Pak Brunei Investment Company Limited

Condensed Interim Unconsolidated Financial Statements for the Half Year Ended June 30, 2023

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED JUNE 30, 2023

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Statements of Pak Brunei Investment Company Limited ("the Company") for the period ended March 31, 2023. These statements have been prepared in compliance with the requirements of BPRD Circular No. 05 dated March 22, 2019, and International Accounting Standard (IAS) 34, 'Interim Financial Reporting'.

ECONOMIC OUTLOOK

The fiscal year 2023 remained a difficult year for Pakistan as it faced multiple macroeconomic challenges. The 2022 monsoon floods, global commodity prices and currency devaluation ushered a wave of inflation with average FY23 CPI reading of 29.2% the highest since 1974. In addition, the interest rates were hiked to all time high of 22.0%. The IMF program remain elusive throughout the latter half of fiscal year as political uncertainty remained at an elevated level dawdling economic decision-making. As a result, the rupee depreciated 40% against the greenback with USD closing at PKR 286.

However, the new fiscal year has opened on a positive note as IMF and Pakistan have struck a staff-level agreement for the provision of USD 3bn in bailout funds under a stand-by arrangement (SBA) for nine months, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China which boosted the SBP reserves to USD 8.2bn in July 2023 compared to USD 4.5bn at the end of June 2023. . It led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook and has averted the risk of near-term default. This is a welcome development, that will help Pakistan to unlock further funding from bilateral and multilateral sources helping in rebuilding foreign exchange reserves.

For FY23, the trade deficit narrowed by 43.0% to USD 27.5bn, with exports dropping by 12.7% to USD 27.7bn, while imports reduced by 31.0% to USD 55.3bn. The country's provisional GDP growth clocked at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively. Whereas Industrial segment witnessed a drop of 3.9% for the year, as high interest rates and import restrictions took their toll on the industrial output. On the fiscal side, FBR tax collection increased by 16.6% in FY23 to PKR 7,169bn compared to PKR 6,149bn in the same period last year and below the target by PKR 486bn.

Going forward updates on the IMF program and flows from bilateral and multilateral sources will provide a road map for fiscal and monetary actions in the medium term.

BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW

With strong build-up in core earnings, Pak Brunei's Profit Before Tax (PBT) for the first half year of 2023 rose to Rs 453.740 million up 3.9 times from Rs. 91.69 million in corresponding period last year. Profit After Tax (PAT) posted a growth of 81% to reach Rs. 230.517 million translating into Earning Per Share (EPS) of Rs. 0.38 compared to EPS of Rs. 0.21 reported in corresponding period last year.

Net markup income increased by 1.2 times on account of raise in interest rates as well as on account of volumetric growth in comparison with the corresponding period last year. Non-markup income registered a growth of 5.7 times and aggregated to Rs. 252.702 million against Rs. 37.759 million in the corresponding period last year. The growth is mainly attributable to rise in dividend income by 67% and capital gain recognized on conclusion of Assets classified as Held-for-Sale transaction.

The Company has adopted IFRS 9 "Financial Instruments" with effect from January 1, 2023. The IFRS 9 replaces the current credit loss measurement method with an "Expected Credit Loss" model ("ECL"). Details of the first-time adoption are further disclosed in notes to the condensed interim financial statements. Impact on first-time adoption of IFRS 9, i.e., the difference in the carrying amounts of financial assets and liabilities, is recognized in the retained earnings as of January 01, 2023 amounting to Rs. 248 million. Capital loss on disposal of securities reclassified as fair value through other comprehensive income, is also recognized in retained earnings on the initial recognition at the time of first-time adoption of IFRS 9.

The total asset base of the Company grew by 83% and is reported at Rs. 146.45 billion with the major contribution coming from the investment book which increased by Rs. 71.22 billion (+158.94%). Gross advances registered a decline of Rs. 4.61 billion (-19.04%). On the liabilities side, borrowings have increased by Rs. 66.14 billion (+96.81%) while deposits remained at the same level as of December 2022. Return on Assets and Return on Equity reported as 0.41% and 4.75% respectively, whereas the book value per share was reported at Rs. 15.93.

ENTITY RATING

VIS Credit Company Limited has reaffirmed the entity ratings of Pak Brunei Investment Company Limited at 'AA+/A-1+' (Double A Plus/A-One Plus). The long-term rating of 'AA+' signifies: high credit quality, protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. The short-term rating of 'A-1+' signifies highest certainty of timely payment: short-term liquidity, including internal operating factors and/ or access to alternative sources of funds, is outstanding and safety is just below risk-free Government of Pakistan's short-term obligations. Outlook on the assigned ratings is 'Stable'.

FUTURE OUTLOOK

Economic growth is expected to slow down and remain below potential in the medium-term. Real GDP growth is 0.29 percent in FY23, reflecting corrective tighter fiscal policy, flood impacts, high inflation, high energy prices and import controls. Agricultural output is expected to contract for the first time in more than 20 years due to the floods. Industry output is also expected to shrink with supply chain disruptions, weakened confidence, higher borrowing costs and fuel prices, and heightened uncertainty. The lower activity is expected to spill over to the wholesale and transportation services sectors, weighing on services output growth. Predicated on completion of the IMF program and sound macroeconomic management, output growth is expected to gradually recover in FY24 and FY25 but remain below potential as low foreign reserves and import controls continue to curtail growth. The best solution to the prevailing crisis is to get foreign debt restructured, as soon as possible.

ACKNOWLEDGEMENT AND APPRECIATION

We are grateful to our shareholders – Government of Pakistan and Brunei Investment Agency – for their continued guidance and support. We appreciate the role State Bank of Pakistan and Securities & Exchange Commission of Pakistan continue to play in regulating the financial markets of Pakistan while providing us with an accommodating operating environment supportive of our business dynamics.

We acknowledge and appreciate the sustained performance of our team under the guidance of the Board of Directors. At Pak Brunei Investment Company Limited, we take pride in our staying true to our principle of adding value in all spheres of operations.

For and on behalf of the Board of Directors

Emirate of Dubai
Date: August 22, 2023

S.M. Aamir Shamim	**Dk Noorul Hayati Pg Julaihi**
Managing Director	Chairperson

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

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

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pak Brunei Investment Company Limited

Report on review on condensed interim unconsolidated financial statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Pak Brunei Investment Company Limited** ("the Company") as at June 30, 2023 and the related condensed interim unconsolidated statement of profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows, and notes to the unconsolidated financial statements for the half year then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim unconsolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarters ended June 30, 2023 and 2022 in the condensed interim unconsolidated statement of profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended June 30, 2023.

The unconsolidated financial statements for the Company for the six-month period ended June 30, 2022 and for the year ended December 31, 2022 were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on October 26, 2022 and April 22, 2023 respectively.

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

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: August 25, 2023
UDIN: RR202310057mDlLzb4EP

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

June 30, 2023	December 31, 2022		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
USD in '000				Rupees in '000	
		ASSETS			
786	1,177	Cash and balances with treasury banks	8	**224,723**	336,633
551	352	Balances with other banks	9	**157,467**	100,591
16,409	22,942	Lendings to financial institutions	10	**4,691,984**	6,559,967
405,765	156,700	Investments	11	**116,021,029**	44,805,384
68,546	84,663	Advances	12	**19,599,615**	24,207,863
64	56	Property and equipment	13	**18,377**	16,037
96	141	Right of use assets	14	**27,449**	40,269
9	11	Intangible assets	15	**2,712**	3,267
3,189	3,093	Deferred tax assets	16	**911,722**	883,994
16,165	9,191	Other assets	17	**4,622,212**	2,627,825
591	1,244	Assets classified as held-for-sale	18	**168,904**	355,799
512,171	279,570			**146,446,194**	79,937,629
		LIABILITIES			
-	-	Bills payable		**-**	-
470,259	238,939	Borrowings	19	**134,462,094**	68,320,235
191	192	Deposits and other accounts	20	**54,768**	54,768
-	-	Liabilities against assets subject to finance lease		**-**	-
-	-	Subordinated debt		**-**	-
-	-	Deferred tax liabilities		**-**	-
8,292	5,454	Other liabilities	21	**2,370,815**	1,559,399
478,742	244,585			**136,887,677**	69,934,402
33,429	34,985	**NET ASSETS**		**9,558,517**	10,003,227
		REPRESENTED BY			
20,984	20,984	Share capital		**6,000,000**	6,000,000
7,928	7,417	Reserves		**2,266,724**	2,120,621
(5,136)	(5,252)	Deficit on revaluation of assets	22	**(1,468,605)**	(1,501,592)
9,653	11,836	Unappropriated profit		**2,760,398**	3,384,198
33,429	34,985			**9,558,517**	10,003,227
		CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

Managing Director/ Chief Executive	Chief Financial Officer	Director	Director	Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023

Half year ended				Half year ended		Quarter ended	
June 30, 2023	June 30, 2022			June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
---------- USD in '000 ----------			Note	------------------ Rupees in '000 ------------------			
33,199	8,833	Mark-up / return / interest earned	24	9,492,584	2,525,675	5,778,642	1,528,981
31,027	7,828	Mark-up / return / interest expensed	25	8,871,571	2,238,229	5,496,338	1,371,697
2,172	1,005	Net mark-up / interest income		621,013	287,446	282,304	157,284
		Non mark-up / interest income					
158	177	Fee and commission income	26	45,139	50,718	22,503	20,989
253	152	Dividend income		72,312	43,396	8,492	5,471
129	(203)	Gain / (loss) on securities	27	36,754	(57,939)	40,369	(41,658)
344	6	Other income	28	98,497	1,584	98,543	1,584
884	132	Total non-markup / interest income		252,702	37,759	169,907	(13,614)
3,056	1,137	Total income		873,715	325,205	452,211	143,670
		Non mark-up / interest expenses					
946	687	Operating expenses	29	270,350	196,298	143,554	107,334
32	6	Sindh Workers' Welfare Fund	30	9,260	1,829	9,260	1,829
-	-	Other charges		-	-	-	-
978	693	Total non mark-up / interest expenses		279,610	198,127	152,814	109,163
2,078	444	Profit before credit loss allowance		594,105	127,078	299,397	34,507
491	124	Credit loss allowance and write offs -	31	140,365	35,390	123,421	19,316
-	-	Extraordinary / unusual items		-	-	-	-
1,587	320	**Profit before taxation**		453,740	91,688	175,976	15,191
781	(126)	Taxation	32	223,223	(35,916)	129,281	(52,790)
806	446	**Profit after taxation**		230,517	127,604	46,695	67,981
---------- USD ----------				---------- Rupees ----------			
0.00134	0.00074	**Basic and diluted earnings per share**	33	0.38	0.21	0.08	0.11

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

Managing Director/ Chief Executive	Chief Financial Officer	Director	Director	Director

PAK BRUNEI INVESTMENT COMPANY LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023

Half year ended			Half year ended		Quarter ended	
June 30, 2023	June 30, 2022		**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
-------- USD in '000 --------			---------- Rupees in '000 ----------			
806	446	Profit after taxation for the year	**230,517**	127,604	**46,695**	67,981
		Other comprehensive loss				
		Items that may be reclassified to profit and loss account in subsequent periods:				
(1,033)	(443)	Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	**(295,336)**	(126,542)	**160,999**	(103,660)
		Items that will not be reclassified to profit and loss account in subsequent periods:				
-	-	Remeasurement loss on defined benefit obligations - net of tax	**-**	-	**-**	-
1,148	(119)	Movement in surplus / (deficit) on revaluation of equity investments - net of tax	**328,323**	(33,955)	**178,515**	(35,297)
(1,611)	-	Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	**(460,507)**	-	**-**	-
(690)	(116)	**Total comprehensive (loss) / income**	**(197,003)**	(32,893)	**386,209**	(70,976)

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

Nasir

Managing Director/ Chief Executive	Chief Financial Officer	Director	Director	Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Share capital	Capital reserve	General reserve	Surplus / (deficit) on revaluation of assets	Revenue reserve	Total
		Statutory reserve			Unappropriated profit	
	Rupees in '000					
Balance as at January 1, 2022 (audited)	6,000,000	1,720,050	200,000	(1,073,299)	3,385,267	10,232,018
Total comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	127,604	127,604
Other comprehensive loss						
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(126,542)	-	(126,542)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	(33,955)	-	(33,955)
	-	-	-	(160,497)	127,604	(32,893)
Transfer to statutory reserve	-	25,521	-	-	(25,521)	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-
Transactions with owners, recorded directly in equity						
Final cash dividend paid for the year ended December 31, 2021 @ Re. 0.50 per share	-	-	-	-	(300,000)	(300,000)
Balance as at June 30, 2022 (un-audited)	**6,000,000**	**1,745,571**	**300,000**	**(1,233,796)**	**3,087,350**	**9,899,125**
Total comprehensive income for the period						
Profit after taxation for the half year ended December 31, 2022	-	-	-	-	375,253	375,253
Other comprehensive income / (loss)						
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	(3,355)	(3,355)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax				(133,297)		(133,297)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	(134,499)	-	(134,499)
	-	-	-	(267,796)	371,898	104,102
Transfer to statutory reserve	-	75,050	-	-	(75,050)	-
Balance as at December 31, 2022 (audited)	**6,000,000**	**1,820,621**	**300,000**	**(1,501,592)**	**3,384,198**	**10,003,227**
Impact of first time adoption of IFRS 9 (note 3.2)	-	-	-	-	(247,707)	(247,707)
Total comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	230,517	230,517
Other comprehensive income						
- Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	-	-	-	-	(460,507)	(460,507)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(295,336)	-	(295,336)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	328,323	-	328,323
	-	-	-	32,987	(229,990)	(197,003)
Transfer to statutory reserve	-	46,103	-	-	(46,103)	-
Transfer to general reserve			100,000		(100,000)	
Balance as at June 30, 2023 (un-audited)	**6,000,000**	**1,866,724**	**400,000**	**(1,468,605)**	**2,760,398**	**9,558,517**

(a) This represents reserve created under section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

Nasir

Managing Director/ Chief Executive	Chief Financial Officer	Director	Director	Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Half year ended June 30, 2023 (USD in '000)	Half year ended June 30, 2022 (USD in '000)		Note	Half year ended June 30, 2023 (Rupees in '000)	Half year ended June 30, 2022 (Rupees in '000)
		CASH FLOWS FROM OPERATING ACTIVITIES			
1,587	320	Profit before taxation		453,740	91,688
253	152	Less: Dividend income		72,312	43,396
1,334	168			381,428	48,292
		Adjustments:			
19	19	Depreciation		5,446	5,472
45	38	Depreciation on right-of-use assets		12,820	10,930
2	0	Amortisation	29	555	104
491	124	Credit loss allowance and write offs - net	31	140,365	35,390
(6)	(6)	Gain on sale of fixed assets	28	(1,871)	(1,584)
(338)	-	Gain on sale of assets classified as held-for-sale	28	(96,626)	-
32	6	Provision for Sindh Workers' Welfare Fund		9,260	1,829
22	3	Unrealised gain on revaluation of investments classified as fair value through profit and loss - net	27	6,277	996
267	184			76,226	53,137
1,601	352			457,654	101,429
		(Increase) / decrease in operating assets			
6,533	(6,818)	Lendings to financial institutions		1,867,976	(1,949,621)
(148,620)	(13,859)	Net investments in securities held at fair value as classified through profit and loss		(42,495,276)	(3,962,805)
14,516	405	Advances		4,150,610	115,776
(4,941)	(1,538)	Others assets (excluding advance taxation)		(1,412,861)	(439,874)
(132,512)	(21,810)			(37,889,551)	(6,236,524)
		Increase/ (decrease) in operating liabilities			
231,320	50,382	Borrowings		66,141,859	14,405,705
-	-	Deposits		-	-
2,805	993	Other liabilities		802,156	283,851
234,125	51,375			66,944,015	14,689,556
(2,911)	(936)	Income tax paid		(832,477)	(267,697)
100,303	28,981	Net cash flow from operating activities		28,679,641	8,286,764
		CASH FLOWS FROM INVESTING ACTIVITIES			
(101,719)	(28,273)	Net (investments) / divestments in securities classified as fair value through other comprehensive income		(29,084,593)	(8,084,020)
-	-	Net investments in securities held at amortised cost		-	-
-	(35)	Net investments in subsidiaries		-	(10,000)
253	152	Dividends received		72,312	43,396
(36)	(23)	Investments in property and equipment		(10,168)	(6,618)
-	(1)	Investments in operating intangible assets		-	(273)
15	6	Proceeds from sale of property and equipment		4,253	1,735
992	701	Proceeds from sale assets classified as held-for-sale		283,521	200,500
(100,495)	(27,473)	Net cash flow used in investing activities		(28,734,675)	(7,855,280)
		CASH FLOWS FROM FINANCING ACTIVITIES			
-	(1,049)	Dividend paid		-	(300,000)
-	(1,049)	Net cash flow from / (used in) financing activities		-	(300,000)
(192)	459	**(Decrease) / increase in cash and cash equivalents**		(55,034)	131,484
1,529	656	Cash and cash equivalents at beginning of the period		437,224	187,445
1,337	1,115	**Cash and cash equivalents at end of the period**		382,190	318,929

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

Managing Director/ Chief Executive | Chief Financial Officer | Director | Director | Director

1 STATUS AND NATURE OF BUSINESS

Pak Brunei Investment Company Limited (the Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited company on November 28, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Company's objectives interalia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out specific projects and marketing of their products in Pakistan and abroad and to undertake other feasible business and to establish and acquire companies to conduct various businesses. The registered office of the Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Company is in operation with 2 offices (2022: 2) one located in Karachi and the other in Lahore.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Accounting Standards (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as 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 IAS 34, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on the format prescribed by the State Bank of Pakistan (SBP) through BPRD Circular Letter No. 05 dated March 22, 2019 and IAS 34, and should be read in conjunction with the annual audited unconsolidated financial statements for the year ended December 31, 2022.

The disclosures made in these condensed interim financial statements have been based on the format prescribed by the SBP vide BPRD Circular No.2 dated February 09, 2023 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements for the year ended December 31, 2022.

2.3 The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standards 40, Investment Property, for banking companies / 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, for banks and DFIs. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim unconsolidated financial statements

The Company has adopted IFRS 9 Financial Instruments from January 01, 2023 and the detail of the first time adoption is disclosed in note 3 . The SECP, through S.R.O. 411(1)/2008 dated 28 April 2008, has deferred the applicability of IFRS 7 to the Banks and DFIs.

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

There are certain amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these condensed interim unconsolidated financial statements, except for adoption of IFRS-9 as described in note 3.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Company for the year ended December 31, 2022, except for early adoption of IFRS 9 as described below;

3.1 Impact of Adoption of IFRS 9

3.1.1 Classification and measurement of financial instrument:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and Fair value through profit and loss ("FVTPL"). This classification is generally based on the business model in which a financial asset is managed and is based on its contractual cash flows.

3.1.2 Impairment of Financial Assets:

IFRS 9 replaces the current credit loss measurement method with an 'expected credit loss' model ("ECL"). The IFRS 9 requires the Company to record an allowance for ECLs for all financial assets not held at FVTPL. The allowance is based on ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

3.1.3 Transition

Changes in accounting policies resulting from the adoption of the complete IFRS 9 have been applied retrospectively, except as described below;

Comparative periods have not been restated. A difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of the IFRS 9 are recognized in retained earnings as at January 01, 2023.

Accordingly, the impairment allowance presented for 2022 does not reflect the requirements of the IFRS 9 and therefore impairment allowance is not comparable to the information presented for 2023 under the IFRS 9.

The assessment for the determination of the business model within which a financial asset is held, considers the facts and circumstances that existed at the date of initial application.

3.2 Impact of adoption of IFRS 9

On January 01, 2023, the Company adopted IFRS 9 "Financial Instruments". IFRS 9 introduces new requirements for the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions.

As permitted by transitional provisions of IFRS 9, the Company has not restated comparative information. Any adjustment to carrying amount of the financial assets and liabilities at the date of transition was recognised in the opening retained earnings of the current period.

IFRS-9 primarily impacts provisioning of financial assets which is determined on an expected credit loss model, however the provisioning is recorded higher of amount determined under IFRS 9 and the prudential regulations requirements of SBP. It also impacts fair valuation of advances that earn below market rate interest (employee loan) and provision against off balance sheet obligations.

The Company has recorded net expected credit loss, fair valuation of advances and provision against off balance sheet obligations of Rs 313.736 million (note 12.3), Rs. 46.2 million and Rs. 9.68 million respectively which was adjusted against unappropriated profit. The new IFRS 9 accounting policies are stated in the note 3.3 and Impairment in note 3.4.

The adoption of IFRS-9 resulted in following :

Financial Asset	Original classification as at December 31, 2022	New classification as per IFRS 9	Carrying amount as on December 31, 2022	Carrying amount as on January 01, 2023	Effect on January 01, 2023 on Retained Earnings
			(Rupees in '000)		
Financial Assets :					
Cash and balances with treasury banks	LR	AC	336,633	336,633	-
Balances with other banks	LR	AC	100,591	100,591	-
Advances (Refer note 9.4)	LR	AC	24,207,863	24,567,896	(360,033)
Listed equity securities	HFT	FVTPL	-	-	-
Listed equity securities	AFS	FVOCI	1,340,790	1,340,790	-
Federal Government Securities	AFS	FVOCI	38,973,866	38,973,866	-
Non Government Securities	AFS	FVOCI	2,477,356	2,477,356	
Commercial papers	HTM	AC	-	-	-
Other assets	LR	AC	2,627,825	2,627,825	
Financial Liabilities :					
Borrowings	AC	AC	68,320,235	68,320,235	-
Deposits and other accounts	AC	AC	54,768	54,768	-
Other liabilities	OFL	AC	1,559,399	1,549,719	(9,680)
					(369,713)
Impact of deferred taxation					**122,005**
Net impact after deferred taxation					**(247,708)**

- "LR" is loans and receivables
- "AC" is amortised cost
- "HFT" is held for trading
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities
- "HTM" is Hold to Maturity

3.3 FINANCIAL INSTRUMENTS

IFRS 9 contains three principal classification categories for financial assets :

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL.

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;and

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

Financial asset held at fair value through other comprehensive income

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL

1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

Financial asset held at fair value through profit or loss

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the statement of profit and loss.

Initial recognition

The Company classifies its financial assets into the above categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Company manages financial assets to generate cash flows.

The Company makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed.

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows (hold to collect) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (Hold to collect and sell) are classified as held at FVOCI.

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss

Subsequent measurement

Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method.

Financial assets held at held at fair value through other comprehensive income

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss. Equity instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income. On derecognition, the cumulative fair value gains or losses,can not be transferred to the profit or loss.

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

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss. The company keeps portfolio of listed shares in FVTPL.

Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments elected FVOCI.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires

3.4 Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets from Prudential Regulations issued by SBP with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVTPL and equity instruments classified as FVTPL or FVOCI.

Expected credit losses

Expected credit losses are determined for all financial debt instruments except government securities, that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Company expects to receive over the contractual life of the instrument.

Measurement

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information that is forward looking. The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Forward-looking economic assumptions are incorporated where relevant and where they influence credit risk, such as GDP growth rates, interest rates, consumer price index among others. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally.

Probability of default (PD)

The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions. The PD is estimated at a point in time that means it will fluctuate in line with the economic cycle. The term structure of the PD is based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.

Loss given default (LGD)

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Company expects to receive.

Exposure at default (EAD)

Exposure at Default (EAD) represents the amount of potential exposure that is at risk. EAD input will be forward-looking as well as based on the time-period when the default is likely to occur. It includes all outstanding exposure and off-balance sheet exposures after adjustment with contractual cash flows to reflect the exposure expected when default occurs. For revolving products (such as overdrafts, running finance and credit cards) the estimation of EAD shall consider any expected changes in the exposure after the assessment date, including expected drawdowns on committed facilities through the application of a credit conversion factor (CCF).

Recognition 12 months expected credit losses (Stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the reporting date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit impaired.

Significant increase in credit risk (Stage 2)

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower.An assessment of SICR shall incorporate all relevant, reasonable, and supportable information, including forward-looking information, that is available without undue cost or effort. Such information might include both qualitative and quantitate factors

Credit impaired (or defaulted) exposures (Stage 3)

Financial assets which have objective evidence of impairment at the reporting date are considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The Company uses a PD of 100% and LGD is used as per SBP instructions. Therefore, the stage 3 provision is aligned with regulatory requirements.

Restructured Loan

All non-performing restructured exposure shall be subject to a cooling-off period of 6 months from the first date of becoming regular in payment. The status of such loans shall be first upgraded to Stage 2 following the same cooling-off period of 6 months before upgrading to Stage 1.

3.5 Interest free / below market rate loans to employees

Initial recognition

The company recognize interest free/ below market rate loan to employee at its fair value by discounting the future loan repayments using the rate that the employee would pay to an unrelated lender for a loan with similar conditions and accordingly charging differential to the statement of profit & loss between nominal value and fair value of loan.

Subsequent measurement

The company calculates and recognizes imputed interest on these loans. Imputed interest represents the forgone interest that employees would have paid if they had borrowed funds from external sources at prevailing market rates. The difference between the actual interest charged, if any and the imputed interest is recognized as interest income by the Company over the term of the loan.

4 BASIS OF MEASUREMENT

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

- Certain investments are marked to market and carried at fair value; and

- Obligation in respect of staff retirement benefits and lease liabilities which have been carried at present value and right-of-use assets which are initially measured at an amount equal to the corresponding lease liabilities (adjusted for any lease payments and certain specified costs) and depreciated over the respective lease terms.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the condensed interim unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim unconsolidated financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

The US dollar amounts shown in the condensed interim unconsolidated statement of financial position, condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income and condensed interim unconsolidated cash flow statement are provided as additional information solely for the convenience of users of the financial statements. For the purpose of conversion to US Dollars, the rate of Rs 285.9317 to US Dollars has been used for 2023 and 2022 as it was the prevalent rate on June 30, 2023.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim unconsolidated financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and 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 revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by the management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited unconsolidated financial statements of the Company for the year ended December 31, 2022 except for impact of adoption of IFRS 9.

7 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2022, except for impact of adoption of IFRS 9.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		---------- Rupees in '000 ----------	
8 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand		**80**	-
With State Bank of Pakistan in:			
Local currency current account	8.1	**224,643**	336,633
		224,723	336,633

8.1 This includes the minimum cash reserve required to be maintained with the SBP in accordance with the requirement of BSD Circular No. 04 dated May 22, 2004.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		---------- Rupees in '000 ----------	
9 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	9.1	**157,467**	100,591
Less: Credit loss allowance held against balances with other banks		**-**	-
Balances with other banks - net of credit loss allowance		**157,467**	100,591

9.1 These carry mark-up at the rate from 11.00% to 20.5% per annum (December 31, 2022: 4.40% to 14.51% per annum).

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		----------- Rupees in '000 ----------	

10 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	June 30, 2023	December 31, 2022
Repurchase agreement lendings (reverse repo)	10.2	**4,691,991**	6,559,967
Term deposit receipts (TDRs)		**-**	-
		4,691,991	6,559,967
Less: Credit loss allowance held against lending to financial institutions		**(7)**	-
Lendings to financial institutions - net of credit loss allowance		**4,691,984**	6,559,967

10.1 These carry mark-up at the rate from 21.10% to 22.90% per annum (December 31, 2022: 15.50% to 16.20% per annum) secured against Pakistan Investment Bonds and will mature latest by July 04, 2023 (December 31, 2022: January 16, 2023).

10.2 Particulars of lending

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----------- Rupees in '000 ----------	
In local currency	**4,691,991**	6,559,967
In foreign currencies	**-**	-
	4,691,991	6,559,967

Lending to FIs- Particulars of credit loss allowance	June 30, 2023 (Unaudited) Lending	June 30, 2023 (Unaudited) Credit loss allowance held	December 31, 2022 (Audited) Lending	December 31, 2022 (Audited) Credit loss allowance held
	------------------------------ Rupees in '000		------------------------------	
Domestic				
Performing	**4,691,991**	**(7)**	6,559,967	-
Under performing	**-**	**-**	-	-
Non-performing				
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**-**	**-**	-	-
	-	**-**	-	-
	4,691,991	**(7)**	6,559,967	-

10.3 Securities held as collateral against lendings to financial institutions

	June 30, 2023 (Un-audited) Held by Company	June 30, 2023 (Un-audited) Further given as collateral	June 30, 2023 (Un-audited) Total	December 31, 2022 Held by Company	December 31, 2022 Further given as collateral	December 31, 2022 Total
	-------------------------	-------------------------	Rupees in '000	-------------------------	-------------------------	-------------------------
Market Treasury Bills	**-**	**-**	**-**	2,489,398	-	2,489,398
Pakistan Investment Bonds	**4,691,991**	**(3,000,000)**	**1,691,991**	4,070,569	(3,883,572)	186,997
Total	**4,691,991**	**(3,000,000)**	**1,691,991**	6,559,967	(3,883,572)	2,676,395

11 INVESTMENTS

11.1 Investments by type:

	Note	June 30, 2023 (Unaudited) Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	December 31, 2022 (Audited) Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
		Rupees in '000							
FVTPL									
Previously AFS									
Federal government securities									
GoP Ijara Sukuk Bond		-	-	-	-	-	-	-	-
Market Treasury Bills		**41,292,184**	-	**27,189**	**41,319,373**	-	-	-	-
Ordinary shares		**254,717**	-	**(22,266)**	**232,451**	-	-	-	-
Non-government debt securities									
Listed companies		**948,375**	-	**(11,200)**	**937,175**	-	-	-	-
Unlisted companies		-	-	-	-	-	-	-	-
		42,495,276	-	**(6,277)**	**42,488,999**	-	-	-	-
FVOCI									
Previously AFS									
Federal government securities	11.1.1								
Market Treasury Bills		-	-	-	-	-	-	-	-
Pakistan Investment Bonds - Fixed Rate		**8,289,373**	-	**(1,934,897)**	**6,354,476**	8,314,870	-	(1,704,313)	6,610,558
Pakistan Investment Bonds - Floating Rate		**63,387,604**	-	**(208,983)**	**63,178,621**	32,354,361	-	8,948	32,363,308
Ordinary shares									
Listed companies		**597,804**	-	**(38,569)**	**559,235**	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies*		-	-	-	-	21,331	(21,331)	-	-
Non-government debt securities	11.1.1								
Listed companies		**200,466**	**(14,393)**	-	**186,073**	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted companies		**1,487,820**	**(247,567)**	-	**1,240,253**	1,599,563	(248,971)	-	1,350,592
		73,963,067	**(261,960)**	**(2,182,449)**	**71,518,658**	45,216,510	(289,647)	(2,134,851)	42,792,012
Subsidiaries	11.3	2,013,372	-	-	2,013,372	2,013,372	-	-	2,013,372
Total investments		118,471,715	(261,960)	(2,188,726)	116,021,029	47,229,882	(289,647)	(2,134,851)	44,805,384

*

The Company has shares of Pakistan Mercantile Exchange Limited which were acquired at a cost of Rs. 21.3 million which were fully provided as at December 31, 2022 on adoption of IFRS 9, the cost has been net off by provision.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	------ Rupees in '000 ------	

11.1.1 Investments given as collateral

Market Treasury Bills	**35,695,211**	-
Pakistan Investment Bonds	**64,788,671**	33,205,965
Term finance / sukuks certificates	**705,809**	752,045
Ordinary shares	**73,718**	87,156
	101,263,409	34,045,166

11.2 Credit loss allowance for diminution in value of investments

11.2.1 Opening balance	**289,647**	294,112
Adjustment of provision against shares	**(21,331)**	-
Charge / (reversals)		
Charge for the period / year	**-**	14,972
Reversals on disposals for the period / year	**(6,356)**	(19,437)
	(6,356)	(4,465)
Closing balance	**261,960**	289,647

Particulars of credit loss allowance against debt securities

Domestic		June 30, 2023 Outstanding amount	June 30, 2023 Credit loss allowance held	December 31, 2022 Outstanding amount	December 31, 2022 Credit loss allowance held
		---------- Rupees in '000 ----------			
Performing	Stage 1	**73,103,303**	**32**	43,154,303	-
Underperforming	Stage 2	**-**	**-**	-	-
Non-performing	Stage 3				
Substandard		**-**	**-**	-	-
Doubtful		**-**	**-**	-	-
Loss		**261,960**	**261,960**	263,332	263,332
		261,960	**261,960**	263,332	263,332
Total		**73,365,263**	**261,992**	43,417,635	263,332

11.3 Summary of financial information of subsidiaries

2023 (Un-audited)

Investment in subsidiaries	**Percentage of holding**	**Country of incorporation**	**Total assets**	**Total liabilities**	**Revenue**	**Profit / (loss) after tax**	**Total comprehensive income / (loss)**	**Cost**
			---------- Rupees in '000 ----------					
Awwal Modaraba Management Limited	**100.0%**	**Pakistan**	**144,351**	**158,871**	**6,665**	**(24,525)**	**(32,617)**	**105,000**
Primus Leasing Limited	**100.0%**	**Pakistan**	**2,739,531**	**1,596,705**	**221,166**	**83,354**	**83,354**	**1,000,000**
Awwal Corporate Restructuring Company Limited	**89.8%**	**Pakistan**	**1,311,630**	**69,734**	**81,199**	**43,802**	**43,802**	**908,372**
								2,013,372

2022 (Audited)

Investment in subsidiaries	Percentage of holding	Country of incorporation	Total assets	Total liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)	Cost
			---------- Rupees in '000 ----------					
Awwal Modaraba Management Limited	100.0%	Pakistan	141,533	123,436	12,079	(31,091)	(51,983)	105,000
Awwal Modaraba*	89.8%	Pakistan	1,198,364	40,291	97,427	27,854	22,544	898,372
Primus Leasing Limited	100.0%	Pakistan	2,761,253	1,701,782	304,088	126,192	126,192	1,000,000
Awwal Corporate Restructuring Company Limited	100.0%	Pakistan	10,546	1,228	546	(682)	(682)	10,000
								2,013,372

*The details for Awwal Modaraba have been provided based on its audited financial statements for the year ended June 30, 2022.

12 ADVANCES

	Note	June 30, 2023 (Un-audited) Performing	Non Performing	Total
		---------- (Rupees in '000)	----------	
Loans, cash credits, running finances, etc.	12.2	**19,493,157**	**1,064,718**	**20,557,875**
Islamic financing and related assets		-	-	-
Bills discounted and purchased		-	-	-
Advances - gross	12.1	**19,493,157**	**1,064,718**	**20,557,875**
Credit loss allowance against advances				
-Stage 1		**(75,127)**	-	**(75,127)**
-Stage 2		**(22,279)**	-	**(22,279)**
-Stage 3		-	**(860,854)**	**(860,854)**
		(97,406)	**(860,854)**	**(958,260)**
Advances - net of credit loss allowance		**19,395,751**	**203,864**	**19,599,615**

	December 31, 2022 (Audited) Performing	Non Performing	Total
	---------- (Rupees in '000)	----------	
Loans, cash credits, running finances, etc.	23,826,850	881,635	24,708,485
Islamic financing and related assets	-	-	-
Bills discounted and purchased	-	-	-
Advances - gross	23,826,850	881,635	24,708,485
Provision against advances			
- Specific (Stage 3)	-	(500,622)	(500,622)
- General	-	-	-
	-	(500,622)	(500,622)
Advances - net of provision	23,826,850	381,013	24,207,863

12.1 Particulars of advances (gross)

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	------ Rupees in '000	------
In local currency	**20,557,875**	24,708,485
In foreign currencies	-	-
	20,557,875	24,708,485

12.2 Advances include Rs. 1,064.719 million (2022: Rs. 881.635 million) which have been placed under the non-performing / stage 3 status as detailed below:

Category of classification	Note	(Un-audited) June 30, 2023 Non performing loans	Provision	(Audited) December 31, 2022 Non performing loans	Provision
Domestic		Rupees in '000			
Other assets especially mentioned	12.2.1	**21,320**	**9,276**	7,175	717
Substandard		**35,181**	**15,307**	3,528	882
Doubtful		**15,000**	**7,500**	15,220	7,386
Loss		**993,218**	**828,771**	855,712	491,637
Total		**1,064,719**	**860,854**	881,635	500,622

12.2.1 The 'Other assets especially mentioned' category pertains to small enterprise finance.

12.3 Particulars of credit loss allowance against advances

	Unaudited 30 June 2023 Stage 3	Stage 2	Stage 1	Total
	Rupees in '000			
Opening balance	500,622	-	-	500,622
Charge for the period / year	134,716	14,249	-	148,965
Reversals during the period / year	-	-	(5,063)	(5,063)
	134,716	14,249	(5,063)	143,902
Impact of first time adoption of IFRS 9 charged to opening retained earnings	225,516	8,030	80,190	313,736
			-	-
Closing balance	860,854	22,279	75,127	958,260

	31 December 2022 (Audited) Specific	General	Total
	(Rupees in '000)		
Opening balance	497,025	50,000	547,025
Charge for the year	101,127	-	101,127
Reversals	(110,075)	(50,000)	(160,075)
	(8,948)	(50,000)	(58,948)
Amounts written off	-	-	
Provision due to conversion of investment	12,545	-	12,545
Closing balance	500,622	-	500,622

12.3.1 Stage 1 includes loans and advances that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For Stage 1 loans, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the loan amount. 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

12.3.2 Stage 2 includes loans and advances where credit risk is higher since initiation or they have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these loans, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the loan amount. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the loans. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 1 comprises of EAD (principal plus markup) amounting to Rs. 19,212.797 million and ECL of Rs. 75.127 million and stage 2 comprises of EAD amounting to Rs. 471.47 million and ECL of Rs. 22.279 million.

Forced Sale Value (FSV) benefit amounting to Rs. 372.230 million (2022: Rs. 483.916 million) is available with the Company against certain mortgaged properties held as collateral against non-performing advances. However, the same has not been considered while computing credit loss allowance as at period end as credit loss allowance has been computed under IFRS 9 - Financial Intruments.

	June 30, 2023 (Un-audited)		
	Stage 1	**Stage 2**	**Stage 3**
	Rupees in '000		
Opening balance	-	-	500,622
Impact on adoption of IFRS 9	76,434	14,018	223,284
New Advances	9,073	149	2,103
Advances derecognised or repaid	(14,964)	(820)	(91,974)
Transfer to stage 1	1,086	(1,086)	-
Transfer to stage 2	(21,885)	21,935	(50)
Transfer to stage 3	(13,151)	(104,690)	117,841
Amounts written off / charged off	-	-	-
Changes in risk parameters	38,534	92,773	109,028
Closing balance	75,127	22,279	860,854

		June 30, 2023 (Un-audited)	
		Outstanding amount	**Credit loss allowance Held**
Advances - Category of classification		Rupees in '000	
Performing	Stage 1	19,087,880	75,127
Underperforming	Stage 2	405,277	22,279
Non-Performing	Stage 3		
Other Assets Especially Mentioned		21,319	9,276
Substandard		35,181	15,307
Doubtful		15,000	7,500
Loss		993,218	828,771
		20,557,875	958,260

Comparative disclosures of note 12.5 and note 12.6 under IFRS-9 have not been presented in these condensed interim unconsolidated financial statements , as they are impracticable.

13	PROPERTY AND EQUIPMENT	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		------------ Rupees in '000 ------------	
	Property and equipment	**18,377**	16,037
	Capital work-in-progress	**-**	-
		18,377	16,037

13.1	Additions to property and equipment	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
		------------ Rupees in '000 ------------	
	The following additions have been made to property and equipment during the period:		
	Property and equipment		
	Electrical office and computer equipment	**6,988**	862
	Vehicles	**-**	5,746
	Others	**3,180**	-
		10,168	6,608

13.2 Disposal of property and equipment

The net book value of Property and Equipment disposed off during the period is as follows:

Furniture and fixture	**-**	-
Electrical office and computer equipment	**148**	360
Vehicles	**2,234**	1,359
Others	**-**	-
Total	**2,382**	1,719

13.3 Details of disposals of fixed assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 whichever is less and assets disposed of to the chief executive or to a director or to executives or to any related party, irrespective of the

13.4 Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyer
	------------------------Rs. In '000------------------------					
BMW 530W Car	19,350	17,260	2,090	2,090	As per the terms of employment	Ms Ayesha Aziz (MD)
Laptop	280	156	124	124	As per the terms of employment	Ms Ayesha Aziz (MD)

14	RIGHT OF USE ASSETS	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
			------ Rupees in '000 ------	
	At January 1,			
	Cost		**154,306**	127,060
	Accumulated depreciation		**(114,037)**	(91,600)
	Net carrying amount at January 1		**40,269**	35,460
	Additions / modification during the period / year		**-**	27,246
	Depreciation charge for the period / year		**(12,820)**	(22,437)
	Net carrying amount at June 30, 2023 / December 31, 2022		**27,449**	40,269

			(Un-audited) June 30, 2023	(Audited) December 31, 2022
			Rupees in '000	
15	**INTANGIBLE ASSETS**			
	Computer software		**2,712**	3,267
	Capital work-in-progress		**-**	-
			2,712	3,267
16	**DEFERRED TAX ASSETS**			
	Deductible temporary differences on:			
	- Provision for diminution in the value of investments		**93,488**	94,761
	- Provision against advances, other assets, etc.		**331,606**	165,205
	- Deficit on revaluation of investments		**713,844**	633,259
	- Accelerated tax depreciation		**3,211**	2,602
	- Lease liability against right-of-use asset		**10,392**	9,515
	- Provision for bonus		**9,838**	19,470
	- Unrealized loss on equity investments		**1,036**	170
	- Amortisation of premium on investments		**(201,175)**	21,094
			962,240	946,076
	Taxable temporary differences on:			
	- Net investment in finance lease		**(41,191)**	(48,524)
	- Post retirement employee benefits		**(269)**	(269)
	- Right-of-use assets		**(9,058)**	(13,289)
			(50,518)	(62,082)
			911,722	883,994
17	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		**2,758,689**	1,405,833
	Advances, deposits, advance rent and other prepayments		**9,906**	17,472
	Advance taxation (payments less provisions)		**1,737,195**	1,155,669
	Advance against subscription of term finance certificates		**20,000**	-
	Receivable against sale of shares		**45,165**	-
	Receivable from related parties	17.1	**10,961**	4,985
	Lease receivable under IFRS-16	17.2	**283**	606
	Advance against investment in right shares -related party		**40,000**	40,000
	Receivable from defined benefit plan - related party		**13**	3,260
			4,622,212	2,627,825
	Less: Credit loss allowance held against other assets		**-**	-
			4,622,212	2,627,825
17.1	**Receivable from related parties**			
	Receivable from Awwal Modarabah Management Company Limited (subsidiary)		**7,369**	1,124
	Receivable from other Modarabas managed by Awwal Modaraba Management Limited (related parties)		**1,889**	810
	Receivable from Primus Leasing Company Limited (subsidiary)		**772**	931
	Receivable from Awwal Corporate Restructuring Company Limited (subsidiary)		**931**	2,120
			10,961	4,985

17.2 This represents lease receivable against sublease under IFRS-16 amounting to Rs. 0.283 million (December 31, 2022: Rs. 0.606 million million) from Primus Leasing Limited.

		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
			------ Rupees in '000 ------	
18	**ASSETS CLASSIFIED AS HELD-FOR-SALE**			
	Land, building and machinery acquired from:	18.1		
	Sufi Steel Industries (Private) Limited		-	186,895
	Lion Steel Industries (Private) Limited		**168,904**	168,904
	Total assets classified as held-for-sale		**168,904**	355,799

18.1 These represent land, building and machinery which have been classified as 'non-current assets as held for sale' as at June 30, 2023. The Company acquired these assets by settling total outstanding principal and mark-up of Rs 454 million and Rs 62 million respectively. During the period the Company sold land and building amounting to Rs 186.895 million. It is expected that the process of sale of remaining assets will be completed in the near future.

		Note	Un-audited June 30, 2023	Audited December 31, 2022
			------ Rupees in '000 ------	
19	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan:			
	- Long-Term Finance Facility (LTFF) scheme	19.1	**3,667,268**	4,085,463
	- Power Plants Using Renewable Energy (PPRE) scheme	19.2	**177,941**	170,662
	- Temporary Economic Refinance Facility (TERF)	19.3	**782,920**	789,398
	- Finance for Storage of Agriculture Produce (FSAP) scheme	19.4	**210,390**	89,302
	- Credit Guarantee (CGS) Scheme	19.5	**137,913**	119,462
	- Special Persons (SP) Scheme	19.6	**3,220**	3,710
	- Working capital (WC) Scheme	19.7	**916,401**	750,046
	- COVID - 19 Scheme	19.8	**5,000**	6,000
	- Balancing, Modernization & Replacement (BMR) scheme	19.9	**460,657**	363,649
			6,361,710	6,377,692
	Repurchase agreement borrowings	19.10	**85,445,608**	13,876,732
	Borrowings from banks	19.11	**35,816,667**	36,229,167
	Total secured		**127,623,985**	56,483,591
	Unsecured			
	Letters of placement:	19.12	**6,838,109**	11,836,644
			134,462,094	68,320,235

19.1 The Company has entered into agreements for financing with the SBP for Long-Term Financing Facility (LTFF) under export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the due date by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2.00% to 11.00% per annum (December 31, 2022: 2.00% to 7.00% per annum). These are secured against demand promissory notes and are repayable within 8 years (December 31, 2022: 9 years).

19.2 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 5.00% per annum (December 31, 2022: 2.00% to 5.00% per annum) and are due to mature latest by June 28, 2029. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

19.3 These represent borrowings from the SBP under scheme for temporary economic refinance facility. The mark-up rate applicable on these facilities is 1% to 2% per annum (December 31, 2022: 1% to 2% per annum) payable on quarterly basis, with maturities upto May 18, 2032 (December 31, 2022: May 2032). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

19.4 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of from 2.5% to 4% per annum (December 31, 2022: 2.5% per annum) and are due to mature latest by June 02, 2029.

19.5 These represent borrowings from the SBP under scheme for refinance and credit guarantee schemes. The mark-up rate applicable on these facilities is 0% per annum (December 31,2022: 0% per annum) payable on quarterly basis, with maturities upto May 30, 2028 (December 31, 2022: November, 2027). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

19.6 These represent financing facilities to special persons to meet credit needs for setting up of new business enterprises or for expansion of existing ones and claim refinance from State Bank of Pakistan up to 100% of finance extended by them. The spread is capped at 5% per annum (December 31, 2022: 5% per annum) by SBP whereas SBP's refinance rate for this facility is 0% per annum (December 31, 2022: 0% per annum) . In case of default of the counterparty, upto 60% of principal is covered by SBP. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP. These borrowings have maturity date of September 30, 2027.

19.7 In accordance with the refinance facility for working capital, the Company has entered into agreements for financing with the SBP for extending financing to meet working capital requirements of the customers. The profit rate on this facility is 2.00% per annum (December 31, 2022: 2.00%) payable on quarterly basis with maturities upto May 29, 2028 (December 31, 2022: December 2023). As per the agreements, the Company has granted the SBP the right to recover the outstanding amounts from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP.

19.8 In accordance with the refinance facility for combating COVID-19, the Company has entered into agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (December 31, 2022: 0%) with maturities upto October 22, 2025. As per the agreements, the Company has granted the SBP the right to recover the outstanding amounts from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP.

19.9 These represent borrowings from the SBP under scheme for balancing, modernization & replacement scheme. The mark-up rate applicable on these facilities is 1% to 2% per annum (December 31, 2022: 1% to 2% per annum) payable on quarterly basis, with maturities upto April 28, 2028 (December 31, 2022: April 2028). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

19.10 These represent collateralised borrowings against Pakistan Investment Bonds and Market Treasury Bills. The mark-up rates on these borrowings ranges from 21.03% to 22.50% per annum (December 31, 2022: 16.09% to 16.10% per annum).

19.11 This represents secured borrowings from commercial banks. These borrowings carry mark-up at rates ranging from 18.36% to 23.06% per annum (December 31, 2022: 15.92% to 17.29% per annum) and are repayable by within 4 years (December 31, 2022: 5 years). These are secured against hypothecation of receivables and floating charge over term finance certificates having a face value of Rs. 706 million (December 31, 2022: 750 billion) and pledge of government securities and T Bills having a face value of Rs. 5.35 billion and Rs. 16.70 billion respectively.

19.12 This represents clean borrowings from financial institutions and corporate. These borrowings carry mark-up at rates ranging from 20.25% to 22.30% per annum (2022: 7.10% to 16.50% per annum) and are repayable by September 20, 2023 (2022: May 2023).

		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
20	**DEPOSITS AND OTHER ACCOUNTS**		---------- Rupees in '000 ---------	
	Customers			
	- Certificate of investments (COIs) - In local currency	20.2	**54,768**	54,768
	Financial Institutions			
	- Certificate of investments (COIs) - In local currency		**-**	-
		20.1	**54,768**	54,768

20.1	**Composition of deposits**			
	- Public sector entities		**-**	-
	- Private sector		**54,768**	54,768
			54,768	54,768

20.2 These Certificate of Investments (COIs) carry mark-up rate of 15.00% per annum (2022: 15.00% per annum) with maturity on December 22, 2023 (2022: December 22, 2023).

		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
21	**OTHER LIABILITIES**		-------- Rupees in '000 --------	
	Mark-up / return / interest payable in local currency		**1,721,483**	797,888
	Unearned commission and income on bills discounted		**18,418**	28,998
	Accrued expenses		**50,648**	86,826
	Brokerage / commission payable		**1,600**	1,584
	Payable against purchase of shares		**17,388**	120,362
	Security deposits against advances		**291,948**	295,565
	Provision for Sindh Worker's Welfare Fund		**158,255**	148,995
	Lease liability against right-of-use assets		**31,491**	28,834
	Provision for off balance sheet obligations		**12,492**	-
	Payable to related party		**-**	28
	Others		**67,092**	50,319
			2,370,815	1,559,399

22	**DEFICIT ON REVALUATION OF ASSETS - NET OF TAX**			
	Deficit on revaluation of			
	- Securities measured at FVOCI-Debt	11.1	**(2,143,880)**	(1,703,081)
	- Securities measured at FVOCI-Equity		**(38,569)**	(431,770)
			(2,182,449)	(2,134,851)
	Deferred tax on deficit on revaluation of:			
	- Securities measured at FVOCI-Debt		**707,480**	562,017
	- Securities measured at FVOCI-Equity		**6,364**	71,242
			(1,468,605)	(1,501,592)

		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
			-------- Rupees in '000 --------	
23	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	23.1	**330,000**	1,330,000
	- Commitments	23.2	**97,459,478**	23,342,227
	- Other contingent liabilities	23.3	**-**	-
			97,789,478	24,672,227
23.1	**Guarantees**			
	Financial guarantees		**330,000**	1,330,000
23.2	**Commitments**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		**-**	4,103
	Commitments in respect of:			
	- repo transactions	23.2.1	**93,663,376**	20,732,735
	- forward lendings	23.2.2	**3,796,102**	2,485,027
	- other commitments		**-**	120,362
			97,459,478	23,342,227
23.2.1	**Commitments in respect of repo transactions**			
	Repurchase of government securities		**88,932,273**	14,157,761
	Reverse repurchase of government securities		**4,731,103**	6,574,974
			93,663,376	20,732,735
23.2.2	**Commitments in respect of forward lendings**			
	Undrawn formal standby facilities, credit lines and other commitments to lend*		**3,796,102**	2,485,027
			3,796,102	2,485,027

*These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Company without the risk of incurring significant penalty or expense.

23.3 Other contingent liabilities

23.3.1 In 2009, Burj Bank Limited (formerly Dawood Islamic Bank Limited) filed a legal suit amounting to Rs. 200 million for damages against the Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Company are of the opinion that the Company has a strong case and that the matter will most likely be decided in favour of the Company.

23.3.2 The returns of income of the Company from tax years 2008 to 2022 had been filed with the tax authorities. From tax year 2008 upto tax year 2020, these returns have been revised and additional tax demands have been raised of which Rs. 782.07 million are outstanding as at June 30, 2023. The matters which have been raised in these demands mainly included allocation of common expenses to dividend income, taxation of discount income, additions on account of concessional loans to employees and deletion of the charge pertaining to the Workers' Welfare Fund. The Company is contesting these demands and appeals have been filed by the Company against the same which are pending adjudication at various legal and appellate forums. The Company has made partial payments against some of these demands which are being shown as refundable from tax authorities (note 17). The management is confident that the matters will eventually be decided in favour of the Company and that the Company will be able to adjust amounts in respect of matters decided against the Company (if any) against the tax refunds currently being claimed by it.

		Note	(Un-audited) Half year ended June 30, 2023	Half year ended June 30, 2022
			---------- Rupees in '000 ---------	
24	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	a) Loans and advances		**1,418,453**	917,260
	b) Investments		**7,554,039**	1,565,011
	c) Lendings to financial institutions		**496,103**	40,191
	d) Sub-lease of premises		**43**	-
	e) Balances with banks		**11,763**	3,213
			9,480,401	2,525,675
	Interest income (calculated using effective interest rate method) recognised on:			
	Financial assets measured at amortised cost		**12,183**	-
			9,492,584	**2,525,675**
25	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		**4,074**	2,789
	Interest expense on lease liability		**3,096**	1,416
	Borrowings		**8,864,401**	2,234,024
			8,871,571	2,238,229
26	**FEE AND COMMISSION INCOME**			
	Advisory / arrangement fee		**694**	8,358
	Processing fee income		**8,902**	8,618
	Commitment fee		**3,896**	4,601
	Trustee fee		**31,630**	29,141
	Front end fee		**17**	-
			45,139	50,718
27	**GAIN / (LOSS) ON SECURITIES**			
	Realised loss on sale of securities	27.1	**43,031**	(55,917)
	Unrealised loss on securities held at fair value through profit and loss		**(6,277)**	(996)
	Unrealised loss on arbitrag shares		**-**	(1,026)
			36,754	(57,939)
27.1	**Realised gain / (loss) on:**			
	Federal government securities		**30,799**	7,279
	Ordinary shares		**11,900**	(63,196)
	Non-government debt securities		**332**	-
			43,031	(55,917)
28	**OTHER INCOME**			
	Gain on sale of assets classified as held-for-sale		**96,626**	-
	Gain on sale of fixed assets - net		**1,871**	1,584
			98,497	**1,584**

	Note	(Un-audited) Half year ended June 30, 2023	Half year ended June 30, 2022
		---------- Rupees in '000 ---------	
29 OPERATING EXPENSES			
Total compensation expense		**143,340**	104,535
Property expense			
Rent and taxes		**-**	-
Insurance		**3,241**	3,066
Security		**1,286**	1,282
Utilities cost		**2,982**	2,289
Repairs and maintenance (including janitorial charges)		**5,503**	4,693
Depreciation		**13,174**	10,930
		26,186	22,260
Information technology expenses			
Software maintenance		**41**	1,488
Hardware maintenance		**501**	585
Depreciation		**1,961**	2,020
Amortisation		**555**	104
		3,058	4,197
Other operating expenses			
Directors' fees and allowances		**3,600**	2,400
Fees and subscription		**2,563**	642
Legal and professional charges		**7,164**	11,713
Travelling and conveyance		**14,520**	25,488
Brokerage commission		**13,548**	4,422
Depreciation		**3,131**	3,452
Training and development		**1,300**	427
Postage and courier charges		**178**	309
Communication		**1,860**	1,601
Stationery and printing		**607**	485
Marketing, advertisement and publicity		**141**	101
Donations		**2,000**	-
Auditors' remuneration		**1,833**	1,374
Expenses incurred on assets held for sale		**40,312**	10,201
Service charges for business development - leases		**2,807**	-
Others		**2,202**	2,691
		97,766	65,306
		270,350	196,298
30 SINDH WORKERS' WELFARE FUND			
Provision for Sindh Workers' Welfare Fund	30.1	**9,260**	1,829

30.1 SWWF Act had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs. 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. Accordingly, as a matter of abundant caution, the management has maintained a provision for SWWF in the condensed interim unconsolidated financial statements amounting to Rs 158.995 million which includes a provision of Rs 9.26 million for the current period.

		Note	(Un-audited) Half year ended June 30, 2023	Half year ended June 30, 2022
			---------- Rupees in '000 ---------	
31	**Credit loss allowance and write offs - net**			
	Credit loss allowance against lending to financial institutions	10.2	**7**	-
	Credit loss allowance for diminution in value of investments	11.2.1	**(6,356)**	15,015
	Credit loss allowance against loans and advances	12.3	**143,902**	20,375
	Credit loss allowance against off balance sheet obligations		**2,812**	-
			140,365	35,390
32	**TAXATION**			
	Current		**48,361**	115,072
	Deferred		**174,862**	(150,988)
			223,223	(35,916)
33	**BASIC EARNINGS PER SHARE**			
	Profit for the period		**230,517**	127,604
			Number of shares	
	Weighted average number of ordinary shares		**600,000**	600,000
			--------------- Rupees --------------	
	Basic earnings per share		**0.38**	0.21

33.1 Diluted earnings per share

Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue.

34 FAIR VALUE MEASUREMENT

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted 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.

34.1 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

- **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
Fully paid-up ordinary shares / units of modaraba certificates	Fair values of investments in listed equity securities and units of modaraba certificates are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV / PKFRV rates.
Term finance / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.

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

	(Un-audited)			
	June 30, 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	110,852,470	-	110,852,470
Shares	791,686	-	-	791,686
Non-Government debt securities	-	2,363,501	-	2,363,501
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	93,663,376	-	93,663,376

	(Audited)			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	38,973,866	-	38,973,866
Shares	1,340,790	-	-	1,340,790
Non-Government debt securities	-	2,477,356	-	2,477,356
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	20,732,735	-	20,732,735

35 SEGMENT INFORMATION

	Half year ended June 30, 2023			
	Corporate finance	Trading and sales	Commercial banking	Total
	Rupees in '000			
Condensed interim unconsolidated profit and loss account for the half year ended June 30, 2023 (un-audited)				
Net Mark-up / return / interest income	-	531,751	89,262	621,013
Non mark-up / return / interest income	45,139	207,563	-	252,702
Total income	45,139	739,314	89,262	873,715
Segment direct expenses	14,446	236,598	28,566	279,610
Total expenses	14,446	236,598	28,566	279,610
Provisions	-	32,930	107,435	140,365
Profit before tax	30,693	469,786	(46,739)	453,740

	June 30, 2023			
	Corporate finance	Trading and sales	Commercial banking	Total
	Rupees in '000			
Condensed interim unconsolidated statement of financial position as at June 30, 2023 (un-audited)				
Cash and bank balances	19,745	323,399	39,046	382,190
Investments	-	116,021,029	-	116,021,029
Lendings to financial institutions	-	4,691,984	-	4,691,984
Advances - performing	-	1,020,183	18,375,568	19,395,751
- non-performing	-	45,572	158,292	203,864
Others	2,508	5,129,546	619,322	5,751,376
Total assets	22,253	127,231,713	19,192,228	146,446,194
Borrowings	-	119,976,580	14,485,514	134,462,094
Deposits and other accounts	-	48,868	5,900	54,768
Others	-	2,115,409	255,406	2,370,815
Total liabilities	-	122,140,857	14,746,820	136,887,677
Equity	22,253	5,090,857	4,445,407	9,558,517
Total equity and liabilities	22,253	127,231,714	19,192,227	146,446,194
Contingencies and commitments	-	93,663,376	4,072,117	97,735,493

	Half year ended June 30, 2022			
	Corporate finance	Trading and sales	Commercial banking	Total
	Rupees in '000			
Unconsolidated profit and loss account for the half year ended June 30, 2022 (un-audited)				
Net mark-up / return / interest income	-	180,905	106,541	287,446
Non mark-up / return / interest income	50,717	(12,958)	-	37,759
Total income	50,717	167,947	106,541	325,205
Segment direct expenses	30,899	102,319	64,909	198,127
Total expenses	30,899	102,319	64,909	198,127
Provisions	-	18,203	17,187	35,390
Profit before tax	19,818	47,425	24,445	91,688

	December 31, 2022			
	Corporate finance	Trading and sales	Commercial banking	Total
	Rupees in '000			
Unconsolidated statement of financial position (audited)				
Cash and bank balances	40,616	327,428	69,180	437,224
Investments	-	44,805,384	-	44,805,384
Lendings to financial institutions	-	6,559,967	-	6,559,967
Advances - performing	-	1,288,503	22,538,347	23,826,850
- non-performing	-	11,249	369,764	381,013
Others	5,534	3,237,605	684,052	3,927,191
Total assets	46,150	56,230,136	23,661,343	79,937,629
Borrowings	-	56,403,229	11,917,006	68,320,235
Deposits and other accounts	-	45,215	9,553	54,768
Others	-	1,287,395	272,004	1,559,399
Total liabilities	-	57,735,839	12,198,563	69,934,402
Equity	46,150	(1,505,703)	11,462,780	10,003,227
Total equity and liabilities	46,150	56,230,136	23,661,343	79,937,629
Contingencies and commitments	-	20,732,735	3,939,492	24,672,227

36 RELATED PARTY TRANSACTIONS

The Company has related party relationship with subsidiary companies (Primus Leasing Limited, Awwal Corporate Restructuring Company Limited and Awwal Modaraba Management Limited), First Prudential Modaraba, employees' defined benefit and defined contribution plan, its key management personnel and state controlled entities.

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Transactions with owners have been disclosed in 'condensed interim unconsolidated Statement of Changes in Equity'. 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. However we understand that there are several transactions with subsidiaries that are based on agreed terms. The 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 condensed interim unconsolidated financial statements, are as follows:

36.1 Balances with related parties

	(Un-audited) June 30, 2023				(Audited) December 31, 2022			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	2,013,372	-	-	-	2,003,372	-
Investment made during the period / year	-	-	-	-	-	-	10,000	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	2,013,372	-	-	-	2,013,372	-
Advances								
Opening balance	-	72,204	574,803	178,207	-	89,209	371,223	-
Addition during the period / year	-	13,390	115,540	150,000	-	46,336	570,095	300,000
Repaid during the period / year	-	(3,737)	(170,385)	(157,121)	-	(10,432)	(366,515)	(150,000)
Transfer in / (out) - net	-			-	-	(52,909)	-	28,207
Closing balance	-	81,857	519,958	171,086	-	72,204	574,803	178,207
Lending to financial institutions								
Opening balance	-	-	-	26,000	-	-	-	-
Investment	-	-	-	243,700	-	-	-	58,000
Repayment	-	-	-	(241,700)	-	-	-	(32,000)
Closing balance	-	-	-	28,000	-	-	-	26,000
Other assets								
Interest / mark-up accrued	-	-	23,199	269	-	-	13,613	423
Lease receivable under IFRS-16	-	-	722	-	-	-	606	-
Receivable from defined benefit plan	-	-	-	13	-	-	-	3,260
Preliminary expense			931	-	-	-	931	-
Advance against investments in right shares			40,000	-	-	-	40,000	-
Others	-	-	9,126	941	-	-	3,244	810
	-	-	73,978	1,223	-	-	58,394	4,493
Borrowings								
Opening balance	-	-	-	-	-	-	39,000	191,154
Borrowings during the period / year	-	-	-	6,576	-	-	-	28,444
Settled during the period / year	-	-	-	(6,576)	-	-	(39,000)	(219,598)
Closing balance	-	-	-	-	-	-	-	-
Other liabilities								
Interest / mark-up payable	-	-	-		-	-	-	-
Other liabilities	-	-	-	-	-	-	28	-
	-	-	-	-	-	-	28	-

36.2 Transactions with related parties

	(Un-audited) June 30, 2023				(Un-audited) June 30, 2022			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	1,683	45,828	22,888	-	1,055	28,124	9,893
Reverse Repo	-	-	-	-	-	-	-	-
Expense								
Mark-up / return / interest expensed	-	-	-	93	-	-	46	150
Operating expenses	2,000	87,483	-	-	2,400	75,457	-	-
Reimbursement of expenses	-	9,223	2,125	98		4,576	10,382	4,859
Expenses charged	-	-	11,310	4,672	-	-	-	-
Fixed assets disposal	-	2,214	-	-	-	-	-	-

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	-------- Rupees in '000 --------	
Minimum Capital Requirement (MCR):		
Paid-up capital	**6,000,000**	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,962,779**	7,555,743
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,962,779**	7,555,743
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**6,962,779**	7,555,743
Risk Weighted Assets (RWAs):		
Credit Risk	**20,703,284**	25,209,260
Market Risk	**5,382,301**	5,629,213
Operational Risk	**1,981,195**	1,981,195
Total	**28,066,780**	32,819,668
Common Equity Tier 1 Capital Adequacy ratio - percentage	**24.81%**	23.02%
Tier 1 Capital Adequacy Ratio - percentage	**24.81%**	23.02%
Total Capital Adequacy Ratio - percentage	**24.81%**	23.02%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**6,962,779**	7,555,743
Total Exposures	**135,705,591**	78,312,993
Leverage Ratio (%)	**5.13%**	9.65%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**9,274,565**	7,989,493
Total Net Cash Outflow	**6,815,721**	7,107,724
Liquidity Coverage Ratio (Ratio)	**136.08%**	112.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**26,162,031**	27,729,097
Total Required Stable Funding	**24,148,308**	23,794,119
Net Stable Funding Ratio (%)	**108.34%**	116.54%

38 CORRESPONDING FIGURES

Corresponding figures are rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant reclassification or restatement were made in these condensed interim unconsolidated financial statements during the period.

39 GENERAL

39.1 Figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.

40 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on August 22, 2023 by the Board of Directors of the Company.

President/Chief Executive	Chief Financial Officer	Director	Director	Director