(4,321)**	-	-	-	-
Transfer to stage 2		**(3,778)**	**12,226**	-	(499)	4,512	-
Transfer to stage 3		-	-	-	(4,261)	(4,036)	163,945
		(127,616)	**11,511**	**(155,094)**	20,499	(5,224)	143,067
Amounts written off / charged off	8.6	-	-	**(197,485)**	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)		**33,785**	**22,185**	**64,358**	-	-	-
Closing balance		**78,504**	**51,914**	**1,734,517**	172,335	18,218	2,022,738

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

	Note	**Stage 1**	**Stage 2**	**Stage 3**	Stage 1	Stage 2	Stage 3
			'Rupees in '000			'Rupees in '000	
Outstanding gross exposure							
Performing - Stage 1		**10,303,083**	**-**	**-**	10,087,772	-	-
Under Performing - Stage 2		**-**	**445,416**	**-**	-	532,575	-
Non-performing - Stage 3							
Substandard		**-**	**-**	**-**	-	-	-
Doubtful		**-**	**-**	**288,755**	-	-	364,387
Loss		**-**	**-**	**1,527,861**	-	-	1,880,440
		-	**-**	**1,816,616**	-	-	2,244,827
Total		**10,303,083**	**445,416**	**1,816,616**	10,087,772	532,575	2,244,827
Corresponding ECL							
Stage 1 and stage 2		**78,504**	**51,914**	**-**	172,335	18,218	-
Stage 3		**-**	**-**	**1,734,517**	-	-	2,022,738
		78,504	**51,914**	**1,734,517**	172,335	18,218	2,022,738

8.4 **Category of classification in stage 3**

	2024		2023	
	Non performing loans	**Provision**	Non performing loans	Provision
		(Rupees in '000)		
Domestic				
Other Assets Especially Mentioned	**133,749**	**30,727**	161,358	9,422
Substandard	**-**	**-**	-	-
Doubtful	**288,755**	**228,117**	364,387	163,974
Loss	**1,527,861**	**1,506,400**	1,880,440	1,858,764
	1,950,365	**1,765,244**	2,406,185	2,032,160

8.5 **Particulars of Credit loss allowance against advances**

		2024			2023	
	Stage 3	**Stage 1 & 2**	**Total**	Stage 3	Stage 1 & 2	Total
		'Rupees in '000			'Rupees in '000	
Opening balance	**2,022,738**	**190,553**	**2,213,291**	1,878,498	-	1,878,498
Impact of Adoption of IFRS 9	**-**	**-**	**-**	1,173	175,278	176,451
Charge for the year	**64,143**	**119,286**	**183,429**	163,945	70,643	234,588
Reversals	**(154,879)**	**(179,421)**	**(334,300)**	(20,878)	(55,368)	(76,246)
	(90,736)	**(60,135)**	**(150,871)**	143,067	15,275	158,342
Amounts written off	**(197,485)**	**-**	**(197,485)**	-	-	-
Other movements	**-**	**-**	**-**	-	-	-
Closing balance	**1,734,517**	**130,418**	**1,864,935**	2,022,738	190,553	2,213,291

8.5.1 Particulars of Credit loss allowance against advances

	2024 Stage 3	2024 Stage 1 & 2	2024 Total	2023 Stage 3	2023 Stage 1 & 2	2023 Total
	'Rupees in '000			'Rupees in '000		
In local currency	**1,734,517**	**130,418**	**1,864,935**	2,022,738	190,553	2,213,291
In foreign currencies	**-**	**-**	**-**	-	-	-
	1,734,517	**130,418**	**1,864,935**	2,022,738	190,553	2,213,291

8.6 Particulars of write offs:

		Note	2024	2023
			(Rupees in '000)	
8.6.1	Against credit loss allowance	8.5	197,485	-
	Directly charged to profit and loss account	8.6.3	-	-
			197,485	-
8.6.2	Write offs of Rs. 500,000 and above			
	- Domestic		197,485	-
	- Overseas		-	-
	Write offs of Below Rs. 500,000		-	-
			197,485	-

8.6.3 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, 2024 is given in Annexure-1.

9. PROPERTY AND EQUIPMENT

	Note	2024	2023
		(Rupees in '000)	
Property and equipment	9.1	**557,055**	486,364
Capital Work in Progress		**-**	-
		557,055	486,364

9.1 Property and Equipment

	2024					
	Buildings	**Leasehold Improvements**	**Furniture and fixture**	**Electrical, office and computer equipment**	**Vehicles**	**Total**
	(Rupees in '000)					
At 01 January 2024						
Cost	**382,593**	**97,566**	**29,643**	**50,658**	**17,116**	**577,576**
Accumulated depreciation	**(19,136)**	**(8,384)**	**(13,524)**	**(35,679)**	**(14,489)**	**(91,212)**
Net book value	**363,457**	**89,182**	**16,119**	**14,979**	**2,627**	**486,364**
Year ended 31 December 2024						
Opening net book value	**363,457**	**89,182**	**16,119**	**14,979**	**2,627**	**486,364**
Additions	**-**	**-**	**-**	**19,452**	**106,678**	**126,130**
Disposals						
Cost	**-**	**-**	**-**	**2,420**	**10,970**	**13,390**
Accumulated Depreciation	**-**	**-**	**-**	**(2,325)**	**(10,111)**	**(12,436)**
	-	**-**	**-**	**95**	**859**	**954**
Depreciation charge	**(9,564)**	**(9,757)**	**(3,321)**	**(8,591)**	**(23,252)**	**(54,485)**
Closing net book value	**353,893**	**79,425**	**12,798**	**25,745**	**85,194**	**557,055**
At 31 December 2024						
Cost	**382,593**	**97,566**	**29,643**	**67,690**	**112,824**	**690,316**
Accumulated depreciation	**(28,700)**	**(18,141)**	**(16,845)**	**(41,945)**	**(27,630)**	**(133,261)**
Net book value	**353,893**	**79,425**	**12,798**	**25,745**	**85,194**	**557,055**
Rate of depreciation (percentage)	**2.50%**	**10%**	**20%**	**25%-50%**	**25%**	

	2023					
	Buildings	Leasehold Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)					
At 01 January 2023						
Cost	382,593	77,393	13,816	44,408	17,116	535,326
Accumulated depreciation	(9,571)	(645)	(13,344)	(28,785)	(10,879)	(63,224)
Net book value	373,022	76,748	472	15,623	6,237	472,102

	Buildings	Leasehold Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)					
Year ended 31 December 2023						
Opening net book value	373,022	76,748	472	15,623	6,237	472,102
Additions	-	20,173	15,827	7,026	-	43,026
Disposals						
Cost	-	-	-	776	-	776
Accumulated Depreciation	-	-	-	(693)	-	(693)
				83		83
Depreciation charge	(9,565)	(7,739)	(180)	(7,587)	(3,610)	(28,681)
Closing net book value	363,457	89,182	16,119	14,979	2,627	486,364
At 31 December 2023						
Cost	382,593	97,566	29,643	50,658	17,116	577,576
Accumulated depreciation	(19,136)	(8,384)	(13,524)	(35,679)	(14,489)	(91,212)
Net book value	363,457	89,182	16,119	14,979	2,627	486,364
Rate of depreciation (percentage)	2.50%	10.00%	20%	25%-50%	25%	

9.2 The gross cost of fully depreciated assets still in use is as follows:

	2024	2023
	(Rupees in '000)	
Furniture and fixture	**13,140**	12,968
Electrical, office and computer equipment	**24,833**	21,670
Vehicles	**2,675**	2,675
	40,648	37,313

9.3 The gross cost and sale proceeds of disposals / write-offs:

Asset	Cost	Book value	Sale price	Purchaser
	---------- (Rupees) ----------			
Equipment				
Mercedez C-180 Sedan RHD	7,500,000	-	-	Mr. Abbas Danesvar - MD/CEO
Toyota Corolla ALTIS 1.6 (BTR - 250)	3,470,445	859,278	4,500,000	IGI Insurance
Laptop (Dell Latitude 5510)	343,200	50,050	50,050	Mr. Abbas Danesvar - MD/CEO
Laptop (Dell Latitude 5500)	180,081	-	8,004	Mr. Umair Javed Khalid - Employee
Laptop (Dell Latitude 5500)	180,081	-	8,004	Mr. Bilal Darr - Employee
Laptop (Dell Latitude 5500)	156,418	-	6,821	Mr. Sohail Irfan - Employee
Laptop (Dell Latitude 5500)	156,418	-	6,821	Mr. Tariq Memon - Employee
Laptop (Dell Latitude 5500)	156,418	-	8,004	Mr. Adil Khan - Employee
Laptop (Dell Latitude 5590)	159,041	-	7,314	Mr. Khurram Faiziab - Employee
Laptop (Dell Latitude 5590)	166,278	-	6,952	Mr. Muhammad Umair - Employee
Laptop (Dell Latitude 5590)	166,278	-	6,981	Mr. Haris Khatri - Employee
Mobile Phone (IPHONE 11 PRO)	256,025	-	-	Mr. Abbas Danesvar - MD/CEO
Mobile Phone (Samsung A32)	35,000	-	-	Mr. Adil Khan - Employee
Mobile Phone (Samsung A32)	35,000	-	-	Mr. Muhammad Umair - Employee
Mobile Phone (Iphone 13)	55,000	-	-	Mr. Jahangeer Jamil - Employee
Mobile Phone (Xiaomi 11T)	55,000	-	-	Mr. Sohail Irfan - Employee
Mobile Phone (Xiaomi Poco X3)	35,000	-	-	Mr. Umair Javed Khalid - Employee
Mobile Phone (OPPO F19PRO)	35,000	1,458	-	Mr. Sikandar Younus - Employee
Mobile Phone (Galaxy A-52s)	45,000	1,875	-	Mr. Haris Khatri - Employee
Mobile Phone (Galaxy A-30)	50,000	-	-	Mr. Shakeel - Employee
Mobile Phone (Iphone 11 Pro Max)	50,000	-	-	Mr. Faraz Ahmed - Employee
Mobile Phone (Iphone 11 Pro Max)	55,000	-	-	Ms. Kauser Safdar - Employee
Mobile Phone (Galaxy Tab A7)	50,000	41,667	41,667	Mr. Zeeshan Rauf - Employee
	13,390,683	954,328	4,650,618	

10. INTANGIBLE ASSETS

	Note	Computer software 2024	2023
		---------- (Rupees in '000) ----------	
Computer softwares and licenses	10.2	226	465
Capital work in progress	10.1	12,008	8,758
		12,234	9,223

10.1 The amount represents payments being made to a company for the software being implemented by the Company.

10.2 Computer Softwares and Licenses

	2024	2023
At 01 January		
Cost	20,257	19,860
Less: Accumulated amortisation	(19,792)	(19,630)
Net book value	465	230
Year ended 31 December		
Opening net book value	465	230
Additions - Directly purchased	-	397
Disposals	-	-
Less: Amortisation charge	(239)	(162)
Closing net book value	226	465
At 31 December		
Cost	20,257	20,257
Less: Accumulated amortisation	(20,031)	(19,792)
Net book value	226	465
Rate of amortisation (percentage)	33%	33%

10.3 The gross cost of fully amortised assets still in use is as follows;

	2024	2023
	---------- (Rupees in '000) ----------	
Software Licenses	19,588	19,588

The amount represents fully depreciated sofwares being used by the Company i.e. IPAMS, HCM, GL-SHMA, FA-SHMA.

	2024	2023
	--------- (Rupees in '000) ---------	

11. DEFERRED TAX ASSETS

Deferred tax asset - net	**576,030**	441,163

11.1 Deferred tax asset

	2024			
	At January 01, 2024	**Recognised in profit and loss account**	**Recognised in other comprehensive income**	**At December 31, 2024**
	---- (Rupees in 000) ----			
Deductible Temporary Differences on				
- Credit loss allowance against advances, off balance sheet, etc.	407,482	210,433	-	617,915
- Lease assets	51,301	29,645	-	80,946
- Others	2,815	(347)	-	2,468
	461,598	239,731	-	701,329
Taxable Temporary Differences on				
- Surplus on revaluation of investments - net	(16,279)	(553)	(79,677)	(96,509)
- Post retirement employee benefits	(2,644)	(282)	-	(2,926)
- Accelerated tax depreciation	(1,512)	(24,352)	-	(25,864)
	(20,435)	(25,187)	(79,677)	(125,299)
	441,163	214,544	(79,677)	576,030

11.2 Deferred tax asset of Rs. 85.9 million has not been recorded, which pertains to provision for non-performing loans & impariment provision, due to uncertainty of reversal of provision to recover the benefit. Further, the Company has charged deferred tax at the rate of 29% instead of 39% due to management's expectation of the rate that deferred tax would be recovered in future.

	2023			
	At January 01, 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2023
	---- (Rupees in 000) ----			
Deductible Temporary Differences on				
- Provision against advances, off balance sheet, etc.	513,833	(106,351)	-	407,482
- Lease liability against right-of-use assets	-	-	-	-
- Lease assets	(9,906)	61,207	-	51,301
- Deficit on revaluation of investments - net	2,710	-	(2,710)	-
- Others	81	2,734	-	2,815
	506,718	(42,410)	(2,710)	461,598
Taxable Temporary Differences on				
- Surplus on revaluation of investments - net	-	-	(16,279)	(16,279)
- Post retirement employee benefits	1,142	-	(3,786)	(2,644)
- Surplus on revaluation of non-banking asset	-	-	-	-
- Right-of-use assets - net	-	-	-	-
- Transfer of surplus on Non-Banking Assets to Fixed Assets	-	-	-	-
- Accelerated tax depreciation	(49,367)	47,855	-	(1,512)
	(48,225)	47,855	(20,065)	(20,435)
	458,493	5,445	(22,775)	441,163

	Note	2024	2023
		--------- (Rupees in '000) ---------	
12. OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	12.1	**842,745**	1,063,613
Advances, advance rent and other prepayments		**93,456**	30,752
Advance taxation (payments less provisions)		**1,217,656**	639,234
Receivable from defined benefits plan	35.4	**10,091**	12,629
Dividend receivable		**150**	150
Security deposits		**1,583**	1,583
		2,165,681	1,747,961
Less: Provision held against other assets		**-**	-
Other assets (net of provision)		**2,165,681**	1,747,961
Surplus on revaluation of non-banking asset acquired in satisfaction of claims		**-**	-
Other Assets - total		**2,165,681**	1,747,961

12.1 Provision held against other assets

Mark-up suspended amounting to Rs. 2,300.5 million (2022: Rs. 2,191.9 million) included in provision against other asset, has been netted off against the markup receivable amount.

13. BORROWINGS

Details of borrowings secured / unsecured	Note	2024	2023
		--------- (Rupees in '000) ---------	
Secured			
Borrowings from State Bank of Pakistan- Under financing facility			
-Imported & Locally Manufactured Plant & Machinery (LTFF)	13.1	**1,184,385**	1,527,954
-Renewable Energy Facility (REF)	13.2	**581,788**	581,999
-Temporary Economic Refinance Facility (TERF)	13.3	**1,072,080**	1,201,748
-Financing Facility for Storage of Agriculture Produce (FFSAP)	13.4	**368,892**	427,302
		3,207,145	3,739,003
Borrowings from State Bank of Pakistan - open market operation	13.5	**4,888,200**	8,900,000
Total Borrowings from State Bank of Pakistan		**8,095,345**	12,639,003
Repurchase agreement borrowings	13.5	**720,000**	1,572,437
Term borrowings	13.6	**5,383,333**	3,577,778
Total Secured		**14,198,678**	17,789,218
Unsecured		**-**	-
Call borrowings	13.7	**9,600,000**	4,000,000
Total Unsecured		**9,600,000**	4,000,000
		23,798,678	21,789,218

13.1 The Company has obtained funds from the SBP for extending Long Term Financing Facility (LTFF) for Imported & Locally Manufactured Plant & Machinery. These borrowings carry mark-up rate of 2.0% to 15% per annum (2023: 2.0% to 15%). These borrowings will mature by 2033 (2023: 2033).

13.2 The Company has obtained funds from the SBP for extending financing facility for renewable energy facility (REF). These borrowings carry mark-up rate of 2.0% to 3.0% per annum (2023: 2.0% to 3.0%). These borrowings will mature by 2034 (2023: 2034).

13.3 The Company has obtained funds from the SBP for extending Temporary Economic Refinance Facility (TERF) for economic relief. These borrowings carry mark-up rate of 1.0% per annum (2023: 1.0%). These borrowings will mature by 2032 (2023: 2032).

13.4 The Company has obtained funds from the SBP for extending Financing Facility for Storage of Agricultural Produce (FFSAP) for economic relief. These borrowings carry mark-up rate of 2.50% per annum (2023: 2.0% to 2.50%). These borrowings will mature by 2030 (2023: 2030).

13.5 These carry mark-up at the rates ranging from 13.11% to 13.25% per annum (2023: 22.10% to 22.30% per annum) and are secured against government securities having carrying amount of Rs. 5.572 billion & market value of Rs. 5.621 billion (2023: carrying value of Rs. 10.314 billion & market value of Rs. 10.299 billion). These borrowings will mature up to January 2025 (2023: January 2024).

13.6 These represent finances obtained from Allied Bank Limited to finance regular business operations of the Company. These finances are secured against pledge of all present and future movable assets (excluding investments). It carries mark up at the rate of 6 months KIBOR +0.10 to 0.13% per annum. These are repayable in semi annual installments and shall be repaid by 2029. Total available facility is Rs. 6 billion.

13.7 These represent clean finances obtained by the Company, These carry mark up at the rates ranging from 13.10% to 13.25% (2023: 22.10% per annum). These borrowings will mature up to January 2025 (2023: January 2024).

	2024	2023
	--------- (Rupees in '000) ---------	
13.8 Particulars of borrowings with respect to Currencies		
In local	**23,798,678**	21,789,218
In foreign currencies	**-**	-
	23,798,678	21,789,218

14. DEPOSITS AND OTHER ACCOUNTS

	Note	2024			2023		
		In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
		---------- (Rupees in '000) ----------					
Customers							
Term deposits	14.2	**2,608,141**	**-**	**2,608,141**	1,383,726	-	1,383,726
Financial Institutions							
Term deposits	14.3	**1,893,096**	**-**	**1,893,096**	1,340,746	-	1,340,746
		4,501,237	**-**	**4,501,237**	2,724,472	-	2,724,472

	Note	2024	2023
		--------- (Rupees in '000) ---------	
14.1 Composition of deposits			
- Individuals	14.4	**642,674**	535,704
- Public Sector Entities		**750,000**	-
- Non-Banking Financial Institution (related party)		**1,893,096**	1,340,746
- Private Sector		**1,215,467**	848,022
		4,501,237	2,724,472

14.2 The mark-up rates on these certificate of investments (COI) range between 11.50% to 21.30% per annum (2023: 20.00% to 22.50% per annum). These COIs will mature up to December 2025 (2023: December 2024).

14.3 The mark-up rates on these certificate of investments (CO!) is 12.25% to 16.50% per annum (2023:21.30% to 22.35% per annum). These COIs will mature up to March 2025 (2023: March 2024).

14.4 These includes both interest bearing and non-interest bearing certificate of investments (COI) issued to the employees of the Company maturing up to November 2027 (2023: November 2026). The interest bearing deposits carry interest rates ranging between 11.50% to 21.30% per annum (2023: 20.0% to 22.50% per annum).

	Note	2024	2023
		--------- (Rupees in '000) ---------	

15. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		**380,228**	442,759
Accrued expenses		**19,962**	63,971
Provision for compensated absences		**-**	4,804
Payable to an associated undertaking		**11,855**	12,713
Government levies payable		**67,666**	53,074
Provision for audit fee		**1,998**	2,019
Advance insurance premium on lease		**751**	758
Security deposits against finance lease		**770,875**	642,615
Payable Brokerage / NCCPL		**-**	3,873
Provision for staff rewards		**-**	120,456
		1,253,335	1,347,042

16. SHARE CAPITAL

16.1 Authorised capital

2024	2023		2024	2023
---- (Number of shares) -----			--------- (Rupees in '000) ---------	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000**	10,000,000

16.2 Issued, subscribed and paid-up share capital

600,000,000	600,000,000	Ordinary shares of Rs.10 each and fully paid in cash	**6,000,000**	6,000,000

16.3 Major shareholders (holding more than 5% of total paid-up capital)

	2024		2023	
	Number of shares held	**Percentage of**	Number of shares held	Percentage of
Name of shareholder				
Government of Pakistan *	**300,000,000**	**50%**	300,000,000	50%
Iran Foreign Investment Company *	**300,000,000**	**50%**	300,000,000	50%
	600,000,000	**100%**	600,000,000	100%

* This includes nominal shares allotted to the nominee Directors of the Company nominated by Government of Pakistan and Iran Foreign Investment Company.

	2024	2023
	--------- (Rupees in '000) ---------	

17. RESERVES

Statutory reserve		
Opening balance	**1,247,496**	1,093,746
Transfer during the year	**80,075**	153,750
Closing balance	**1,327,571**	1,247,496

17.1 According to BPD Circular No. 15 dated 31 May 2004 issued by 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.

	Note	2024	2023
		---------- (Rupees in '000) ----------	
18. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	7.1	**299,096**	25,828
- Securities measured at FVOCI - Equity		**78,298**	114,626
		377,394	140,454
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		**(86,722)**	6,474
- Securities measured at FVOCI - Equity		**(9,787)**	(22,232)
		(96,509)	(15,758)
Incremental depreciation charged during the year		**-**	-
		280,885	124,696

19. CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
-Commitments	19.1 - 19.4	**5,651,200**	10,772,437
-Other contingent liabilities	19.5	**245,280**	245,280
		5,896,480	11,017,717

19.1 Commitments in respect of repo transactions

	2024	2023
Repurchase agreement borrowings	**5,608,200**	10,472,437
19.2 Direct credit substitutes	**43,000**	300,000

The amount represents Standby Letter of Credit and Letter of Comfort facilities issued to the Company's clients in its normal course of business.

19.3 Commitments to extend credit

The Company makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

19.4 Capital commitments

At the year end capital commitments amounted to Nil (2023: Nil).

19.5 Other contingent liabilities

19.5.1 With respect to tax year 2009, 2011, 2012 & 2013 ADCIR amended assessment under Section 122(5A) of the Ordinance. The ACIR passed order under Section 122(5A) raising demand amounting to Rs. 23.3 million, Rs. 57.6 million,Rs. 32.152 million & Rs. 45.219 million respectively. The Company filed appeals against the order before the CIR(A). The CIR(A) upheld the order of ACIR. The Company, then filed appeals before the Appellate Tribunal Inland Revenue (ATIR) in respect of the orders passed by the CIR(A). The appeal is pending before ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

19.5.2 The Additional Commissioner Inland Revenue (ADCIR) amended the assessments for tax year 2015 and raised demand of Rs. 80.433 million which was later revised to Rs. 87.014 million. The demand was challenged by the Company by filing an appeal with the CIR(A). However, on confirmation of the demand order by CIR(A) the Company filed an appeal before the ATIR and made payment of Rs. 17.5 million under protest. The ATIR through its order dated 24 November 2016 deleted the demand and directed the department to work out the liability of WWF in the light of Supreme Court's order. Consequently, the tax department filed a reference in High Court, dated 16 February 2017, which is yet to be admitted for hearing. Moreover, certain issues were remanded back by the ATIR under the aforementioned order against which relief has been allowed by the CIR(A) however, appeal effect order is pending. The Company in consultation with its tax advisor, is confident of a favorable outcome.

19.5.3 With respect to tax year 2016, ADCIR amended the assessment and demand amounting to Rs. 52.049 million was created. The Company admitted tax imposed on commission income amounting to Rs. 1.031 million, which was paid and on other issues filed appeal to CIR(A) against ADCIR order. The CIR(A) passed order and decided the appeal and allowed partial relief. Order to the extent of apportionment of Finance Cost was confirmed by CIR(A). An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The company and the departemnt has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) on the issue decided against it. The demand of Rs. 52.049 million was created which was paid by the company under protest. The Company in consultation with its tax advisor, is confident of a favorable outcome.

19.5.4 With respect to tax year 2017, ADCIR amended the assessment and demand amounting to Rs. 46.351 million was created. The Company paid the demand / adjusted the refund under protest and filed appeal against order before CIR(A). The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted contention except on apportionment of markup expenses. An appeal effect order under Section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). Moreover, both the Company and the department have filed appeals before the ATIR on the issues decided against them. The appeal is awaited to be heard. The issue is pending before ATIR.The company in consultation with its tax advisor, is confident of a favorable outcome.

19.5.5 With respect to tax year 2018, ADCIR amended the assessment under Section 122(5A) of the Ordinance. The ACIR has passed order under Section 122(5A) reducing the refund amounting to Rs. 17.962 million. The Company filed an appeal against the order before the CIR(A). The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted our contention except on apportionment of markup expenses. An appeal effect order under Section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The company has filed an appeal before ATIR. The apeal is pending for hearing. The Company in consultation with its tax advisor, is confident of a favorable outcome.

19.5.6 With respect to super tax in tax year 2023 & 2024 the company has discharged tax liability at the rate of 4% and 8% respectively instead of rate of 10% on the basis of judgment of the Islamabad High Court(IHC).The judgment of Islamabad High Court is pending before Supreme Court of Pakistan. The Company in consultation with its tax advisor, is confident of a favorable outcome.

20. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments includes derivatives, contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in money and foreign exchange markets. The Company's exposure in these instruments represents equity futures. The Company also enters into repo transactions against government securities carrying fixed interest rates and having fixed contractual maturities. The credit risk associated with repo transactions is secured through underlying government securities.

21. DERIVATIVE INSTRUMENTS

The Company at present does not offer structured derivative products such as interest rate swaps, forward rate swaps, forward rate agreements or forward exchange options. However, the Company buys and sells derivative instruments such as equity futures.

21.1 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Company uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Company either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier 1 capital of the Company, based on prevailing SBP regulations. There is no outstanding future contract as at December 31, 2023

	Note	2024	2023
		---------- (Rupees in '000) ----------	

22. MARK-UP / RETURN / INTEREST EARNED

Loans and advances		1,414,793	1,427,362
Investments		4,739,461	4,436,887
Lendings to financial instruments		54	538
Balances with banks		14,371	3,692
		6,168,679	5,868,479

22.1 Interest income (calculated using effective interest rate method) recognised on:

Financial assets measured at amortised cost;		1,414,793	1,427,362
Financial assets measured at fair value through OCI.		4,753,886	4,441,117
		6,168,679	5,868,479

23. MARK-UP / RETURN / INTEREST EXPENSED

Deposits		737,421	498,081
Securities sold under repurchase agreements		197,680	227,068
On borrowing from State Bank of Pakistan- Under financing facility			
- Imported & Locally Manufactured Plant & Machinery (LTFF)		36,136	41,626
- Temporary Economic Refinance Facility (TERF)		11,298	12,025
- Renewable Energy (REF)		16,645	17,727
- Financing Facility for Storage of Agriculture Produce (FFSAP)		10,124	4,354
Borrowings from State Bank of Pakistan - open market operation		1,226,934	1,899,618
Term borrowing		862,701	898,171
Clean borrowing		1,642,580	569,100
Staff Loans		20,502	-
		4,762,021	4,167,770

23.1 Interest expense calculated using effective interest rate method		4,762,021	4,167,770

24. FEE & COMMISSION INCOME

Credit related fees		19,245	16,140
Commission on guarantees		1,736	1,347
		20,981	17,487

25. GAIN / (LOSS) ON SECURITIES - NET

Realised	25.1	14,841	38,544
Unrealised - Measured at FVPL	7.1	15,991	4,125
		30,832	42,669

	Note	2024	2023
		---------- (Rupees in '000) ----------	
25.1 Realised			
Shares		14,841	38,544

26. OTHER INCOME

	Note	2024	2023
Gain on sale of fixed assets		3,696	14
Misc. Income / Reversal of excess provisions		-	2
		3,696	16

27. OPERATING EXPENSES

	Note	2024	2023
Total compensation expense	27.1	293,157	474,406
Property expense			
Rent & taxes		665	973
Insurance		7,336	6,387
Utilities cost		16,247	12,996
Security		1,848	1,583
Repair & maintenance		11,671	8,862
Depreciation on owned operating fixed assets		45,894	21,094
		83,661	51,895
Information technology expenses			
Software maintenance		5,280	5,709
Depreciation		8,591	7,587
Amortisation		239	162
Network charges		4,964	6,765
Others		1,347	563
		20,421	20,786
Other operating expenses			
Directors' fees and allowances	37.2	15,875	13,750
Legal & professional charges		12,123	8,991
Travelling & conveyance		36,682	30,403
Training & development		743	961
Postage & courier charges		263	238
Communication		1,668	1,683
Stationary & printing		1,891	1,957
Marketing, advertisement & publicity		892	1,370
Charity & Donations	27.3	8,952	5,000
Auditors' Remuneration	27.2	2,769	2,303
Commission and brokerage		4,871	2,623
Bank charges and miscellaneous expenses		8,897	9,431
		95,626	78,710
		492,865	625,797

	Note	2024	2023
		---------- (Rupees in '000) ----------	

27.1 Total compensation expense

Fees and Allowances, etc		-	-
Employees' Remuneration			
i) Fixed		135,947	182,531
ii) Variable		-	-
of which;			
a) Cash Bonus / Awards etc.		-	147,488
b) Bonus & Awards in Shares etc.		-	-
Charge for defined benefit plan		14,584	16,329
Contribution to defined contribution plan		16,508	14,013
Rent & house maintenance		48,746	43,833
Utilities		12,375	10,794
Medical		17,019	12,216
Conveyance		47,978	47,202
		293,157	474,406

27.2 Auditors' remuneration

Audit fee		960	835
Half yearly review		380	330
Special certifications and sundry advisory services		1,068	929
Out of pocket expenses		361	209
		2,769	2,303

27.3 Donations and charity

None of the directors, executives or their spouses had any interest in the donee. Detail of donations made during the year is as follows:

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Consulate General of Iran (School being run by the Consulate Office)		2,384	1,028
The Kidney Centre		-	600
Sindh Institute of Urology and Transplantation		3,000	1,372
Patient Aid Foundation		1,025	600
Layton Rahmatullah Benevolent Trust		1,463	600
The Citizen Foundation		1,080	800
		8,952	5,000

28. OTHER CHARGES

Penalties imposed by State Bank of Pakistan		-	-

29. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

Credit loss allowance held against balances with other banks		50	134
Provisions against lending to financial institutions		-	-
Credit loss allowance for diminution in value of investments	7.2.2	724,541	12,406
Reversal of credit loss allowance against loans & advances	8.5	(150,871)	158,342
		573,720	170,882

	2024	2023
	---------- (Rupees in '000) ----------	

30. LEVIES

	2024	2023
Final tax	**110,726**	25,991

30.1 This represents final tax on dividend income, income on sukuk and capital gains under section 5, 5AA and 37A respectively of the Income Tax Ordinance, 2001. These has been recognised as levies in these financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

31. TAXATION

	2024	2023
	---------- (Rupees in '000) ----------	
Current	**162,857**	316,799
Prior year	**(22,103)**	-
Deferred	**(214,544)**	(5,445)
	(73,790)	311,354

31.1 Relationship between tax expense and accounting profit

	2024	2023
Profit before levies and taxation	**437,313**	1,106,096
Tax on income @ 29% (2023: 29%)	**126,821**	320,768
Net tax effect on income taxed at reduced rates	**21,559**	(42,763)
Net tax effect on income subject to FTR	**(20,380)**	(26,449)
Super tax liability	**85,436**	103,138
Tax effect of expenses that are not deductible in determining taxable profit	**(149,404)**	(16,012)
Prior Year	**(22,103)**	-
Levies	**(110,726)**	(25,991)
Others	**(4,993)**	(1,337)
Tax charge	**(73,790)**	311,354

32. BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year	**400,377**	768,751
	(Number of shares in '000)	
Weighted average number of ordinary shares	**600,000**	600,000
	(Rupees per share)	
Basic and diluted earnings per share	**0.67**	1.28

There are no instruments that may have a dilutive effect on earnings per share.

33. CASH AND CASH EQUIVALENTS

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Cash and balances with treasury banks	5	**213,742**	158,668
Balances with other banks	6	**288,429**	296,119
		502,171	454,787

33.1 **Reconciliation of movement of liabilities to cash flows arising from financing activities**

	2024						
	Liabilities			Equity			Total
	Borrowings	Deposits and other accounts	Other liabilities	Share capital	Reserves	Unappropriated profit	
	(Rupees in '000)						
Balance as at January 01, 2024	21,789,218	2,724,472	1,347,042	6,000,000	1,247,496	3,208,966	36,317,194
Changes from financing cash flows							
Payment of lease liability against right-of-use assets	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(450,000)	(450,000)
Total changes from financing cash flows	-	-	-	-	-	(450,000)	(450,000)
Other changes						-	-
Liability - related							
Changes in borrowings	2,009,460	-	-	-	-	-	2,009,460
Changes in deposits and other accounts	-	1,776,765	-	-	-	-	1,776,765
Changes in other liabilities							
- Cash based	-	-	(93,707)	-	-	-	(93,707)
- Non - cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	-	(2,628)	(2,628)
Transfer of profit to reserve	-	-	-	-	80,075	(80,075)	-
Profit for the year	-	-	-	-	-	400,377	400,377
Other adjustments	-	-	-	-	-	198,102	198,102
Exchange differences on translation of net investment in foreign branches	-	-	-	-	-	-	-
	2,009,460	1,776,765	(93,707)	-	80,075	515,776	4,288,369
Balance as at December 31, 2024	23,798,678	4,501,237	1,253,335	6,000,000	1,327,571	3,274,742	40,155,563

	2023						
	Liabilities			Equity			Total
	Borrowings	Deposits and other accounts	Other liabilities	Share capital	Reserves	Unappropriated profit	
	(Rupees in '000)						
Balance as at January 01, 2023	20,336,117	1,771,610	860,269	6,000,000	1,093,746	2,947,810	33,009,552
Changes from financing cash flows							
Payment of lease liability against right-of-use assets	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(350,000)	(350,000)
Total changes from financing cash flows	-	-	-	-	-	(350,000)	(350,000)
Other changes						(179,110)	(179,110)
Liability - related							
Changes in borrowings	1,453,101	-	-	-	-	-	1,453,101
Changes in deposits and other accounts	-	952,862	-	-	-	-	952,862
Changes in other liabilities							
- Cash based	-	-	494,602	-	-	-	494,602
- Non - cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	10,546	-	-	10,546	21,092
Transfer of profit to reserve	-	-	-	-	153,750	(153,750)	-
Profit for the year	-	-	-	-	-	768,751	768,751
Other adjustments	-	-	(18,375)	-	-	101,487	83,112
	1,453,101	952,862	486,773	-	153,750	727,034	3,773,520
Balance as at December 31, 2023	21,789,218	2,724,472	1,347,042	6,000,000	1,247,496	3,145,734	36,253,962

34. STAFF STRENGTH

	2024	2023
	(Number of employees)	
Permanent	**50**	44
Temporary / on contractual basis	**7**	7
Company's own staff at end of the year	**57**	51
Outsourced	**-**	-
Total staff strength	**57**	51

35. DEFINED BENEFIT PLAN

35.1 General description

As mentioned in note 4.8, the Company operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn salary for each year of eligible service or part thereof, subject to a minimum of two years of service.

35.2 Number of employees under the scheme

The number of employees covered under the defined benefit schemes are 50 (2023: 44)

35.3 Principal actuarial assumptions

The actuarial valuation was carried out as at December 31, 2024 using the "Projected Unit Credit Actuarial Cost Method". The information provided in notes 35.3 to 35.14 has been obtained from the actuarial valuation carried out as at December 31, 2024.

	2024	2023
	-------- (Per annum) --------	
Discount rate	**12.25%**	15.50%
Expected rate of return on plan assets	**15.00%**	13.50%
Expected rate of salary increase	**12.25%**	15.50%
Mortality rates (for death in service)	**SLIC(2001-05)-1**	SLIC(2001-05)-1
Rates of employee turnover	**Moderate**	Moderate

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

	Note	2024	2023
		---------- (Rupees in '000) ----------	
Present value of obligations	35.5	**172,874**	127,667
Fair value of plan assets	36.6 & 36.9	**(182,965)**	(140,296)
(Receivable) / payable		**(10,091)**	(12,629)

35.5 Movement in defined benefit obligations

	2024	2023
Obligations at the beginning of the year	**127,667**	115,683
Current service cost	**15,578**	15,188
Interest cost	**20,570**	17,492
Benefits paid during the year	**(3,041)**	(14,131)
Re-measurement loss / (gain)	**12,100**	(6,565)
Obligations at the end of the year	**172,874**	127,667

35.6 Movement in fair value of plan assets

	Note	2024	2023
Fair value at the beginning of the year		**140,296**	107,809
Interest income on plan assets		**22,426**	16,351
Contribution by the Company - net		**14,885**	21,979
Actual benefits paid from the fund during the year		**(3,041)**	(14,131)
Re-measurements gain / (loss) on plan assets		**8,399**	8,288
Fair value at the end of the year	35.9	**182,965**	140,296

	Note	2024	2023
		---------- (Rupees in '000) ----------	

35.7 Movement in payable under defined benefit schemes

	Note	2024	2023
Opening balance		**(12,629)**	7,874
Charge for the year	35.8.1	**13,722**	16,329
Contribution by the Company - net		**(14,885)**	(21,979)
Re-measurement loss / (gain) recognised in other comprehensive income during the year	35.8.2	**3,701**	(14,853)
Closing balance		**(10,091)**	(12,629)

35.8 Charge for defined benefit plans

35.8.1 Cost recognised in profit and loss

	2024	2023
Current service cost	**15,578**	15,188
Net interest on defined benefit liability / (asset)	**(1,856)**	1,141
	13,722	16,329

35.8.2 Re-measurements recognised in OCI during the year

	2024	2023
Loss / (gain) on obligation		
- Demographic assumptions	**-**	-
- Financial assumptions	**4,120**	(1,403)
- Experience adjustment	**7,980**	(5,162)
Actuarial gain on plan assets	**(8,399)**	(8,288)
Total re-measurements recognised in OCI	**3,701**	(14,853)

35.9 Components of plan assets

	2024	2023
Cash and cash equivalents	**3,111**	2,676
Government Securities (Defence Saving Certificates)	**-**	-
Non-Government Debt Securities (Certificate of Investments)	**179,855**	137,620
	182,966	140,296

35.10 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2024	2023
	---------- (Rupees in '000) ----------	
0.5% increase in discount rate	**166,729**	122,897
0.5% decrease in discount rate	**179,384**	132,725
0.5% increase in expected rate of salary increase	**178,957**	132,417
0.5% decrease in expected rate of salary increase	**167,075**	123,144

	2025 (Rupees in '000)
35.11 Expected charge / (reversal) for the next financial year	**14,597**

35.12 **Maturity profile**

The weighted average duration of the obligation is 7.31 years.

Distribution of timing of benefit payments (time in years)	2025 (Rupees in '000)
1	**5,806**
2	**15,070**
3	**7,158**
4	**8,267**
5	**59,714**
6-10	**217,856**

35.13 **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.

As far as possible, there is an implicit objective that the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Actuarial Cost Method employed.

35.14 The significant risk associated with the staff retirement benefit plan may include:

Mortality Risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment Risk

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

36. DEFINED CONTRIBUTION PLAN

The general description of the note is included in note 4.8.

Contributions made during the year:	2024	2023
	---------- (Rupees in '000)	----------
Employer's contribution	**16,508**	14,013
Employees' contribution	**16,508**	14,013

The number of employees covered under the defined contribution plan are 53 (2023: 48).

* This includes outgoing BOD Chairman during the year.

The term "Key Management Personnel" means the following functional responsibilities:

(a) Any executive or key executive, acting as second to CEO, 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 CEO / President or the person mentioned in (a) above.

The terms Directors/ Executive Directors/ Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

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

2024

Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Board Audit Committee	Boark Risk Management Committee	Board Human Resource Compensation Committee	Board Strategic Investment Committee	Total Amount Paid
		(Rupees in '000)					
1	Mr. Zulfiqar Younus	4,500	-	-	250	375	5,125
2	Mr. Aamer Mahmood	3,750	500	500	250	-	5,000
3	IFIC - (Dr. Mohammad Hossein Mohammadi	2,500	250	250	-	250	3,250
4	IFIC - (Mr Syed Muhammad Hadi Sobhanian)	1,875	125	250	125	125	2,500
	Total amount paid	12,625	875	1,000	625	750	15,875

2023

Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				
			Board Audit Committee	Board Risk Management Committee	Board Human Resource Compensation Committee	Board Strategic Investment Committee	Total Amount Paid
		(Rupees in '000)					
1	Mr. Zahoor Ahmed	1,500	-	125	125	125	1,875
2	Mr. Aamer Mahmood	3,125	500	500	375	-	4,500
3	Mr. Gholamreza Khalik	625	125	125	125	-	1,000
	Mr. Masoud Mirzaei	625	125	125	-	125	1,000
	Mr. Zulfiqar Younus	2,250	-	-	125	250	2,625
4	IFIC - (Mr Syed Muhammad	1,875	250	250	125	250	2,750
	Total amount paid	10,000	1,000	1,125	875	750	13,750

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

Items	2024						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	5,125	-	10,750	-	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	75,332	66,346	22,932
ii) Total Variable of which:							
a) Cash Bonus / Awards	-	-	-	-	21,820	12,550	2,886
b) Bonus & Awards in Shares							
Charge for defined benefit plan							
Contribution to defined contribution plan	-	-	-	-	5,469	5,229	1,823
Rent & house maintenance	-	-	-	-	3,232	20,977	7,293
Utilities	-	-	-	-	1,723	5,244	1,823
Medical	-	-	-	-	4,255	6,555	2,279
Conveyance	-	-	-	-	4,772	13,494	8,522
Others	-	-	-	-	-	569	367
Total	5,125	-	10,750	-	116,603	130,964	47,925
Number of Persons	1	-	3	-	1	9	6

Items	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	4,500	-	9,250	-	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	42,174	64,574	20,256
ii) Total Variable of which:							
a) Cash Bonus / Awards	-	-	-	-	33,896	19,807	4,468
b) Bonus & Awards in Shares							
Charge for defined benefit plan							
Contribution to defined contribution plan	-	-	-	-	3,552	4,373	1,560
Rent & house maintenance	-	-	-	-	3,678	19,556	6,242
Utilities	-	-	-	-	1,193	4,889	1,560
Medical	-	-	-	-	-	6,111	1,950
Conveyance	-	-	-	-	3,214	15,887	8,668
Others	-	-	-	-	-	2,860	366
Total	4,500	-	9,250	-	87,707	138,057	45,070
Number of Persons	*2	-	3	-	1	10	6

38. FAIR VALUE MEASUREMENTS

38.1 Fair value of financial assets

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loan are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair values' estimates.

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

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

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

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

38.2 The table below analyses the investments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measured is categorised:

	2024			
	Fair value			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Financial assets measured				
Investments - other than commercial papers				
Federal Government securities	**16,941,150**	**3,322,046**	**-**	**20,263,196**
Shares in listed companies	**505,832**	**-**	**-**	**505,832**
Non Government Debt Securities	**2,006,801**	**3,147,452**	**-**	**5,154,253**
	19,453,783	**6,469,498**	**-**	**25,923,281**

	2023			
	Fair value			
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at				
Investments - other than commercial papers				
Federal Government securities	12,956,862	2,974,935	-	15,931,797
Shares in listed companies	762,927	-	-	762,927
Non Government Debt Securities	2,513,753	3,368,572	-	5,882,325
	19,602,114	2,974,935	-	22,577,049

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Government securities	PKRV / PKFRV rates (MUFAP rates)
Term finance certificates and sukuk bonds (other than government)	MUFAP rates
Listed securities	PSX rates

38.3 Fair value of other financial assets and liabilities are for short term or repriced frequently. Therefore, their carrying values are reasonable approximations of their fair values.

39. **SEGMENT INFORMATION**

39.1 **Segment Details with respect to Business Activities**

	2024				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	931,608	494,110	-	(19,060)	1,406,658
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	20,981	-	89,135	4,248	114,364
Total Income	952,589	494,110	89,135	(14,812)	1,521,022
Segment direct expenses	67,744	28,263	24,025	389,957	509,989
Inter segment expense allocation	-	-	-	-	-
Total expenses	67,744	28,263	24,025	389,957	509,989
Provisions / (reversals)	362,406	211,264	-	50	573,720
Profit before levies & Tax	522,439	254,583	65,110	(404,819)	437,313
Balance Sheet					
Cash & Bank balances	-	-	-	501,987	501,987
Investments	3,580,921	21,864,137	478,223	-	25,923,281
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	10,448,962	-	-	66,097	10,515,059
Advances - non-performing	185,121	-	-	-	185,121
Others	159,169	683,577	150	2,468,104	3,311,000
Total Assets	14,374,173	22,547,714	478,373	3,036,188	40,436,448
Borrowings	6,447,969	17,264,236	86,473	-	23,798,678
Subordinated debt	-	-	-	-	-
Deposits & other accounts	2,709,793	1,719,140	72,304	-	4,501,237
Net inter segment borrowing	-	-	-	-	-
Others	167,369	212,856	-	873,110	1,253,335
Total liabilities	9,325,131	19,196,232	158,777	873,110	29,553,250
Equity	5,049,042	3,351,482	319,596	2,163,078	10,883,198
Total Equity & liabilities	14,374,173	22,547,714	478,373	3,036,188	40,436,448
Contingencies & Commitments	43,000	5,608,200	-	245,280	5,896,480

	2023				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / profit	1,440,605	378,016	-	(117,912)	1,700,709
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	24,671	-	196,661	2,189	223,521
Total Income	1,465,276	378,016	196,661	(115,723)	1,924,230
Segment direct expenses	62,991	26,502	22,090	535,669	647,252
Inter segment expense allocation	-	-	-	-	-
Total expenses	62,991	26,502	22,090	535,669	647,252
Provisions	167,875	2,872	-	135	170,882
Profit before levies & Tax	1,234,410	348,642	174,571	(651,527)	1,106,096
Balance Sheet					
Cash & Bank balances	-	-	-	454,787	454,787
Investments	4,428,346	17,418,753	803,410	-	22,650,509
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	10,176,363	-	-	101,495	10,277,858
- non-performing	374,025	-	-	-	374,025
Others	421,110	640,636	147	1,622,818	2,684,711
Total Assets	15,399,844	18,059,389	803,557	2,179,100	36,441,890
Borrowings	6,052,634	15,560,416	176,168	-	21,789,218
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,761,827	828,494	134,151	-	2,724,472
Net inter segment borrowing	-	-	-	-	-
Others	142,129	300,628	-	904,285	1,347,042
Total liabilities	7,956,590	16,689,538	310,319	904,285	25,860,732
Equity	7,443,254	1,369,851	493,238	1,274,815	10,581,158
Total Equity & liabilities	15,399,844	18,059,389	803,557	2,179,100	36,441,890
Contingencies & Commitments	300,000	10,472,437	-	245,280	11,017,717

40. RELATED PARTY TRANSACTIONS

The Company has related party transactions with its associates, employee benefit plans and its directors and key management personnel.

Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration of the key management personnel is determined in accordance with the terms of their appointment. Other transactions are at agreed rates.

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

	2024			2023		
	Directors	Key management personnel	Other related parties*	Directors	Key management	Other related parties*
	(Rupees in '000)					
Advances						
Opening balance	-	47,991	-	-	79,776	-
Addition during the year	-	2,000	-	-	6,827	-
Repaid during the year	-	(8,190)	-	-	(38,612)	-
Closing balance	-	41,801	-	-	47,991	-
Other assets						
Other receivable (associated)	-	-	18,077	-	-	18,298
Deposits and other accounts						
Opening balance	-	73,835	1,551,712	-	89,441	1,132,111
Received during the year	-	1,394,454	8,300,150	-	1,028,340	5,521,882
Withdrawn during the year	-	(1,331,947)	(7,678,316)	-	(1,042,447)	(5,102,281)
Closing balance	-	136,342	2,173,546	-	75,334	1,551,712
Other Liabilities						
Interest / mark-up payable	-	802	16,818	-	758	61,819
Other liabilities	-	-	-	-	-	-
- bonus payable to Key Management	-	8,871	-	-	10,241	-
- payable to Iran Foreign Investment Company - associate	-	-	11,855	-	-	12,713
- director fee payable	-	-		1,500	-	
Receivable from / (payable) to defined benefit plan	-	-	-	-	-	-

RELATED PARTY TRANSACTIONS	2024			2023		
	Directors	Key management personnel	Other related parties*	Directors	Key management	Other related parties*
	(Rupees in '000)					
Income						
Mark-up / return / interest earned	-	2,100	-	-	3,231	-
Expense						
Mark-up / return / interest paid	-	24,072	376,386	-	18,774	281,310
Operating expenses						
Fees for Board & Committee Meeting	15,875	-	-	13,750	-	-
Allowances for Board & Committee Meeting	-	-	-	-	-	-
Managerial Remuneration	-	141,678	-	-	106,748	-
Cash Bonus / Awards		34,370		-	53,703	-
Contribution to defined contribution plan	-	10,698	-	-	7,925	-
Rent & house maintenance	-	24,209	-	-	23,235	-
Utilities	-	6,968	-	-	6,082	-
Medical	-	10,811	-	-	6,111	-
Conveyance	-	18,267	-	-	19,102	-
Others	-	569	-	-	2,860	-
Contribution to the defined contribution plan	-	-	15,725	-	-	14,013
Payment to the defined benefit plan	-	-	14,885	-	-	16,329
Charge for defined benefit plan	-	-	13,380	-	-	21,979

* An associate and retirement benefits plans.

41. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Capital adequacy

As per requirements of SBP, the Bank is required to comply with the capital adequacy framework which comprises the following capital standards:

i) Minimum Capital Requirement (MCR):

The MCR standard sets the paid - up capital that the Company is required to hold at all times.

As of the statement of financial position date, the Company's paid - up capital stands at Rs. 6 billion as against the required MCR of Rs. 6 billion.

ii) Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/DFIs. The banks/DFIs are required to comply with the CAR as specified by SBP on standalone as well as consolidated basis.

During the year 2013, SBP issued revised instructions on the computation of CAR based on Basel III Capital Reform as published by the Basel Committee on Banking Supervision. These instructions also specify the transitional arrangements from 2013 to 2019 which have now fully implemented from 31 December 2019.

Accordingly, the DFI has assessed and reported its Capital Adequacy Ratio in the financial statements on the basis of Basel III requirements as prescribed by SBP.

	2024	2023
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,000,000**	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**7,455,982**	6,137,654
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**7,455,982**	6,137,654
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**7,455,982**	6,137,654
Risk Weighted Assets (RWAs):		
Credit Risk	**12,487,254**	12,543,324
Market Risk	**1,011,664**	1,672,774
Operational Risk	**2,967,610**	2,558,700
Total	**16,466,528**	16,774,798

	2024		2023	
	Required	**Actual**	Required	Actual
Common Equity Tier 1 Capital Adequacy ratio	**6.00%**	**45.28%**	6.00%	36.59%
Tier 1 Capital Adequacy Ratio	**7.50%**	**45.28%**	7.50%	36.59%
Total Capital Adequacy Ratio	**11.50%**	**45.28%**	11.50%	36.59%

Standardized Approach of Basel III is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator Approach is used for calculating Capital Adequacy for Operational Risk.

	2024	2023
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**7,455,982**	6,137,654
Total Exposures	**41,167,922**	36,821,894
Leverage Ratio	**18.11%**	16.67%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**15,159,901**	4,721,000
Total Net Cash Outflow	**10,260,112**	2,488,417
Liquidity Coverage Ratio	**1.48**	1.90
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**17,769,062**	18,129,032
Total Required Stable Funding	**15,186,515**	15,611,204
Net Stable Funding Ratio	**117%**	116%

41.1 State Bank of Pakistan issued Green Banking Guidelines vide IH&SMEFD Circular No. 08 of 2017 with a view to safeguarding against environmental risks emerging from banks and DFIs' businesses and operations. In order to align the DFI with regulatory expectations, PICL has put in place a Green Banking Framework focusing on following three areas:

1) Environmental Risk Management

For increasing financial stability through management and mitigation of environmental Risks of Lending portfolio, PICL has in place integration of environmental risk considerations into the credit risk assessment by introducing an Environmental Risk Rating, which is part of the Credit Risk Assessment.

2) Business Facilitation

The DFI is pursuing a green portfolio through soliciting clients for Renewable Energy related Lending by offering the SBP's Renewable Energy Refinance Scheme.

3) Own Impact Reduction

In order to reduce its own impact on environment, the DFI has set targets to lower its energy consumption, paper and waste reduction, bring energy efficient equipments, and plantation of greenery in surroundings.

41.2 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure is available at http:// www.pairinvestment.com.

42. RISK MANAGEMENT

The primary risks associated with the Company's exposure are:

Credit Risk: the risk of loss resulting from client or counterparty default.

Market Risk: the exposure to market variables such as interest rates and equity prices.

Operational Risk: the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and therefore includes legal risk.

The Company manages risk through a sound framework based on risk principles which includes an optimal organizational structure, risk assessment and monitoring processes. Credit & Risk Management function (CRMD) is mandated to implement this framework as a function independent of business segments working under the guidance of Board's Risk Management Committee (BRMC).

The Company's Credit & Risk Management Department has BASEL Compliant, Credit, Market, Liquidity and Operational Risk functions. Furthermore, Environmental Risk Management mechanism, through Green Banking Framework, has been defined and is currently in implementation phase.

The Company's portfolio and exposures are governed through relevant policies, procedures and various risk measurement techniques by adopting Internal Capital Adequacy Assessment Process (ICAAP) and Stress Testing with a purpose to achieve efficiency, effectiveness and compliance. Internal Risk Rating mechanism and transaction level risk analytics are in place to have ongoing risk sensitive assessment and reporting. The Company is more focused towards implementing system based risk assessment in order to have more efficiency in overall risk management processes.

42.1 Credit risk

Credit risk is the risk of loss to the Company as a result of failure by a client or counterparty to meet its contractual obligations. It is inherent in loans, commitments to lend, traded products, repurchase agreements (reverse repos), placements and other lending transactions. The role of Credit Risk Management particularly includes:

- Participation in portfolio planning and management.

- Establishment of credit policies and standards that conform to regulatory requirements and the Company's overall objectives.

- Working with Business Units in keeping aggregate credit risk exposure within the Company's risk appetite.

- Organizing portfolio reviews focusing on quality assessment, risk profiles, industry concentrations.

- Setting systems to identify significant portfolio indicators, problem credits and level of provisioning required.

The Company has designed an Internal Risk Rating Models and methodology to gauge credit risk elements in the banking book of the Company.

The credit products mainly comprise of Fund based & Non-Fund based, including short term and long term financing, project finance, term lending, reverse repurchase, bridge finance, investment in TFCs , sukuk bonds and placements with financials institutions, etc. Exposures are collateralized by cash equivalents, fixed assets, and current assets including property plant and equipment, land and building, hypothecation, pledge on stocks and receivables as the case may be. The Company manages limits and controls concentrations of credit risk as identified, in particular to individual counterparties and groups, and to industries, where appropriate.

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographic region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Company sets limits on its credit exposure to counterparty, to groups, and to industry, which are in line with SBP standards.

Stress testing on credit portfolio is being carried out on regular basis to assess the impact of defaults on Company's earning and capital adequacy. Credit concentration, rating migration, default shocks and risk aggregation of large exposures are few of the main shocks used to gauge the strength of Credit risk standing of the Company.

42.1.1 Credit Risk – General Disclosures Basel II/ III specific

The Company is more focused on the intent of Basel II/ III rather than just treating it as a regulatory requirement. Therefore, in addition to the adoption of Standardized approach and reporting to SBP, the Company has already adopted the practice of ongoing assessment as required under the advanced approaches of Basel II .The Company has adopted Pillar II ICAAP requirements duly approved by the Board of Directors.

42.1.2 Credit Risk: Disclosure for portfolio subject to the Standardized Approach

For the calculation of Risk Weighted Assets under Standardized Approach, external credit ratings have been used for all exposures, where available, against banks lending, corporate lending and debt instruments. The external ratings are further mapped with SBP ratings scale to arrive at risk weights of each transaction.

42.1.3 Types of exposures and ECAI's used

Exposures	VIS	PACRA
Banks	✓	✓
Corporate	✓	✓

Credit exposures subject to standardised approach

Exposures

	Rating Category	Amount Outstanding	Deduction	Net amount
		(Rupees in '000)		
Corporate	1	1,609,147	-	1,609,147
	2	7,369,353	-	7,369,353
	3,4	1,183,960	-	1,183,960
	5,6		-	-
	Unrated 1	1,368,599	-	1,368,599
	Unrated 2	274,674	-	274,674
Banks		288,245	-	288,245
Sovereigns		20,263,196	-	20,263,196
Retail Portfolio		9,458	-	9,458
Residential Mortgage Finance		56,260	-	56,260
Past Due Loans		382,785	-	382,785
Listed Equity investments		309,303	-	309,303
Unlisted Equity investments		195,105	-	195,105
Cash and Cash Equivalents		213,742	-	213,742
Others		3,298,766	-	3,298,766
		36,822,593	**-**	**36,822,593**

42.1.4 Credit Risk: Disclosure with respect to Credit Risk Mitigation for Standardized approach - Basel II specific

The credit policy of the Company covers credit risk mitigation process and requirements for all secured transactions. Key elements include:

- Collateral type;
- Collateral quality and ranking;
- Collateral valuation process, and
- Margin requirements

Equitable Mortgage, Token Registered Mortgage, Hypothecation Charge Over Fixed Assets, Current Assets, Pledge of Shares, Lending against Government Securities (for repo style transaction), GOP Guarantee and Pledge of stocks are the main type of collaterals taken against the exposure.

42.1.5 *Lendings to financial institutions*

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)									
Public/ Government	-	-	-	-	-	-	-	-	-	-
Private	-	-	-	-	-					
	-	-	-	-	-	-	-	-	-	-

42.1.6 *Investment in debt securities*

Credit risk by industry sector	Gross Investments		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)									
Textile	**25,000**	50,000	-	-	-	**59**	**477**	-	-	-
Chemical and pharmaceuticals	**456,869**	460,197	**6,869**	10,197	**2,997**	**474**	-	-	**6,869**	10,197
Steel	**297,750**	372,750	**204,000**	-	**478**	**395**	-	-	**161,160**	-
Construction	**78,015**	111,347	**19,680**	19,680	**340**	-	-	-	**19,680**	19,680
Power (electricity), gas, water, sanitary	**125,000**	203,125	-	-	**1,733**	**78**	-	-	-	-
Transport, storage and communication	**267,398**	295,774	**267,397**	-	-	**989**	-	-	**211,244**	-
Financial	**4,169,260**	4,339,517	**411,360**	11,245	**41,426**	**8,339**	-	-	**327,359**	11,245
Food & Beverages	**69,997**	90,000	-	-	**412**	**261**	-	-	-	-
Cable and electrical goods	**435,000**	-	-	-	**2,083**	**261**	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
	5,924,289	5,922,710	**909,306**	41,122	**49,469**	10,595	**477**	-	**726,312**	41,122

Credit risk by public / private sector	Gross Investments		Non-performing		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)									
Public / Government	-	-	-	-	-	-	-	-	-	-
Private	**5,924,289**	5,922,710	**909,306**	41,122	**49,469**	10,595	**477**	-	**726,312**	-
	5,924,289	5,922,710	**909,306**	41,122	**49,469**	10,595	**477**	-	**726,312**	-

42.1.7 ***Advances***

Credit risk by industry sector	Gross Advances		Non-performing Advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)									
Textile	**2,899,664**	3,062,894	**150,000**	500,000	**22,044**	44,768	**-**	-	**150,000**	500,000
Chemical and pharmaceuticals	**1,267,159**	766,882	**-**	-	**11,068**	12,402	**-**	4,284	**-**	-
Cement	**363,470**	232,156	**75,000**	75,000	**2,701**	2,467	**-**	-	**75,000**	75,000
Sugar	**1,821,742**	1,456,349	**70,000**	70,000	**16,733**	25,412	**20,822**	455	**70,000**	70,000
Steel	**899,754**	960,685	**670,899**	670,899	**1,812**	3,050	**-**	-	**670,899**	670,899
Automobile and transportation equipment	**229,583**	308,547	**-**	-	**917**	-	**-**	-	**-**	-
Electronics and electrical appliances	**-**	525,000	**-**	-	**-**	9,378	**-**	4,013	**-**	-
Construction	**548,844**	461,969	**275,190**	277,165	**1,467**	2,826	**-**	-	**275,190**	277,165
Power (electricity), gas, water, sanitary	**1,371,948**	2,052,490	**379,314**	406,923	**5,184**	30,617	**30,727**	9,422	**245,565**	245,565
Wholesale and retail trade	**133,617**	212,943	**133,617**	212,944	**-**	-	**-**	-	**105,558**	95,824
Transport, storage and communication	**827,734**	641,396	**19,073**	19,072	**4,404**	15,250	**-**	-	**14,062**	13,847
Services	**180,301**	228,820	**9,532**	10,136	**602**	2,208	**365**	-	**-**	5,136
Individuals	**66,098**	101,495	**-**	-	**-**	-	**-**	-	**-**	-
Education	**129,127**	214,072	**-**	-	**235**	861	**-**	-	**4,532**	-
Food & Beverages	**1,306,975**	1,223,756	**131,657**	132,000	**9,326**	21,546	**-**	-	**104,009**	59,400
Others	**316,399**	415,720	**36,083**	32,046	**1,020**	1,550	**-**	44	**19,702**	9,902
Healthcare	**202,700**	-	**-**	-	**991**	-	**-**	-	**-**	-
	12,565,115	12,865,174	**1,950,365**	2,406,185	**78,504**	172,335	**51,914**	18,218	**1,734,517**	2,022,738

Credit risk by public / private sector	Gross Advances		Non-performing Advances		Credit loss allowance held					
					Stage 1		Stage 2		Stage 3	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	(Rupees in '000)									
Public/ Government	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Private	**12,565,115**	12,865,174	**1,950,365**	2,406,185	**78,504**	172,335	**51,914**	18,218	**1,734,517**	2,022,738
	12,565,115	12,865,174	**1,950,365**	2,406,185	**78,504**	172,335	**51,914**	18,218	**1,734,517**	2,022,738

42.1.8 *Contingencies and Commitments*

	2024	2023
	------- (Rupees in '000) -------	
Credit risk by industry sector		
Power (electricity), gas, water, sanitary	-	300,000
Sugar	**43,000**	-
	43,000	300,000
Credit risk by public / private sector		
Public/ Government	-	-
Private	**43,000**	300,000
	43,000	300,000

42.1.9 **Concentration of Advances**

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 4.83 billion (2023: 5.29 billion) are as following:

	2024	2023
	------- (Rupees in '000) -------	
Funded	**4,835,098**	5,292,714
Non Funded	-	-
Total Exposure	**4,835,098**	5,292,714

The sanctioned limits against these top 10 exposures aggregated to Rs. 6.87 billion (2022: Rs. 5.72 billion).

Total Funded Classified therein	**2024**		2023	
	Amount	**Provision held**	Amount	Provision held
	------------------------- (Rupees in '000) -------------------------			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	670,899	670,899	670,899	670,899
Total	**670,899**	**670,899**	670,899	670,899

42.1.10 **Advances - Province/Region-wise Disbursement & Utilization**

	2024				2023			
	Disbursements *	**Utilization ****			Disbursements *	Utilization **		
Province / region		**Punjab**	**Sindh**	**Federal Capital Territory - Islamabad**		Punjab	Sindh	Federal Capital Territory - Islamabad
	---------------------------- (Rupees in '000) ----------------------------				---------------------------- (Rupees in '000) ----------------------------			
Sindh	**5,027,769**	**1,780,097**	**2,703,298**	-	6,634,889	2,022,831	4,612,058	-
Total	**5,027,769**	**1,780,097**	**2,703,298**	-	6,634,889	2,022,831	4,612,058	-

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

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

42.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. After ease of inflation in 2024, the State Bank of Pakistan have also taken various fiscal and regulatory measures and reforms to stabilize the same. The major step taken by SBP was to decrease the policy rate from 22% to 13% by 900 bps from December 2023 to December 2024 sustain economic activities. .

Trading activities are executed in the Treasury & Investment Unit (T&IU). Major equity holdings are held to earn capital gain and dividend to support the Company's business activities while some of the investment positions of equity holding are made for revenue generation as part of strategic initiatives. The Company is active in the Money Market, Fixed Income and Equity market that carry interest rate and equity price risk on both trading and banking book respectively. Management level Asset and Liability Management Committee (ALCO) has been involved to ensure specific & general risk assessment of all Market related products on timely basis.

Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price volatility and market depth and liquidity. They include controls on exposure to individual market risk variables, such as individual interest or equity price ('risk factors'), and on positions in the securities of individual issuers.

Market risk measures and controls are applied at the portfolio level, and concentration limits and other controls are applied where necessary to individual risk types, to particular books and to specific exposures. Portfolio risk measures are common to all market risks, but concentration limits and other controls are tailored to the nature of the activities and the risks they create.

The Company has developed Market Risk Policy, which covers the techniques to gauge, monitor and report the impact of interest rate and price risk implications.

42.2.1 Balance sheet split by trading and banking books

	2024			2023		
	Banking book	**Trading book**	**Total**	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**213,742**	-	**213,742**	158,668	-	158,668
Balances with other banks	**288,245**	-	**288,245**	296,119	-	296,119
Lendings to financial institutions	-	-	-	-	-	-
Investments	**25,637,776**	**285,505**	**25,923,281**	21,892,390	758,119	22,650,509
Advances	**10,700,180**	-	**10,700,180**	10,651,883	-	10,651,883
Property and equipment	**557,055**	-	**557,055**	486,364	-	486,364
Right-of-use assets	-	-	-	-	-	-
Intangible assets	**12,234**	-	**12,234**	9,223	-	9,223
Deferred tax asset	**576,030**		**576,030**	441,163		441,163
Other assets	**2,165,681**	-	**2,165,681**	1,747,961	-	1,747,961
	40,150,943	**285,505**	**40,436,448**	36,683,771	758,119	36,441,890

42.2.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk of loss resulting from changes in exchange rates. The Company does not carry any product specific Foreign Exchange Risk.

	2024				2023			
	Foreign Currency Asset	**Foreign Currency Liabilities**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign Currency Asset	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
Pakistan Rupees	**40,418,115**	**29,541,395**	**43,000**	**10,919,720**	36,417,454	25,848,019	985,000	11,554,435
United States Dollar	**18,333**	**-**	**-**	**18,333**	24,436	-	-	24,436
Euro	**-**	**11,855**	**-**	**(11,855)**	-	12,713	-	(12,713)
	40,436,448	**29,553,250**	**43,000**	**10,926,198**	36,441,890	25,860,732	985,000	11,566,158

	2024		2023	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- statement of Profit and loss account	**302**	**-**	(752)	-
- Other comprehensive income	**-**	**-**	-	-

42.2.3 Equity position risk

Equity price risk arises due to adverse movements in equity prices. The Company as a policy does not enter into any kind of proprietary equity trades. The investment in equities is also managed within the statutory limits as prescribed by the State Bank of Pakistan.

	2024		2023	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Statement of profit and loss	**-**	**14,275**	-	3,913
- Other comprehensive income	**1,270,872**	**11,016**	1,090,706	34,233

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

The Company's Banking Book consists of significant amount of Interest Rate sensitive assets. The investment portfolio comprises of floating interest rate TFCs and Sukuks that are mainly linked to six month KIBOR. Therefore, the overall frequency of banking book interest rate is around six months. Interest rate position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date, the instrument's repayment nature varies from monthly payments to bullet maturity.

Capital Adequacy Stress test exercise has been conducted by using duration method for measuring the upward and downward shocks of interest rate. This provides the Company risk taking and absorption capacity and its implication on capital adequacy in the worst case scenarios.

	2024		2023	
	Banking book	**Trading book**	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- statement of Profit and loss account	**147,986**	**-**	138,105	-
- Other comprehensive income	**256,378**	**-**	225,722	-

42.2.5 ***Mismatch of Interest Rate Sensitive Assets and Liabilities***

	Effective Yield/ Interest rate	Total	2024 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
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.06%	213,742	912									212,830
Balances with other banks	9.07%	288,245	188,057									100,188
Lending to financial institutions	0.00%	-	-	-	-	-						-
Investments	15.91%	25,923,281	6,324,850	5,284,987	11,187,264	928,290	-	2,197,890	-	-	-	-
Advances	12.95%	10,700,180	3,754,001	3,544,006	323,951	872,140	513,011	582,257	636,882	420,882	32,194	20,856
Other assets		3,311,000										3,311,000
		40,436,448	10,267,820	8,828,993	11,511,215	1,800,430	513,011	2,780,147	636,882	420,882	32,194	3,644,874
Liabilities												
Borrowings	11.07%	23,798,678	16,256,103	66,159	3,255,069	1,553,609	553,235	537,090	923,629	642,535	11,249	-
Deposits and other accounts	14.15%	4,501,237	669,272	2,233,477	552,181	1,046,207	100	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		1,253,335	-	-	-	-	-	-	-	-	-	1,253,335
		29,553,250	16,925,375	2,299,636	3,807,250	2,599,816	553,335	537,090	923,629	642,535	11,249	1,253,335
On-balance sheet gap		10,883,198	(6,657,555)	6,529,357	7,703,965	(799,386)	(40,324)	2,243,057	(286,747)	(221,653)	20,945	2,391,539

	Effective Yield/ Interest rate	Total	2024 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
Off-balance sheet financial instruments		(Rupees in '000)										
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		10,883,198	(6,657,555)	6,529,357	7,703,965	(799,386)	(40,324)	2,243,057	(286,747)	(221,653)	20,945	2,391,539
Cumulative Yield / Interest Risk Sensitivity Gap		10,883,198	(6,657,555)	(128,198)	7,575,767	6,776,381	6,736,057	8,979,114	8,692,367	8,470,714	8,491,659	10,883,198

	Effective Yield/ Interest rate	Total	2023 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
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.06%	158,668	798									157,870
Balances with other banks	6.33%	296,119	177,057									119,062
Lending to financial institutions	0.00%	-	-	-	-	-						-
Investments	17.02%	22,650,509	6,279,200	3,902,630	8,643,765	1,720,999	-	-	1,267,526	-	-	836,389
Advances	11.64%	10,651,883	2,465,381	4,594,514	138,343	792,685	530,410	497,329	1,086,923	476,052	50,928	19,318
Other assets		2,684,711										2,684,711
		36,441,890	8,922,436	8,497,144	8,782,108	2,513,684	530,410	497,329	2,354,449	476,052	50,928	3,817,350
Liabilities												
Borrowings	13.38%	21,789,218	14,534,086	1,818,702	1,697,243	540,457	593,051	549,485	991,283	1,060,004	4,907	-
Deposits and other accounts	15.65%	2,724,472	1,862,143	445,260	102,542	314,288	-	-	-	-	-	239
Liabilities against assets subject to finance lease		-										-
Subordinated debt		-										-
Other liabilities		1,347,042										1,347,042
		25,860,732	16,396,229	2,263,962	1,799,785	854,745	593,051	549,485	991,283	1,060,004	4,907	1,347,281
On-balance sheet gap		10,581,158	(7,473,793)	6,233,182	6,982,323	1,658,939	(62,641)	(52,156)	1,363,166	(583,952)	46,021	2,470,069
Off-balance sheet financial instruments												
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		10,581,158	(7,473,793)	6,233,182	6,982,323	1,658,939	(62,641)	(52,156)	1,363,166	(583,952)	46,021	2,470,069
Cumulative Yield / Interest Risk Sensitivity Gap		10,581,158	(7,473,793)	(1,240,611)	5,741,712	7,400,651	7,338,010	7,285,854	8,649,020	8,065,068	8,111,089	10,581,158

		2024	2023
		---------- (Rupees in '000) ----------	
42.2.5.1	**Reconciliation of financial assets and liabilities**		
	Assets as per Statement of financial position	**40,436,448**	36,382,692
	Less: Fixed assets	**557,055**	500,626
	Less: Intangible assets	**12,234**	9,223
	Less: Deferred tax assets	**576,030**	441,163
	Less:		
	Advances, deposits, advance rent and other prepayments	**93,456**	30,752
	Non-refundable deposits	**1,583**	1,583
	Receivable from defined benefits plan	**10,091**	12,629
	Other Assets	**1,176,769**	2,122,942
	Advance Taxation (payments less provisions)	**1,217,656**	639,234
		2,499,555	2,807,140
	Interest Rate Sensitive Assets	**36,791,574**	32,624,540
	Liabilities as per Statement of financial position	**29,553,250**	25,860,732
	Deferred tax liabilities	-	-
	Less:		
	Provision for compensated absences	-	-
	Other Liabilities	**1,253,335**	1,347,281
		1,253,335	1,347,281
	Other liabilities - yield	**28,299,915**	24,513,451

42.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. PAIR Investment Company, in the light of SBP guidelines on Operational Risk Framework via BPRD Circular# 04-2014 dated May 20, 2014, developed Operational Risk Management Framework considering the regulatory guidelines and best practices in the market. PAIR Investment Company is adequately monitoring & reporting the operational risk data as per regulatory guidelines and BoD approved Operational Risk policy. With the implementation of Operational Risk Framework, the Company is being able to manage operational risks in a more systematic way that includes analyzing current systems for data collection, migration, validation and retention for current and historical reference and calculation.

The Company maintains a system of internal controls designed to keep operational risk at appropriate levels. Various techniques/tools used by the company for management of Operational Risk includes RCSAs (Risk Control Self Assessment), KRIs (Key Risk Indicators) and Loss data management. The Company also has in place a business continuity plan for all critical functional areas for smooth functioning of operations.

Basel III Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

42.3.1 Operational risk disclosure - Basel II/III specific

Basic Indicator approach of Basel II/ III has been used to calculate Operational Risk charge of the Company.

42.4 Liquidity risk

Liquidity risk is the risk of loss to the Company arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses.

The Company's approach to liquidity management is to ensure, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage.

Liquidity risk policy has been designed that entails careful monitoring and control of the daily liquidity position, and regular liquidity stress tests under a variety of scenarios. Scenarios encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Company's business.

The Company has developed Liquidity Risk Policy, which covers the techniques to gauge, monitor and report the impact of potential liquidity risk indicators and its implications. Moreover, PAIR Investment maintain strict adherence to SBP prescribed Liquidity Measures ensuring smooth liquidity i.e.: CRR, SLR, LCR and NSFR.

42.4.1 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 8 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

LCR is the measure of conversion capability of the Company's High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.

The Company calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Company to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar - days period. As of 31 December 2024, the PAIR's LCR stood at 148% .

42.4.2 Governance of Liquidity Risk Management

Liquidity risk is managed through the liquidity risk policy approved by the Board. The Company has "zero tolerance" for liquidity risk and will continue to maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet its funding requirements at any time.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BOD)
- Risk Management Committee
- Asset Liability Management Committee (ALCO)
- Treasury Division
- Risk Management Division & Middle Office
- Finance Division
- Information Technology Division

The Board of Directors approves the liquidity risk policy and ensures, through quarterly reviews by the Risk Management Committee of the Board, that the Company's liquidity risk is being managed prudently. Risk Management Committee of the Board provides overall guidance in managing the Company's liquidity risk. Liquidity position is monitored daily by the Treasury Division and the Middle Office and reviewed regularly by ALCO.

42.4.3 Funding Strategy

The Comapny's prime source of liquidity is it's own Capital and funding from other Financial Institutions. The Company also have sizable Deposits Base in the form of Certificate of Investments. The Company is endeavouring to diversify its funding sources and enhance its Long-Term funding options so as to minimize the Liquidity Risk

42.4.4 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like Liquid Assets to Total Assets, advances to deposits, liquid assets to Clean Borrowing & COIs, Net Advances to Total Asset Ratio etc, which are monitored on regular basis against limits. Further, the DFI also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. The DFI also ensures that statutory cash and liquidity requirements are maintained at all times.

In addition, LCR, NSFR & Monitoring Tools of Basel III framework further strengthen liquidity risk management of the company.

42.4.5 Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under stress scenario. Shock include the withdrawals of interbank and wholesale deposits. The Company's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity.

42.4.6 Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity risk policy of the Company which identifies the trigger events that could cause a liquidity contingency and describes the actions to be taken to manage it. The contingency funding plan highlights liquidity management actions that needs to be taken to deal with the contingency. CFP highlights possible funding sources, in case of a liquidity contingency.

42.4.7 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD circular no. 08 dated 23 June 2016.

42.4.8 Composition of HQLAs

High Quality Liquid Assets consist of Level 1 Assets which are included in the stock of liquid assets at 100% weightage of their market value i.e., Cash & Treasury balances, Conventional Government Securities, GOP Ijarah Sukuks, Foreign Currency Sukuks & Bonds issued by sovereigns. While Level 2 Assets comprise all equity shares (excluding shares of Financial Institutions) listed on PSX 100.

42.4.9 Concentration of Funding Sources

Almost half of the the Company's Balance sheet is funded by its own equity, while Borrowing from Financial Institutions remain key source of funding. In order to diversify its funding sources, the Company has sizable Deposits Base in the form of Certificate of Investment while Term Borrowings from the Central Bank and other Financial Institutions are also tapped.

42.4.10 Currency Mismatch in the LCR

About 99% of the Company's assets and liabilities are in local currency. Currency mismatch in other currencies is regularly monitored.

42.4.11 Centralisation of Liquidity Management

Overall liquidity management of PAIR is centralised in Treasury & Investment Unit. While ALCO periodically monitors the Liquidity Management of the Company.

42.4.12 Other Inflows & Outflows

Benefit of pledged deposits (deposits under lien) are not accounted for in calculation of LCR.

42.4.13 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off - balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a company must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Bank's NSFR stood at 117% as on 31 December 2024.

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

2024

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	213,742	213,742	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	288,245	288,245	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	25,923,281	-	-	5,594	1,376,526	20,540	243,344	3,303,538	1,667,881	3,127,086	3,818,860	2,707,740	6,154,608	3,497,564
Advances	10,700,180	45,382	25,721	34,549	949,973	291,391	142,818	858,590	824,320	606,226	1,855,561	1,923,651	2,431,552	710,446
Property and equipment	557,055	-	-	-	-	-	-	-	-	-	-	-	-	557,055
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	12,234	-	-	-	-	-	-	-	-	-	-	-	-	12,234
Deferred tax asset	576,030	-	-	-	-	-	-	-	-	-	-	-	-	576,030
Other assets	2,165,681	29,187	11,552	11,853	1,308,389	34,878	309,855	433,222	14,698	11,858	189	-	-	-
	40,436,448	576,556	37,273	51,996	3,634,888	346,809	696,017	4,595,350	2,506,899	3,745,170	5,674,610	4,631,391	8,586,160	5,353,329
Liabilities														
Borrowings	23,798,678	3,020,499	6,423,480	3,900,253	4,911,870	243,340	45,041	446,736	368,168	482,662	1,397,679	981,534	923,629	653,787
Deposits and other accounts	4,501,237	-	67,343	256,634	345,296	716,983	1,516,494	552,181	367,273	678,933	40	60	-	-
Other liabilities	1,253,335	-	-	-	-	-	1,074,827	95,995	-	3,074	70,051	-	-	9,388
	29,553,250	3,020,499	6,490,823	4,156,887	5,257,166	960,323	2,636,362	1,094,912	735,441	1,164,669	1,467,770	981,594	923,629	663,175
Net assets	10,883,198	(2,443,943)	(6,453,550)	(4,104,891)	(1,622,278)	(613,514)	(1,940,345)	3,500,438	1,771,458	2,580,501	4,206,840	3,649,797	7,662,531	4,690,154
Share capital	6,000,000													
Reserves	1,327,571													
Surplus on revaluation of assets	280,885													
Unappropriated profit	3,274,742													
	10,883,198													

2023

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	158,668	158,668	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	296,119	296,119	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	22,650,509	-	-	29,860	1,532,438	-	19,573	194,561	529,497	1,953,438	7,040,032	3,794,534	4,069,475	3,487,101
Advances	10,651,883	31,709	35,552	29,392	1,394,850	613,516	109,174	1,016,949	403,745	932,192	1,410,984	1,521,020	2,104,070	1,048,730
Property and equipment	486,364	-	-	-	-	-	-	-	-	-	-	-	-	486,364
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	9,223	-	-	-	-	-	-	-	-	-	-	-	-	9,223
Deferred tax asset	441,163	-	-	-	-	-	-	-	-	-	-	-	-	441,163
Other assets	1,747,961	14,818	20,246	11,410	719,372	33,956	295,139	600,152	10,342	-	4,697	-	-	37,829
	36,441,890	501,314	55,798	70,662	3,646,660	647,472	423,886	1,811,662	943,584	2,885,630	8,455,713	5,315,554	6,173,545	5,510,410
Liabilities														
Borrowings	21,789,218	27,015	6,584,834	5,505,632	2,416,605	235,975	27,171	509,743	422,006	478,173	1,687,496	1,393,929	1,435,728	1,064,911
Deposits and other accounts	2,724,472	-	1,023,730	351,651	486,762	323,269	121,992	102,542	23,539	290,829	120	38	-	-
Other liabilities	1,347,042	-	-	-	15,876	-	1,120,791	88,117	-	12,713	52,927	-	-	56,618
	25,860,732	27,015	7,608,564	5,857,283	2,919,243	559,244	1,269,954	700,402	445,545	781,715	1,740,543	1,393,967	1,435,728	1,121,529
Net assets	10,581,158	474,299	(7,552,766)	(5,786,621)	727,417	88,228	(846,068)	1,111,260	498,039	2,103,915	6,715,170	3,921,587	4,737,817	4,388,881
Share capital	6,000,000													
Reserves	1,247,496													
Surplus on revaluation of assets	187,928													
Unappropriated profit	3,145,734													
	10,581,158													

42.4.15 **Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Company**

	2024									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	213,742	213,742								-
Balances with other banks	288,245	288,245								-
Lendings to financial institutions	-	-	-	-	-					-
Investments	25,923,281	7,506,971	2,232,785	9,446,388	1,316,767	330,060	2,007,858	1,748,808	772,474	561,170
Advances	10,700,180	1,055,625	434,208	858,590	1,430,545	1,855,561	1,923,651	2,251,675	846,881	43,444
Property and equipment	557,055	-	-	-	-	-	-	-	-	557,055
Right-of-use assets	-									-
Intangible assets	12,234	-	-	-	-	-	-	-	-	12,234
Deferred tax asset	576,030	-	-	-	-	-	-	-	-	576,030
Other assets	2,165,681	1,360,982	344,733	433,221	26,556	189		-		-
	40,436,448	10,425,565	3,011,726	10,738,199	2,773,868	2,185,810	3,931,509	4,000,483	1,619,355	1,749,933
Liabilities										
Bills payable	-	-	-	-	-	-	-	-	-	-
Borrowings	23,798,678	18,256,103	288,381	446,736	850,831	1,397,679	981,534	923,629	642,535	11,250
Deposits and other accounts	4,501,237	669,272	2,233,477	552,181	1,046,207	40	60			-
Lease liabilities	-	-	-	-	-	-	-	-	-	-
Subordinated loans	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,253,335	7,785	1,058,262	95,995	21,242	70,051				-
	29,553,250	18,933,160	3,580,120	1,094,912	1,918,280	1,467,770	981,594	923,629	642,535	11,250
Net assets	10,883,198	(8,507,595)	(568,394)	9,643,287	855,588	718,040	2,949,915	3,076,854	976,820	1,738,683
Share capital/ Head office capital account	6,000,000									
Reserves	1,327,571									
Surplus/(Deficit) on revaluation of assets	280,885									
Unappropriated/ Unremitted profit	3,274,742									
	10,883,198									

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	158,668	158,668								-
Balances with other banks	296,119	296,119								-
Lendings to financial institutions	-	-	-	-	-					-
Investments	22,650,509	7,641,527	512,823	6,575,411	1,985,735	918,782	360,334	2,608,375	1,481,651	565,871
Advances	10,651,883	1,491,502	722,691	1,016,949	1,335,937	1,410,984	1,521,020	1,914,182	1,179,644	58,974
Property and equipment	486,364	-	-	-	-	-	-	-	-	486,364
Right-of-use assets	-									-
Intangible assets	9,223	-	-	-	-	-	-	-	-	9,223
Deferred tax asset	441,163	-	-	-	-	-	-	-	-	441,163
Other assets	1,747,961	765,847	329,095	600,152	10,342	4,697		-		37,828
	36,441,890	10,353,663	1,564,609	8,192,512	3,332,014	2,334,463	1,881,354	4,522,557	2,661,295	1,599,423
Liabilities										
Borrowings	21,789,218	14,534,086	263,146	509,743	900,179	1,687,496	1,393,929	1,435,728	1,060,004	4,907
Deposits and other accounts	2,724,472	1,862,143	445,260	102,542	314,368	120	39			-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,347,042	15,876	1,112,768	102,969	12,713	52,927				49,789
	25,860,732	16,412,105	1,821,174	715,254	1,227,260	1,740,543	1,393,968	1,435,728	1,060,004	54,696
Net assets	10,581,158	(6,058,442)	(256,565)	7,477,258	2,104,754	593,920	487,386	3,086,829	1,601,291	1,544,727
Share capital/ Head office capital account	6,000,000									
Reserves	1,247,496									
Surplus/(Deficit) on revaluation of assets	187,928									
Unappropriated/ Unremitted profit	3,145,734									
	10,581,158									

43. **EVENTS AFTER THE REPORTING DATE**

Subsequent to the year end, the Board of Directors proposed a final cash dividend of PKR 200 million (2023: PKR 450 million).

44. **GENERAL**

44.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.

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

44.3 The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term entity rating to AA (Double A) and the short term rating at A1+ (A one plus) of the Company.

45. **DATE OF AUTHORISATION**

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 14 FEB 2025.

Chief Financial Officer	Chief Executive and Managing Director	Chairman	Director	Director

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED 2024

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)		Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
		Name	CNIC		Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3		4	5	6	7	8	9	10	11 *	12
								Rupees in '000				
1	Gulistan Spinning Mills Ltd	MR.MUHAMMAD JUNAID	35202-6261910-9	MUHAMMAD RASHEED	350,000	527,531	-	877,531	197,485	532,935	-	730,420
		MR.MUHAMMAD ARIF	35201-1641317-5	ABDUL HAMEED ANWAR								
		MUHAMMAD ASHRAF KHAN	35201-1346603-5	MUHAMMAD DILSHAD KHAN								
		ABID SATTAR	35202-2306906-3	ABDUL SATTAR ZAHID								
		SOHAIL MAQSOOD	35201-4740143-5	MAQSOOD ELAHI								
		MUHAMMAD AKHTAR MIRZA	35201-9676042-3	KARAM DAD KHAN								
		MRS.ZARQA ASIF	35404-0827790-2	MUHAMMAD AKHTAR								
				TOTAL:	350,000	527,531	-	877,531	197,485	532,935	-	730,420

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.