



**PAK BRUNEI INVESTMENT COMPANY LTD.**

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

**FOR THE HALF YEAR ENDED JUNE 30, 2023**

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

(Audited)

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

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

**ASSETS**

June 30, 2023	December 31, 2022		Note	June 30, 2023	December 31, 2022
786	1,178	Cash and balances with treasury banks	6	224,723	336,735
777	1,748	Balances with other banks	7	222,026	499,887
16,409	23,043	Lendings to financial and other institutions	8	4,691,984	6,588,721
398,857	149,743	Investments	9	114,045,801	42,816,258
80,086	94,689	Advances	10	22,899,254	27,074,496
124	65	Fixed assets	11	35,465	18,511
103	165	Right of use assets	12	29,451	46,929
10	13	Intangible assets	13	2,944	3,659
3,228	3,095	Deferred tax assets	14	923,044	884,825
16,373	9,365	Other assets	15	4,681,646	2,677,834
591	1,244	Assets classified as held-for-sale	16	168,904	355,799
517,344	284,348			147,925,242	81,303,654

**LIABILITIES**

-	-	Bills payable		-	-
471,938	240,921	Borrowings	17	134,942,094	68,886,902
192	192	Deposits and other accounts	18	54,768	54,768
10,981	7,858	Other liabilities	19	3,140,146	2,246,874
483,111	248,971			138,137,008	71,188,544
34,233	35,377	<b>NET ASSETS</b>		9,788,234	10,115,110

**REPRESENTED BY**

20,984	20,984	Share capital		6,000,000	6,000,000
7,928	7,416	Reserves		2,266,724	2,120,621
10,451	12,273	Unappropriated profit		2,988,401	3,508,752
(5,139)	(5,304)	Deficit on revaluation of assets	20	(1,469,364)	(1,516,623)
34,224	35,369	Total equity attributable to the equity holders of the Holding Company		9,785,761	10,112,750
9	8	Non-controlling interest		2,473	2,360
34,233	35,377			9,788,234	10,115,110


**CONTINGENCIES AND COMMITMENTS**

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

  
 President/Chief Executive

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director




PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED JUNE 30, 2023

Half Year Ended			Half Year Ended		Quarter Ended		
June 30,	June 30,		June 30,	June 30,	June 30,	June 30,	
2023	2022		2023	2022	2023	2022	
----- US Dollar in '000 -----			----- Rupees in '000 -----				
34,103	9,493	Mark-up / return / interest earned	22	9,751,212	2,714,381	5,919,726	1,648,180
31,216	7,853	Mark-up / return / interest expensed	23	8,925,237	2,245,522	5,525,164	1,379,152
2,887	1,640	Net mark-up / interest income		825,975	468,859	394,562	269,028
		<b>Non mark-up / interest income</b>					
172	191	Fee and commission income	24	49,250	54,481	24,120	22,328
253	152	Dividend income		72,312	43,396	8,492	5,471
129	(203)	Gain / loss on sale of securities	25	36,754	(57,939)	40,369	(41,658)
370	27	Other income	26	105,804	7,818	102,567	7,818
924	167	Total non-markup / interest income / expense		264,120	47,756	175,549	(6,041)
3,811	1,807	Total income		1,090,095	516,615	570,111	262,987
		<b>Non mark-up / interest expenses</b>					
1,170	898	Operating expenses	27	334,629	256,846	177,901	141,431
-	-	Other Charges		-	-	-	-
44	16	Sindh Workers' Welfare Fund	28	12,829	4,600	11,573	4,153
1,214	914	Total non mark-up / interest expenses		347,458	261,446	189,474	145,584
2,597	893	Profit before credit loss allowance		742,637	255,169	380,636	117,403
491	221	Credit loss allowance and write offs - net	29	140,367	63,103	123,423	47,029
2,106	672	Profit before taxation		602,270	192,066	257,214	70,374
937	(28)	Taxation	30	268,191	(8,018)	153,031	(40,793)
1,169	700	Profit after taxation		334,079	200,084	104,183	111,167
		<b>Attributable to:</b>					
1,168	700	Equity holders of the Holding Company		333,966	200,006	104,114	111,123
1	-	Non-controlling interest		113	78	68	44
1,169	700			334,079	200,084	104,183	111,167
		<b>USD</b>					
0.00195	0.00117	Basic and diluted earnings per share	31	0.56	0.33	0.17	0.18

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

  
President/Chief Executive

  
Chief Financial Officer

  
Director

  
Director

  
Director

PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED JUNE 30, 2023

Half Year Ended			Half Year Ended		Quarter Ended	
June 30,	June 30,		June 30,	June 30,	June 30,	June 30,
2023	2022		2023	2022	2023	2022
----- US Dollar in '000 -----			----- Rupees in '000 -----			
		<b>Profit after taxation for the year attributable to:</b>				
1,168	700	Equity holders of the Holding Company	333,966	200,006	104,114	111,123
<u>1</u>	<u>-</u>	Non-controlling interest	<u>113</u>	<u>78</u>	<u>68</u>	<u>44</u>
1,169	700		334,079	200,084	104,183	111,167
		<b>Other comprehensive loss</b>				
		<b>Items that may be reclassified to profit and loss</b>				
		Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax				
(1,232)	(635)		(352,306)	(181,578)	178,593	(162,008)
		<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
		Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-
		Movement in surplus / (deficit) on revaluation of equity investments - net of tax				
1,397	37		399,565	10,516	184,879	(35,297)
		Loss on disposal of securities classified as fair value through other comprehensive income - net of tax				
(1,611)	-		(460,507)	-	-	-
		<b>Total comprehensive income / (loss)</b>				
<u>(277)</u>	<u>102</u>	<b>Total comprehensive (loss) / income</b>	<u>(79,168)</u>	<u>29,021</u>	<u>467,654</u>	<u>(86,138)</u>

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

  
\_\_\_\_\_  
President/Chief Executive

  
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Chief Financial Officer

  
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Director

  
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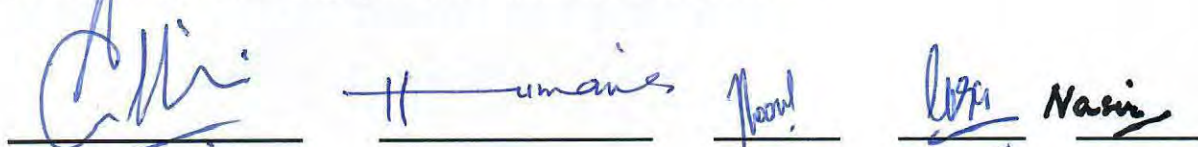


**PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Capital reserve	General Reserve	Capital reserve	Revenue reserve	Non-controlling interest	Total	
	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	(1,076,611)	3,472,236	2,305	10,317,980
<b>Total comprehensive income for the half year</b>							
Profit after taxation for the period ended June 30, 2022	-	-	-	-	200,006	78	200,084
<b>Other comprehensive income / (loss)</b>							
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(171,062)	-	-	(171,062)
	-	-	-	(171,062)	200,006	78	29,022
Transfer to statutory reserve	-	26,704	-	-	(26,704)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
<b>Transactions with owners, recorded directly in equity</b>							
Final cash dividend paid for the year ended December 31, 2020 @ Re.0.50 per share	-	-	-	-	(300,000)	-	(300,000)
<b>Opening Balance as at July 01, 2022</b>	<b>6,000,000</b>	<b>1,746,754</b>	<b>300,000</b>	<b>(1,247,673)</b>	<b>3,245,538</b>	<b>2,383</b>	<b>10,047,002</b>
<b>Total comprehensive income for the year</b>							
Profit after taxation for the year ended December 31, 2021	-	-	-	-	340,832	71	340,903
<b>Other comprehensive income / (loss)</b>							
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	(3,751)	(46)	(3,797)
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(268,950)	-	-	(268,950)
	-	-	-	(268,950)	337,081	25	68,156
Transfer to statutory reserve	-	73,867	-	-	(73,867)	-	-
Dividend payout by Awwal Modaraba @ Rs. 0.80 per certificate	-	-	-	-	-	(48)	(48)
<b>Opening Balance as at January 01, 2023</b>	<b>6,000,000</b>	<b>1,820,621</b>	<b>300,000</b>	<b>(1,516,623)</b>	<b>3,508,752</b>	<b>2,360</b>	<b>10,115,110</b>
Impact of first time adoption of IFRS 9 (note 3.2)	-	-	-	-	(247,707)	-	(247,707)
<b>Comprehensive income for the year</b>							
Profit after taxation for the period/half year ended June 30, 2023	-	-	-	-	333,966	113	334,079
<b>Other comprehensive loss</b>							
- 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	-	-	-	(352,306)	-	-	(352,306)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	399,565	-	-	399,565
	-	-	-	47,259	(126,541)	113	(79,169)
Transfer to statutory reserve	-	46,103	-	-	(46,103)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
<b>Closing Balance as at June 30, 2023</b>	<b>6,000,000</b>	<b>1,866,724</b>	<b>400,000</b>	<b>(1,469,364)</b>	<b>2,988,401</b>	<b>2,473</b>	<b>9,788,234</b>

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

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






**PAK BRUNEI INVESTMENT COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2023**

Half year ended			Half year ended	
June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
----- US Dollar in '000 -----			----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
2,106	672	Profit before taxation	602,270	192,066
253	152	Less: Dividend income	72,312	43,396
1,853	520		529,958	148,670
<b>Adjustments:</b>				
31	28	27 Depreciation	8,892	7,905
58	50	27 Depreciation for right-of-use assets	16,521	14,218
3	5	27 Amortisation	750	1,466
45	17	28 Provision for Sindh Workers' Welfare Fund	12,829	4,600
491	221	29 Credit loss allowance and write offs - net	140,367	63,103
7	(6)	26 Gain on sale of fixed assets	1,871	(1,584)
338	-	26 Gain on sale of assets classified as held-for-sale	96,626	-
22	8	25 Unrealised gain on revaluation of investments classified as fair value through profit and loss - net	6,277	2,022
995	323		284,133	91,730
2,848	843		814,091	240,400
<b>(Increase) / decrease in operating assets</b>				
6,634	(6,819)	Lendings to financial institutions	1,896,730	(1,949,621)
(148,620)	(13,863)	Net investments in securities held at fair value as classified through profit and loss	(42,495,276)	(3,963,831)
13,233	(3,533)	Advances	3,783,631	(1,009,976)
(5,681)	(1,088)	Others assets (excluding advance taxation)	(1,624,238)	(310,951)
(134,434)	(25,303)		(38,439,154)	(7,234,380)
<b>Increase/ (decrease) in operating liabilities</b>				
231,017	52,791	Borrowings from financial institutions	66,055,192	15,094,705
-	-	Deposits	-	-
3,069	1,589	Other liabilities (excluding current taxation)	877,631	454,212
234,086	54,380		66,932,823	15,548,917
(2,792)	(1,107)	Taxes paid	(798,277)	(316,655)
99,708	28,813	Net cash generated from / (used in) operating activities	28,509,483	8,238,283
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(102,222)	(28,392)	Net (investments) / divestments in securities classified as fair value through other comprehensive income - net of tax	(29,228,394)	(8,118,164)
-	175	Net investments in securities held at amortised cost	-	49,858
253	152	Dividends received	72,312	43,396
(109)	(28)	Investments in operating fixed assets	(31,048)	(7,989)
-	(6)	Investments in operating intangible assets	-	(1,590)
15	6	Proceeds from sale of fixed assets	4,253	1,735
992	702	Proceeds from sale assets classified as held-for-sale	283,521	200,500
(101,071)	(27,391)	Net cash (used in) / generated from investing activities	(28,899,356)	(7,832,254)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
-	(1,050)	Dividend paid to equity shareholders of the Holding Company	-	(300,000)
-	-	Dividend paid to non-controlling interests	-	-
-	(1,050)	Net cash used in financing activities	-	(300,000)
(1,363)	372	<b>Increase in cash and cash equivalents</b>	(389,873)	106,029
2,926	1,450	Cash and cash equivalents at beginning of the year	836,622	414,566
1,563	1,822	<b>Cash and cash equivalents at end of the year</b>	446,749	520,595

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

  
**President/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 HALF YEAR ENDED JUNE 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 interalia 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**

**- Awwal Modaraba Management Limited (AMML) - 100% holding**

Awwal Modaraba Management Limited (AMML) was incorporated in Pakistan on June 05, 2014 as an unlisted public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently, it was registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. AMML is a wholly owned subsidiary of Pak Brunei Investment Company Limited (the Holding Company) with its registered office situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi, Pakistan.

The principal activity of the Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Management Company within the meaning of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

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. Further, Awwal Modaraba has also been delisted from the Exchange as of June 27, 2023.

The Company is managing the First Prudential Modaraba. The Board of Directors of AMML in their meeting held on March 11, 2022 had approved the scheme of arrangement for merger of First Pak Modaraba ("FPM") and KASB Modaraba ("KASBM") with and into First Prudential Modaraba ("FPrM"). On the March 02, 2023, the Honorable High Court of Sindh approved/sanctioned the merger scheme by way of amalgamation of FPM and KASBM with and into FPrM effective from December 31, 2021.

First Prudential Modaraba is perpetual in nature and are engaged in providing working capital, term finance, ijarah, musharaka, morabaha and other shariah compliant instruments to credit worthy customers and investment in securities. This Modaraba is listed on the Pakistan Stock Exchange Limited.

**- 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.

## **2 BASIS OF PRESENTATION**

### **2.1 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

### **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 285.9317 to US Dollars has been used for 2022 and 2021 as it was the prevalent rate on June 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 ACRCL.

### **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 ACRCL 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 on as at December 31, 2022	New classification on 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
<b>(Rupees in '000)</b>					
<b>Financial Assets :</b>					
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	-
<b>Financial Liabilities :</b>					
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)
Impact of deferred taxation					<u>(369,713)</u>
Net impact after deferred taxation					<u>122,005</u>
					<u>(247,708)</u>

- "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

- 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.

		June 30,	December 31,
	Note	2023	2022
		-----Rupees in '000-----	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
Cash in hand		80	-
With State Bank of Pakistan in:			
Local currency current account	6.1	224,643	336,649
With National Bank of Pakistan in:			
Local currency deposit account		-	86
		<u>224,723</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.

		June 30,	December 31,
	Note	2023	2022
		-----Rupees in '000-----	
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- In deposit accounts	7.1	208,739	492,689
- In current account		13,287	7,198
		<u>222,026</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).



8	LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS	Note	June 30,	December 31,
			2023	2022
			-----Rupees in '000-----	
	Investments against repurchase agreements	8.1	4,691,991	6,588,721
	Term deposits receipts		-	-
			4,691,991	6,588,721
	Less: Credit loss allowance held against lending to financial institutions		(7)	-
	Lendings to financial institutions - net of credit loss allowance		<u>4,691,984</u>	<u>6,588,721</u>

8.1 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).

8.2	Particulars of lendings	June 30,	December 31,
		2023	2022
		-----Rupees in '000-----	
	In local currency	4,691,984	6,588,721
	In foreign currencies	-	-
		<u>4,691,984</u>	<u>6,588,721</u>

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

8.4 Securities held as collateral against lendings to financial institutions

	June 30, 2023			December 31, 2022		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	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
<b>Total</b>	<u>4,691,991</u>	<u>(3,000,000)</u>	<u>1,691,991</u>	<u>6,559,967</u>	<u>(3,883,572)</u>	<u>2,676,395</u>



## 9 INVESTMENTS

### 9.1 Investments by type:

Note	June 30, 2023				December 31, 2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	----- Rupees in '000 -----							
<b>FVTPL</b>								
Previously AFS								
<b>Federal government securities</b>								
GoP Ijara Sukuk Bond	-	-	-	-	-	-	-	-
Market Treasury Bills	41,292,184	-	27,189	41,319,373	-	-	-	-
<b>Ordinary shares</b>	254,717	-	(22,266)	232,451	-	-	-	-
<b>Non-government debt securities</b>								
Listed companies	948,375	-	(11,200)	937,175	-	-	-	-
Unlisted companies	-	-	-	-	-	-	-	-
	42,495,276	-	(6,277)	42,488,999	-	-	-	-
<b>FVOCI</b>								
Previously AFS								
<b>Federal government securities</b>								
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	63,387,604	-	(208,983)	63,178,621	32,354,361	-	8,948	32,363,309
<b>Ordinary shares</b>								
Listed companies	597,804	-	(38,569)	559,235	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies*	-	-	-	-	21,331	(21,331)	-	-
<b>Non-government debt securities</b>								
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
<b>Modaraba Certificates</b>	39,277	-	(1,133)	38,144	39,277	-	(15,031)	24,246
	39,277	-	(1,133)	38,144	39,277	-	(15,031)	24,246
<b>Total investments</b>	116,497,620	(261,960)	(2,189,859)	114,045,801	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.

	June 30, 2023	December 31, 2022
	----- Rupees in '000 -----	
<b>9.1.1 Investments given as collateral</b>		
Market Treasury Bills	35,695,211	-
Pakistan Investment Bonds	64,788,671	33,205,965
Term finance certificates / sukuks certificates	705,809	752,045
Ordinary shares	73,718	87,156
	<u>101,263,409</u>	<u>34,045,166</u>
<b>9.3 Credit loss allowance for diminution in value of investments</b>		
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	(6,356)	(19,437)
	<u>(6,356)</u>	<u>(4,465)</u>
Closing balance	<u>261,960</u>	<u>289,647</u>



9.4 Particulars of credit loss allowance against debt securities

		June 30, 2023		December 31, 2022	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
-----Rupees in '000-----					
Performing	Stage 1	73,404,540	32	-	-
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		<u>73,666,500</u>	<u>261,992</u>	<u>263,332</u>	<u>263,332</u>

10 ADVANCES

	Performing		Non-performing		Total	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
-----Rupees in '000-----						
Loans, cash credits, running finances, etc.	21,867,412	25,725,502	1,083,243	904,791	22,950,655	26,630,293
Islamic financing and related assets	748,429	986,393	200,000	-	948,429	986,393
Advances - gross	<u>22,615,841</u>	<u>26,711,895</u>	<u>1,283,243</u>	<u>904,791</u>	<u>23,899,084</u>	<u>27,616,686</u>
Credit loss allowance against advances						
-Stage 1	75,127	-	-	-	75,127	-
-Stage 2	22,279	-	-	-	22,279	-
-Stage 3	-	-	902,424	513,877	902,424	513,877
- General	-	28,313	-	-	-	28,313
	<u>97,406</u>	<u>28,313</u>	<u>902,424</u>	<u>513,877</u>	<u>999,830</u>	<u>542,190</u>
Advances - net of provision	<u>22,518,435</u>	<u>26,683,582</u>	<u>380,819</u>	<u>390,914</u>	<u>22,899,254</u>	<u>27,074,496</u>

10.1 Particulars of advances (gross)

	June 30, 2023	December 31, 2022
In local currency	23,899,084	27,616,686
In foreign currencies	-	-
	<u>23,899,084</u>	<u>27,616,686</u>

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	June 30, 2023		December 31, 2022	
		Non performing loans	Provision	Non performing loans	Provision
-----Rupees in '000-----					
Domestic					
Other Assets Especially Mentioned	10.2.1	21,320	9,276	7,175	718
Substandard		35,181	15,307	10,238	9,105
Doubtful		15,000	7,500	31,666	12,418
Loss		1,034,788	870,341	855,712	491,636
Total		<u>1,106,288</u>	<u>902,424</u>	<u>904,791</u>	<u>513,877</u>

10.2.1 The 'Other Assets Especially Mentioned' category pertains to small enterprise finance amounting to Rs. 21.32 million (2022: Rs. 7.175 million).



### 10.3 Particulars of credit loss allowance against advances

	30 June 2023			Total
	Stage 3	Stage 2	Stage 1	
Opening balance	542,190	-	-	542,190
Charge for the period / year	134,718	14,249	-	148,967
Reversals during the period / year	-	-	(5,063)	(5,063)
	134,718	14,249	(5,063)	143,904
Provision due to conversion of investment Impact of first time adoption of IFRS 9 charged to opening retained earnings	225,516	8,030	80,190	313,736
Closing balance	902,424	22,279	75,127	999,830

	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	500,622	29,278	542,190

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 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. 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 Instruments.

	June 30, 2023		
	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	150,598
Closing balance	75,127	22,279	902,424



June 30, 2023	
Outstanding amount	Credit loss allowance Held

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

**Advances - Category of classification**

Performing	Stage 1	22,387,520	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		1,034,788	870,341
		<u>23,899,084</u>	<u>999,830</u>

	Note	June 30, 2023	December 31, 2022
-----Rupees in '000-----			
<b>11 FIXED ASSETS</b>			
Property and equipment		<u>35,465</u>	<u>18,511</u>

**12 RIGHT OF USE ASSETS**

At January 1,			
Cost		179,383	160,439
Accumulated Depreciation		<u>(133,969)</u>	<u>(110,124)</u>
Net Carrying amount at January 1		45,414	50,315
Additions / modification during the period/year		-	27,759
Depreciation Charge for the period/year		<u>(15,963)</u>	<u>(31,145)</u>
Net Carrying amount at June 30, 2023 / December 31, 2022		<u>29,451</u>	<u>46,929</u>

**13 INTANGIBLE ASSETS**

Intangible assets		2,712	3,659
Capital work-in-progress	13.1	<u>232</u>	<u>-</u>
		<u>2,944</u>	<u>3,659</u>

**13.1 Capital work-in-progress**

Software		<u>232</u>	<u>-</u>
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**14 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.	342,660	177,716
- Deficit on revaluation of investments	714,218	633,259
- Accelerated tax depreciation	3,105	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	<u>(201,175)</u>	<u>21,094</u>
	973,562	961,709

Taxable temporary differences on:

- Net investment in finance lease	<u>(41,191)</u>	<u>(62,613)</u>
- Post retirement employee benefits	<u>(269)</u>	<u>(269)</u>
- Right-of-use assets	<u>(9,058)</u>	<u>(14,002)</u>
	<u>(50,518)</u>	<u>(76,884)</u>
	<u>923,044</u>	<u>884,825</u>



15	OTHER ASSETS	Note	June 30.	December 31.
			2023	2022
			-----Rupees in '000-----	
	Income / mark-up accrued in local currency		2,814,705	1,458,182
	Advances, deposits, advance rent and other prepayments		17,557	25,392
	Advance taxation (payments less provisions)		1,737,224	1,164,398
	Advance against subscription of term finance certificates		20,000	-
	Receivable against sale of shares		45,165	-
	Receivable against advisory fee		45,784	27,505
	Receivable from related parties		5,811	3,272
	Receivable from defined benefit plan - related party		1,059	4,307
	Others		-	-
			<u>4,686,866</u>	<u>2,683,056</u>
	Less: Provision held against other assets		<u>(5,220)</u>	<u>(5,222)</u>
			<u>4,681,646</u>	<u>2,677,834</u>

#### 16 ASSETS CLASSIFIED AS HELD-FOR-SALE

##### *Land, building and machinery acquired from:*

	Sufi Steel Industries (Private) Limited		-	186,895
	Lion Steel Industries (Private) Limited		168,904	168,904
	<b>Total assets classified as held-for-sale</b>	15.1	<u>168,904</u>	<u>355,799</u>

- 15.1 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.

#### 17 BORROWINGS

17	BORROWINGS	Note	June 30,	December 31,
			2023	2022
			-----Rupees in '000-----	
	<b>Secured</b>			
	Borrowings from State Bank of Pakistan under:			
	- Long-Term Finance Facility (LTFF) scheme	17.2	3,667,268	4,085,463
	- Power Plants Using Renewable Energy (PPRE) scheme		177,941	170,662
	- Finance for Storage of Agriculture Produce (FSAP) scheme		210,390	89,302
	- Temporary Economic Refinance Facility (TERF)		782,920	789,398
	- COVID - 19 Scheme		5,000	6,000
	- Credit Guarantee (CGS) Scheme		137,913	119,462
	- Special Persons (SP) Scheme		3,220	3,710
	- Balancing, Modernization & Replacement (BMR) scheme		460,657	363,649
	- Working capital (WC) Scheme		916,401	750,046
			<u>6,361,710</u>	<u>6,377,692</u>
	Repurchase agreement borrowings	17.3	85,445,608	13,876,732
	Borrowings from banks	17.4	36,296,667	36,795,834
	<b>Total secured</b>		<u>128,103,985</u>	<u>57,050,258</u>
	<b>Unsecured</b>			
	Letters of placement	17.5	6,838,109	11,836,644
			<u>134,942,094</u>	<u>68,886,902</u>

#### 17.1 Particulars of borrowings with respect to currencies

	In local currency		134,942,094	68,886,902
	In foreign currencies		-	-
			<u>134,942,094</u>	<u>68,886,902</u>

- 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 21.03% to 22.50% 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 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.

17.5 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).

18 DEPOSITS AND OTHER ACCOUNTS		June 30,	December 31,
		2023	2022
		-----Rupees in '000-----	
<b>Customers</b>			
- Certificate of investments (COIs) - In local currency	17.2	54,768	54,768
<b>Financial Institutions</b>			
- Certificate of investments (COIs) - In local currency		-	-
		<u>54,768</u>	<u>54,768</u>
<b>18.1 Composition of deposits</b>			
- Public sector entities		-	-
- Private sector		54,768	54,768
		<u>54,768</u>	<u>54,768</u>

18.2 These Certificate of Investments (COIs) carry mark-up rate of 11.25% per annum (2021: 11.25% per annum) with maturity on December 23, 2022 (2021: December 23, 2022).

19 OTHER LIABILITIES		June 30,	December 31,
		2023	2022
		-----Rupees in '000-----	
Mark-up / return / interest payable in local currency		1,726,866	803,153
Unearned commission and income on bills discounted		18,418	28,998
Accrued expenses		60,822	101,393
Brokerage / commission payable		1,600	1,584
Payable against purchase of shares		17,388	120,362
Lease liability against right-of-use assets		32,085	35,718
Security deposits against advances		974,784	904,503
Provision for Worker's Welfare Fund		177,178	164,985
Sindh sales tax payable on modaraba management fee	19.1	11,797	10,833
Taxation payable		18,661	16,648
Unclaimed dividend		189	3,506
Advance from customers		202	-
ECL against off balance sheet liabilities		12,492	-
Payable to Shariah Advisor		1,000	-
Payable to related party		18,805	2,017
Payable to defined benefit plan - related party		1,708	-
Others		66,152	53,174
		<u>3,140,146</u>	<u>2,246,874</u>

19.1 AMML has recorded a provision in respect of Sindh Sales Tax (SST) on management fee at the rate of 14% per annum from July 1, 2015 to June 30, 2016 and at the rate of 13% subsequently. However, certain other Modaraba Management Companies have filed petitions in the Sindh High Court (SHC) challenging the orders passed by various income tax authorities regarding the applicability of tax on modaraba management company's remuneration which is currently pending adjudication. In view of the pendency of such matter with the SHC, AMML has not recovered from Awwal modaraba and has, hence, not paid / discharged SST on management fee. However, a full provision has been maintained there against in these consolidated financial statements.

20 DEFICIT ON REVALUATION OF ASSETS	Note	June 30,	December
		2023	2022
		-----Rupees in '000-----	
Deficit on revaluation of			
- Securities measured at FVOCI-Debt	9.1	(2,145,013)	(1,718,112)
- Securities measured at FVOCI-Equity		(38,569)	(431,770)
		<u>(2,183,582)</u>	<u>(2,149,882)</u>
Deferred tax on deficit on revaluation of:			
- Securities measured at FVOCI-Debt		707,854	633,259
- Securities measured at FVOCI-Equity		6,364	-
		<u>(1,469,364)</u>	<u>(1,516,623)</u>



21	CONTINGENCIES AND COMMITMENTS	Note	June 30, 2023	December 2022
			-----Rupees in '000-----	
	- Guarantees	21.1	330,000	1,330,000
	- Commitments	21.2	97,459,478	23,342,226
	- Other contingent liabilities	21.3	-	-
			<u>97,789,478</u>	<u>24,672,226</u>
<b>21.1</b>	<b>Guarantees</b>			
	Financial guarantees		<u>330,000</u>	<u>1,330,000</u>
<b>21.2</b>	<b>Commitments</b>			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		-	4,103
	Commitments in respect of:			
	- repo transactions	21.2.1	93,663,376	20,732,735
	- forward lendings	20.2.2	3,796,102	2,485,027
	- other commitments		-	120,362
	Other commitments		-	-
			<u>97,459,478</u>	<u>23,342,226</u>
<b>21.2.1</b>	<b>Commitments in respect of repo transactions</b>			
	Repurchase of government securities		88,932,273	14,157,761
	Reverse repurchase of government securities		4,731,103	6,574,974
			<u>93,663,376</u>	<u>20,732,735</u>
<b>21.2.2</b>	<b>Commitments in respect of forward lendings</b>			
	Undrawn formal standby facilities, credit lines and other commitments to lend		<u>3,796,102</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.

### 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 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.



	June 30, 2023	June 30, 2022
	-----Rupees in '000-----	
<b>22 MARK-UP / RETURN / INTEREST EARNED</b>		
On:		
a) Loans and advances	1,602,955	1,070,830
b) Investments	7,616,978	1,565,011
c) Lendings to financial institutions	496,103	59,828
d) Sub-lease of premises	11,763	262
e) Balances with banks	11,230	18,450
	<u>9,739,029</u>	<u>2,714,381</u>
<b>Interest income (calculated using effective interest rate method) recognised on:</b>		
Financial assets measured at amortised cost;	12,183	-
	<u>9,751,212</u>	<u>2,714,381</u>
<b>23 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	8,963,716	2,792
Interest expense on lease liability against right-of-use assets	3,253	1,920
Borrowings	(41,732)	2,240,810
	<u>8,925,237</u>	<u>2,245,522</u>
<b>24 FEE AND COMMISSION INCOME</b>		
Advisory / arrangement fee	2,318	8,358
Processing fee income	9,755	12,381
Commitment fee	3,896	4,601
Trustee fee	31,630	29,141
Front end fee	1,651	-
	<u>49,250</u>	<u>54,481</u>
<b>25 GAIN ON SECURITIES</b>		
Realised	43,031	(55,917)
Unrealised - held for trading	(6,277)	(2,022)
	<u>36,754</u>	<u>(57,939)</u>
<b>25.1 Realised gain / (loss) on:</b>		
Federal government securities	30,799	7,279
Shares	11,900	(63,196)
Non-government debt securities	332	-
Mutual funds	-	-
Commercial paper	-	-
	<u>43,031</u>	<u>(55,917)</u>
<b>26 OTHER INCOME</b>		
Gain / (loss) on sale of non current asset held for sale	96,626	-
(Loss) / gain on modification of lease liability	-	4,004
Gain on sale of fixed assets - net	1,871	1,584
Others	7,307	2,230
	<u>105,804</u>	<u>7,818</u>



27	OPERATING EXPENSES	June 30, 2023	June 30, 2022
		-----Rupees in '000-----	
	<b>Total compensation expense</b>	186,658	138,760
	<b>Property expense</b>		
	Rent and taxes	268	233
	Insurance	3,879	3,981
	Security	1,286	1,282
	Utilities cost	2,982	2,289
	Repairs and maintenance (including janitorial charges)	6,812	6,650
	Depreciation	16,521	14,218
		31,748	28,653
	<b>Information technology expenses</b>		
	Software maintenance	6	1,488
	Hardware maintenance	501	585
	Depreciation	1,961	2,640
	Amortisation	750	1,466
		3,218	6,179
	<b>Other operating expenses</b>		
	Directors' fees and allowances	6,124	4,871
	Fees and subscription	7,570	3,429
	Legal and professional charges	11,192	15,017
	Outsourced services costs	-	3,744
	Travelling and conveyance	10,948	24,652
	Brokerage commission	13,548	4,422
	Depreciation	6,931	5,265
	Training and development	1,300	427
	Postage and courier charges	211	318
	Communication	2,752	2,825
	Stationery and printing	925	946
	Marketing, advertisement and publicity	648	101
	Donations	2,000	-
	Pre-incorporation expenses	-	122
	Auditors' remuneration	2,535	2,438
	Expenses incurred in relation to held for sale assets	40,312	10,201
	Service charges for business development - leases	2,807	-
	Others	3,202	3,889
	Provision for Sindh sales tax on management company's remuneration	-	587
		113,005	83,254
		<u>334,629</u>	<u>256,846</u>
28	<b>PROVISION FOR SINDH WORKERS' WELFARE FUND</b>		
	Provision for Workers' Welfare Fund	28.1	<u>12,829</u> <u>4,600</u>

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 177.178 million which includes a provision of Rs 12.829 million for the current year.



	Note	June 30, 2023	June 30, 2022
		-----Rupees in '000-----	
<b>29 CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>			
Credit loss allowance against lending to financial institutions		7	-
Credit loss allowance for diminution in value of investments	9.3	(6,356)	15,015
Credit loss allowance against loans and advances	10.3	143,904	42,867
Credit loss allowance against off balance sheet obligations	14	2,812	-
Provisions against income / mark-up accrued in local currency			5,221
		<u>140,367</u>	<u>63,103</u>
<b>30 TAXATION</b>			
Current		103,446	155,710
Prior years		-	-
Deferred		164,745	(163,728)
		<u>268,191</u>	<u>(8,018)</u>
<b>31 EARNINGS PER SHARE - BASIC AND DILUTED</b>		June 30, 2023	June 30, 2022
		-----Rupees in '000-----	
<b>31.1 Basic earnings per share</b>			
Profit for the year after taxation attributable to equity holders of the Holding Company		<u>333,966</u>	<u>200,084</u>
		<b>Number of shares</b>	
Weighted average number of ordinary shares (in '000)		<u>600,000</u>	<u>600,000</u>
		----- Rupees -----	
Basic earnings per share		<u>0.56</u>	<u>0.33</u>

### 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**

Item	
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 / sukuku certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuku 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:

June 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	-	110,852,470	-	110,852,470
Shares	791,686	-	-	791,686
Non-Government debt securities	-	2,363,501	-	2,363,501
Modaraba certificates	-	38,144	-	38,144

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

Commitments in respect of repo transactions	-	93,663,376	-	93,663,376
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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
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### 33 SEGMENT INFORMATION

#### 33.1 Segment details with respect to business activities

June 30, 2023				
Corporate finance	Trading and sales	Commercial banking	Total	
Rupees in '000				
<b>Consolidated Profit and Loss Account</b>				
Net mark-up / return / profit	-	736,713	89,262	825,975
Non mark-up / return / interest income	45,139	218,981	-	264,120
Total income	45,139	955,694	89,262	1,090,095
Total expenses	14,446	304,446	28,566	347,458
Provisions	-	32,931	107,435	140,366
Profit before tax	30,693	618,316	(46,739)	602,270
<b>Consolidated Statement of Financial Position</b>				
Cash and bank balances	19,745	387,958	39,046	446,749
Investments	-	114,045,801	-	114,045,801
Lendings to financial institutions	-	4,691,984	-	4,691,984
Advances - performing	-	4,142,867	18,375,568	22,518,435
- non-performing	-	222,527	158,292	380,819
Others	2,508	5,219,625	619,322	5,841,455
<b>Total assets</b>	22,253	128,710,762	19,192,228	147,925,243
Borrowings	-	120,456,580	14,485,514	134,942,094
Deposits and other accounts	-	48,868	5,900	54,768
Others	-	2,884,740	255,406	3,140,146
<b>Total liabilities</b>	-	123,390,188	14,746,820	138,137,008
Equity	22,253	5,090,857	4,445,407	9,558,517
<b>Total equity and liabilities</b>	22,253	128,481,045	19,192,227	147,695,525
<b>Contingencies and commitments</b>	-	93,663,376	4,126,102	97,789,478

June 30, 2022				
Corporate finance	Trading and sales	Commercial banking	Total	
<b>Consolidated Profit and Loss Account</b>				
Net mark-up / return / profit	-	180,624	288,235	468,859
Non mark-up / return / interest income	54,480	(6,724)	-	47,756
Total income	54,480	173,900	288,235	516,616
Total expenses	30,899	110,600	119,947	261,446
Provisions	-	18,204	44,899	63,103
Profit before tax	23,581	45,096	123,389	192,066

December 31, 2022				
Corporate finance	Trading and sales	Commercial banking	Total	
<b>Consolidated Statement of Financial Position</b>				
Cash and bank balances	40,616	410,085	385,921	836,622
Investments	-	42,062,908	753,350	42,816,258
Lendings to financial institutions	-	6,588,721	-	6,588,721
Advances - performing	-	2,049,452	24,634,130	26,683,582
Advances - non-performing	-	11,249	379,665	390,914
Others	5,534	3,148,019	834,004	3,987,557
<b>Total assets</b>	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
<b>Total liabilities</b>	-	57,735,839	13,452,705	71,188,544
Equity	46,150	(3,465,405)	13,534,365	10,115,110
<b>Total equity and liabilities</b>	46,150	54,270,434	26,987,070	81,303,654
<b>Contingencies and commitments</b>	-	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:

	June 30, 2023			December 31, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
<b>Lendings</b>						
Opening balance	-	-	26,000	-	-	-
Addition during the period/year	-	-	243,700	-	-	58,000
Repaid during the period/year	-	-	(241,700)	-	-	(32,000)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	28,000	-	-	26,000
<b>Advances</b>						
Opening balance	-	72,205	178,207	-	89,209	150,000
Addition during the period/year	-	13,390	-	-	46,337	-
Repaid during the period/year	-	(3,737)	-	-	(10,432)	-
Transfer in / (out) - net	-	-	-	-	(52,909)	28,207
Closing balance	-	81,858	178,207	-	72,205	178,207
<b>Other assets</b>						
Interest / mark-up accrued	-	-	269	-	-	423
Receivable from define benefit plan	-	-	13	-	-	8,551
Others	-	-	941	-	-	810
	-	-	1,223	-	-	9,784
<b>Borrowings</b>						
Opening balance	-	-	-	-	-	191,155
Borrowings during the period/year	-	-	6,576	-	-	28,443
Settled during the period/year	-	-	(8,576)	-	-	(219,598)
Closing balance	-	-	-	-	-	-

	June 30, 2023			June 30, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
<b>Income</b>						
Mark-up / return / interest earned	-	1,683	22,888	-	2,049	9,893
Reverse repo	-	-	-	-	-	-
<b>Expense</b>						
Mark-up / return / interest paid	-	-	93	-	-	150
Operating expenses	2,000	87,483	-	7,311	86,485	2,171
Reimbursement of expenses	-	9,223	98	-	4,610	4,859
Expenses charged	-	-	4,672	-	-	-



35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

June 30, December  
2023 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	8,589,395	9,368,301
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,589,395	9,368,301
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>8,589,395</u>	<u>9,368,301</u>

**Risk Weighted Assets (RWAs):**

Credit Risk	22,865,325	21,473,594
Market Risk	5,400,634	5,052,444
Operational Risk	2,367,219	2,290,118
Total	<u>30,633,178</u>	<u>28,816,156</u>

Common Equity Tier 1 Capital Adequacy ratio 28.04% 32.51%

Tier 1 Capital Adequacy Ratio 28.04% 32.51%

Total Capital Adequacy Ratio 28.04% 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 32.51% of its risk weighted exposure as at December 31, 2021.

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.

June 30, December  
2023 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	8,589,395	9,368,301
Total Exposures	<u>138,930,322</u>	<u>53,072,617</u>
Leverage Ratio - percentage	<u>6.18%</u>	<u>17.65%</u>

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	18,098,967	11,216,690
Total Net Cash Outflow	<u>17,295,311</u>	<u>11,713,912</u>
Liquidity Coverage Ratio - percentage	<u>104.65%</u>	<u>95.76%</u>

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	26,162,031	21,834,760
Total Required Stable Funding	<u>24,148,308</u>	<u>19,904,685</u>
Net Stable Funding Ratio - percentage	<u>108.34%</u>	<u>109.70%</u>


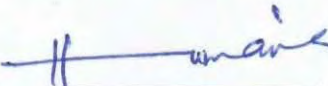


36 GENERAL

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 August 22, 2023 by the Board of Directors of the Holding Company.

  
\_\_\_\_\_  
President/Chief Executive  
\_\_\_\_\_  
Chief Financial Officer  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director