



PAK BRUNEI INVESTMENT COMPANY LTD.

**CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)**

FOR THE PERIOD ENDED SEPTEMBER 30, 2023

PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

September 30, December 31,
 2023 2022
 ----- US Dollar in '000 -----

September 30, December 31,
 Note 2023 2022
 ----- Rupees in '000 -----

		ASSETS			
1,064	1,170	Cash and balances with treasury banks	6	306,042	336,735
1,006	1,737	Balances with other banks	7	289,569	499,887
-	22,898	Lendings to financial and other institutions	8	-	6,588,721
318,911	148,803	Investments	9	91,762,878	42,816,258
74,114	94,094	Advances	10	21,325,524	27,074,496
217	65	Fixed assets	11	62,339	18,511
96	164	Right of use assets	12	27,510	46,929
10	13	Intangible assets	13	2,806	3,659
3,135	3,075	Deferred tax assets	14	902,006	884,825
17,285	9,306	Other assets	15	4,973,471	2,677,834
643	1,236	Assets classified as held-for-sale	16	185,073	355,799
416,481	282,561			119,837,218	81,303,654

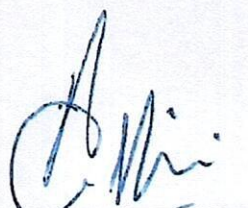
		LIABILITIES			
-	-	Bills payable		-	-
369,000	239,408	Borrowings	17	106,175,473	68,886,902
191	190	Deposits and other accounts	18	54,768	54,768
11,242	7,809	Other liabilities	19	3,234,600	2,246,874
380,433	247,407			109,464,841	71,188,544
36,048	35,154	NET ASSETS		10,372,377	10,115,110


		REPRESENTED BY			
20,852	20,852	Share capital		6,000,000	6,000,000
8,139	7,369	Reserves		2,341,869	2,120,621
11,657	12,196	Unappropriated profit		3,354,096	3,508,752
(4,609)	(5,271)	Deficit on revaluation of assets	20	(1,326,104)	(1,516,623)
36,039	35,146	Total equity attributable to the equity holders of the Holding Company		10,369,861	10,112,750
9	8	Non-controlling interest		2,516	2,360
36,048	35,154			10,372,377	10,115,110

CONTINGENCIES AND COMMITMENTS


21

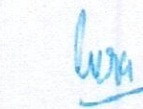
The annexed notes 1 to 37 form an integral part of these consolidated financial statements.


 Managing Director/
 Chief Executive


 Chief Financial Officer


 Director



 Director



 Director


PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 2023


Period Ended September 30, 2023		September 30, 2022		Period Ended		Quarter Ended	
				September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
US Dollar in '000				Rupees in '000			
2,693	1,209			774,806	347,700	440,840	220,096
1	-			156	36	43	36
2,694	1,209			774,962	347,736	440,883	220,132
Profit after taxation for the year attributable to:							
Equity holders of the Holding Company							
Non-controlling interest							
Other comprehensive loss							
Items that may be reclassified to profit and loss							
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax							
(1,279)	(320)			(368,039)	(91,976)	(15,734)	89,602
Items that will not be reclassified to profit and loss account in subsequent periods:							
Remeasurement loss on defined benefit obligations - net of tax							
-	-			-	-	-	-
Movement in surplus / (deficit) on revaluation of equity investments - net of tax							
1,941	41			558,558	11,761	158,993	1,245
Loss on disposal of securities classified as fair value through other comprehensive income - net of tax							
(1,600)	-			(460,507)	-	-	-
Total comprehensive income / (loss)							
1,756	930			504,974	267,521	584,143	310,979
Total comprehensive (loss) / income							

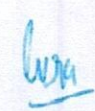
The annexed notes 1 to 37 form an integral part of these consolidated financial statements.


 Managing Director/
 Chief Executive


 Chief Financial Officer


 Director


 Director

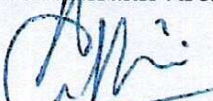

 Director

PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 2023

	Capital reserve		General Reserve	Capital reserve	Revenue reserve	Non-controlling interest	Total
	Share capital	Statutory reserve (a)		Surplus / (Deficit) on revaluation of investments	Unappropriated profit		
Rupees in '000							
As at January 1, 2022	6,000,000	1,720,050	200,000	(1,076,811)	3,472,236	2,305	10,317,980
Total comprehensive income for the period							
Profit after taxation for the period ended September 30, 2022	-	-	-	-	347,700	36	347,736
Other comprehensive income / (loss)							
- Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	-	-	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(91,976)	-	-	(91,976)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	11,761	-	-	11,761
	-	-	-	(80,215)	347,700	36	267,521
Transfer to statutory reserve	-	52,504	-	-	(52,504)	-	-
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)
Opening Balance as at October 01, 2022	6,000,000	1,772,554	300,000	(1,156,828)	3,367,432	2,341	10,285,501
Total comprehensive income for the year							
Profit after taxation for the period ended December 31, 2022	-	-	-	-	193,138	113	193,251
Other comprehensive income / (loss)							
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	(3,751)	(46)	(3,797)
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(179,582)	-	-	(179,582)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	(180,215)	-	-	(180,215)
	-	-	-	(359,797)	189,387	67	(170,343)
Transfer to statutory reserve	-	48,067	-	-	(48,067)	-	-
Dividend payout by Awwal Modaraba @ Rs. 0.80 per certificate	-	-	-	-	-	(48)	(48)
Opening Balance as at January 01, 2023	6,000,000	1,820,621	300,000	(1,516,623)	3,508,752	2,360	10,115,110
Impact of first time adoption of IFRS 9 (note 3.2)	-	-	-	-	(247,707)	-	(247,707)
Comprehensive income for the year							
Profit after taxation for the period ended September 30, 2023	-	-	-	-	774,606	158	774,862
Other comprehensive loss							
- 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	-	-	-	(368,039)	-	-	(368,039)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	558,558	-	-	558,558
	-	-	-	190,519	314,299	158	504,974
Transfer to statutory reserve	-	121,248	-	-	(121,248)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
Closing Balance as at September 30, 2023	6,000,000	1,941,869	400,000	(1,326,104)	3,354,096	2,516	10,372,377


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


The annexed notes 1 to 37 form an integral part of these consolidated financial statements.


**Managing Director/
 Chief Executive**


Chief Financial Officer


Director

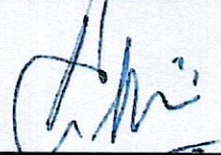

Director



Director

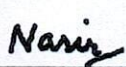
PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 2023


Period ended		Period ended			Period ended	
September 30, 2023	September 30, 2022		September 30, 2023	September 30, 2022	Note	Rupees in '000
----- US Dollar in '000 -----			----- Rupees in '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES						
4,148	1,528		1,170,237	439,678		
336	188		96,617	53,955		
3,812	1,340		1,073,620	385,723		
Profit before taxation						
Less: Dividend income						
Adjustments:						
50	59	27	14,473	16,930		
67	57	27	19,337	16,420		
4	2		1,096	449		
82	16	27	23,548	4,548		
460	170	28	132,386	48,837		
(13)	(12)	29	(3,628)	(3,175)		
(336)	-	26	(96,626)	-		
(54)	(1)	26	(15,628)	(6)		
260	291	25	74,958	84,003		
4,072	1,631		1,148,578	469,726		
(Increase) / decrease in operating assets						
22,898	7,005		6,588,721	2,015,433		
(119,301)	(17,286)		(34,327,475)	(4,973,590)		
18,636	(128)		5,362,377	(36,781)		
(5,308)	(2,502)		(1,527,242)	(720,000)		
(83,075)	(12,911)		(23,903,619)	(3,714,938)		
Increase/ (decrease) in operating liabilities						
129,592	72,485		37,288,571	20,856,815		
-	-		-	-		
3,340	4,048		961,023	1,164,813		
132,932	76,533		38,249,594	22,021,628		
(4,110)	(1,699)		(1,182,500)	(488,919)		
49,819	63,554		14,312,054	18,287,497		
CASH FLOWS FROM INVESTING ACTIVITIES						
(51,658)	(61,398)		(14,863,849)	(17,666,433)		
-	174		-	49,858		
286	174		82,097	50,196		
(212)	(32)		(60,844)	(9,184)		
-	(1)		-	(421)		
21	12		6,010	3,477		
906	697		283,521	200,500		
(50,657)	(60,374)		(14,553,065)	(17,371,987)		
CASH FLOWS FROM FINANCING ACTIVITIES						
-	(1,043)		-	(300,000)		
-	-		-	-		
-	(1,043)		-	(300,000)		
(838)	2,137		(241,011)	615,511		
2,908	1,441		836,622	414,566		
2,070	3,578		595,611	1,030,077		

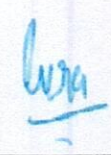
The annexed notes 1 to 37 form an integral part of these consolidated financial statements.


Managing Director/
Chief Executive


Chief Financial Officer


Director


Director


Director

**PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 2023**

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Pak Brunei Investment Company Limited (the Holding 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 Holding Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Holding Company's objectives inter alia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out industrial and agro-based industrial 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 Holding Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Holding Company is in operation with 2 offices (2022: 2) one located in Karachi and the other in Lahore.

Subsidiaries

- Primus Leasing Limited (PLL) - 100% holding

Primus Leasing Limited ("PLL") was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of PLL is situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi. The PLL is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). The PLL has two offices with one located in Karachi and the other in Lahore.

The principal objective of PLL is to carry on and undertake the business of leasing of movable property for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

- AWWAL Corporate Restructuring Company Limited (ACRCL) - 99.78% holding

Pak Brunei Investment Company Limited has set up Awwal Corporate Restructuring Company Limited (ACRCL) in December 2021 as a wholly-owned subsidiary with a capital of PKR 10 Million. The Corporate Restructuring Companies (CRC) Act, 2016 and Corporate Restructuring Companies (Amendment) Ordinance 2020 have been promulgated by National Assembly followed by supporting regulations by both the Securities and Exchange Commission (SECP) and the State Bank of Pakistan (SBP). Since it is a more appropriate regulatory structure for revival transactions, hence Awwal Modaraba, which was under management of AMML, after the approval order passed by the Hon'ble Sindh High Court, Karachi, has been merged with and into Awwal Corporate Restructuring Company Limited including all assets and liabilities. The books of Awwal Modaraba were permanently closed on June 12, 2023. New shares of ACRCL have been issued against 100,000,000 certificates of Awwal Modaraba against a swap ratio of 1: 0.876 as determined in approved Scheme of Arrangement, on June 26, 2023.

1 BASIS OF PRESENTATION

1.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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 IFRSs or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited unconsolidated financial statements, and are limited based on IAS 34, and should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the annual audited consolidated 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.

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.

2.2 US Dollar equivalent

The US dollar amounts shown in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are provided as additional information solely for the convenience of users of the consolidated financial statements. For the purpose of conversion to US Dollars, the rate of Rs 287.7384 to US Dollars has been used for 2022 and 2021 as it was the prevalent rate on September 30, 2022.

2.3 The condensed interim consolidated financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2022.

2.4 The consolidated financial statements incorporate the financial statements of the Company and the financial statements of subsidiaries from the date on which control of the subsidiary by the Group commences until the date control ceases. The financial statements of the subsidiaries are incorporated on a line-by-line basis and the investment held by the Company is eliminated against the corresponding share capital and pre-acquisition reserve of subsidiaries in the consolidated financial statements.

2.5 The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company. However, Awwal Corporate Restructuring Company Limited has applied to SECP for exemption on application of IFRS 9 via letter dated August 08, 2023 and consequently, not accounted for its financial assets and liabilities under IFRS 9. Management expects that SECP would grant exemption to ACRCCL.

2.6 The merger scheme by way of amalgamation of Awwal Modaraba with and into Awwal Corporate Restructuring Company Limited has been approved/sanctioned by the Honorable High Court of Sindh on March 02, 2023, effective from December 31, 2021. The entire undertaking comprising of all of assets, liabilities and obligations of Awwal Modaraba stands transferred to and be vested in and assumed by ACRCCL and Awwal Modaraba stands dissolved without winding-up. The audit of financial statements of merged entities as of December 31, 2021 and 2022, consistent with the accounting policies with those of Holding Company is pending awaiting conclusion of the exemption on application of IFRS 9.

Material intra-group balances and transactions are eliminated.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the audited annual 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

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 amortised 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

- 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

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 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

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.

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

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 quantitative 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.

3.5 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.

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 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2022.

	Note	September 30, 2023	December 31, 2022
-----Rupees in '000-----			
6 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand		80	-
With State Bank of Pakistan in:			
Local currency current account	6.1	305,962	336,649
With National Bank of Pakistan in:			
Local currency deposit account		-	86
		<u>306,042</u>	<u>336,735</u>

6.1 This includes the minimum cash reserve required to be maintained with the State Bank of Pakistan (SBP) in accordance with the requirement of BSD Circular No. 04 dated May 22, 2004.

	Note	September 30, 2023	December 31, 2022
-----Rupees in '000-----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- In deposit accounts	7.1	278,502	492,689
- In current account		11,067	7,198
		<u>289,569</u>	<u>499,887</u>

7.1 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	September 30, 2023	December 31, 2022
-----Rupees in '000-----			
8 LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS			
Investments against repurchase agreements	8.1	-	6,588,721
Term deposits receipts		-	-
		-	6,588,721
Less: Credit loss allowance held against lending to financial institutions		-	-
Lendings to financial institutions - net of credit loss allowance		<u>-</u>	<u>6,588,721</u>

8.1 These carry mark-up at the rate of Nil per annum (December 31, 2022: 15.50% to 16.20% per annum) secured against Pakistan Investment Bonds and will mature latest by Nil (December 31, 2022: January 16, 2023).

		September 30, 2023	December 31, 2022
-----Rupees in '000-----			
8.2 Particulars of lendings			
In local currency		-	6,588,721
In foreign currencies		-	-
		<u>-</u>	<u>6,588,721</u>

9 INVESTMENTS

9.1 Investments by type:

Note	September 30, 2022				December 31, 2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- Rupees in '000 -----							
FVTPL								
Previously AFS								
Federal government securities								
GoP Ijara Sukuk Bond	-	-	-	-	-	-	-	-
Market Treasury Bills	31,294,474	-	30,980	31,325,454	-	-	-	-
Pakistan Investment Bonds - Floating Rate	455,097	-	77	455,174	-	-	-	-
Ordinary shares	389,228	-	(4,166)	385,062	-	-	-	-
Non-government debt securities								
Listed companies	948,375	-	(11,200)	937,175	-	-	-	-
Unlisted companies	1,240,238	-	-	1,240,238	-	-	-	-
	34,327,412	-	15,691	34,343,103	-	-	-	-
FVOCI								
Previously AFS								
Federal government securities								
Market Treasury Bills	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - Fixed Rate	8,289,373	-	(1,934,897)	6,354,476	8,314,870	-	(1,704,313)	6,610,557
Pakistan Investment Bonds - Floating Rate	50,409,706	-	(233,599)	50,176,107	32,354,361	-	8,948	32,363,309
Ordinary shares								
Listed companies	551,262	-	151,842	703,104	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies*	-	-	-	-	21,331	(21,331)	-	-
Non-government debt securities								
Listed companies	200,466	(14,378)	-	186,088	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted companies	244,282	(244,282)	-	-	1,599,563	(248,971)	-	1,350,592
	59,695,089	(258,660)	(2,016,654)	57,419,775	45,216,510	(289,647)	(2,134,851)	42,792,012
Modaraba Certificates								
	-	-	-	-	39,277	-	(15,031)	24,246
	-	-	-	-	39,277	-	(15,031)	24,246
Total investments	94,022,501	(258,660)	(2,000,963)	91,762,878	45,255,787	(289,647)	(2,149,882)	42,816,258

*

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.

	September 30, 2023	December 31, 2022
	----- Rupees in '000 -----	
9.1.1 Investments given as collateral		
Market Treasury Bills	28,548,708	-
Pakistan Investment Bonds	49,016,908	33,205,965
Term finance certificates / sukuks certificates	724,559	752,045
Ordinary shares	73,718	87,156
	<u>78,363,892</u>	<u>34,045,166</u>
9.2 Credit loss allowance for diminution in value of investments		
Opening balance	289,647	294,112
Adjustment of provision against shares	(21,331)	-
Charge / reversals		
Charge for the year	-	14,972
Reversal during the year	(9,657)	(19,437)
	<u>(9,657)</u>	<u>(4,465)</u>
Closing balance	<u>258,660</u>	<u>289,647</u>

9.3 Particulars of credit loss allowance against debt securities

		September 30, 2023		December 31, 2022	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- Rupees in '000 -----					
Performing	Stage 1	58,885,184	17	-	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		258,643	258,643	263,332	263,332
		258,643	258,643	263,332	263,332
Total		59,143,827	258,660	263,332	263,332

10 ADVANCES

	Performing		Non-performing		Total	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	20,192,746	25,725,502	1,106,431	904,791	21,299,177	26,630,293
Islamic financing and related assets	821,161	986,393	-	-	821,161	986,393
Advances - gross	21,013,907	26,711,895	1,106,431	904,791	22,120,338	27,616,686
Credit loss allowance against advances						
-Stage 1	61,932	-	-	-	61,932	-
-Stage 2	18,474	-	-	-	18,474	-
-Stage 3	-	-	914,407	513,877	914,407	513,877
- General	-	28,313	-	-	-	28,313
	80,407	28,313	914,407	513,877	994,814	542,190
Advances - net of provision	20,933,501	26,683,582	192,024	390,914	21,125,524	27,074,496

September 30, 2023 December 31, 2022
-----Rupees in '000-----

10.1 Particulars of advances (gross)

In local currency	22,120,338	27,616,686
In foreign currencies	-	-
	22,120,338	27,616,686

10.2 Advances include Rs. 1,106.288 million (2022: Rs. 904.791 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	September 30, 2023		December 31, 2022	
		Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----					
Domestic					
Other Assets Especially Mentioned	10.2.1	46,532	20,246	7,175	718
Substandard		174,389	110,690	10,238	9,105
Doubtful		-	-	31,666	12,418
Loss		1,085,509	783,471	855,712	491,636
Total		1,306,431	914,407	904,791	513,877

10.2.1 The 'Other Assets Especially Mentioned' category pertains to small enterprise finance amounting to Rs. 46.53 million (2022: Rs. 7.175 million).

10.3 Particulars of credit loss allowance against advances

	30 September 2023			Total
	Stage 3	Stage 2	Stage 1	
Opening balance	542,190	-	-	542,190
Charge for the period / year	156,754	4,456	-	161,210
Reversals during the period / year	(7,821)	-	(14,502)	(22,323)
	148,933	4,456	(14,502)	138,887
Provision due to conversion of investment				
Impact of first time adoption of IFRS 9 charged to opening retained earnings	223,284	14,018	76,434	313,736
Closing balance	<u>914,408</u>	<u>18,474</u>	<u>61,932</u>	<u>994,814</u>

	31 December 2022		
	Specific	General	Total
(Rupees in '000)			
Opening balance	497,025	79,278	576,303
Charge for the year	114,382	11,522	125,904
Reversals	(110,075)	(62,487)	(172,562)
	(8,948)	(50,000)	(46,658)
Amounts written off	-	-	-
Provision due to conversion of investment	12,545	-	12,545
Closing balance	<u>500,622</u>	<u>29,278</u>	<u>542,190</u>

10.3.1 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.

10.3.2 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.

Forced Sale Value (FSV) benefit amounting to Rs. 342.077 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 Instruments.

September 30, 2023		
Stage 1	Stage 2	Stage 3

----- Rupees in '000 -----

Opening balance	-	-	542,190
Impact on adoption of IFRS 9	76,434	14,018	223,284
New Advances	7,745	3,243	2,103
Advances derecognised or repaid	(7,444)	(4,468)	(14,827)
Transfer to stage 1	1,116	(1,116)	-
Transfer to stage 2	(688)	718	(30)
Transfer to stage 3	(383)	(4,968)	5,351
Amounts written off / charged off			
Changes in risk parameters	(16,138)	10,407	156,337
Closing balance	<u>60,642</u>	<u>17,835</u>	<u>914,407</u>

September 30, 2023

Outstanding amount	Credit loss allowance Held
--------------------	----------------------------

----- Rupees in '000 -----

Advances - Category of classification

Performing	Stage 1	20,408,631	61,932
Underperforming	Stage 2	405,277	18,474
Non-Performing	Stage 3		
Other Assets Especially Mentioned		46,532	20,246
Substandard		174,389	110,690
Doubtful		-	-
Loss		1,085,509	783,471
		<u>22,120,338</u>	<u>994,813</u>

September 30, 2023 December 31, 2022

-----Rupees in '000-----

Note

11 FIXED ASSETS

Property and equipment		<u>62,339</u>	<u>18,511</u>
------------------------	--	---------------	---------------

12 RIGHT OF USE ASSETS

At January 1,			
Cost		159,169	160,439
Accumulated Depreciation		(116,442)	(110,124)
Net Carrying amount at January 1		<u>42,727</u>	<u>50,315</u>
Additions / modification during the period/year		6,384	27,759
Depreciation Charge for the period/year		(21,601)	(31,145)
Net Carrying amount at September 30, 2023 / December 31, 2022		<u>27,510</u>	<u>46,929</u>

13 INTANGIBLE ASSETS

Intangible assets		2,806	3,659
Capital work-in-progress	13.1	-	-
		<u>2,806</u>	<u>3,659</u>

13.1 Capital work-in-progress

Software		-	-
----------	--	---	---

14	DEFERRED TAX ASSETS	Note	September 30,	December 31,
			2023	2022
			-----Rupees in '000-----	
Deductible temporary differences on:				
	- Provision for diminution in the value of investments		93,488	94,761
	- Provision against advances, other assets, etc.		345,184	177,716
	- Deficit on revaluation of investments		690,550	633,259
	- Accelerated tax depreciation		3,211	3,981
	- Lease liability against right-of-use asset		10,392	10,200
	- Provision for bonus		9,838	19,470
	- Unrealized loss on equity investments		1,036	170
	- Tax loss carried forward			1,058
	- Amortisation of premium on investments		(201,175)	21,094
			952,523	961,709
Taxable temporary differences on:				
	- Net investment in finance lease		(41,191)	(62,613)
	- Post retirement employee benefits		(269)	(269)
	- Right-of-use assets		(9,058)	(14,002)
			(50,518)	(76,884)
			902,005	884,825

15	OTHER ASSETS	Note	September 30.	December 31.
			2023	2022
			-----Rupees in '000-----	
	Income / mark-up accrued in local currency		2,959,751	1,458,182
	Advances, deposits, advance rent and other prepayments		45,364	25,392
	Advance taxation (payments less provisions)		1,934,442	1,164,398
	Advance against subscription of term finance certificates		20,000	-
	Dividend Receivable		14,520	-
	Receivable against advisory fee		-	27,505
	Receivable from related parties		4,498	3,272
	Lease receivable under IFRS-16		117	-
	Receivable from defined benefit plan - related party		-	4,307
	Others		-	-
			4,978,692	2,683,056
	Less: Provision held against other assets		(5,221)	(5,222)
			4,973,471	2,677,834

16	ASSETS CLASSIFIED AS HELD-FOR-SALE	Note	September 30.	December 31.
			2023	2022
			-----Rupees in '000-----	
Land, building and machinery acquired from:				
	Sufi Steel Industries (Private) Limited		-	186,895
	Lion Steel Industries (Private) Limited	16.1	168,904	168,904
Subsidiary's assets and liabilities classified as Held for Sale:				
	Property and equipment		5,925	-
	Cash and bank balances		119	-
	Investment		145,389	-
	Advances, deposits, prepayments and other receivables		32,554	-
			183,987	-
Less:				
	Borrowings		119,958	-
	Accrued expenses and other liabilities		47,860	-
		16.2	16,169	-
Total assets classified as held-for-sale			185,073	355,799

16.1 These represent land, building and machinery which have been classified as 'non-current assets as held for sale' as at September 30, 2023. The Company acquired these assets by settling total outstanding principal of Rs 168.904 million. 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.

16.2 During the period, the Company has decided to divest in one of its subsidiaries i.e. Awwal Modaraba Management Limited. The Company is committed to divestment transaction and the same is expected to complete within one year from the date of its classification as asset held for sale.

17	BORROWINGS	Note	September 30,	December 31,
			2023	2022
			-----Rupees in '000-----	
	Secured			
	Borrowings from State Bank of Pakistan under:			
	- Long-Term Finance Facility (LTFF) scheme	17.2	3,431,158	4,085,463
	- Power Plants Using Renewable Energy (PPRE) scheme		172,489	170,662
	- Finance for Storage of Agriculture Produce (FSAP) scheme		191,822	89,302
	- Temporary Economic Refinance Facility (TERF)		770,134	789,398
	- COVID - 19 Scheme		-	6,000
	- Credit Guarantee (CGS) Scheme		145,252	119,462
	- Special Persons (SP) Scheme		2,880	3,710
	- Balancing, Modernization & Replacement (BMR) scheme		540,925	363,649
	- Working capital (WC) Scheme		954,805	750,046
			6,209,465	6,377,692
	Repurchase agreement borrowings	17.3	66,886,939	13,876,732
	Borrowings from banks	17.4	24,318,334	36,795,834
	Total secured		97,414,738	57,050,258
	Unsecured			
	Letters of placement	17.5	8,760,735	11,836,644
			106,175,473	68,886,902
17.1	Particulars of borrowings with respect to currencies			
	In local currency		106,175,473	68,886,902
	In foreign currencies		-	-
			106,175,473	68,886,902
17.2	The Holding Company has entered into agreements for financing with the SBP for Long-Term Financing 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 Holding Company at the due date by directly debiting the current account maintained by the Holding Company with the SBP. The rate of return ranges from 0% to 11% per annum (2022: 0% to 7.00% per annum). These are secured against demand promissory notes and are repayable within 9 years (2022: 9 years).			
17.3	These represent collateralised borrowings against Pakistan Investment Bonds and Market Treasury Bills. The mark-up rates on these borrowings ranges from 21.40% to 22.60% per annum (December 31, 2022: 16.09% to 16.10% per annum).			
17.4	This represents secured borrowings from commercial banks. These borrowings carry mark-up at rates ranging from 21.84% to 23.58% per annum (December 31, 2022: 15.92% to 17.29% per annum) and are repayable by within 4 years (December 31, 2022: 5			
17.5	This represents clean borrowings from financial institutions and corporates. These borrowings carry mark-up at rates ranging from 21.15% to 21.50% per annum (2022: 7.10% to 16.50% per annum) and are repayable by December 20, 2023 (2022: May 2023).			
18	DEPOSITS AND OTHER ACCOUNTS		September 30,	December 31,
			2023	2022
			-----Rupees in '000-----	
	Customers			
	- Certificate of investments (COIs) - In local currency	18.2	54,768	54,768
	Financial Institutions			
	- Certificate of investments (COIs) - In local currency		-	-
			54,768	54,768
18.1	Composition of deposits			
	- Public sector entities		-	-
	- Private sector		54,768	54,768
			54,768	54,768
18.2	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	September 30, 2023 -----Rupees in '000-----	December 31, 2022
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,801,250	803,153
Unearned commission and income on bills discounted		22,410	28,998
Accrued expenses		63,176	101,393
Brokerage / commission payable		2,140	1,584
Payable against purchase of shares		-	120,362
Lease liability against right-of-use assets		37,560	35,718
Security deposits against advances		992,539	904,503
Provision for Worker's Welfare Fund		187,218	164,985
Sindh sales tax payable on modaraba management fee		-	10,833
Taxation payable		42,037	16,648
Unclaimed dividend		188	3,506
Advance from customers		202	-
ECL against off balance sheet liabilities		12,835	-
Payable to related party		-	2,017
Payable to defined benefit plan - related party		2,064	-
Others		70,981	53,174
		<u>3,234,600</u>	<u>2,246,874</u>
20 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Securities measured at FVOCI-Debt	9.1	(2,168,496)	(1,718,112)
- Securities measured at FVOCI-Equity		151,842	(431,770)
		<u>(2,016,654)</u>	<u>(2,149,882)</u>
Deferred tax on deficit on revaluation of:			
- Securities measured at FVOCI-Debt		715,604	633,259
- Securities measured at FVOCI-Equity		(25,054)	-
		<u>(1,326,104)</u>	<u>(1,516,623)</u>
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	1,118,772	1,330,000
- Commitments	21.2	76,110,075	23,342,226
- Other contingent liabilities	21.3	-	-
		<u>77,228,847</u>	<u>24,672,226</u>
21.1 Guarantees			
Financial guarantees		<u>1,118,772</u>	<u>1,330,000</u>
21.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		-	4,103
Commitments in respect of:			
- repo transactions	21.2.1	69,290,041	20,732,735
- forward lendings	21.2.2	3,494,085	2,485,027
- future purchase and sale transactions	21.2.3	3,325,949	-
- other commitments		-	120,362
Other commitments		-	-
		<u>76,110,075</u>	<u>23,342,226</u>
21.2.1 Commitments in respect of repo transactions			
Repurchase of government securities		69,290,041	14,157,761
Reverse repurchase of government securities		-	6,574,974
		<u>69,290,041</u>	<u>20,732,735</u>
21.2.2 Commitments in respect of forward lendings			
Undrawn formal standby facilities, credit lines and other commitments to lend		<u>3,494,085</u>	<u>2,485,027</u>

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

	Note	September 30, 2023	December 31, 2022
-----Rupees in '000-----			
21.2.3 Commitments in respect of future transactions			
Purchase		2,870,775	-
Sale		455,174	-
		<u>3,325,949</u>	<u>-</u>

21.3 Other contingent liabilities

21.3.1 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.

21.3.2 The returns of income of the Company from tax years 2008 to 2023 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 September 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	September 30, 2023	September 30, 2022
-----Rupees in '000-----			
22 MARK-UP / RETURN / INTEREST EARNED			
On:			
a) Loans and advances		2,489,803	1,739,942
b) Investments		12,841,461	2,932,769
c) Lendings to financial institutions		731,266	94,712
d) Sub-lease of premises		60	59
e) Balances with banks		33,299	10,709
		<u>16,095,889</u>	<u>4,778,191</u>
Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost;		29,848	-
		<u>16,125,737</u>	<u>4,778,191</u>

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits		6,170	4,210
Interest expense on lease liability against right-of-use assets		3,863	2,830
Borrowings		14,659,135	4,040,635
		<u>14,669,168</u>	<u>4,047,675</u>

24 FEE AND COMMISSION INCOME

Advisory / arrangement fee		14,898	18,503
Processing fee income		18,874	17,737
Commitment fee		4,148	6,382
Trustee fee		45,934	42,335
Front end fee		2,428	4,834
		<u>86,282</u>	<u>89,791</u>

25 GAIN ON SECURITIES

Realised	25.1	69,895	(28,973)
Unrealised - held for trading		15,628	6
		<u>85,523</u>	<u>(28,967)</u>

		September 30, 2023	September 30, 2022
	Note	-----Rupees in '000-----	
25.1	Realised gain / (loss) on:		
	Federal government securities	39,131	5,298
	Shares	30,432	(34,271)
	Non-government debt securities	332	-
	Mutual funds	-	-
	Commercial paper	-	-
		<u>69,895</u>	<u>(28,973)</u>
26	OTHER INCOME		
	Gain / (loss) on sale of non current asset held for sale	96,626	-
	Gain on sale of fixed assets - net	3,628	3,175
	Others	2,750	-
		<u>103,004</u>	<u>3,175</u>
27	OPERATING EXPENSES		
	Total compensation expense	251,563	197,150
	Property expense		
	Rent and taxes	510	425
	Insurance	5,365	5,397
	Security	1,862	2,228
	Utilities cost	5,664	4,488
	Repairs and maintenance (including janitorial charges)	9,385	8,288
	Depreciation	19,337	16,420
		42,123	37,246
	Information technology expenses		
	Software maintenance	191	2,866
	Hardware maintenance	726	949
	Depreciation	3,050	3,698
	Amortisation	1,096	449
		5,063	7,962
	Other operating expenses		
	Directors' fees and allowances	5,250	6,221
	Fees and subscription	19,554	1,232
	Legal and professional charges	20,421	17,355
	Outsourced services costs	6,941	5,655
	Travelling and conveyance	27,926	31,519
	Brokerage commission	19,399	6,369
	Depreciation	11,423	13,232
	Training and development	1,940	716
	Postage and courier charges	289	350
	Communication	4,304	3,364
	Stationery and printing	1,673	1,757
	Marketing, advertisement and publicity	232	277
	Donations	2,000	5,000
	Pre-incorporation expenses	-	-
	Auditors' remuneration	3,354	2,613
	Expenses incurred in relation to held for sale assets	42,685	12,904
	Service charges for business development - leases	5,011	-
	Others	7,602	4,525
	Provision for Sindh sales tax on management company's remuneration	-	-
		<u>180,004</u>	<u>113,089</u>
		<u>478,753</u>	<u>355,447</u>

	Note	September 30, 2023	September 30, 2022
		-----Rupees in '000-----	
28	PROVISION FOR SINDH WORKERS' WELFARE FUND		
	Provision for Workers' Welfare Fund	23,548	4,548
28.1	As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (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 these consolidated financial statements amounting to Rs 187.218 million which includes a provision of Rs 23.548 million for the current year.		
29	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
	Credit loss allowance for diminution in value of investments	(9,657)	(5,166)
	Credit loss allowance against loans and advances	138,887	54,003
	Credit loss allowance against off balance sheet obligations	3,155	-
		132,386	48,837
30	TAXATION		
	Current	233,162	155,183
	Prior years	-	24,597
	Deferred	162,113	(87,838)
		395,275	91,942
31	EARNINGS PER SHARE - BASIC AND DILUTED		
31.1	Basic earnings per share		
	Profit for the year after taxation attributable to equity holders of the Holding Company	774,806	347,736
		Number of shares	
	Weighted average number of ordinary shares (in '000)	600,000	600,000
		----- Rupees -----	
	Basic earnings per share	1.29	0.58
31.2	Diluted earnings per share		
	Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.		
32	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, 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.		
32.1	Fair value of financial assets		
	The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:		
	Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;		
	Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and		
	Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).		

Valuation techniques and inputs used in determination of fair values

Fully paid-up ordinary shares	Fair values of investments in listed equity securities 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 rates (FMA report).
Term finance / sukuk 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.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.

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:

September 30, 2023			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal government securities	-	88,311,211	-	88,311,211
Shares	1,088,166	-	-	1,088,166
Non-Government debt securities	-	1,123,263	-	1,123,263
Modaraba certificates	-	-	-	-

**Off-balance sheet financial instruments -
measured at fair value**

Commitments in respect of repo transactions	-	69,290,041	-	69,290,041
---	---	------------	---	------------

December 31, 2022			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

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
Modaraba certificates	-	24,246	-	24,246

**Off-balance sheet financial instruments -
measured at fair value**

Commitments in respect of repo transactions	-	20,732,735	-	20,732,735
---	---	------------	---	------------

33 SEGMENT INFORMATION

33.1 Segment details with respect to business activities

Consolidated Profit and Loss Account

September 30, 2023			
Corporate finance	Trading and sales	Commercial banking	Total
Rupees in '000			
-	963,082	493,487	1,456,569
84,925	286,501	-	371,426
84,925	1,249,583	493,487	1,827,995
23,924	459,288	42,159	525,372
-	6,172	126,214	132,386
61,001	784,122	325,114	1,170,237

Consolidated Statement of Financial Position

Cash and bank balances	26,678	521,922	47,011	595,611
Investments	-	91,762,878	-	91,762,878
Lendings to financial institutions	-	-	-	-
Advances - performing	-	4,333,222	16,600,279	20,933,501
- non-performing	-	234,015	158,009	392,024
Others	4,346	5,496,088	652,770	6,153,204
Total assets	31,024	102,348,125	17,458,069	119,837,218

Borrowings	-	94,817,452	11,358,021	106,175,473
Deposits and other accounts	-	48,868	5,900	54,768
Others	-	2,971,824	262,776	3,234,600
Total liabilities	-	97,838,144	11,626,697	109,464,841
Equity	31,024	4,509,981	5,831,372	10,372,377
Total equity and liabilities	31,024	102,348,125	17,458,069	119,837,218

Contingencies and commitments	-	73,734,762	3,494,085	77,228,847
--------------------------------------	----------	-------------------	------------------	-------------------

Consolidated Profit and Loss Account

September 30, 2022			
Corporate finance	Trading and sales	Commercial banking	Total
-	365,479	365,077	730,556
78,686	39,268	-	117,954
78,686	404,747	365,077	848,510
32,447	227,636	99,912	359,995
-	12,279	36,558	48,837
46,239	164,832	228,607	439,678

Consolidated Statement of Financial Position

December 31, 2022			
Corporate finance	Trading and sales	Commercial banking	Total
40,616	410,085	385,921	836,622
-	42,062,908	753,350	42,816,258
-	6,588,721	-	6,588,721
-	2,049,452	24,634,130	26,683,582
-	11,249	379,665	390,914
5,534	3,148,019	834,004	3,987,557
46,150	54,270,434	26,987,070	81,303,654

Borrowings	-	56,403,229	12,483,673	68,886,902
Deposits and other accounts	-	45,215	9,553	54,768
Others	-	1,287,395	959,479	2,246,874
Total liabilities	-	57,735,839	13,452,705	71,188,544
Equity	46,150	(3,465,405)	13,534,365	10,115,110
Total equity and liabilities	46,150	54,270,434	26,987,070	81,303,654

Contingencies and commitments	-	20,732,735	3,939,492	24,672,227
--------------------------------------	----------	-------------------	------------------	-------------------

33.2 Segment details with respect to geographical location

The operations of the Group are currently based only in Pakistan.

34 RELATED PARTY TRANSACTIONS

The Group has related party relationship with associates, employees' defined benefit and defined contribution plans, 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 disclosed in notes 34 and 35 to these consolidated financial statements and are made in accordance with the actuarial valuations / terms of scheme. Remuneration to chief executive, directors and executives is disclosed in note 36 to the consolidated financial statements. Transactions with owners have been disclosed in 'Consolidated Statement of Changes in Equity'. All other transactions between the Group and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment. The details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	September 30, 2023			December 31, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Lendings						
Opening balance	-	-	26,000	-	-	-
Addition during the period/year	-	-	301,600	-	-	58,000
Repaid during the period/year	-	-	(327,600)	-	-	(32,000)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	26,000
Advances						
Opening balance	-	72,205	178,207	-	89,209	150,000
Addition during the period/year	-	19,558	150,000	-	46,337	-
Repaid during the period/year	-	(31,435)	(157,974)	-	(10,432)	-
Transfer in / (out) - net	-	-	-	-	(52,909)	28,207
Closing balance	-	60,328	170,233	-	72,205	178,207
Other assets						
Interest / mark-up accrued	-	-	203	-	-	423
Receivable from define benefit plan	-	-	-	-	-	8,551
Others	-	-	1,154	-	-	810
	-	-	1,357	-	-	9,784
Borrowings						
Opening balance	-	-	-	-	-	191,155
Borrowings during the period/year	-	-	54,079	-	-	28,443
Settled during the period/year	-	-	(54,079)	-	-	(219,598)
Closing balance	-	-	-	-	-	-

	September 30, 2023			September 30, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Income						
Mark-up / return / interest earned	-	1,683	22,888	-	2,912	16,227
Reverse repo	-	-	-	-	-	-
Expense						
Mark-up / return / interest paid	-	-	93	-	-	1,289
Operating expenses	2,000	87,483	-	8,111	110,874	8,197
Reimbursement of expenses	-	9,223	98	-	6,767	-
Expenses charged	-	-	4,672	-	-	7,349

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

September 30, 2023 December 2022
-----Rupees in '000-----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 6,000,000 6,000,000

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	9,010,321	9,368,301
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,010,321	9,368,301
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>9,010,321</u>	<u>9,368,301</u>

Risk Weighted Assets (RWAs):

Credit Risk	21,558,617	21,473,594
Market Risk	5,275,001	5,052,444
Operational Risk	2,367,219	2,290,118
Total	<u>29,200,836</u>	<u>28,816,156</u>

Common Equity Tier 1 Capital Adequacy ratio 30.86% 32.51%

Tier 1 Capital Adequacy Ratio 30.86% 32.51%

Total Capital Adequacy Ratio 30.86% 32.51%

In order to strengthen the solvency of Banks / Development Financial Institutions (DFI), SBP through its BSD Circular No. 19 of 2008 dated September 05, 2008 has asked the DFIs to raise their minimum paid up capital to Rs.6 billion free of losses by the end of financial year 2009.

The paid-up capital and CAR of the Group stands at Rs. 6 billion and 30.86% of its risk weighted exposure as at September 30, 2023.

The Group uses Standardised approach for calculations of Credit and Market Risk Weighted Assets while Basic Indicator approach is used to calculate Operational Risk Weighted assets.

September 30, 2023 December 2022
-----Rupees in '000-----

Minimum capital requirements prescribed by SBP

CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.50%	11.50%

Leverage Ratio (LR):

Eligible Tier-1 Capital	9,010,321	9,368,301
Total Exposures	129,403,144	53,072,617
Leverage Ratio - percentage	<u>6.96%</u>	<u>17.65%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	11,038,546	11,216,690
Total Net Cash Outflow	8,808,176	11,713,912
Liquidity Coverage Ratio - percentage	<u>125.32%</u>	<u>95.76%</u>

Net Stable Funding Ratio (NSFR):






Total Available Stable Funding	25,740,105	21,834,760
Total Required Stable Funding	21,732,280	19,904,685
Net Stable Funding Ratio - percentage	<u>118.44%</u>	<u>109.70%</u>

36 GENERAL

36.1 Figures in these consolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.

37 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on November 08, 2023 by the Board of Directors of the Holding Company.

				
_____ Managing Director/ Chief Executive	_____ Chief Financial Officer	_____ Nasir Director	_____ Director	_____ Director