



KPMG Taseer Hadi & Co.  
Chartered Accountants

# Exim Bank of Pakistan Limited

## Financial Statements

For the year ended  
31 December 2022



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sixth Floor, State Life Building, Blue Area  
Islamabad, Pakistan  
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

## **INDEPENDENT AUDITORS' REPORT**

**To the members of EXIM Bank of Pakistan Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter - Legal Status**

We draw attention to note 1 of the financial statements which describes the matter relating to legal status of the Company. Our opinion is not modified in respect of this matter.



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### **Emphasis of Matter - Comparative Information**

We draw attention to Note 33 to the financial statements which indicates that the comparative information presented as at 01 January 2021 and 31 December 2021 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

### **Auditors' 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 auditors' 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 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.





## KPMG Taseer Hadi & Co.

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

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

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

### **Other Matters**

The Financial Statements of the company as at and for the year ended 31 December 2021, excluding the adjustments described in Note 33 to the Financials Statements were audited by another auditor who expressed an unmodified opinion on those Financial Statements on 18 May, 2022.





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As part of our audit of the financial statements as at and for the year ended 31 December 2022, we also audited the retrospective adjustments described in Note 33 that were applied to restate the comparative information presented as at and for the year ended 31 December 2021 and the statement of financial position as at 01 January 2021. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2021 or 31 December 2020 (not presented herein) or to the statement of financial position as at 01 January 2021 other than with respect to the adjustments described in Note 33 to the financial statements.

Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the retrospective adjustments described in Note 33 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ubbaid Ullah.

*KPMG Taseer Hadi Co.*

**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**Islamabad**

**Date: 27 December 2023**

**UDIN: AR2022102401DIRE9miH**

**EXIM BANK OF PAKISTAN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

		December 31, 2022	(Restated) December 31, 2021	(Restated) January 1, 2021
Note				
<b>----- Rupees in '000 -----</b>				
<b>ASSETS</b>				
Cash and balances with treasury banks	8	5,344	974	883
Balance with other banks	9	10	-	-
Lendings to financial institutions	10	30,091	101,455	34,008
Investments	11	10,440,689	8,919,955	8,749,996
Advances	12	31,592	19,141	-
Fixed assets	13	108,895	84,482	4,800
Deferred taxation	14	-	-	-
Other assets	15	2,500,160	3,132,865	3,064,997
		<b>13,116,781</b>	<b>12,258,872</b>	<b>11,854,684</b>
<b>LIABILITIES</b>				
Bills payable		-	-	-
Borrowings		-	-	-
Deposits and other accounts		-	-	-
Subordinated debt		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	16	196,113	77,794	45,796
		<b>196,113</b>	<b>77,794</b>	<b>45,796</b>
<b>NET ASSETS</b>		<b>12,920,668</b>	<b>12,181,078</b>	<b>11,808,888</b>
<b>REPRESENTED BY</b>				
Share Capital	17	10,000,000	10,000,000	10,000,000
Advance against issue of share capital		-	-	-
Reserves - Statutory		584,134	436,216	-
Surplus / (deficit) on revaluation of assets		-	-	-
Unappropriated profit		2,336,534	1,744,862	1,808,888
		<b>12,920,668</b>	<b>12,181,078</b>	<b>11,808,888</b>

**CONTINGENCIES AND COMMITMENTS** 18

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
President/Chief Executive

  
Chief Financial Officer

  
Director

  
Director

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**EXIM BANK OF PAKISTAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	December 31, 2022	December 31, 2021
		----- Rupees in '000 -----	
Mark-up / return / interest earned	19	1,321,820	664,020
Mark-up / return / interest expensed	20	1,975	4,868
Net mark-up / interest income		1,319,845	659,152
<b>Non mark-up / interest income</b>			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income		-	-
Income/(loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other income	21	-	-
Total non-markup / interest income		-	-
Total income		1,319,845	659,152
<b>Non mark-up / interest expenses</b>			
Operating expenses	22	271,085	132,293
Workers' Welfare Fund		-	-
Other charges		-	-
Total non mark-up / interest expenses		271,085	132,293
Profit before provisions		1,048,760	526,859
Provisions and write offs - net		-	-
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		1,048,760	526,859
Taxation	23	309,170	154,669
<b>Profit after taxation</b>		739,590	372,190
		----- Rupee -----	
			Re-stated
Basic earning per share	24	0.74	0.37
Diluted earning per share		0.74	0.37

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
President/Chief Executive

  
Chief Financial Officer

  
Director

  
Director

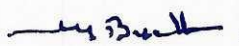
  
Director

**EXIM BANK OF PAKISTAN LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	----- Rupees in '000 -----	
Profit after taxation for the year	739,590	372,190
Other comprehensive income	-	-
Total comprehensive income	<u>739,590</u>	<u>372,190</u>

The annexed notes from 1 to 34 form an integral part of these financial statements

*KPMG*

  
 President/Chief Executive

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director




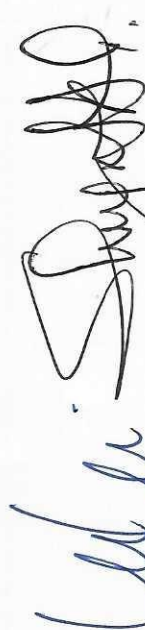
**EXIM BANK OF PAKISTAN LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


	Share Capital	Advance against issue of Share Capital	Statutory reserve	General reserve	Unappropriated / unremitted profit	Total
Rupees in '000						
<b>Balance as at January 1, 2021 as previously stated</b>						
Effect of restatement - refer note 33.1	-	7,000,000	-	-	1,808,888	8,808,888
Balance at 01 January 2021 - restated	10,000,000	(7,000,000)	-	-	-	3,000,000
	10,000,000	-	-	-	1,808,888	11,808,888
<b>Profit after taxation for the year</b>						
Other comprehensive income	-	-	-	-	372,190	372,190
Total comprehensive income for the year	-	-	-	-	372,190	372,190
Transfer to statutory reserve	-	-	436,216	-	(436,216)	-
<b>Balance as at December 31, 2021 - as restated</b>	10,000,000	-	436,216	-	1,744,862	12,181,078
<b>Balance as at December 31, 2021 - as previously stated</b>						
Effect of restatement - refer note 33.1	-	7,000,000	436,216	-	1,744,862	9,181,078
Balance as at December 31, 2021 - restated	10,000,000	(7,000,000)	-	-	-	3,000,000
	10,000,000	-	436,216	-	1,744,862	12,181,078
<b>Profit after taxation for the year</b>						
Other comprehensive income	-	-	-	-	739,590	739,590
Total comprehensive income for the year	-	-	-	-	739,590	739,590
Transfer to statutory reserve	-	-	147,918	-	(147,918)	-
<b>Balance as at December 31, 2022</b>	10,000,000	-	584,134	-	2,336,534	12,920,668

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
President/Chief Executive

  
Chief Financial Officer

  
Director


  
Director

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**EXIM BANK OF PAKISTAN LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


	Note	2022	2021
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,048,760	526,859
Less: Dividend income		-	-
		<u>1,048,760</u>	<u>526,859</u>
<b>Adjustments:</b>			
Depreciation-property and equipment		19,132	1,085
Depreciation-Right-of-use assets		17,989	17,988
Finance charges on leased assets		1,975	3,380
		<u>39,096</u>	<u>22,453</u>
		<u>1,087,856</u>	<u>549,312</u>
<b>Increase in operating assets</b>			
Lendings to financial institutions		71,364	-
Advances		(12,451)	(19,141)
Others assets (excluding advance taxation)		605,499	(40,662)
		<u>664,412</u>	<u>(59,804)</u>
<b>Increase in operating liabilities</b>			
Other liabilities (excluding current taxation and lease liabilities)		42,317	13,261
		<u>42,317</u>	<u>13,261</u>
Income tax paid		(197,773)	(196,753)
Net cash generated from operating activities		<u>1,596,812</u>	<u>306,016</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in held-to-maturity securities		(1,520,734)	(237,405)
Investments in operating fixed assets		(61,533)	(50,038)
Net cash used in investing activities		<u>(1,582,267)</u>	<u>(287,443)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(10,165)	(18,482)
Net cash used in financing activities		<u>(10,165)</u>	<u>(18,482)</u>
<b>Increase in cash and cash equivalents</b>		<u>4,380</u>	<u>91</u>
Cash and cash equivalents at beginning of the year		974	883
Cash and cash equivalents at end of the year	25	<u>5,354</u>	<u>974</u>

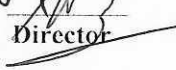
The annexed notes from 1 to 34 form an integral part of these financial statements.

  
President/Chief Executive

  
Chief Financial Officer

  
Director

  
Director

  
Director



**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1 STATUS AND NATURE OF BUSINESS**

EXIM Bank of Pakistan Limited (the Company) was incorporated on June 11, 2015 in Pakistan as an unlisted public company limited by shares under the provisions of the Companies Ordinance, 1984 (repealed by the Companies Act, 2017). The Company has been notified as Development Finance Institution (DFI) on March 12, 2016 by Ministry of Finance through notification vide No. a(2)IF-1/2014-Vol-III-1729. Government of Pakistan is directly subscriber to 99.99% of the share capital of the Company. The registered office of the Company is situated at State Bank of Pakistan (SBP), 11 Chundrigar Road, Karachi while the head office is situated at 5th floor, Evacuee Trust Complex, Islamabad. The principal objective of the Company is to promote expansion and diversification of exports of Pakistan in terms of commodities, services and regions by providing credit facilities, guarantees, insurance and other necessary services and to provide short-term pre-shipment export credit to meet capital needs of exporters and to provide long-term credit for technological development and modernization of export-oriented industry.

The "Export-Import Bank of Pakistan Act 2022" (the Act) was passed by National Assembly and Senate in June 2022 and September 2022, respectively. The Act, after receiving assent of the President of Pakistan on 14 October 2022 came into force at once and was notified in the Official Gazette on 19 October 2022.

As per section 3 of the Act, the Export-Import Bank of Pakistan (the Bank) stands established on commencement of the Act i.e. dated October 14, 2022. Subsequent to year end on 13 February 2023, the Federal government has passed the order to transfer to the Export-Import Bank of Pakistan established under sub-section (1) of section 3 of the said Act whole of the undertaking of the existing EXIM Bank of Pakistan Limited as set out in sub-section (2) of the section 5 of the Act. Consequently, Exim Bank of Pakistan Limited will stand dissolved with effect from February 13, 2023. However, the Company was going concern prior to its date of conversion into Export-Import Bank of Pakistan.

**2 BASIS OF PRESENTATION**

These financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No.2 dated January 25, 2018 with suitable modifications in line with its nature of business in accordance with the format prescribed under above referred circular.

**2.1 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Pakistan Rupee (PKR), which is the company's functional currency. All financial information presented in PKR has been rounded off to the nearest thousand PKR, unless otherwise stated.

**3 STATEMENT OF COMPLIANCE**

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

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

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

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**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

- 3.2 The State Bank of Pakistan (SBP), vide its Banking Supervision Department (BSD) Circular Letter no. 11 dated September 11, 2002 has deferred the applicability of International Accounting Standards (IAS) 40, Investment Property, for banking companies and DFIs till further instructions. Further, the SECP, through S. R.O. 411 (1) / 2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs. Additionally, the SBP vide Banking Policy and Regulations Department (BPRD) Circular Letter No.07 dated April 23, 2023 has deferred the applicability of IFRS-9 for banks and DFIs to accounting periods beginning on or after January 1, 2023. Subsequent to year end, SBP via BPRD circular letter No.7 dated April 13, 2023, further deferred the applicability of IFRS 9 to banks and DFIs in Pakistan to accounting periods beginning on or after January 1, 2024. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

**4 Standards, Interpretations and amendments to the accounting and reporting standards.**

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

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

*Handwritten signature/initials*



**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- As per State Bank of Pakistan (SBP)'s BPRD circular letter no. 07 of 2023, IFRS 9 'Financial Instruments' is applicable:
  - For banks having asset size of PKR 500 billion or above as of December 31, 2022 and for all the Development Finance Institutions (DFIs), the implementation date has been extended from January 01, 2023 to January 01, 2024.

Early adoption of the standard is permissible.

The management does not anticipate early adoption of above standards and amendments and is currently evaluating the impact of adopting these standards.

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**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**5 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value in accordance with directives of the SBP.

**6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies described in notes are as follows:

- i. Provision against advances (Note 7.2)
- ii. Provision against investments (Note 7.3)
- iii. Valuation and useful life of fixed assets. (Note 7.4)
- iv. Lease liability and right-of-use assets (Note 7.6)
- v. Taxation (Note 7.7)

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**7.1 Cash and cash equivalents**

Cash and cash equivalents comprise of cash, balances with treasury banks and balances with other banks in current and deposit accounts.

**7.2 Advances**

Advances are stated net of specific and general provisions. Provision for non-performing advances is determined on the basis of Prudential Regulations issued by the SBP and charged to statement of profit and loss account. Advances are written off when there is no realistic prospect of recovery.

**7.3 Investments**

Investments are classified as follows:

**(a) Held-For-Trading (HFT)**

These investments are held for a maximum period of 90 days and acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

**(b) Available-For-Sale (AFS)**

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

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

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

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**(c) Held-To-Maturity (HTM)**

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

**7.4 Fixed assets**

Property and equipment, except capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress are stated at cost less accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the applicable rates as specified in note 13.2 to the financial statements. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the date when the assets are available for use while no depreciation is charged on the date the assets are disposed off.

Gain / Losses, if any, on disposal of fixed assets are charged to statement of profit and loss account during the period.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

During the year, the Company has reassessed the expected pattern of consumption of the future economic benefits derived from its property and equipment. Which resulted in a change in depreciation method from the reducing balance method to the straight-line method. This change is predicated on management's belief that the straight-line method more accurately reflects the pattern in which the future economic benefits of the property and equipment are expected to be consumed.

Additionally, the Company has conducted a thorough review of the useful life of its property and equipment. This assessment has resulted in changes to the expected usage of furniture and fixtures and electrical and office equipment. These assets were previously intended for sale after five and three years of use, respectively, the Company now anticipates that they will remain in operation for ten and five years, respectively, from the date of purchase. As a result, the expected useful life of the aforementioned assets has increased. The effect of these changes on actual and expected depreciation expense is as follows:

<i>Rupees in thousands</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>later</b>
Increase / (Decrease) in depreciation expense	1,712	(242)	(232)	(125)	(107)	(1,006)

**7.5 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the date when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over its useful life over which economic benefits are expected to flow to the Company. The useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

**7.6 Lease liability and right-of-use assets**

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

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Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**7.7 Taxation**

**Current**

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the period.

**Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deductible temporary differences (deferred tax assets) are temporary differences that are deductible from the taxable income of future periods when the carrying amount of the underlying assets or liability is recovered or settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Taxable temporary differences (deferred tax liabilities) are temporary differences that will result in a tax liability in future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the date of the statement of financial position.

Deferred tax assets are reviewed annually for impairment. Where objective evidence exists that the carrying value of a deferred tax asset may not be recoverable, the deferred tax asset is reduced to its recoverable value. The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense.

**7.8 Income recognition**

Income on advances to employees, lending to financial institutions and on investments are recognized on a time proportion basis as per terms of the contract. Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

**7.9 Impairment of non financial asset**

The carrying values of non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable value of the asset is estimated. An impairment loss is recognised through the profit and loss account whenever the recoverable value of an asset is lower than its carrying value.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the date when impairment loss was initially recognised.

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**7.10 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect current best estimates.

**7.11 Foreign currency transactions**

The financial statements are presented in Pakistan Rupee, which is Exim Bank of Pakistan's functional currency. Transactions in foreign currencies are translated into Pakistan Rupee at the exchange rate prevailing on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

**7.12 Financial instruments**

Financial assets and liabilities are recognized when Exim Bank of Pakistan becomes a party to the contractual provisions of the instrument. These are derecognized when Exim Bank of Pakistan ceases to be the party to the contractual provisions of the instrument.

**Financial Assets**

Financial assets are Cash and Balances with National Bank of Pakistan (NBP), Balances With Other Banks, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances if any, while other financial assets excluding investments are stated at cost. Investments classified as available for sale and held for trading are valued at year end prices and investments classified as held to maturity are stated at amortized cost.

**Financial Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include other liabilities which are stated at their nominal value.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

**7.13 Off-setting of financial instruments**

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

**7.14 Government grants**

The Company recognizes government grants as deferred income or receivable, depending upon the nature of grant arrangement when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

**7.15 Statutory reserve**

The Bank has created a reserve by considering the requirements of the SBP's BPRD circular letter no. 15 dated May 31, 2004, whereby, an appropriation equivalent to 20% of the profit after tax is required to be made till such time the reserve fund equals the paid-up capital of the Company. However, thereafter, the contribution is required to be made equivalent to 5% of the profit after tax.

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	Note	2022	2021
		----- Rupees in '000 -----	
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>		10	-
<b>With National Bank of Pakistan in</b>			
Local currency current account		5,334	974
		<u>5,344</u>	<u>974</u>
<b>9 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan:</b>			
In current accounts	10	-	-
In deposit accounts	-	-	-
	10	-	-
<b>Outside Pakistan:</b>			
In current accounts	-	-	-
In deposit accounts	-	-	-
	-	-	-
Provision for doubtful placement with the bank	-	-	-
	10	-	-
<b>10 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Special Notice Deposit Receipt - NBP	10.1	-	101,455
Letter of placements	10.2	30,091	-
		<u>30,091</u>	<u>101,455</u>
Less: Provision against lendings to Financial Institutions.		-	-
Lendings to Financial Institutions - net of provision		<u>30,091</u>	<u>101,455</u>
<b>10.1</b>	These represent securities with original maturity period of 7 to 30 days and carry markup at the rate of Nil (2021: ranging between 5.50% to 9.10%) per annum. These also include securities with original maturity period of 7 to 30 days held relating to CEO service benefit fund with a cumulative carrying amount of Rs. Nil (2021: Rs 11,505 thousand) and carry markup at the rate of Nil (2021: ranging between 3.10% to 6.25%) per annum.		
<b>10.2</b>	These are placed with financial institutions with maturity period of 7 days and carry markup of 15% (2021: Nil) per annum.		

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11 Investments by type:

Note	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
11.1	10,440,689	-	-	10,440,689	8,919,955	-	-	8,919,955
	10,440,689	-	-	10,440,689	8,919,955	-	-	8,919,955

11.1 These represent securities with original maturity period of 3 to 12 months carrying markup at the rates ranging between 14.35% to 15.94% (2021: 7.14% to 10.62%) per annum.

11.2 Investments by segments:

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Federal government securities</b>								
Market Treasury Bills	10,440,689	-	-	10,440,689	8,919,955	-	-	8,919,955
	10,440,689	-	-	10,440,689	8,919,955	-	-	8,919,955
<b>Total investments</b>	<b>10,440,689</b>	<b>-</b>	<b>-</b>	<b>10,440,689</b>	<b>8,919,955</b>	<b>-</b>	<b>-</b>	<b>8,919,955</b>

2022 2021  
-----Rupees 000's-----

11.3 Particulars relating to Held-to-maturity securities are as follows:

Federal Government Securities - Government guaranteed

Market Treasury Bills

10,440,689 8,919,955

The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs.10,872 million (December 31, 2021: Rs. 8,994 million).

12 ADVANCES

Note	Performing		Non-performing		Total	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Loans, cash credits, running finances, etc.	31,592	19,141	-	-	31,592	19,141
Advances - gross	31,592	19,141	-	-	31,592	19,141
Provision against advances						
- Specific	-	-	-	-	-	-
- General	-	-	-	-	-	-
Advances - net of provision	31,592	19,141	-	-	31,592	19,141

12.1 Particulars of advances (gross)

In local currency

In foreign currencies

Note	2022	2021
	-----Rupees 000's-----	
12.2	31,592	19,141
	-	-
	<b>31,592</b>	<b>19,141</b>

12.2 These represent advance amounting to Rs 0.40 million (2021: Nil) given to an employee as an advance against house rent. Advances also include loans amounting to Rs 31.19 million (2021: Rs 19.14) given to employees for construction of house and purchase of vehicle, carrying markup at the rate of 5 % per annum (2021: 5% per annum).

13 FIXED ASSETS

Capital work-in-progress

Property and equipment

Right-of-use assets

Note	2022	2021
	-----Rupees 000's-----	
13.1	-	49,474
13.2	96,154	4,279
13.3	12,741	30,729
	<b>108,895</b>	<b>84,482</b>

13.1 Capital work-in-progress

Civil works

HVAC works

Other

	2022	2021
	-	46,315
	-	1,959
	-	1,200
	<b>-</b>	<b>49,474</b>

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**13.2 Property and equipment**

2022						
	Furniture and fixtures	Electrical and office equipments	Vehicles	Computer and networking equipments	Leasehold improvements	Total
Rupees in '000						
<b>At January 1, 2022</b>						
Cost	1,695	382	2,736	1,455	3,213	9,481
Accumulated depreciation	590	247	1,765	785	1,814	5,202
Net book value	1,105	135	971	670	1,399	4,279
<b>Year ended December 31, 2022</b>						
Opening net book value	1,105	135	971	670	1,399	4,279
Additions	10,059	52,630	5,415	10,958	31,944	111,006
Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(1,128)	(7,271)	(1,873)	(2,960)	(5,900)	(19,132)
Closing net book value	10,036	45,494	4,513	8,668	27,443	96,154
<b>At December 31, 2022</b>						
Cost	11,754	53,012	8,151	12,413	35,157	120,487
Accumulated depreciation	1,718	7,518	3,638	3,745	7,714	24,333
Net book value	10,036	45,494	4,513	8,668	27,443	96,154
Rate of depreciation (percentage)	10%-20%	20%	20%	33%	20%	
2021						
	Furniture and Fixtures	Electrical and Office Equipments	Vehicles	Computer and Networking Equipments	Leasehold Improvements	Total
Rupees in '000						
<b>At January 1, 2021</b>						
Cost	1,620	382	2,736	965	3,213	8,917
Accumulated depreciation	467	213	1,522	450	1,464	4,117
Net book value	1,153	169	1,214	515	1,749	4,800
<b>Year ended December 31, 2021</b>						
Opening net book value	1,153	169	1,214	515	1,749	4,800
Additions	75	-	-	490	-	565
Disposals	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(123)	(34)	(243)	(335)	(350)	(1,085)
Closing net book value	1,105	135	971	670	1,399	4,279
<b>At December 31, 2021</b>						
Cost	1,695	382	2,736	1,455	3,213	9,481
Accumulated depreciation	590	247	1,765	785	1,814	5,202
Net book value	1,105	135	971	670	1,399	4,279
Rate of depreciation (percentage)	20%	33%	20%	33%	20%	

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	2022	2021
	-----Rupees 000's-----	
<b>13.3 RIGHT-OF-USE ASSETS</b>		
Opening balance	30,729	-
Additions during the year	-	53,963
Deletions during the year	-	(5,246)
Depreciation charged for the year	(17,988)	(17,988)
Net book value at the end	<u>12,741</u>	<u>30,729</u>

**14 DEFERRED TAXATION**

- 14.1** Subsequent to year end, the Federal Government under finance Act 2023 has exempted Export Import Bank of Pakistan from income tax. Therefore deferred tax asset amounting to Rs 7.48 million (2021: Rs 1.3 million) has not been recognized.

	2022	2021
Note	-----Rupees 000's-----	
<b>15 OTHER ASSETS</b>		
Income / mark-up accrued in local currency	491,387	101,691
Advances, deposits, advance rent and other prepayments	8,773	3,967
Income tax refundable- net	-	27,207
Receivable from Government of Pakistan	15.1 2,000,000	3,000,000
	<u>2,500,160</u>	<u>3,132,865</u>
Less: Provision held against other assets	-	-
	<u>2,500,160</u>	<u>3,132,865</u>

- 15.1** This represents amount receivable from Government of Pakistan on the account of subscription to the initial share capital of the Company as per Memorandum of Association of EXIM Bank of Pakistan Limited.

**16 OTHER LIABILITIES**

	2022	2021
Note	-----Rupees 000's-----	
Payable to SBP, Banking Services Corporation (BSC)	7,223	17,816
Audit fee payable	1,146	380
Accrued payables	34,450	1,730
EOBI payable	27	-
Staff Provident Fund Payable	7,916	3,384
CEO Provident Fund Payable	25,066	11,505
CEO gratuity Fund Payable	10,000	-
Profit on Staff Provident Fund Payable	417	-
Profit on CEO Provident Fund Payable	2,358	-
Lease liabilities against Right-of-use-assets	16.1 22,139	30,329
Vendor Retention Payable	801	9,363
Income Tax Payable - net	84,194	-
Income Tax Withholding Payable	376	3,287
	<u>196,113</u>	<u>77,794</u>

**16.1 LIABILITIES AGAINST RIGHT-OF-USE-ASSETS**

Opening balance	30,329	-
Additions during the year	-	46,035
Lease finance charges	1,975	3,700
Lease rentals paid	(10,165)	(19,406)
Balance at end of the year	<u>22,139</u>	<u>30,329</u>

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**17 SHARE CAPITAL**

17.1	Authorized capital	Restated		2022	Restated
	2022	2021			2021
				Rupees in '000	
	Number of shares				
	10,000,000,000	10,000,000,000	Ordinary shares of Rs. 10 each.	100,000,000	100,000,000
17.2	Issued, subscribed and paid up				
	2022	2021			
	Number of shares		Ordinary shares of Rs. 10 each		
	-	700,000,000	Subscribed, paid up and not yet issued	-	7,000,000
	800,000,000	-	Issued, subscribed and paid up	8,000,000	-
	200,000,000	300,000,000	Subscribed, not paid and not issued	2,000,000	3,000,000
	1,000,000,000	1,000,000,000		10,000,000	10,000,000
			Note	2022	2021
				Rupees in '000	

**18 CONTINGENCIES AND COMMITMENTS**

**18.1** The assessment in respect of tax year 2022 was amended by the assessing officer vide assessment order under section 4C of the Income Tax Ordinance, 2001 dated December 31, 2022 and raised a demand of Rs. 9,318,994 through the order. The company has filed an appeal against the said order with Commissioner Inland Revenue Appeals (the "CIR(A)") dated January 25, 2023 and the hearing notice is still not issued yet. The Company's management is confident that the matter will be decided in its favour.

18.2	-Guarantees			-	-
	-Commitments	18.2.1		44,154	38,740
				44,154	38,740
18.2.1	-Commitments				
	Commitments in respect of				
	-Fixed assets	18.2.2		28,319	38,740
	-Intangible assets	18.2.3		15,835	-
				44,154	38,740

**18.2.2** This represents hardware related to IT and network infrastructure (2021: Renovation/civil and electric works at Head Office).

**18.2.3** This represents license's related to IT and network infrastructure and compliance software (2021: Nil).

**19 MARK-UP / RETURN / INTEREST EARNED**

		2022	2021
		Rupees in '000	
On:			
	Investments	1,257,511	658,005
	Lendings to financial institutions	63,221	5,940
	Loan and advances	1,088	75
		1,321,820	664,020

**20 MARK-UP / RETURN / INTEREST EXPENSED**

On:			
	Lease liability	1,975	4,868
		1,975	4,868

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		2022	2021
Note		Rupees in '000	
<b>21</b>	<b>OTHER INCOME</b>		
	Grant received from		
	Islamic Development Bank	21.1	24,472
	Asian Development Bank	21.2	-
			1,260
			100,920
			24,472
			102,180
	Amortization of grants during the year		(24,472)
			(102,180)
		21.3	-
			-

**21.1** The Islamic Republic of Pakistan (Ministry of Finance) entered into an agreement of technical assistance with Islamic Development Bank (IsDB) to support operationalization of Exim Bank of Pakistan Limited (the Company) in 2019. Activities defined under the agreement to provide technical assistance include adaption of Islamic Trade Finance, Takaful and Guarantee Products and Services, Capacity Building of the Company officials in Islamic Finance Products and Services, Underwriting Processes and Risk Management as well as develop and implement marketing and communication strategies for promotion of these products and services. The amount of total assistance to be provided under this agreement amounts to USD 307,130 (IsDB USD 277,200 and Company USD 29,930)

**21.2** The Islamic Republic of Pakistan - Ministry of Finance (MoF) entered into an agreement of technical assistance with Asian Development Bank (ADB) to support operationalization of Exim Bank of Pakistan Limited (the Company) in 2019. Activities defined under the agreement to provide technical assistance include review of operational and institutional structure, review of operational road map and updation of business plan, establish legal and regulatory framework and provide guidelines for the management of the Company to maintain a national interest account to support the credit facilities and to assess Company's economic and financial viability, evaluate its financial management and develop an environmental and social management system. The amount of total assistance to be provided under this agreement amounts to USD 625,000. (ADB share USD 500,000 and MoF USD 125,000).

**21.3** The Company did not receive any funds in respect of the aforementioned arrangements directly but has received services against activities mentioned in the agreement. The services under IsDB were received during the year 2021 and 2022 whereas the services under ADB agreements were in 2019 till 2021.

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		2022	2021
Note		Rupees in '000	
<b>22</b>	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	<b>22.1</b>	<b>190,911</b>
			<b>97,979</b>
	<b>Property expense</b>		
	Insurance	1,845	-
	Security	959	-
	Utilities cost	2,226	44
	Repairs and maintenance (including janitorial charges)	172	21
	Depreciation on right of use assets	17,989	17,988
	Depreciation on property and equipment	5,900	-
		29,091	18,053
	<b>Information technology expenses</b>		
	Software maintenance	3,005	388
	Hardware maintenance	115	-
	Depreciation	2,960	335
	Network charges	446	-
		6,526	723
	<b>Other operating expenses</b>		
	Directors' fees and allowances	1,665	1,905
	Legal and professional charges	4,336	567
	Consultancy, custodial and rating services	1,607	-
	Outsourced services costs	8,592	6,715
	Travelling and conveyance	3,997	3,100
	Entertainment	1,496	-
	Insurance	1,061	-
	Training and development	533	-
	Depreciation	10,272	749
	Stationery and printing	2,532	26
	Marketing, advertisement and publicity	2,071	1,487
	Auditors' remuneration	1,146	380
	Others	5,249	609
		44,557	15,538
		271,085	132,293
<b>22.1</b>	<b>Total compensation expense</b>		
	Fees and Allowances etc.		
	Managerial Remuneration		
	i) Fixed	84,883	66,240
	ii) Variable	-	-
	of which;		
	a) Cash Bonus / Awards etc.	24,000	-
	b) Bonus & Awards in Shares etc.	-	-
	Charge for defined benefit plan	10,000	-
	Contribution to defined contribution Plan	8,924	5,000
	EOBI	213	-
	Rent & house maintenance	31,485	14,001
	Utilities	5,199	1,961
	Medical	5,126	2,324
	Conveyance	13,891	3,461
	Leave fare assistance	4,073	2,859
	Servant salary	3,117	2,133
		190,911	97,979
<b>22.2</b>	This represent amount charged by State Bank of Pakistan (SBP) under "Agreement for facilitation on Reimbursement Basis" for use of SBP facilities by the Company.		

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**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**23 TAXATION**

Current  
Prior periods  
Deferred

2022	2021
Rupees in '000	
312,594	154,669
(3,424)	-
-	-
309,170	154,669

**23.1 Tax rate reconciliation**

Profit Before Tax

Applicable tax rate

2022	2021
Rupees in '000	
1,048,760	526,859

29%

29%

Income tax at applicable rate

Tax impact of income taxable at lower rates

Super tax

Prior year adjustment

Other

2022	2021
Rupees in '000	
304,141	152,789
(52,298)	-
45,304	-
(3,424)	-
15,448	1,880
309,171	154,669

**23.2** Tax assessments up to and including Tax year 2022 have been finalized. However, the tax authorities are empowered to reopen these assessments within five years from the end of the financial year in which the returns were filed.

**24 BASIC EARNING PER SHARE**

Profit for the year

Weighted average number of ordinary shares (in 000)

Basic earning per share

There is no dilutive effect on the basic earnings per share of the Company.

2022	2021
Rupees in '000	
739,590	372,190
1,000,000	1,000,000
	Restated
0.74	0.37

**25 CASH AND CASH EQUIVALENTS**

Cash and Balance with Treasury Banks

Balance with other banks

2022	2021
Rupees in '000	
5,344	974
10	-
5,354	974

**26 STAFF STRENGTH**

Permanent

On Company's contract

Others (please specify)

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

2022	2021
21	10
1	4
-	-
22	14

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EXIM BANK OF PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022

27 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

27.1 Total Compensation Expense

Items	Directors			President/ CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives Independent			
Rupees in '000						
Fees and Allowances etc.	-	-	1,665	-	-	-
Managerial Remuneration	-	-	-	-	-	-
i) Fixed	-	-	-	27,514	28,243	-
ii) Total Variable	-	-	-	-	-	-
of which	-	-	-	-	-	-
a) Cash Bonus / Awards	-	-	-	-	-	-
b) Bonus & Awards in Shares	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	10,000	-	-
Contribution to defined contribution plan	-	-	-	5,505	2,353	-
Compensated absences	-	-	-	-	-	-
Leave fare assistance	-	-	-	3,751	-	-
Exgratia	-	-	-	-	-	-
Rent & house maintenance	-	-	-	15,133	11,297	-
Utilities	-	-	-	1,111	2,824	-
Medical	-	-	-	1,038	2,824	-
Conveyance	-	-	-	1,136	10,187	-
Others	-	-	-	3,767	2,456	-
Total	-	-	1,665	68,955	60,184	-
Number of Persons	-	-	6	1	7	-

In addition to above, the President/ CEO of the Company is provided with company maintained vehicle in accordance with the terms of employment.

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**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
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Items	2021				President/ CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Directors			Non-Executives Independent			
	Chairman	Executives (other than CEO)					
	Rupees in '000						
Fees and Allowances etc.	100	635	1,170	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	-
i) Fixed	-	-	-	25,000	8,977	-	-
ii) Total Variable	-	-	-	-	5,386	-	-
of which	-	-	-	-	-	-	-
a) Cash Bonus / Awards	-	-	-	-	-	-	-
b) Bonus & Awards in Shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	5,000	781	-	-
Compensated absences	-	-	-	-	-	-	-
Leave fare assistance	-	-	-	2,859	-	-	-
Exgratia	-	-	-	-	-	-	-
Rent & house maintenance	-	-	-	11,436	-	-	-
Utilities	-	-	-	990	-	-	-
Medical	-	-	-	1,350	-	-	-
Conveyance	-	-	-	667	1,808	-	-
Others	-	-	-	1,923	926	-	-
Total	100	635	1,170	49,225	17,878	-	-
Number of Persons	1	2	3	1	6		

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EXIM BANK OF PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Sr.No.	Name of Directors	Meeting Fees and Allowances Paid 2022					
		For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Committee	IT Committee	
1	Mr. Ahmad Aziz Zubari	200	70	-	35	-	305
2	Mr. Naveed Qazi	250	70	35	-	105	460
3	Mr. Nadeem Arshad Elahi	150	-	35	35	105	325
4	Mr. Ali Tahir	50	-	35	35	-	120
5	Dr. Rashid Manzoor	150	-	-	-	-	150
6	Syed Hamid Ali	200	-	35	-	70	305
Total Amount Paid		1,000	140	140	105	280	1,665

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

Sr.No.	Name of Directors	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Committee	Selection & Recruitment Committee	
1	Mr. Atif Riaz Bukhari	100	-	-	-	-	100
2	Dr. Rashid Manzoor	200	140	-	105	140	585
3	Mr. Ahmad Aziz Zubari	100	35	35	-	-	345
4	Mr. Naveed Qazi	150	140	-	-	140	430
5	Mr. Nadeem Arshad Elahi	150	-	-	105	140	395
6	Mr. Muhammad Humair Karim	50	-	-	-	-	50
Total Amount Paid		750	315	35	210	595	1,905

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

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**EXIM BANK OF PAKISTAN LIMITED**  
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**28 FAIR VALUE MEASUREMENT**

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

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

**28.1 Fair value of financial assets**

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

- **Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**Valuation techniques and inputs used in determination of fair values**

Item	Valuation techniques and input used
Market Treasury Bills	Fair value of Treasury Bills are derived using the PKRV / PKFRV rates.

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	-----Rupees in '000-----			
<b>Financial assets - measured at fair value</b>				
Investments				
Federal government securities	-	10,440,689	-	10,440,689
<b>On balance sheet financial instruments</b>	-----Rupees in '000-----			
<b>Financial assets - measured at fair value</b>				
Investments				
Federal government securities	-	8,919,955	-	8,919,955

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EXIM BANK OF PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
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29 RELATED PARTY TRANSACTIONS

The Government of Islamic Republic of Pakistan is the major shareholder of the Company. Therefore, all entities owned by and controlled by the Government are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. The Company has not extended any financing facilities to entities owned by the Governments of Islamic Republic of Pakistan and State Bank of Pakistan.

There are no transactions with key management personnel other than those carried out as per their terms of employment. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment.

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

	December 31, 2022					December 31, 2021				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
(Rupees in '000)										
<b>Advances</b>										
Opening balance	-	17,996	-	-	-	-	-	-	-	-
Addition during the year	-	4,062	-	-	-	-	17,996	-	-	-
Repaid during the year	-	(2,349)	-	-	-	-	-	-	-	-
Closing balance	-	19,709	-	-	-	-	17,996	-	-	-
<b>Other assets</b>										
	-	389	-	-	-	-	1,055	-	-	-
	-	20,098	-	-	-	-	19,051	-	-	-
(Rupees in '000)										
December 31, 2022										
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	-	856	-	-	-	-	-	-	-	-
<b>Expense</b>										
Mark-up / return / interest expensed	-	-	-	-	-	-	75	-	-	-
Operating expenses	1,665	129,139	-	-	-	1,905	67,103	-	-	-

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EXIM BANK OF PAKISTAN LIMITED  
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2021 (Restated)													
Rupees in '000													
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
<b>Assets</b>													
Balances with other banks	974	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	101,455	-	-	101,455	-	-	-	-	-	-	-	-	-
Investments	8,919,955	-	-	-	-	8,919,955	-	-	-	-	-	-	-
Loan and Advances	19,141	-	-	-	-	-	-	-	-	-	3,387	1,145	14,609
Fixed assets	84,482	-	-	-	-	-	-	-	30,729	-	670	53,083	-
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - restated (Note 33)	3,132,865	-	-	688	-	30,225	1,000,000	70,778	28,084	2,000,000	3,090	-	-
	12,258,872	974	-	102,143	-	8,950,180	1,000,000	70,778	58,813	2,000,000	7,146	54,228	14,609
<b>Liabilities</b>													
Other liabilities*	77,794	-	3,287	-	1,587	17,816	523	9,363	-	-	-	-	-
	77,794	-	3,287	-	1,587	17,816	523	9,363	-	-	-	-	-
Net assets	12,181,078	974	(3,287)	-	100,556	(17,816)	8,919,657	990,637	70,778	2,000,000	7,146	54,228	14,609
<b>Share Capital - restated (Note 32)</b>													
Advance against issue of share capital - restated (Note 33)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	436,216	-	-	-	-	-	-	-	-	-	-	-	-
Surplus / (deficit) on revaluation of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	1,744,862	-	-	-	-	-	-	-	-	-	-	-	-
	12,181,078	-	-	-	-	-	-	-	-	-	-	-	-

\* These contain maturity analysis of lease liabilities based on contractual maturities which is shown below:

2021													
Rupees in '000													
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
<b>Liabilities</b>													
Lease liabilities	30,329	-	-	-	-	-	10,782	12,227	312	-	-	-	-
	30,329	-	-	-	-	-	10,782	12,227	312	-	-	-	-

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EXIM BANK OF PAKISTAN LIMITED  
NOTES TO THE FINANCIAL STATEMENT  
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32 Advances - Province/Region-wise Disbursement & Utilization

		2022					
Disbursements		Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- Rupees '000-----							
Punjab	-	-	-	-	-	-	-
Sindh	-	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	31,592	-	-	-	-	31,592	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
	31,592	-	-	-	-	31,592	-

		2021					
Disbursements		Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- Rupees '000-----							
Punjab	-	-	-	-	-	-	-
Sindh	-	-	-	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	19,141	-	-	-	-	19,141	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
	19,141	-	-	-	-	19,141	-

32.1 Market risk

Market risk is the loss due to adverse movements in market rates or prices such as foreign exchange rates, interest rates and equity prices and / or commodity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

	2022	2021	2022	2021
	Effective Rate	Effective Rate	Rupees	Rupees
	(In per cent)	(In per cent)	Carrying amount in '000	
<b>Financial assets</b>				
<i>Fixed rate instruments</i>				
Lendings to financial institutions	15.00%	3.10% - 9.10%	30,091	101,455
Investments	14.35% - 15.94%	7.14% - 10.62%	10,440,689	8,919,955
<b>Financial liabilities</b>				
Other liabilities	0%	0%	196,113	77,794

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect profit or loss.

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**EXIM BANK OF PAKISTAN LIMITED**  
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**b) Foreign exchange risk**

Foreign exchange risk arises in case of financial transaction that occurs in foreign currency, when there is adverse exchange rate movement. The Company is not exposed to any foreign exchange risk.

**c) Equity risk**

Equity price risk is the risk to the earnings or capital resulting from an adverse change in the value/price of equity. The Company is not exposed to any equity price risk.

**32.2 Operational risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and system of the Company.

The risk management function in the Company monitors operational risk, in order to ensure the safeguarding of assets, and to mitigate other related risks.

The Company is not exposed to any operational risk, as operation has not been started yet.

**33 Correction of errors**

Following comparative figures have been restated due to errors in previous years. Impact of restatement on the reported amounts in the statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows has been disclosed below:

	As previously reported	Adjustments	As restated
	Rupees'000		
<b>01 January 2021</b>			
<b>Statement of financial position</b>			
<b>Assets</b>			
Cash and bank balances with treasury banks	883	-	883
Balances with other banks	-	-	-
Lendings to financial institutions	34,008	-	34,008
Investments	8,749,996	-	8,749,996
Advances	-	-	-
Fixed assets	4,800	-	4,800
Deferred taxation	-	-	-
Other assets	64,997	3,000,000	3,064,997
	<b>8,854,684</b>	<b>3,000,000</b>	<b>11,854,684</b>
<b>Liabilities</b>			
Other liabilities	45,797	-	45,797
	<b>45,797</b>	<b>-</b>	<b>45,797</b>
<b>NET ASSETS</b>	<b>8,808,888</b>	<b>-</b>	<b>11,808,888</b>
<b>REPRESENTED BY</b>			
Share capital	-	10,000,000	10,000,000
Advance against issue of share capital	7,000,000	(7,000,000)	-
Reserves	-	-	-
Surplus / (deficit) on revaluation of assets	-	-	-
Unappropriated profit	1,808,888	-	1,808,888
	<b>8,808,888</b>	<b>3,000,000</b>	<b>11,808,888</b>

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**EXIM BANK OF PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
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31 December 2021

	Previously reported	Adjustments	As restated
	Rupees'000		
Note			
<b>Statement of financial position</b>	33.1		
<b>Assets</b>			
Cash and Bank Balances with treasury banks	974	-	974
Balances with other banks	-	-	-
Lendings to Financial institutions	101,455	-	101,455
Investments	8,919,955	-	8,919,955
Advances	19,141	-	19,141
Fixed Assets	84,482	-	84,482
Deferred Taxation	-	-	-
Other assets	132,865	3,000,000	3,132,865
	<b>9,258,872</b>	<b>3,000,000</b>	<b>12,258,872</b>
<b>Liabilities</b>			
Other Liabilities	77,794	-	77,794
	<b>77,794</b>	<b>-</b>	<b>77,794</b>
<b>NET ASSETS</b>	<b>9,181,078</b>	<b>-</b>	<b>12,181,078</b>
<b>REPRESENTED BY</b>			
Share Capital	-	10,000,000	10,000,000
Advance against issue of share capital	7,000,000	(7,000,000)	-
Reserves	436,216	-	436,216
Surplus / (deficit) on revaluation of assets	-	-	-
Unappropriated profit	1,744,862	-	1,744,862
	<b>9,181,078</b>	<b>3,000,000</b>	<b>12,181,078</b>

- 33.1 The Memorandum of Association of the Company was registered with registrar of companies on 04 June 2015 wherein, out of the Authorized Share Capital of Rs. 100 billion, Rs. 10 billion was subscribed by all subscribers.

In the previous years the Company had erroneously understated "Share Capital" by Rs. 10 billion, "Receivable from Government of Pakistan presented as part of "Other assets" by Rs. 3 billion and overstated "Advance against issuance of shares" by Rs. 7 billion on the statement of financial position as of 31 December 2021 and 1 January 2021

This error has now been corrected by derecognizing "Advance against issuance of shares" amounting to Rs. 7 billion and by recognizing "Receivable from Government of Pakistan" and "Share capital" amounting to Rs. 3 billion and Rs. 10 billion, respectively, on the statement of financial position as of 31 December 2021 and 01 January 2021.

**34 DATE OF AUTHORISATION FOR ISSUE**

October 13, 2023

These financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Company.

President/Chief Executive

Chief Financial Officer

Director

Director

Director