



PAK BRUNEI INVESTMENT COMPANY LTD.

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

FOR THE PERIOD ENDED MARCH 31, 2023

PAK BRUNEI INVESTMENT COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2023

(Audited)		(Audited)			
March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	Note	
----- USD in '000 -----		----- Rupees in '000 -----			
ASSETS					
871	1,187			6	Cash and balances with treasury banks
1,185	1,761	247,176	336,735	7	Balances with other banks
20,236	23,217	336,416	499,887	8	Lendings to financial institutions
267,307	150,872	5,742,769	6,588,721	9	Investments
88,411	95,403	75,859,580	42,816,258	10	Advances
106	65	25,090,330	27,074,496	11	Fixed assets
130	165	29,977	18,511	12	Right of use assets
12	13	36,890	46,929	13	Intangible assets
3,121	3,118	3,301	3,659	14	Deferred tax assets
14,466	9,436	885,641	884,825	15	Other assets
1,254	1,254	4,105,423	2,677,834	16	Non-current assets classified as held-for-sale
397,099	286,491	355,799	355,799		
		112,693,302	81,303,654		
LIABILITIES					
-	-				Bills payable
352,013	242,737	99,898,338	68,886,902	17	Borrowings
193	193	54,768	54,768	18	Deposits and other accounts
-	-	-	-		Liabilities against assets subject to finance lease
-	-	-	-		Subordinated debt
-	-	-	-		Deferred tax liabilities
11,715	7,919	3,324,537	2,246,874	19	Other liabilities
363,921	250,849	103,277,643	71,188,544		
33,178	35,642	9,415,659	10,115,110		
NET ASSETS					
REPRESENTED BY					
21,142	21,142	6,000,000	6,000,000		Share capital
7,954	7,472	2,257,385	2,120,621		Reserves
(6,458)	(5,344)	(1,832,835)	(1,516,623)	20	Deficit on revaluation of assets
10,531	12,364	2,988,704	3,508,752		Unappropriated profit
33,169	35,634	9,413,255	10,112,750		Total equity attributable to the equity holders of the holding company
9	8	2,405	2,360		Non-controlling interest
33,178	35,642	9,415,659	10,115,110		
CONTINGENCIES AND COMMITMENTS					
				21	

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


 President/Chief Executive


 Chief Financial Officer


 Director


 Director


 Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2023

Period Ended			Period Ended	
March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
----- USD in '000 -----			----- Rupees in '000 -----	
810	313	Profit after taxation for the year	229,897	88,917
		Other comprehensive loss		
		<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
(1,871)	(64)	Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(530,898)	(18,228)
		<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>		
-	-	Remeasurement loss on defined benefit obligations - net of tax	-	-
756	-	Movement in surplus / (deficit) on revaluation of equity investments - net of tax	214,686	-
<u>(304)</u>	<u>249</u>	Total comprehensive (loss) / income	<u>(86,316)</u>	<u>70,689</u>

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


President/Chief Executive


Chief Financial Officer


Director

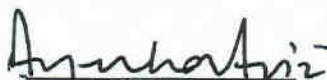

Director


Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2023

	Share capital	Statutory reserve	General reserve	Deficit on revaluation of investments	Unappropriated profit	Non-controlling interest	Total
	Rupees in '000						
Opening Balance as at January 01, 2022	6,000,000	1,720,050	200,000	(1,076,811)	3,472,236	2,305	10,317,980
Comprehensive income for the year							
Profit after taxation for the period ended March 31, 2022	-	-	-	-	88,883	34	88,917
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	(18,228)	-	-	(18,228)
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(18,228)	88,883	34	70,689
Transfer to statutory reserve	-	11,925	-	-	(11,925)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
Opening Balance as at April 01, 2022	6,000,000	1,731,975	300,000	(1,094,839)	3,449,194	2,339	10,388,669
Comprehensive income for the year							
Profit after taxation (December 31, 2022)	-	-	-	-	451,955	115	452,070
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	(3,751)	(46)	(3,797)
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(421,784)	-	-	(421,784)
	-	-	-	(421,784)	448,204	69	26,489
Transfer to statutory reserve	-	88,646	-	-	(88,646)	-	-
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)
Dividend payout by Awwal Modaraba @ Re. 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	2,380	10,115,110
Impact of first time adoption of IFRS 9	-	-	-	-	(354,436)	-	(354,436)
Comprehensive income for the year							
Profit after taxation for the period ended March 31, 2023	-	-	-	-	229,852	45	229,897
Other comprehensive loss							
- Loss on disposal of securities classified as fair value through other comprehensive income - net of tax	-	-	-	-	(258,699)	-	(258,699)
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(530,898)	-	-	(530,898)
- Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	214,686	-	-	214,686
	-	-	-	(316,212)	(28,847)	45	(345,015)
Transfer to statutory reserve	-	36,784	-	-	(36,784)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
Closing Balance as at March 31, 2023	6,000,000	1,857,385	400,000	(1,832,835)	2,988,704	2,405	9,415,659

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


President/Chief Executive


Chief Financial Officer


Director



Director


Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022
----- USD in '000 -----			----- Rupees in '000 -----	
		CASH FLOWS FROM OPERATING ACTIVITIES		
1,216	429	Profit before taxation	345,057	121,692
225	134	Less: Dividend income	63,820	37,925
991	295		281,237	83,767
		Adjustments:		
(1,520)	-	Net mark-up / interest income	(431,413)	-
18	31	Depreciation	5,231	8,918
21	-	Depreciation on right-of-use assets	5,837	-
1	1	Amortisation	393	146
4	2	Provision for Sindh Workers' Welfare Fund	1,256	447
60	57	Credit loss allowance and write offs	16,044	16,074
(6)	-	Gain on sale of fixed assets	(1,789)	-
72	3	Unrealized loss on revaluation of investments 'classified as FVPL	20,322	775
(1,350)	94		(383,220)	26,360
(359)	389		(101,984)	110,127
		(Increase) / decrease in operating assets		
2,978	3,800	Lendings to financial institutions	845,161	1,078,487
(13,832)	(10,504)	Investments classified as FVPL	(3,925,505)	(2,980,961)
5,710	1,373	Advances	1,620,462	389,704
(3,942)	(294)	Others assets (excluding advance taxation)	(1,118,827)	(83,506)
(9,086)	(5,625)		(2,578,709)	(1,596,276)
		Increase/ (decrease) in operating liabilities		
109,275	7,852	Borrowings from financial institutions	31,011,436	2,228,343
-	-	Deposits	-	-
3,795	950	Other liabilities (excluding current taxation)	1,076,977	269,643
113,070	8,802		32,088,413	2,497,986
-	-	Payments against off-balance sheet obligations	-	-
9,665	-	Mark-up / Interest received	2,742,759	-
(8,184)	-	Mark-up / Interest paid	(2,322,532)	-
(1,422)	(341)	Income tax paid	(403,575)	(96,656)
103,684	3,225	Net cash flow generated from operating activities	29,424,372	915,181
		CASH FLOWS FROM INVESTING ACTIVITIES		
(104,698)	(3,480)	Net Investments in securities classified as FVOCI	(29,712,727)	(987,663)
-	-	Net investments in amortized cost securities	-	-
167	118	Dividends received	47,318	33,407
(45)	(6)	Investments in operating fixed assets	(12,653)	(1,659)
-	(1)	Investments in operating intangible assets	(35)	(279)
7	-	Proceeds from sale of fixed assets	1,946	-
(104,569)	(3,369)	Net cash flow (used in) investing activities	(29,676,150)	(956,194)
		CASH FLOWS FROM FINANCING ACTIVITIES		
-	-	Dividend paid	-	-
(4)	-	Payments of lease obligations against right-of-use assets	(1,241)	-
(4)	-	Net cash flow used in financing activities	(1,241)	-
(889)	(144)	Decrease in cash and cash equivalents	(253,019)	(41,013)
2,948	1,461	Cash and cash equivalents at beginning of the year	836,611	414,566
2,059	1,317	Cash and cash equivalents at end of the period	583,592	373,553

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


President/Chief Executive


Chief Financial Officer


Director


Director


Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Pak Brunei Investment Company Limited (the Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited company on November 28, 2006 under the (now repealed) Companies Ordinance, 1984. The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Company's objectives 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 Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Company is in operation with 2 offices (December 31, 2022: 2) one located in Karachi and the other in Lahore.

Subsidiaries

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

Awwal Modaraba Management Limited (the Company) was incorporated in Pakistan on June 05, 2014 as an unlisted public company under the (now repealed) Companies Ordinance, 1984. 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. The Company is a wholly owned subsidiary of Pak Brunei Investment Company Limited (the Holding Company) with its registered office situated at Horizon Vista, Plot no. 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 Company within the meaning of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Presently, the Company is managing Awwal Modaraba only the details of which have been provided below.

The Securities and Exchange Commission of Pakistan (SECP) has appointed Awwal Modaraba Management Limited as the Management Company of KASB Modaraba, First Prudential Modaraba and First Pak Modaraba with effect from February 3, 2020 and prescribed certain terms and conditions for Awwal Modaraba Management Limited to fulfill. The implementation of those terms and conditions is under progress and is expected to be completed by the year ending December 31, 2022.

- Primus Leasing Limited (PLL) - 100% holding

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, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. PLL is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). PLL has 2 offices (2019: 2 offices) 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 assets 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 Modaraba (AM) - 99.78% holding

AM has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. AM is managed by the AMML. After receiving certificate of minimum subscription, AM commenced its business operations with effect from February 10, 2016. The registered office is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan.

AM is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing working capital, Term Finance, Ijarah, Musharika, Morabaha and other Shari'ah compliant investments / instruments to credit worthy customers. AM is listed on the Pakistan Stock Exchange Limited.

- **AWWAL Corporate Restructuring Company Limited (ACRCL) - 100% 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. As, 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.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These unconsolidated 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;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under 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 IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The Company has adopted IFRS 9 Financial Instruments from 1st Jan 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.

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

2.2 US dollar equivalent

The US dollar amounts shown in the condensed interim consolidated statement of financial position, condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 283.7919 to US Dollars has been used as it was the prevalent rate as on March 31, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim 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:

The 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 the 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 1 January 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.

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 consolidated financial statements for the year ended December 31, 2022.

	Note	March 31, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
6 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand		-	-
With State Bank of Pakistan in: Local currency current account	6.1	247,176	336,649
With National Bank of Pakistan in: Local currency deposit account		-	86
		<u>247,176</u>	<u>336,735</u>

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

	Note	March 31, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts		332,696	492,689
In current accounts		<u>3,731</u>	<u>7,198</u>
		336,427	499,887
Less: Credit loss allowance held against balances with other banks		<u>(11)</u>	
Balances with other banks - net of credit loss allowance		<u>336,416</u>	

	Note	March 31, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (reverse repo)		5,743,560	6,588,721
Term deposit receipts (TDRs)	8.1	-	-
		<u>5,743,560</u>	<u>6,588,721</u>
Less: Credit loss allowance held against lending to financial institutions		<u>(791)</u>	-
Lendings to financial institutions - net of credit loss allowance		<u>5,742,769</u>	<u>6,588,721</u>

8.1 These carried mark-up at rate of 19% to 20.35% (2022: 15.50% to 16.20%) and are due to mature on May 01, 2023 (2022: January 16, 2023).

8.2 Particulars of lending

	(Audited)	
	March 31, 2023	December 31, 2022
	----- Rupees in '000 -----	
In local currency	5,743,560	6,588,721
In foreign currencies	-	-
	<u>5,743,560</u>	<u>6,588,721</u>

Lending to FIs- Particulars of credit loss allowance		March 31, 2023		December 31, 2022	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		----- Rupees in '000 -----			
Domestic					
Performing	Stage 1	5,743,560	791	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Loss	-	-	-	-
		<u>5,743,560</u>	<u>791</u>	<u>-</u>	<u>-</u>

8.3 Securities held as collateral against lendings to financial institutions

	March 31, 2023			(Audited) 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	825,000	-	825,000	2,489,398	-	2,489,398
Pakistan Investment Bonds	5,032,400	(518,000)	4,514,400	4,070,569	(3,883,572)	186,997
Total	<u>5,857,400</u>	<u>(518,000)</u>	<u>5,339,400</u>	<u>6,559,967</u>	<u>(3,883,572)</u>	<u>2,676,395</u>

9 INVESTMENTS

9.1 Investments by type:

	March 31, 2023				December 31, 2022			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
Rupees in '000								
FVTPL								
Federal government securities								
GoP Ijara Sukuk Bond	1,503,000	-	-	1,503,000	-	-	-	-
Ordinary shares	123,618	-	(8,297)	115,321	-	-	-	-
Non-government debt securities								
Listed companies	946,951	-	(12,025)	934,926	-	-	-	-
Unlisted companies	1,350,512	-	-	1,350,512	-	-	-	-
	3,924,081	-	(20,322)	3,903,759	-	-	-	-
FVOCI								
Federal government securities								
Market Treasury Bills	-	-	-	-	-	-	-	-
Pakistan Investment Bonds - Fixed Rate	8,300,224	-	(1,968,869)	6,331,356	8,314,870	-	(1,704,313)	6,610,557
Pakistan Investment Bonds - Floating Rate	65,050,243	-	(266,449)	64,783,793	32,354,361	-	8,948	32,363,309
Ordinary shares								
Listed companies	850,727	-	(217,084)	633,643	1,777,544	(4,984)	(431,770)	1,340,790
Unlisted companies	21,331	(21,331)	-	-	21,331	(21,331)	-	-
Non-government debt securities								
Listed companies	200,466	(14,361)	-	186,105	1,148,841	(14,361)	(7,716)	1,126,764
Unlisted companies	248,971	(248,971)	-	-	1,599,563	(248,971)	-	1,350,592
	74,671,962	(284,663)	(2,452,402)	71,934,897	45,216,510	(289,647)	(2,134,851)	42,792,012
Modaraba Certificates	39,277	-	(18,352)	20,924	39,277	-	(15,031)	24,246
	78,635,320	(284,663)	(2,491,076)	75,859,580	45,255,787	(289,647)	(2,149,882)	42,816,258

9.1.1 Investments given as collateral

	March 31, 2023			December 31, 2022		
	Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value
Rupees in '000						
Pakistan Investment Bonds - Fixed	7,191,670	(1,793,325)	5,398,345	34,512,294	(1,306,329)	33,205,965
Pakistan Investment Bonds - Floater	51,834,279	(372,320)	51,461,959	-	-	-
Ordinary shares	73,718	(6,188)	67,530	118,576	(31,420)	87,156
Term finance / sukuks certificates	759,340	(12,025)	747,315	759,760	(7,715)	752,045
	59,859,007	(2,183,858)	57,675,149	35,390,630	(1,345,464)	34,045,166

9.2 Provision for diminution in value of investments

	(Audited)	
	March 31, 2023	December 31, 2022
----- Rupees in '000 -----		
Opening balance	289,647	294,112
Charge / reversals		
Charge for the year	-	14,972
Reversal on disposals	(4,984)	(19,437)
	(4,984)	(4,465)
Closing balance	284,663	289,647

9.3 Particulars of credit loss allowance against debt securities

	March 31, 2023		December 31, 2022	
	Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
Rupees in '000				
Domestic				
Performing	186,105	-	-	-
Underperforming	-	-	-	-
Non-performing	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	263,332	263,332	263,332	263,332
	263,332	263,332	263,332	263,332
Total	449,437	263,332	263,332	263,332

10 ADVANCES

	Performing		Non-performing		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	24,247,639	25,725,502	941,242	904,791	25,188,881	26,630,293
Islamic financing and related assets	776,323	986,393	-	-	776,323	986,393
Advances - gross	25,023,962	26,711,895	941,242	904,791	25,965,204	27,616,686
Credit loss allowance against advances						
-Stage 1	121,758	-	-	-	121,758	-
-Stage 2	8,030	-	-	-	8,030	-
-Stage 3	-	28,313	745,086	513,877	745,086	542,190
	129,788	28,313	745,086	513,877	874,874	542,190
Advances - net of credit loss allowance	24,894,174	26,683,582	196,156	390,914	25,090,330	27,074,496

	(Audited)	
	March 31, 2023	December 31, 2022
	----- Rupees in '000 -----	
10.1 Particulars of advances (gross)		
In local currency	25,965,204	27,616,686
In foreign currencies	-	-
	25,965,204	27,616,686

10.2 Advances include Rs. 941.242 million (2022: Rs. 904.791 million) which have been placed under the non-performing / stage 3 status as detailed below:

Category of classification	Note	(Audited)			
		March 31, 2023		December 31, 2022	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	10.2.1	58,586	21,372	7,175	718
Substandard		13,779	5,027	10,238	9,105
Doubtful		13,980	6,990	31,666	12,418
Loss		854,896	711,697	855,712	491,636
Total		941,242	745,086	904,791	513,877

10.2.1 The 'Other Assets Especially Mentioned' category pertains to small enterprise finance.

10.3 Particulars of provision against advances

	March 31, 2023				December 31, 2022			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	----- Rupees in '000 -----							
Opening balance	513,877	28,313	-	542,190	497,025	79,278	-	576,303
Charge for the period / year	18,948			18,948	114,382	11,522	-	125,904
Reversals	-			-	(110,075)	(62,487)	-	(172,562)
	18,948	-	-	18,948	4,307	(50,965)	-	(46,658)
Provision due to conversion of investment		-	-	-	12,545	-	-	12,545
Impact of first time adoption of IFRS 9 -								
charged to opening retained ea	745,086	8,030	121,758	874,874	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Closing balance	1,277,911	36,343	121,758	1,436,012	513,877	28,313	-	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.

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

Stage 1 comprises of EAD amounting to Rs. 24,706,645 and ECL of Rs. 121.758 million and stage 2 comprises of EAD amounting to Rs. 317,317 and ECL of Rs. 8.030 million.

10.3.2 Forced Sale Value (FSV) benefit amounting to Rs. 372.230 (2022: Rs. 483.916) 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.

Advances - Category of classification

		March 31, 2023		December 31, 2022	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
----- Rupees in '000 -----					
Performing	Stage 1	24,706,645	121,758	23,349,993	76,434
Underperforming	Stage 2	317,317	8,030	476,857	14,018
Non-Performing	Stage 3				
Other Assets Especially Mentioned		58,586	21,372	7,175	2,617
Substandard		13,779	5,027	3,527	1,614
Doubtful		13,980	6,990	15,220	7,162
Loss		854,896	711,697	855,713	712,513

		(Audited)	
		March 31, 2023	December 31, 2022
		----- Rupees in '000 -----	
		Note	
11	FIXED ASSETS		
	Property and equipment		29,977
	Capital work-in-progress		18,511
			<u>29,977</u>
12	RIGHT OF USE ASSETS		
	At January 1,		
	Cost		188,198
	Accumulated Depreciation		(141,269)
	Net Carrying amount at January 1, 2023		<u>46,929</u>
	Additions / modification during the period/year		(4,202)
	Deletions during the period/year		-
	Depreciation Charge for the period/year		(5,837)
	Net Carrying amount at March 31, 2023 / December 31, 2022		<u>36,890</u>
13	INTANGIBLE ASSETS		
	Computer Software		3,301
	Capital work-in-progress		3,659
			<u>3,301</u>
14	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Provision for diminution in the value of investments	94,761	94,761
	- Provision against advances, other assets, etc.	166,953	177,716
	- Deficit on revaluation of investments	633,259	633,259
	- Amortization of premium on investments	21,094	21,094
	- Accelerated tax depreciation	2,501	3,981
	- Lease liability against right-of-use asset	9,515	10,200
	- Tax losses carried forward	-	1,058
	- Unrealized loss on equity investments	170	170
	- Provision for bonus	19,470	19,470
		947,723	961,709
	Taxable temporary differences on		
	- Net investment in finance lease	(48,524)	(62,613)
	- Post retirement employee benefits	(269)	(269)
	- Right-of-use assets	(13,289)	(14,002)
		(62,082)	(76,884)

	Note	March 31, 2023	(Audited) December 31 2022
----- Rupees in '000 -----			
15 OTHER ASSETS			
Income/ mark-up accrued in local currency		2,546,910	1,458,182
Advances, deposits, advance rent and other prepayments		53,726	25,392
Advance taxation (payments less provisions)		1,456,658	1,164,398
Receivable against advisory fee		27,480	27,505
Receivable from related parties		6,389	3,272
Lease receivable under IFRS-16		433	-
Dividend receivable		16,502	-
Receivable from defined benefit plan		2,548	4,307
		<u>4,110,645</u>	<u>2,683,056</u>
Less: Credit loss allowance held against other assets	15.1	(5,222)	(5,222)
Other Assets (Net of credit loss allowance)		<u>4,105,423</u>	<u>2,677,834</u>
15.1 Credit loss allowance held against other assets			
Advances, deposits, advance rent & other prepayments		5,222	5,222
Non banking assets acquired in satisfaction of claims		-	-
		<u>5,222</u>	<u>5,222</u>
15.1.1 Movement in Credit loss allowance held against other assets			
Opening balance		5,222	2,611
Charge for the period / year		-	2,611
Reversals		-	-
Amount written off		-	-
Closing balance		<u>5,222</u>	<u>5,222</u>
16 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE			
Non-current assets classified as held-for-sale		<u>355,799</u>	<u>355,799</u>

This relates to land, building and machinery which have been classified as 'Non-current assets held for sale' as at March 31, 2022. The Company has entered into an agreement with a buyer to dispose of these properties. It is expected that the process of sale of these properties will be completed in the near future.

17	BORROWINGS	Note	(Audited)	
			March 31, 2023	December 31, 2022
			----- Rupees in '000 -----	
	Secured			
	Borrowings from State Bank of Pakistan			
	- Long-Term Finance Facility (LTFF) scheme	17.2	3,921,589	4,085,463
	- Power Plants Using Renewable Energy (PPRE) scheme	17.3	155,522	170,662
	- Temporary Economic Refinance Facility (TERF)	17.4	794,296	789,398
	- Finance for Storage of Agriculture Produce (FSAP) scheme	17.5	111,896	89,302
	- Credit Guarantee (CGS) Scheme	17.6	120,275	119,462
	- Special Persons (SP) Scheme	17.7	3,370	3,710
	- Working Capital (WCF) Scheme	17.8	976,736	750,046
	- COVID - 19 Scheme	17.9	6,000	6,000
	- Balancing, Modernization & Replacement (BMR) scheme	17.10	458,043	363,649
			6,547,727	6,377,692
	Repurchase agreement borrowings		60,781,384	13,876,732
	Borrowings from banks	17.11	14,375,000	36,795,834
	Total secured		81,704,111	57,050,258
	Unsecured			
	Letters of placement:		18,194,227	11,836,644
			<u>99,898,338</u>	<u>68,886,902</u>

17.1 Particulars of borrowings with respect to currencies

In local currency	99,898,338	68,886,902
In foreign currencies	-	-
	<u>99,898,338</u>	<u>68,886,902</u>

17.2 The 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 Company at the due date by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2% to 11% per annum (2022: 2.00% to 7.00% per annum). These are secured against demand promissory notes and have maturities upto June 2029.

17.3 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 5.00% per annum (2021: 2.00% to 5.00% per annum) and are due to mature latest by June 28, 2029. As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the

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

17.5 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of 2.5% per annum (2022: 2.5% per annum) and are due to mature latest by February 23, 2029 (2022: October

17.6 These represent borrowings from the SBP under scheme for refinance and credit guarantee schemes. The mark-up rate applicable on these facilities is 0% per annum (2022: 0% per annum) payable on quarterly basis, with maturities upto February 28, 2028 (2022: November, 2027). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.

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

- 17.8 In accordance with the refinance facility for working capital, the Company has entered into agreements for financing with the SBP for extending financing to meet working capital requirements of the customers. The profit rate on this facility is 2% (2022: 2%) payable on quarterly basis with maturities upto December 29, 2027. As per the agreements, the Company has granted the SBP the right to recover the outstanding amounts from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP.
- 17.9 In accordance with the refinance facility for combating COVID-19, the Company has entered into agreements for financing with the SBP for extending medical equipment finances to the customers. The average profit rate on this facility is 0% (2021: 0%) with maturities upto October 2025. As per the agreements, the Company has granted the SBP the right to recover the outstanding amounts from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP.
- 17.10 These represent borrowings from the SBP under scheme for balancing, modernization & replacement scheme. The mark-up rate applicable on these facilities is 1% to 2% per annum (2022: 1% to 2% per annum) payable on quarterly basis, with maturities upto April 28, 2028 2027 (2022: April 2028). As per the terms of the agreement, the Company has granted the SBP a right to recover the outstanding amount from the Company at the respective date of maturity of finances by directly debiting the current account of the Company maintained with the SBP.
- 17.11 These represent borrowings from various financial institutions at mark-up rates ranging from 16.02% to 22.94% per annum (2022: 15.92% to 17.29% per annum) with maturities upto June 2027 (2022: June 2027).

18	DEPOSITS AND OTHER ACCOUNTS	Note	March 31,	Audited
			2023	December 31, 2022
			----- Rupees in '000 -----	
Customers				
	- Certificate of investments (COIs) - in local currency		54,768	54,768
Financial Institutions				
	- Certificate of investments (COIs) - in local currency		-	-
			<u>54,768</u>	<u>54,768</u>
Composition of Deposits				
	- Public sector entities		-	-
	- Private sector entities		54,768	54,768
			<u>54,768</u>	<u>54,768</u>
19	OTHER LIABILITIES			
	Mark-up / return / interest payable in local currency		1,880,694	803,153
	Unearned commission and income on bills discounted		27,249	28,998
	Accrued expenses		128,403	101,393
	Brokerage / commission payable		2,339	1,584
	Payable against purchase of shares		-	120,362
	Lease liability against right-of-use assets		32,125	35,718
	Security deposits against advances		944,375	904,503
	Provision for Sindh Worker's Welfare Fund		166,241	164,985
	Sindh sales tax payable on modaraba management fee		10,833	10,833
	Tax payable		3,161	16,648
	Unclaimed dividend		189	3,506
	Advance from customers		6,142	-
	Payable to related party	19.1	8,217	2,017
	Provision for off balance sheet obligations		11,858	-
	Others		102,712	53,174
			<u>3,324,537</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 AM and has, hence, not paid / discharged SST on management fee. However, a full provision has been maintained thereagainst in these consolidated financial statements.

	Note	March 31, 2023	Audited December 31, 2022
----- Rupees in '000 -----			
20 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Securities measured at FVOCI-Debt	9.1	(2,253,670)	(1,718,112)
- Securities measured at FVOCI-Equity		(217,084)	(431,770)
		<u>(2,470,754)</u>	<u>(2,149,882)</u>
Deferred tax on deficit on revaluation of:			
- Securities measured at FVOCI-Debt		637,919	633,259
- Securities measured at FVOCI-Equity		-	-
		<u>(1,832,835)</u>	<u>(1,516,623)</u>
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	330,000	1,330,000
- Commitments	21.2	70,771,104	23,342,226
- Other contingent liabilities	21.3	-	-
		<u>71,101,104</u>	<u>24,672,226</u>
21.1 Guarantees			
Financial guarantees		<u>330,000</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	69,654,104	20,732,735
- forward lendings	21.2.2	1,117,000	2,485,027
- other commitments		-	120,362
		<u>70,771,104</u>	<u>23,342,226</u>
21.2.1 Commitments in respect of repo transactions			
Repurchase of government securities		63,356,110	14,157,761
Reverse repurchase of government securities		6,297,994	6,574,974
		<u>69,654,104</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>1,117,000</u>	<u>2,485,027</u>
		<u>1,117,000</u>	<u>2,485,027</u>

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

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 Holding Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Holding Company are of the opinion that the Holding Company has a strong case and that the matter will most likely be decided in favour of the Holding Company.

21.3.2 The returns of income of the Holding 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 December 31, 2022. 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 Holding Company is contesting these demands and appeals have been filed by the Holding Company against the same which are pending adjudication at various legal and appellate forums. The Holding Company has made partial payments against some of these demands which are being shown as refundable from tax authorities (note 13). The management is confident that the matters will eventually be decided in favour of the Holding Company and that the Holding Company will be able to adjust amounts in respect of matters decided against the Holding Company (if any) against the tax refunds currently being claimed by it.

	Note	March 31, 2023	March 31, 2022
----- Rupees in '000 -----			
22	MARK-UP / RETURN / INTEREST EARNED		
On:			
	a) Loans and advances	847,857	471,948
	b) Investments	2,761,401	567,604
	c) Lendings to financial institutions	181,308	24,250
	d) Balances with banks	12,521	2,399
		<u>3,803,087</u>	<u>1,066,201</u>
Interest income (calculated using effective interest rate method) recognised on:			
	Financial assets measured at amortised cost;	28,399	-
	Financial assets measured at fair value through OCI.	-	-
		<u>28,399</u>	<u>-</u>
		<u>3,831,486</u>	<u>1,066,201</u>
23	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	2,035	1,387
	Borrowings	3,397,917	864,416
	Interest expense on lease liability against right-of-use assets	122	567
		<u>3,400,073</u>	<u>866,370</u>
24	FEE AND COMMISSION INCOME		
	Advisory / arrangement fee	665	8,138
	Processing fee income	4,417	5,386
	Commitment fee	1,809	1,625
	Commission on letters of credit	78	-
	Trustee fee	16,595	15,104
	Front end fee	1,566	1,900
		<u>25,130</u>	<u>32,153</u>
25	(LOSS) / GAIN ON SECURITIES		
	Realised	25.1	16,707
	Unrealised - held for trading		(15,506)
			<u>(20,322)</u>
		25.2	<u>(3,615)</u>
			<u>(16,281)</u>
25.1	Realised (loss) / gain on:		
	Federal government securities	2,913	248
	Shares	13,794	(15,754)
		<u>16,707</u>	<u>(15,506)</u>
25.2	Net gain / loss on financial assets / liabilities measured at FVPL:		
	Designated upon initial recognition	5,497	-
	Mandatorily measured at FVPL	(12,025)	-
		<u>(6,528)</u>	<u>-</u>
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	2,913	-
	Net gain / (loss) on financial assets measured at FVOCI	<u>(3,615)</u>	<u>-</u>
25.3	Net gain / (loss) on investments in equity instruments designated at FVOCI	<u>(258,699)</u>	<u>-</u>
26	OTHER INCOME		
	Gain on sale of fixed assets - net	1,789	-
	Others	1,447	-
		<u>3,237</u>	<u>-</u>

		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
27	OPERATING EXPENSES		
	Total compensation expense	93,598	62,474
	Property expense		
	Rent and taxes	139	175
	Insurance	1,852	1,808
	Security	909	280
	Utilities cost	1,215	749
	Repairs and maintenance (including janitorial charges)	3,262	2,524
	Depreciation	1,735	3,081
	Depreciation on right-of-use assets	5,837	-
		14,949	8,617
	Information technology expenses		
	Software maintenance	-	729
	Hardware maintenance	318	482
	Depreciation	969	1,444
	Amortisation	393	146
		1,680	2,801
	Other operating expenses		
	Directors' fees and allowances	2,415	2,780
	Fees and subscription	2,890	847
	Legal and professional charges	1,953	8,457
	Outsourced services costs	2,196	4,255
	Travelling and conveyance	8,390	14,510
	Brokerage commission	7,006	2,118
	Depreciation	2,527	4,393
	Training and development	1,206	164
	Postage and courier charges	93	139
	Communication	1,472	1,144
	Stationery and printing	1,318	416
	Marketing, advertisement and publicity	20	30
	Auditors' remuneration	1,087	1,196
	Expenses incurred in relation to assets held for sale	11,679	
	Service charges for lease rental recoveries	780	
	Others	1,470	1,073
		46,502	41,523
		156,728	115,415

28 **PROVISION FOR SINDH WORKERS' WELFARE FUND**

Provision for Sindh Workers' Welfare Fund	28.1	1,256	447
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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 the unconsolidated financial statements amounting to Rs 125.391 million.

		March 31, 2023	March 31, 2022
		----- Rupees in '000 -----	
29	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET		
	Credit loss allowance against balances with other banks	11	-
	Credit loss allowance against lending to financial institutions	791	-
	Credit loss allowance for diminution in value of investments	9.2 (4,984)	13,157
	Credit loss allowance against loans and advances	10.3 18,948	2,917
	Credit loss allowance against off balance sheet obligations	2,178	-
		16,923	16,074

	Note	March 31, 2023	March 31, 2022
30 TAXATION		----- Rupees in '000 -----	
Current		100,799	37,436
Prior years		-	-
Deferred		<u>14,361</u>	<u>(4,661)</u>
		<u>115,160</u>	<u>32,775</u>
31 BASIC EARNINGS PER SHARE			
Profit for the year		<u>229,897</u>	<u>88,917</u>
Weighted average number of ordinary shares		<u>600,000</u>	<u>600,000</u>
Basic earnings per share		<u>0.38</u>	<u>0.15</u>

31.1 Diluted earnings per share

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

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 and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

32.1 Fair value of financial assets

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

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

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

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

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
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 (Reuters page).
Term finance / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.
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:

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	72,618,149	-	72,618,149
Shares	748,964	-	-	748,964
Non-Government debt securities	-	2,471,543	-	2,471,543
Modaraba certificates	-	20,924	-	20,924
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	69,654,104	-	69,654,104
	Audited			
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	38,973,866	-	38,973,866
Shares	1,340,790	-	-	1,340,790
Non-Government debt securities	-	2,477,356	-	2,477,356
Modaraba certificates	-	24,246	-	24,246
Off-balance sheet financial instruments - measured at fair value				

Profit and Loss Account

Net mark-up / return / profit	-	337,172	94,241	431,413
Non mark-up / return / interest income	25,130	63,441	-	88,571
Total income	25,130	400,613	94,241	519,984

Segment direct expenses	7,463	122,536	27,986	157,984
Total expenses	7,463	122,536	27,986	157,984
Credit loss allowance and write offs - net	-	(4,182)	21,126	16,944
Profit before tax	17,668	282,259	45,129	345,056

Statement of Financial Position

	March 31, 2022			
	Corporate finance	Trading and sales	Commercial banking	Total
Cash and bank balances	27,567	452,647	103,378	583,592
Lendings to financial institutions	-	5,742,769	-	5,742,769
Investments	-	75,859,580	-	75,859,580
Advances - performing	-	1,376,832	23,517,342	24,894,174
- non-performing	-	64,072	132,084	196,156
Others	3,314	4,407,178	1,006,539	5,417,031
Total assets	30,881	87,903,077	24,759,343	112,693,302
Borrowings	-	81,324,853	18,573,485	99,898,338
Deposits and other accounts	-	44,585	10,183	54,768
Others	-	2,706,426	618,111	3,324,537
Total liabilities	-	84,075,864	19,201,779	103,277,643
Equity	30,881	3,827,213	5,557,565	9,415,659
Total equity and liabilities	30,881	87,903,077	24,759,344	112,693,302
Contingencies and commitments	-	69,654,104	1,447,000	71,101,104

Profit and Loss Account

Net mark-up / return / profit	-	59,135	140,696	199,831
Non mark-up / return / interest income	32,152	21,645	-	53,797
Total income	32,152	80,780	140,696	253,628

Segment direct expenses	14,569	53,196	48,097	115,862
Total expenses	14,569	53,196	48,097	115,862
Credit loss allowance and write offs - net	-	15,947	127	16,074
Profit before tax	17,583	11,637	92,472	121,692

Statement of Financial Position

	March 31, 2022			
	Corporate finance	Trading and sales	Commercial banking	Total
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
- non-performing	-	11,249	379,665	390,914
Others	5,534	3,148,019	834,004	3,987,557
Total assets	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	-	20,853,097	3,819,130	24,672,226

Statement of Financial Position

	December 31, 2022			
	Corporate finance	Trading and sales	Commercial banking	Total
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
- non-performing	-	11,249	379,665	390,914
Others	5,534	3,148,019	834,004	3,987,557
Total assets	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	-	20,853,097	3,819,130	24,672,226

34 RELATED PARTY TRANSACTIONS

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

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Remuneration to executives is disclosed in note 25 to the unconsolidated financial statements. Transactions with owners have been disclosed in 'Unconsolidated Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment.

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

	March 31, 2023			December 31, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Advances						
Opening balance	-	72,205	178,207	-	89,209	150,000
Addition during the year	-	1,040	58,000	-	46,337	-
Repaid during the year	-	(1,810)	(56,279)	-	(10,432)	-
Transfer in / (out) - net	-	-	-	-	(52,909)	28,207
Closing balance	-	71,435	179,928	-	72,205	178,207
Lending to financial institutions						
Opening balance	-	-	26,000	-	-	-
Addition during the year	-	-	155,700	-	-	58,000
Repaid during the year	-	-	(149,300)	-	-	(32,000)
Closing balance	-	-	32,400	-	-	26,000
Other Assets						
Interest / mark-up accrued	-	-	959	-	-	423
Receivable from defined benefit plan	-	-	1,758	-	-	8,551
Others	-	-	2,702	-	-	810
	-	-	5,419	-	-	9,784
Borrowings						
Opening balance	-	-	-	-	-	191,155
Borrowings during the year	-	-	6,483	-	-	28,443
Settled during the year	-	-	(3,219)	-	-	(219,598)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	3,263	-	-	-
Other Liabilities						
Interest / mark-up payable	-	-	29	-	-	-
Other liabilities	-	-	-	-	-	-
	-	-	29	-	-	-

	March 31, 2023			March 31, 2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Income						
Mark-up / return / interest earned	-	1,070	11,377	-	599	4,648
Expense						
Mark-up / return / interest paid	-	-	74	-	-	150
Operating expenses	1,200	26,514	-	3,580	36,159	-
Reimbursement of expenses	-	1,888	-	-	6,066	-

34.1 These denote administrative expenses charged by the Company under the cost sharing agreement entered into between the Company and its subsidiaries (namely Primus Leasing Limited, Awwal Modaraba Management Limited and Awwal Modaraba).

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	March 31,	(Audited) December 31,
	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	8,111,250	8,833,214
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,111,250	8,833,214
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	8,111,250	8,833,214
Risk Weighted Assets (RWAs):		
Credit Risk	24,516,781	26,568,800
Market Risk	4,397,910	5,650,384
Operational Risk	2,367,219	2,367,219
Total	31,281,910	34,586,403
Common Equity Tier 1 Capital Adequacy ratio	25.93%	25.54%
Tier 1 Capital Adequacy Ratio	25.93%	25.54%
Total Capital Adequacy Ratio	25.93%	25.54%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,111,250	8,833,214
Total Exposures	106,444,355	81,027,763
Leverage Ratio - percentage	7.62%	10.90%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	24,164,102	7,989,493
Total Net Cash Outflow	23,074,019	7,107,724
Liquidity Coverage Ratio - percentage	104.72%	112.41%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	26,861,784	27,729,097
Total Required Stable Funding	21,955,815	23,794,119
Net Stable Funding Ratio - percentage	122.34%	116.54%

36 GENERAL

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

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

37 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 25, 2023 by the Board of Directors of the Holding Company.

 President/Chief Executive	 Chief Financial Officer	 Director	 Director	 Director
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