



Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim unconsolidated financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 30 September 2022 together with Directors' review thereon.

Performance review

The Company incurred loss before tax of PKR 178.93 million during the period under review as compared to profit before tax of PKR 93.67 million in the corresponding period last year.

Gross mark-up income during the period was PKR 3,804.95 million compared to PKR 2,230.29 million in corresponding period. After the conclusion of COVID-19 pandemic relief, since September 2021, the interest rates have increased by 800 bps due to which the discount rate stood at 16 percent; consequently, despite increase in gross mark-up income, the net interest income (NII) has impacted significantly. Considering huge volatility in interest rate curve together with increase in frequency of MPC meeting, the policy rate setting has become a speculative matter showing negative market sentiments (in forex, capital and money markets) and uncertain future outlook.

During the period, the Company generated net cash flows of PKR 45.87 billion from its operations as compared to utilisation of PKR (814.49) million in corresponding period mainly due to increase in borrowing. The total assets of the Company have increased to PKR 88.09 billion – an increase of around PKR 47.46 billion (compared to financial yearend 2021) mainly in government securities investment portfolio.

The summarised financial results for the period are as follows:

Description	Nine months ended 30 September 2022 (9ME22)	Nine months ended 30 September 2021 (9ME21)
	PKR '000	
Profit/(loss) before taxation	(178,930)	93,670
Taxation	41,068	27,876
Profit/(loss) after taxation	(219,998)	65,794
Earnings/(loss) per share (Rupees)	(270.21)	81.33

Future prospects

The economic disruption resulting from the ongoing pandemic caused great uncertainties for businesses around the Country. Moreover, global conflicts coupled with torrential weather crises related health and infrastructure issues, impacted the economy severely as the Country has been facing critical challenges including increased inflation, oil and energy prices, continuous currency devaluation and current account deficit.

The macro level mitigating measures to address above factors triggered interest rate upward trajectory and made overall business conditions tougher however required results have not been achieved yet.

Consequently, these factors also impacted overall business environment of the Company.



The realisation proceeds from the disposal of KEL assets will have a direct impact on the financial health of the Company. The out-right sale has far-reaching positive impacts on Company's sustainability and growth vis-à-vis time value of money; in addition to capital gain it repealed potential further impairment. Further, due to the sale proceeds, Company's liquidity has been improved by PKR 1,000 million which will significantly improve the maturity profile of its assets and liabilities together with additional income on the recovered funds without incurring additional expenses for the upkeep of power plant.

The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets which are a source of potential earnings.

The disposal of Power Plant (non-banking assets), deposit mobilisation as stable funding source and determination to increase the advances portfolio, being the core activity, together with continuous repositioning of investment portfolios, we understand and believe that the Company will be able to achieve its target of sustainable profitability and long term growth.

In view of the efforts being made by the management, we are optimistic about our Company's future growth, profitability and sustainability.

Acknowledgments

On behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust. We are also thankful to employees of the Company for their hard work and dedication.

For and on behalf of the Board

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Bashir B Omer
Deputy Managing Director

24th December 2022

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Khurram Hussain
Managing Director & CEO

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

		(Un-audited) 30 September 2022	(Audited) 31 December 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	314,109	110,575
Balances with other banks	7	74,208	197,264
Lendings to financial institutions	8	3,800,000	3,800,000
Investments	9	73,640,884	27,211,914
Advances	10	7,769,042	6,312,475
Fixed assets	11	69,945	96,472
Intangible assets	12	611	973
Deferred tax asset - net	13	314,662	434,796
Non-banking assets acquired in satisfaction of claim - held for sale	14.1	158,086	814,645
Other assets	14	1,944,161	1,642,088
		88,085,708	40,621,202
LIABILITIES			
Bills payable	16	-	-
Borrowings	17	77,229,114	30,149,418
Deposits and other accounts	18	4,864,990	4,576,353
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated debt	20	-	-
Deferred tax liabilities	21	-	-
Other liabilities	22	1,254,037	320,573
		83,348,141	35,046,344
NET ASSETS			
		4,737,567	5,574,858
REPRESENTED BY			
Share capital		8,141,780	8,141,780
Reserves		380,654	380,654
Deficit on revaluation of assets - net of tax	23	(1,464,654)	(847,361)
Unappropriated / unremitted loss		(2,320,213)	(2,100,215)
		4,737,567	5,574,858
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director



Managing Director & CEO


Director

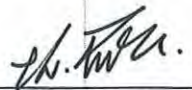
PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022


Note	Quarter ended		Nine months ended		
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Mark-up / return / interest earned	26	1,836,817	762,452	3,804,950	2,230,294
Mark-up / return / interest expensed	27	1,895,783	587,504	3,877,798	1,704,796
Net mark-up / interest / (expense) / income		(58,966)	174,948	(72,848)	525,498
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	10,264	4,801	23,902	10,009
Dividend income		13,958	18,735	45,794	61,842
Foreign exchange income / (loss)		17	9	37	(12)
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	29	(8,690)	(8,562)	(33,844)	(84,932)
Other income	30	2,438	10,295	209,346	11,405
Total non mark-up / interest income / (expense)		17,987	25,278	245,235	(1,688)
Total Income		(40,979)	200,226	172,387	523,810
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	31	143,286	126,001	374,428	370,432
Workers welfare fund	24.3.9	-	-	-	-
Other charges	32	4,834	5,082	14,552	12,273
Total non mark-up / interest expenses		148,120	131,083	388,980	382,705
(Loss) / profit before provisions		(189,099)	69,143	(216,593)	141,105
(Reversals) / provisions and write offs - net	33	29,572	169,073	(37,663)	47,435
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		(218,671)	(99,930)	(178,930)	93,670
Taxation	34	20,494	7,012	41,068	27,876
PROFIT AFTER TAXATION		(239,165)	(106,942)	(219,998)	65,794
		----- (Rupees) -----		----- (Rupees) -----	
Basic earnings per share	35	(293.75)	(132.19)	(270.21)	81.33
Diluted earnings per share	36	(293.75)	(132.19)	(270.21)	81.33

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Managing Director & CEO


Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	Quarter ended		Nine months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit after taxation	(239,165)	(106,942)	(219,998)	65,794
Other comprehensive income - net				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in deficit on revaluation of investments - net of tax*	108,672	(206,966)	(617,293)	(226,252)
Others	-	-	-	-
	108,672	(206,966)	(617,293)	(226,252)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations	-	-	-	-
Movement in surplus on revaluation of fixed assets - net of tax	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	-	-	-	-
Total comprehensive (loss) / income	(130,493)	(313,908)	(837,291)	(160,458)

*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Managing Director & CEO


 Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	Share capital/ Head office capital account	Statutory reserve*	Deficit on revaluation of		Unappropriated / Unremitted loss	Total
			Investments	Fixed / Non Banking Assets		
(Rupees in '000)						
Opening balance as at 01 January 2021 (audited)	7,871,780	372,478	(281,624)	-	(2,134,569)	5,828,065
Profit after taxation (September 2021)	-	-	-	-	65,794	65,794
Other comprehensive income - net of tax	-	-	(226,252)	-	-	(226,252)
Remittances made to / received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	13,159	-	-	(13,159)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	270,000	-	-	-	-	270,000
Stamp duty on shares issuance	-	-	-	-	(1,350)	(1,350)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 October 2021 (un-audited)	8,141,780	385,637	(507,876)	-	(2,083,284)	5,936,257
Profit after taxation	-	-	-	-	(24,911)	(24,911)
Other comprehensive income / (loss) - net of tax	-	-	(339,485)	-	-	(339,485)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	(4,983)	-	-	4,983	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	2,997	2,997
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2022 (audited)	8,141,780	380,654	(847,361)	-	(2,100,215)	5,574,858
Profit after taxation (September 2022)	-	-	-	-	(219,998)	(219,998)
Other comprehensive income - net of tax	-	-	(617,293)	-	-	(617,293)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the period 30 September 2022 (un-audited)	8,141,780	380,654	(1,464,654)	-	(2,320,213)	4,737,567

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Managing Director & CEO


Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	Nine months period ended	
	30 September 2022	30 September 2021
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(178,930)	93,670
Less: Dividend income	(45,794)	(61,842)
	(224,724)	31,828
Adjustments:		
Depreciation	23,066	25,666
Amortisation	521	858
Reversal of provision against lendings to financial institutions	-	(2,497)
Unrealised (gain) / loss on revaluation of investments classified as 'held-for trading'	9.1 (120)	-
(Reversal) of provision / provision for diminution in the value of investments - net	9.2.1 (65,851)	(145,090)
Reversal of provision against loans and advances	24,546	(20,152)
Provision against non-banking assets acquired in satisfaction of claim - held for sale	-	364,715
Provision / (reversal) of provision against other assets	3,642	22,459
(Reversal) of provision / provision against contingencies	-	(172,000)
Gain on sale of non-banking assets acquired in satisfaction of claim - held for sale	14.2.2 (198,142)	-
Gain on sale of fixed assets	30 (3,939)	(10,295)
	(216,277)	63,664
	(441,001)	95,492
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	(1,447,500)
Held-for-trading securities	(1,964)	14,803
Advances	(1,481,113)	(631,839)
Others assets (excluding advance taxation)	87,416	424,228
	(1,395,661)	(1,640,308)
Increase / (decrease) in operating liabilities		
Bills payable	-	-
Borrowings from financial institutions	47,079,696	(8,210)
Deposits	288,637	945,901
Other liabilities	788,172	69,926
	48,156,505	1,007,617
	46,319,843	(537,199)
	(447,068)	(277,289)
Income tax paid	45,872,775	(814,488)
Net cash generated from / (used) in operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in 'available-for-sale' securities - net	(46,466,789)	39,514
Investments in 'held-to-maturity' securities - net	(376,018)	(77,528)
Dividend received	43,277	53,457
Investments in fixed assets - net	(6,269)	(30,253)
Proceeds from sale of fixed assets	13,502	10,295
Proceeds from sale of non-banking assets acquired in satisfaction of claim - held for sale	1,000,000	-
Net cash flow generated from investing activities	(45,792,297)	(4,515)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / payments of subordinated debt	-	-
Receipts / payments of lease obligations	-	-
Issue of share capital	-	270,000
Advance against share subscription	-	(135,000)
Stamp duty on shares issuance	-	(1,350)
Dividend paid	-	-
Remittances made to / received from company	-	-
Net cash flow generated from financing activities	-	133,650
Net increase in cash and cash equivalents	80,478	(685,353)
Cash and cash equivalents at beginning of the period	3,007,839	2,495,315
Cash and cash equivalents at end of the period	42 3,088,317	1,809,962

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Managing Director & CEO


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

1. STATUS AND NATURE OF BUSINESS

- 1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure for further thirty years upto 14 October 2038. The objectives of the Company inter alia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

- 1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion.

The BoD of the Company approved a 5-year plan in 2019, prepared by the management, together with projections. As a result, the management of the Company has taken various steps to improve the financial position of the Company.

For over a decade, the Company has been challenged with one of its most significant investments in a power plant, which has been non-yielding as a result of Honorable Supreme Court's decision under a suo moto action, wherein all contracts of RPPs were declared to be illegal and void ab initio and ordered to be rescinded.

The management of the Company, after critical evaluation of its options, the impact of these non-yielding assets on the operations and thorough negotiations, managed to finalise an out-right sale deal duly approved by the Board and ratified by the shareholders during the period under review.

Consequently, the management disposed off these non-banking (non-yielding) assets (power plant) under an offer of out-right sale. The outright sale has a significant favourable impact on the operations of the Company (refer note 14.1).

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IAS 34 - Interim Financial Reporting) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The disclosures provided in these condensed interim financial statements are limited based on the format prescribed by SBP vide BPRD circular letter no. 05 of 2019 dated 22 March 2019 & IAS 34.

- 2.2 The condensed interim 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 31 December 2021.

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 31 December 2021.

3.1 New standards, interpretations and amendments

a) New accounting standards, amendments and IFRS interpretations that are effective for the period ended 30 September 2022

There are various new amendments to the standards which apply for the first time in 2022, but do not have an impact on the interim financial statements of the Company. These mainly include:

- Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

b) New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	1 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	1 January 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	1 January 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

SBP vide its BPRD Circular Letter No.03 dated 5 July 2022, has extended the applicability of IFRS 9 on DFIs to accounting periods beginning on or after 1 January 2023. During the transition period, the financial institutions are required to carry out the parallel run and submit to SBP, IFRS 9 compatible pro-forma annual financial statements, quarterly and half yearly pro-forma financial statements for the year 2022 as per timelines provided.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended 31 December 2021.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			
In hand			
Local currency		6	6
Foreign currency		6,882	5,324
		6,888	5,330
With State Bank of Pakistan in			
Local currency current account	6.1	305,973	103,460
		305,973	103,460
With National Bank of Pakistan in			
Local currency current account		1,248	1,785
Local currency deposit account		-	-
		1,248	1,785
Prize bonds		-	-
		314,109	110,575

6.1 This includes a balance required to be maintained with the SBP by the Company in accordance with the SBP's regulations for cash reserve requirements.

7. BALANCES WITH OTHER BANKS

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			
In Pakistan			
In current accounts		13,160	14,613
In deposit accounts	7.1	61,048	182,651
		74,208	197,264
		74,208	197,264

7.1 The return on these balances ranges from 8.25 to 13.50 (31 December 2021: 5.50 to 7.25) percent per annum.

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	8.1.1	<u>3,830,567</u>	<u>3,830,567</u>
		<u>3,830,567</u>	<u>3,830,567</u>
Less: provision held against lending to financial institutions	8.2	<u>(30,567)</u>	<u>(30,567)</u>
Lending to financial institutions - net of provision		<u><u>3,800,000</u></u>	<u><u>3,800,000</u></u>

8.1 Particulars of lending

In local currency	<u>3,800,000</u>	<u>3,800,000</u>
In foreign currencies	<u>-</u>	<u>-</u>
	<u><u>3,800,000</u></u>	<u><u>3,800,000</u></u>

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 16.00 to 16.95 (31 December 2021: 8.60 to 12.50) percent per annum. These are due to mature between 17 October 2022 and 1 March 2023 (31 December 2022: 31 January 2022 and 28 June 2022).

8.2 Category of classification

	(Un-audited) 30 September 2022		(Audited) 31 December 2021	
	Classified Lending	Provision held	Classified Lending	Provision held
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<u>30,567</u>	<u>30,567</u>	<u>30,567</u>	<u>30,567</u>
Total	<u><u>30,567</u></u>	<u><u>30,567</u></u>	<u><u>30,567</u></u>	<u><u>30,567</u></u>

Overseas

The Company does not have any overseas lending during period ended 30 September 2022 (31 December 2021: Nil).

9. INVESTMENTS

9.1 Investments by type:

	Note	(Un-audited) 30 September 2022				(Audited) 31 December 2021			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)				(Rupees in '000)			
Held-for-trading securities									
Federal government securities		-	-	-	-	-	-	-	-
Shares		1,964	-	120	2,084	-	-	-	-
		<u>1,964</u>	<u>-</u>	<u>120</u>	<u>2,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available-for-sale securities									
Federal government securities*		71,691,576	-	(1,456,526)	70,235,050	24,973,269	-	(1,092,638)	23,880,631
Shares		1,307,537	(258,852)	(213,683)	835,002	1,319,925	(323,765)	(96,619)	899,541
Non government debt securities	9.1.5, 9.1.6	2,329,808	(342,821)	(14,893)	1,972,094	2,568,938	(343,758)	(14,074)	2,211,106
		<u>75,328,921</u>	<u>(601,673)</u>	<u>(1,685,102)</u>	<u>73,042,146</u>	<u>28,862,132</u>	<u>(667,523)</u>	<u>(1,203,331)</u>	<u>26,991,278</u>
Held-to-maturity securities									
Non government debt securities		601,520	(6,366)	-	595,154	225,502	(6,366)	-	219,136
		<u>601,520</u>	<u>(6,366)</u>	<u>-</u>	<u>595,154</u>	<u>225,502</u>	<u>(6,366)</u>	<u>-</u>	<u>219,136</u>
Associates	9.1.1, 9.1.2, 9.1.3 & 9.1.4	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		<u>76,638,772</u>	<u>(1,312,906)</u>	<u>(1,684,982)</u>	<u>73,640,884</u>	<u>29,794,001</u>	<u>(1,378,756)</u>	<u>(1,203,331)</u>	<u>27,211,914</u>

*The deferred bonus relating to eligible employees has been invested/revested in market treasury bills amounting to Rs. 4.55 million (31 December 2021: Rs. 5.97 million) whilst its related income has been recorded in other liabilities.

- 9.1.1 This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The book value represents cost of investment amounting to Rs. 500.00 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012. This investment was designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.
- 9.1.2 These include preference shares amounting to Rs.300.00 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.
- 9.1.3 It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.
- 9.1.4 It includes unlisted ordinary shares of Kamoke Powergen (Private) Limited (KPL). It was established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016.

9.1.5 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its mark-up and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause was mandatorily invoked for the time being until proposed merger; however, the pending merger had been called off and the Bank started working to resolve the issue. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms.

Considering the delay in resolution, the TFC holders again agreed to extend the maturity period for another year ending 27 October 2022 so the Bank could finalise new arrangement with the investors for equity injection. The Bank acknowledges the debt and related mark-up as payable on the TFC Issue.

In this regard, SBP has given its final approval for the period till 27 October 2021 however the Bank has obtained a separate in-principal approval (similar to prior year) for the period covering till 27 October 2022.

The management has evaluated overall situation vis-à-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements. Therefore, management has not provided any impairment on the said TFCs due to above facts and the recent developments & negotiations, in these condensed interim financial statements.

9.1.6 It also includes an investment in term finance certificates (TFC) amounting to Rs. 99.92 million on which the Company had taken a subjective provision of Rs. 11.21 million in prior period. During the period, the issuer Bank could not make the payment of installment due to non-compliance with minimum capital requirements. The issuer Bank of the TFC has submitted a plan approved by their Board for additional equity to address the CAR and MCR position.

In this regard, the management of the Company, keeping in view the legal opinion which does not consider the delay in payment as an event of default due to the lock-in-clause, has evaluated overall situation vis-à-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements and CAR position. Therefore, management has not provided any further provision on the said TFC due to above facts and the recent developments, in these condensed interim financial statements.

9.1.7 Investments given as collateral

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	Cost ----- (Rupees in '000) -----	
Market treasury bills	43,000,000	6,000
Pakistan investment bonds	23,000,000	22,695,000
	<u>66,000,000</u>	<u>22,701,000</u>

9.2 Provision for diminution in value of investments

	1,378,756	1,428,156
9.2.1 Opening balance	-	-
Add: adjustments during the period / year		
Charge / reversals		
Charge for the period / year	-	95,689
Reversals for the period / year	(937)	-
Reversal on disposals	(64,913)	(145,089)
	(65,850)	(49,400)
Transfers / Mark-to-market - net	-	-
Amounts written off	-	-
Closing balance	<u>1,312,906</u>	<u>1,378,756</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited) 30 September 2022		(Audited) 31 December 2021	
	Classified	Provision	Classified	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	99,920	11,209	99,920	11,209
Doubtful	-	-	-	-
Loss	337,978	337,978	338,915	338,915
	<u>437,898</u>	<u>349,187</u>	<u>438,835</u>	<u>350,124</u>
Overseas				

The Company does not have any overseas investment during the period ended 30 September 2022 (31 December 2021: Nil).

10. ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	----- (Rupees in '000) -----					
Loans	5,738,490	4,702,447	1,140,264	965,673	6,878,754	5,668,120
Net investment in finance lease	153,381	248,206	146,938	146,938	300,319	395,144
Staff loans	145,944	143,243	-	-	145,944	143,243
Consumer loans and advances	3,324	4,183	33,209	33,263	36,533	37,446
Long-term financing of export oriented projects (LTF-EOP)	-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTFF)	683,204	396,539	-	-	683,204	396,539
Refinance scheme for payment of wages & salaries	124,651	300,098	-	-	124,651	300,098
Temporary economic relief facility (TERF)	711,567	459,269	-	-	711,567	459,269
Advances - gross	7,560,561	6,253,985	1,380,590	1,206,053	8,941,151	7,460,038
Provision against advances						
- Specific	-	-	1,172,059	1,147,510	1,172,059	1,147,510
- General	-	-	50	53	50	53
	-	-	1,172,109	1,147,563	1,172,109	1,147,563
Advances - net of provision	7,560,561	6,253,985	208,481	58,490	7,769,042	6,312,475

Note

10.2

10.1 Particulars of advances (Gross)

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
In local currency	8,941,151	7,460,038
In foreign currency	-	-
	8,941,151	7,460,038

----- (Rupees in '000) -----

- 10.2 Advances include Rs.1,380.59 million (31 December 2021: Rs.1,206.05 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited) 30 September 2022		(Audited) 31 December 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	200,000	50,000	-	-
Doubtful	-	-	23	12
Loss	1,180,590	1,122,059	1,206,030	1,147,498
Total	1,380,590	1,172,059	1,206,053	1,147,510

Overseas

The Company does not have any overseas advances during the period ended 30 September 2022 (31 December 2021: Nil).

10.3 Particulars of provision against advances

	(Un-audited) 30 September 2022			(Audited) 31 December 2021		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	1,147,510	53	1,147,563	1,449,884	46	1,449,930
Charge for the period	50,000	-	50,000	12	7	19
Reversal during the period	(25,451)	(3)	(25,454)	(20,193)	-	(20,193)
Net provision / (reversal) for the period	24,549	(3)	24,546	(20,181)	7	(20,174)
Amounts written off	-	-	-	(282,193)	-	(282,193)
Closing balance	1,172,059	50	1,172,109	1,147,510	53	1,147,563

10.3.1 Particulars of provision against advances

In local currency	1,172,059	50	1,172,109	1,147,510	53	1,147,563
In foreign currency	-	-	-	-	-	-
	1,172,059	50	1,172,109	1,147,510	53	1,147,563

- 10.3.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs. nil (31 December 2021: Nil) in respect of consumer financing and Rs. 58.532 million (31 December 2021: Rs. 58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

- 10.3.3 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP for Consumer Financing.

(Un-audited) (Audited)
30 September 31 December
2022 2021

Note ----- (Rupees in '000) -----

11. FIXED ASSETS

Capital work-in-progress
Property and equipment

1,035	-
<u>68,910</u>	<u>96,472</u>
<u>69,945</u>	<u>96,472</u>

11.1 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Capital work-in-progress

<u>1,035</u>	<u>-</u>
--------------	----------

Furniture and fixture
Electrical office and computer equipment
Vehicles
Total

2,560	13,519
2,442	5,008
74	15,404
<u>5,076</u>	<u>33,931</u>

11.2 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture
Electrical office and computer equipment
Vehicles
Total

171	-
113	-
<u>9,280</u>	<u>-</u>
<u>9,564</u>	<u>-</u>

12. INTANGIBLE ASSETS

Computer software

<u>611</u>	<u>973</u>
<u>611</u>	<u>973</u>

12.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

Directly purchased

<u>158</u>	<u>84</u>
------------	-----------

Total

<u>158</u>	<u>84</u>
------------	-----------

13. DEFERRED TAX ASSETS / (LIABILITY)

Deductible temporary differences on

- Tax losses carried forward
- Post retirement employee benefits
- Deficit on revaluation of investments
- Accelerated tax depreciation
- Provision against advances, off balance sheet etc.
- Net investment in finance lease

-	-
7,025	6,542
220,369	355,969
1,116	(4,141)
77,568	77,568
8,584	(1,142)
<u>314,662</u>	<u>434,796</u>

Taxable temporary differences

-	-
-	-
<u>314,662</u>	<u>434,796</u>

13.1 As at 30 September 2022, the Company has available provision for advances, investments and other assets amounting to Rs.1,453.99 million (31 December 2021: Rs.1,430.38 million) and unused tax losses upto 30 September 2022 amounting to nil (31 December 2021: Rs. Nil million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
14. OTHER ASSETS	----- (Rupees in '000) -----	
Income / mark-up accrued in local currency-net of provision	739,190	827,678
Advances, deposit, advance rent and other prepayments	32,845	29,181
Advance taxation (payments less provisions)	1,223,267	832,653
Staff retirement gratuity - asset	2,582	2,582
Other receivables	8,326	8,401
	<u>2,006,210</u>	<u>1,700,495</u>
Less: provision held against other assets	(62,049)	(58,407)
Other assets - (net of provision)	<u>1,944,161</u>	<u>1,642,088</u>

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
	----- (Rupees in '000) -----	
14.1 Non-banking assets acquired in satisfaction of claims - held for sale	<u>158,086</u>	<u>814,645</u>

14.2 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1

	(Un-audited) 30 September 2022	(Audited) 31 December 2021
14.2.1 Non-banking assets acquired in satisfaction of claims - held for sale		
Opening balance	814,645	1,179,360
Additions	-	-
Revaluation	-	-
Disposals (cost)	(1,021,274)	-
Depreciation	-	-
Impairment reversal / (charge)	364,715	(364,715)
Closing balance	<u>158,086</u>	<u>814,645</u>

This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

During the period under review, a revised assessment of the value of these non-banking assets was carried out by M/s Iqbal A. Nanjee on 20 March 2022. As per the revised assessment, the forced sale value of plant and machinery was Rs. 815.164 million.

The Company disposed off its non-banking (non-yielding) assets under an offer of out-right sale. The outright sale has been approved by the Board of Directors which has a significant impact on the operations of the Company. The project freehold land and the related office building have not been sold.

		(Un-audited) 30 September 2022	(Audited) 31 December 2021
	Note	----- (Rupees in '000) -----	
14.2.2 Gain / (loss) on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		1,000,000	-
less			
- Cost		(1,021,274)	-
- Impairment		364,715	-
-Others		(145,299)	-
		(801,858)	-
Gain / (loss)		198,142	-
14.3 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		62,049	58,407
Non banking assets acquired in satisfaction of claims		-	364,715
		62,049	423,122
14.3.1 Movement in provision held against other assets			
Opening balance		423,122	38,186
Charge for the period / year		3,642	387,174
Reversal		(364,715)	(2,238)
Closing balance		62,049	423,122
15. CONTINGENT ASSETS			
The Company does not have any contingent assets as at period ended 30 September 2022 (31 December 2021: Nil).			
16. BILL PAYABLE			
The Company does not have any bills payable as at period ended 30 September 2022 (31 December 2021: Nil).			
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	17.1 (a)	684,706	257,644
Refinance scheme for payment of wages & salaries	17.1 (b)	100,714	345,630
Temporary economic relief facility (TERF)	17.1 (c)	700,199	541,182
Repurchase agreement borrowings - Repo	17.2	63,829,392	21,907,795
Borrowings from financial institutions	17.3	5,074,000	6,353,167
Total secured		70,389,011	29,405,418
Unsecured			
Clean borrowings		3,849,000	744,000
Bai Muajjal	17.4	2,991,103	-
		77,229,114	30,149,418

17.1 This includes borrowings from State Bank of Pakistan as under:

- (a) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to the customers. According to the terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry interest at the rate ranging from 7.0 to 10% (31 December 2021: 2.0 to 2.5) percent per annum.
- (b) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for refinance scheme for payment of wages & salaries to the customers. According to the terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry nil (31 December 2021: Nil) percent per annum interest for all types of eligible borrowers that are on active tax payer list.
- (c) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for temporary economic relief facility (TERF). According to the terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry interest at the rate of 1.0 (31 December 2021: 1.0) percent per annum.

17.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 2 December 2022 (31 December 2021: 7 January 2022). The rate of mark-up on these facilities ranges from 15.11 to 15.95 (31 December 2021: 10.05 to 10.75) percent per annum.

17.3 This includes borrowings from financial institutions as under:

- (a) Rs. 4,875.00 million (31 December 2021: Rs. 6,154.17 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of three / six months' KIBOR plus 0.25 percent to 0.60 percent per annum payable on semi-annual basis (31 December 2021: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 30 September 2022, the applicable interest rates were 14.96 to 16.58 (31 December 2021: 7.84 to 11.77) percent per annum. These borrowings are due for maturity latest by December 2024 (31 December 2021: December 2024).
- (b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2021: Rs.199 million) from certain financial institutions for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 1.50 (31 December 2021: three months KIBOR plus 0.75) percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

17.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 11 November 2022 (31 December 2021: nil). The rate of mark-up on this facility is 16.25 (31 December 2021: Nil) percent per annum.

(Un-audited)	(Audited)
30 September 2022	31 December 2021
----- (Rupees in '000) -----	

17.5 Particulars of borrowings with respect to currencies

In local currency	77,229,114	30,149,418
In foreign currency	-	-
	77,229,114	30,149,418

18. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 September 2022			(Audited) 31 December 2021		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
----- (Rupees in '000) -----						
Customers						
Certificate of Investment	4,864,990	-	4,864,990	4,576,353	-	4,576,353
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	4,864,990	-	4,864,990	4,576,353	-	4,576,353
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	4,864,990	-	4,864,990	4,576,353	-	4,576,353

The profit rates on these Certificates of Investment (COIs) range from 11.05 to 16.20 (31 December 2021: 7.65 to 11.70) percent per annum. These COIs are due for maturity on various dates latest by 27 September 2023 (31 December 2021: 29 June 2022).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance as at period ended 30 September 2022 (31 December 2021: Nil).

20. SUBORDINATED DEBT

The Company does not have any subordinated debt as at period ended 30 September 2022 (31 December 2021: Nil).

21. DEFERRED TAX LIABILITIES

The deferred tax liabilities have been considered in note 13, since a net deferred tax asset amount has been disclosed.

22. OTHER LIABILITIES

	Note	(Un-audited)	(Audited)
		30 September 2022	31 December 2021
----- (Rupees in '000) -----			
Mark-up / Return / Interest payable in local currency		943,518	104,271
Accrued expenses		160,922	95,696
Advance payments		34,889	12,024
Employees' compensated absences	22.1	24,223	23,312
Security deposits against lease		77,682	77,682
Other		12,803	7,588
		1,254,037	320,573

22.1 This is based on actuarial valuation carried out as of 31 December 2021 for regular employees and MD & DMD of the Company.

22.3 Provision against off-balance sheet obligations

The Company does not have any provision against off-balance sheet obligations.

(Un-audited)	(Audited)
30 September	31 December
2022	2021

Note ----- (Rupees in '000) -----

23. DEFICIT ON REVALUATION OF ASSETS

Deficit on revaluation of

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

9.1	(1,685,102)	(1,203,331)
	-	-
	-	-
	(1,685,102)	(1,203,331)

Deferred tax on (deficit) on revaluation of:

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

220,448	355,970
-	-
-	-
220,448	355,970
(1,464,654)	(847,361)

24. CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

24.1	883,522	873,460
24.2	5,245,593	3,631,323
	337,039	348,141
	6,466,154	4,852,924

24.1 Guarantees:

Financial guarantees
Performance guarantees

24.1.1	841,120	841,120
24.1.1	42,402	32,340
	883,522	873,460

24.1.1 This represents the guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Company under the same.

(Un-audited)	(Audited)
30 September	31 December
2022	2021

Note ----- (Rupees in '000) -----

24.2 Commitments:

Documentary credits and short-term trade-related transactions
- letters of credit

Commitments for acquisition of:
- intangible assets

Other commitments

350,000	350,000
708	708
24.2.2	4,894,885
	3,280,615
	5,245,593
	3,631,323

24.2.1 Commitments in respect of forward foreign exchange contract, government securities transactions, derivatives, forward lending

The Company does not have any commitment in respect to foreign exchange contract, government securities transactions, derivatives and forward lending at 30 September 2022 (31 December 2021: Nil).

24.2.2 Other commitments

Commitments to extend credit
Unsettled investment transactions for sale / purchase of listed ordinary shares
Commitments against other services

(Un-audited) 30 September 2022 ----- (Rupees in '000) -----	(Audited) 31 December 2021
4,886,873	3,279,190
6,587	-
1,425	1,425
<u>4,894,885</u>	<u>3,280,615</u>

24.3 Other contingent liabilities

24.3.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.

24.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

24.3.3 For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vide his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

24.3.4 For the tax year 2014, the ACIR passed an order wherein tax demand of Rs.57.866 million was raised, disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vide his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

- 24.3.5** For the tax year 2015, the ADCIR passed an order wherein tax demand of Rs.46.669 million was raised, disallowing the provision for non-performing advances, write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest various treatments adopted in the above mentioned order issued by ADCIR, was filed on 16 April 2019. The appeal has been heard. Consequently, the CIR(A) vide his order No. 57 dated 30 November 2021, confirmed the treatment of the ADCIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal to contest the different treatments of the CIR(A) has been filed on 4 February 2022 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The said appeal is pending before ATIR.
- 24.3.6** For the tax year 2016, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 102.965 million was raised, disallowing the provision against non performing advances, loss on sale of non-banking assets, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest the various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal has been heard and the order is pending.
- 24.3.7** For the tax year 2017, the DCIR passed an order under section 122(1)/ (5) of the Ordinance on 30 September 2019. As a result, there is no change in the tax liability, however, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed, DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed board meeting expenses and treated expenditure incurred on privately placed TFCs as capital expenditure. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order was filed. The CIR(A) vide his order No. 29 dated 27 January 2021, confirmed the treatment of the DCIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal to contest various treatments of the DCIR upheld by CIR(A) has been filed on 31 March 2021 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR and has not been fixed yet.
- 24.3.8** For the tax year 2018, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 31.948 million was raised disallowing the provision against non performing advances, provision against other assets, other charges-KEL, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal has been heard and the order is pending. Further, rectification application has been filed vide our letter T-1079/2021 dated 1 April 2021. After due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.

No provision has been made in these condensed interim financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters considering the appellate history and tax advisor's opinion.

- 24.3.9** The Company, through its lawyer, has challenged in Sindh High Court (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing. At period end, the outcome was still pending.

25. DERIVATIVE INSTRUMENTS

The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the period ended 30 September 2022 (31 December 2021: Nil).

		(Un-audited) 30 September 2022	(Un-audited) 30 September 2021
26. MARK-UP / RETURN / INTEREST EARNED	Note	----- (Rupees in '000) -----	
Loans and advances		573,469	376,317
Investments		2,837,856	1,612,734
Lendings to financial institutions		388,157	235,219
Balance with banks		5,468	6,024
		<u>3,804,950</u>	<u>2,230,294</u>
27. MARK-UP / RETURN/ INTEREST EXPENSED			
Deposits		428,700	270,856
Borrowings		3,449,098	1,433,940
		<u>3,877,798</u>	<u>1,704,796</u>
28. FEE AND COMMISSION INCOME			
Credit related fees		21,246	7,707
Commission on guarantees		2,656	2,301
		<u>23,902</u>	<u>10,009</u>
29. (LOSS) / GAIN ON SECURITIES - NET			
Realised	29.1	(33,964)	(84,932)
Unrealised-held for trading	9.1	120	-
		<u>(33,844)</u>	<u>(84,932)</u>
29.1 Realised gain on:			
Federal government securities		4,609	(3,924)
Shares		(38,573)	(81,008)
		<u>(33,964)</u>	<u>(84,932)</u>
30. OTHER INCOME			
Rent on property		-	1,103
Gain on sale of operating fixed assets		3,939	10,295
Gain on sale of non-banking assets - net	14.2.2	198,142	-
Others		7,265	7
		<u>209,346</u>	<u>11,405</u>

31. OPERATING EXPENSES

(Un-audited) (Un-audited)
30 September 30 September
2022 2021
----- (Rupees in '000) -----

Total compensation expense

287,408 280,079

Property expense

Rent and taxes
Insurance
Utilities cost
Security (including guards)
Repair and maintenance (including janitorial charges)
Depreciation

100	235
2,592	2,407
7,118	4,007
820	790
14,668	14,257
2,078	2,089
27,376	23,785

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
BCP expense

2,178	1,357
870	659
2,174	1,578
521	858
1,441	878
549	549
7,733	5,879

Other operating expenses

Directors' fees and allowances
Legal and professional charges
Outsourced services costs
Travelling and conveyance
Depreciation
Training and development
Postage and courier charges
Communication
Stationery and printing
Marketing, advertisement & publicity
Auditors' remuneration
Board meeting expenses
Meal and business networking expenses
Canteen expenses
Liveries and uniform
Hajj expense
Bank charges
Miscellaneous expenses

3,600	10,150
3,841	4,345
3,655	4,312
7,171	2,762
18,814	21,999
17	45
322	224
3,163	3,062
1,873	1,310
3,039	2,262
1,816	1,303
1,810	6,275
1,171	666
670	627
-	330
689	689
252	308
8	20
51,911	60,689
374,428	370,432

32. OTHER CHARGES

Arrangement fee and documentation charges
Brokerage commission
Expenses pertaining to KEL
Penalties imposed by State Bank of Pakistan
Penalties imposed by other regulatory bodies

4,989	4,120
5,025	5,051
4,538	3,102
-	-
-	-
14,552	12,273

(Un-audited) (Un-audited)
30 September 30 September
2022 2021

Note ----- (Rupees in '000) -----

33. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET

Reversal against lending to financial institutions	-	(2,497)
Loss on non-banking assets acquired in satisfaction of claims	-	-
Reversal for diminution in value of investments	(65,851)	(145,090)
Provision / (reversal) against loans and advances - net	24,546	(20,152)
Provision against non-banking assets	-	364,715
Provision against other receivable	3,642	22,459
Reversal against contingencies	-	(172,000)
	<u>(37,663)</u>	<u>47,435</u>

34. TAXATION

Current	56,455	44,349
Prior years	-	-
Deferred	(15,387)	(16,473)
	<u>41,068</u>	<u>27,876</u>

Due to minimum tax applicable on the Company at fixed rates, therefore the relationship between tax expense and accounting profit for the period / year has not been presented.

(Un-audited) (Un-audited)
30 September 30 September
2022 2021

35. BASIC EARNINGS PER SHARE

Profit for the period (Rupees in '000)	<u>(219,998)</u>	<u>65,794</u>
Weighted average number of ordinary shares	<u>814,178</u>	<u>809,014</u>
Basic earnings per share (Rupees)	<u>(270.21)</u>	<u>81.33</u>

36. DILUTED EARNINGS PER SHARE

Profit for the period (Rupees in '000)	<u>(219,998)</u>	<u>65,794</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>814,178</u>	<u>809,014</u>
Diluted earnings per share (Rupees)	<u>(270.21)</u>	<u>81.33</u>

37. FAIR VALUE MEASUREMENTS

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

37.1 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).

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

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:

	Note	Carrying value	(Un-audited) 30 September 2022			Total
			Level 1	Level 2	Level 3	
(Rupees in '000)						
On balance sheet financial instruments						
Financial assets - measured at fair value						
Investments						
Federal government securities	9.1	70,235,050	-	70,235,050	-	70,235,050
Provincial government securities	9.1	-	-	-	-	-
Shares	9.1	838,586	837,086	-	1,500	838,586
Non-government debt securities		672,474	-	672,474	-	672,474
Foreign securities		-	-	-	-	-
Others		-	-	-	-	-
Financial assets - disclosed but not measured						
Investments		1,894,774	-	-	-	-
Cash and balances with treasury banks	6	314,109	-	-	-	-
Balances with other banks	7	74,208	-	-	-	-
Lendings to financial institutions	8	3,800,000	-	-	-	-
Advances	10	7,769,042	-	-	-	-
Other assets	14	1,944,161	-	-	-	-
Financial liabilities - disclosed but not measured						
Borrowings	17	77,229,114	-	-	-	-
Deposits and other accounts	18	4,864,990	-	-	-	-
Other liabilities	22	1,254,037	-	-	-	-
Off-balance sheet financial instruments - measured						
Forward purchase of foreign exchange		-	-	-	-	-
Forward sale of foreign exchange		-	-	-	-	-
Forward agreements for lending		-	-	-	-	-
Forward agreements for borrowing		-	-	-	-	-
Derivatives purchases		-	-	-	-	-
Derivatives sales		-	-	-	-	-
		4,194,263	837,086	70,907,524	1,500	71,746,110

	Carrying value	(Audited)				
		31 December 2021				
Note		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	9.1	23,880,631	-	23,880,631	-	23,880,631
Provincial government securities	9.1	-	-	-	-	-
Shares	9.1	901,041	899,541	-	1,500	901,041
Non-government debt securities	9.1	715,792	-	715,792	-	715,792
Foreign securities		-	-	-	-	-
Others		-	-	-	-	-
Financial assets - disclosed but not measured						
Investments	9.1	1,714,450	-	-	-	-
Cash and balances with treasury banks	6	110,575	-	-	-	-
Balances with other banks	7	197,264	-	-	-	-
Lendings to financial institutions	8	3,800,000	-	-	-	-
Advances	10	6,312,475	-	-	-	-
Financial liabilities - disclosed but not measured						
Borrowings	17	30,149,418	-	-	-	-
Deposits and other accounts	18	4,576,353	-	-	-	-
Off-balance sheet financial instruments - measured at fair value						
Forward purchase of foreign exchange		-	-	-	-	-
Forward sale of foreign exchange		-	-	-	-	-
Forward agreements for lending		-	-	-	-	-
Forward agreements for borrowing		-	-	-	-	-
Derivatives purchases		-	-	-	-	-
Derivatives sales		-	-	-	-	-
		2,906,457	899,541	24,596,423	1,500	25,497,464

37.2 Fair value of non-financial assets

	(Un-audited)			
	30 September 2022			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
On balance sheet non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	158,086	-	158,086
(Audited)				
31 December 2021				
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
On balance sheet non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
	-	2,530,518	-	2,530,518

Methodology and Valuation Approach

The detailed methodology and valuation approach for the valuation of non-banking assets acquired in satisfaction of claims have been disclosed in the audited financial statements of the Company for the year ended 31 December 2021.

38. SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follow:

30 September 2022 (Un-audited)						
Investment Banking, Syndication & Advisory	Money Market	Capital Market	Corporate, Commercial & SME	Un-allocated / others	Total	
(Rupees)						
Profit and loss						
Net mark-up / return / profit	118,537	458,165	(60,980)	20,450	(609,020)	(72,848)
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	11,986	4,609	7,340	11,954	209,517	245,406
Total Income	130,523	462,774	(53,640)	32,404	(399,503)	172,558
Segment direct expenses	11,189	23,611	14,419	21,067	318,865	389,151
Inter segment expense allocation	5,969	66,017	4,949	10,852	(87,787)	-
Total expenses	17,158	89,628	19,368	31,919	231,078	389,151
(Reversal) / (recovery) / provision	3,642	-	(64,914)	49,997	(26,388)	(37,663)
Profit / (loss) before tax	109,723	373,146	(8,094)	(49,512)	(604,193)	(178,930)

30 September 2022 (Un-audited)						
Investment Banking, Syndication & Advisory	Money Market	Capital Market	Corporate, Commercial & SME	Un-allocated / others	Total	
(Rupees)						
Statement of financial position						
Cash and bank balances	-	388,317	-	-	-	388,317
Investments	2,591,171	70,434,452	884,322	705,867	337,978	74,953,790
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	1,089,213	-	-	6,325,404	145,944	7,560,561
Advances - non-performing	-	-	-	200,000	1,180,590	1,380,590
Others	65,486	467,344	2,517	302,992	1,711,175	2,549,514
Less: Provision (Loan and advances)	-	-	-	(50,050)	(1,122,059)	(1,172,109)
Less: Provision (Investments)	(192,879)	-	(77,182)	(704,867)	(337,978)	(1,312,906)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(3,642)	-	-	-	(58,407)	(62,049)
Total Assets	3,549,349	75,090,113	809,657	6,779,346	1,857,243	88,085,708
Borrowings	2,019,460	66,587,209	509,607	5,189,372	2,923,466	77,229,114
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,864,990	-	-	-	4,864,990
Net inter segment borrowing	-	-	-	-	-	-
Others	29,889	937,914	50	89,974	196,210	1,254,037
Total liabilities	2,049,349	72,390,113	509,657	5,279,346	3,119,676	83,348,141
Equity	1,500,000	2,700,000	300,000	1,500,000	(1,262,433)	4,737,567
Total equity and liabilities	3,549,349	75,090,113	809,657	6,779,346	1,857,243	88,085,708
Contingencies and commitments	5,115,445	-	6,587	1,004,950	339,172	6,466,154

30 September 2021 (Un-audited)					
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total

(Rupees)

Profit and loss

Net mark-up/return/profit	185,329	349,950	-	11,007	(20,788)	525,498
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	(88,583)	(3,936)	79,209	217	11,405	(1,688)
Total Income	96,746	346,014	79,209	11,224	(9,383)	523,810
Segment direct expenses	13,608	18,965	12,319	11,469	117,473	173,834
Inter segment expense allocation	2,985	1,925	1,406	4,795	197,760	208,871
Total expenses	16,593	20,890	13,725	16,264	315,233	382,705
(Reversal) / (recovery) / provision	78,202	(2,497)	(27,060)	(1,210)	-	47,435
Profit / (loss) before tax	1,951	327,621	92,544	(3,830)	(324,616)	93,670

31 December 2021 (Audited)					
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total

(Rupees)

Statement of financial position

Cash and bank balances	-	307,839	-	-	-	307,839
Investments	3,476,247	24,083,435	1,025,020	-	5,969	28,590,671
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	4,831,224	-	-	1,275,335	147,427	6,253,986
Advances - non-performing	1,112,610	-	-	60,179	33,263	1,206,052
Others	1,319,694	665,564	-	15,048	1,411,787	3,412,093
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,304)	-	(1,147,563)
Less: Provision (Investments)	(1,225,811)	(9,371)	(143,574)	-	-	(1,378,756)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(407,255)	(9,757)	-	-	(6,108)	(423,120)
Total Assets	7,992,450	28,837,710	881,446	1,317,258	1,592,338	40,621,202
Borrowings	5,162,570	24,065,667	-	921,182	-	30,149,419
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,576,353	-	-	-	4,576,353
Net inter segment borrowing	-	-	-	-	-	-
Others	86,205	103,592	969	5,882	123,924	320,572
Total liabilities	5,248,775	28,745,612	969	927,064	123,924	35,046,344
Equity	3,146,280	-	1,128,097	-	1,300,481	5,574,858
Total equity and liabilities	8,395,055	28,745,612	1,129,066	927,064	1,424,405	40,621,202
Contingencies and commitments	3,738,240	-	-	764,410	350,274	4,852,924

RELATED PARTY TRANSACTIONS

The Company has related party relationship with its parent, associate, joint venture, subsidiary, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnel are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	30 September 2022 (Un-audited)					31 December 2021 (Audited)								
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)
Balances with other banks														
In current accounts	-	-	-	-	-	-	307,222	-	-	-	-	-	-	105,245
In deposit accounts	-	-	-	-	-	-	307,222	-	-	-	-	-	-	105,245
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	1,000,000
Addition during the period / year	-	-	-	-	-	-	24,381,065	-	-	-	-	-	-	4,450,000
Repaid during the period / year	-	-	-	-	-	-	(24,381,065)	-	-	-	-	-	-	(4,750,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	700,000
Investments														
Opening balance	-	-	-	-	-	1,500	25,351,437	-	-	-	-	1,500	704,867	22,272,661
Addition during the period / year	-	-	-	-	-	-	57,916,674	-	-	-	-	-	-	8,654,188
Investment redeemed / disposed off during the period	-	-	-	-	-	-	(11,252,738)	-	-	-	-	-	-	(5,575,432)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	1,500	72,015,373	-	-	-	-	1,500	704,867	25,351,437
Provision for diminution in value of investments	-	-	-	-	-	-	54,423	-	-	-	-	-	704,867	83,134
Surplus / (deficit) in value of investments														
	-	-	-	-	-	-	(1,527,457)	-	-	-	-	-	-	(1,167,164)
Advances														
Opening balance	-	-	71,150	-	-	-	20,690	-	-	-	48,454	-	-	42,825
Addition during the period / year	-	-	19,218	-	71,000	-	3,256	-	-	-	20,262	-	-	-
Repaid during the period / year	-	-	(10,596)	-	-	-	(2,218)	-	-	-	(17,068)	-	-	(2,633)
Transfer in / (out) - net	-	-	(6,237)	-	-	-	(342)	-	-	-	19,502	-	-	(19,502)
Closing balance	-	-	73,535	-	71,000	-	21,366	-	-	-	71,150	-	-	20,690
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	30 September 2022 (Un-audited)						31 December 2021 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)
(Rupees in '000)														
Other Assets														
Interest / mark-up accrued	-	-	2,962	-	1,165	-	418,158	-	-	-	-	-	-	621,538
Receivable from staff retirement fund	-	-	-	-	-	-	2,582	-	-	-	-	-	-	2,582
Other receivable (2)	-	6,063	-	-	1,466	-	-	-	5,983	-	-	1,466	-	-
Other advances	-	-	280	-	-	-	140	-	-	250	-	-	-	160
Advance taxation	-	-	-	-	-	-	1,223,267	-	-	-	-	-	-	790,668
Provision against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	18,166,656	-	-	-	-	-	-	9,611,528
Borrowings during the period / year	-	-	-	-	-	-	439,792,677	-	-	-	-	-	-	547,829,245
Settled during the period / year	-	-	-	-	-	-	(389,569,508)	-	-	-	-	-	-	(539,274,117)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	68,389,825	-	-	-	-	-	-	18,166,656
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	225,000	-	3,723,760	-	-	-	-	185,000	-	3,603,756
Received during the period / year	-	-	-	-	545,000	-	21,543,419	-	-	-	-	552,500	-	28,792,836
Withdrawn during the period / year	-	-	-	-	(515,000)	-	(21,106,036)	-	-	-	-	(512,500)	-	(28,672,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	255,000	-	4,161,144	-	-	-	-	225,000	-	3,723,760
Other Liabilities														
Interest / mark-up payable	-	-	-	-	895	-	759,770	-	-	-	-	284	-	45,122
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,882	2,840	2,347	-	-	1,008	5,644	5,324	2,058	3,406	-	-	1,008	1,237
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	883,522	337,039	-	-	-	-	-	873,922	348,141

30 September 2022 (Un-audited)							30 September 2021 (Un-audited)						
Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)

(Rupees in '000)

Income

Mark-up / return / interest earned -net	-	-	1,385	-	4,150	-	2,707,645	-	-	782	-	-	-	1,537,552
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	5,850	-	-	-	-	-	-	12,655
Gain on sale of securities - net	-	-	-	-	-	-	(38,088)	-	-	-	-	-	-	4,023
Gain on disposal of fixed assets	-	4,070	-	-	-	-	-	-	-	-	-	-	-	-

Expense

Mark-up / return / interest expensed	-	-	-	-	23,480	-	2,724,270	-	-	-	-	11,423	-	834,524
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Operating expenses

Office maintenance and related expenses	-	1,275	-	-	14,665	-	-	-	1,275	-	-	14,868	-	-
Non-executive directors' remuneration	-	3,600	-	-	-	-	-	-	10,150	-	-	-	-	-
Board meeting expense	-	497	-	-	-	-	-	-	2,346	1,537	-	-	-	803
Remunerations	-	117,586	70,467	-	-	-	20,209	-	107,457	70,134	-	-	-	29,702
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	3,762	1,586	-	-	-	383	-	3,125	1,521	-	-	-	456
Contribution to defined benefit plan	-	4,010	4,049	-	-	-	931	-	3,330	3,893	-	-	-	924
Depreciation	-	11,170	761	-	-	-	136	-	16,754	639	-	-	-	155

Other charges

Others	-	-	-	-	-	2,964	-	-	-	-	-	-	3,102	-
Insurance premium paid	-	-	-	-	-	1,483	-	-	-	-	-	-	1,497	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) It includes state controlled entities, certain other material risk takers and controllers.

(2) In financial year 2017, Rs. 26.110 million was paid to former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD partly from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off in financial year 2018 against sale proceeds of Rs. 9.110 million in addition to actual cash received amounting to Rs. 11.004 million. The management has been following up for the remaining amount of 5.983 million, which is appearing in other receivables under other assets (Note 14).

(3) Executives directors and key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

(4) Transactions with owners have been disclosed in "Statement of changes in equity".

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Un-audited) (Audited)
30 September 31 December
2022 2021
---- (Rupees in '000) ----

5,821,567 6,041,565

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

3,887,816 4,750,019

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

3,887,816 4,750,019

Eligible Tier 2 Capital

- -

Total Eligible Capital (Tier 1 + Tier 2)

3,887,816 4,750,019

Risk Weighted Assets (RWAs):

Credit Risk

14,348,638 13,613,829

Market Risk

5,471,884 5,089,600

Operational Risk

1,054,835 1,054,835

Total

20,875,357 19,758,264

Common Equity Tier 1 Capital Adequacy ratio

18.62% 24.04%

Tier 1 Capital Adequacy Ratio

18.62% 24.04%

Total Capital Adequacy Ratio

18.62% 24.04%

Leverage Ratio (LR):

Eligible Tier-1 Capital

3,887,816 4,750,019

Total Exposures

92,492,316 65,186,811

Leverage Ratio

4.20% 7.29%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

6,476,108 2,032,257

Total Net Cash Outflow

220,499 667,962

Liquidity Coverage Ratio

2937% 304%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

14,984,182 15,835,910

Total Required Stable Funding

10,370,248 10,860,903

Net Stable Funding Ratio

144% 146%

41. ISLAMIC BANKING BUSINESS

The Company, being a conventional financial institution / DFI, does not have any Islamic banking operation / activities.

	(Un-audited) 30 September 2022	(Un-audited) 30 September 2021
Note	----- (Rupees in '000) -----	

42. CASH AND CASH EQUIVALENTS

Term deposit receipts (TDRs)	8.1	2,700,000	1,600,000
Cash and balance with treasury banks	6	314,109	106,330
Balance with other banks	7	74,208	103,632
Others		-	-
		3,088,317	1,809,962

42.1 These term deposit receipts (TDRs) are due for maturity on various dates in October 2022.

43. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There is no event subsequent to the statement of financial position date that requires disclosure in these condensed interim financial statements.

44. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24 Dec 2022 by the Board of Directors of the Company.

45. GENERAL

- 45.1 In its latest rating announcement (June 2022), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term (with Positive outlook assigned to ratings).
- 45.2 Amounts in these condensed interim financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.
- 45.3 Certain comparative figures have been reclassified in order to present information on a basis consistent with current year / period.



Chief Financial Officer



Director



Managing Director & CEO



Director