

Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 30 September 2024 together with Directors' review thereon.

Performance review

During this unprecedentedly high interest rate scenario, the Company is striving hard to efficiently optimize its high quality asset base with moderate growth as adverse trend in market yields along with shorter tenure of repo borrowings, led to increase in effective cost of borrowings. However, stabilization in macroeconomic conditions, aided by a cumulative 3.0% reduction in the State Bank of Pakistan's policy rate during the Quarter 3 of 2024, contributed to a moderate economic recovery, which positively impacted the company's performance. Consequently, the Company's overall loss has turned into a Profit before tax of PKR 25.7 million during the period under review as compared to PKR 335.7 million in the corresponding period last year.

Gross mark-up income for nine months' period was PKR 63,905.6 million compared to PKR 48,895.7 million in corresponding period. Noticeably, during the Quarter 3 NIM has substantially increased positively by PKR 751.7 million compared to PKR 281.5 million in the corresponding period, thus reducing the overall NIM loss to PKR (1,030.3) million. Non-markup income grew significantly and aggregated to PKR 1,856.5 million against a loss of PKR (80.4) million in September 23.

The total assets of the Company have decreased to PKR 389.1 billion as compared to PKR 446.1 billion at FYE 2023, mainly due to shedding of government securities investment portfolio.

The summarized financial results for the period are as follows:

Description	Nine months' period ended 30 th September 2024	Nine months' period ended 30 th September 2023
	PKR '000	
Profit / (Loss) before levies and taxation	25,715	335,711
Levies	(1,119,829)	(620,847)
(Loss) / Profit before taxation	(1,313,975)	(285,136)
Taxation	802,347	510,021
(Loss) / Profit after taxation	(291,767)	224,885
(Loss) / Earnings per share (Rupees)	(358.36)	276.21

Entity Rating

During the year, the Company's long-term entity rating was maintained at 'AA-' by Pakistan Credit Rating Agency (PACRA) and short term at A1+ with positive outlook. These ratings denote a low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Future prospects

Macroeconomic stabilization measures have contributed to considerable improvement in both inflation as well as interest rate outlook, following a further 1.0 % cut in SBP policy rate during Jul 24 and another 2.0% cut in September 24 thus resulting in moderate economic recovery. Inflation also continued its downward trajectory as it was recorded at 6.9 % in September 2024. This positive real interest rate forms an anticipated view for further monetary easing in the last quarter of the year 2024. Consequently, this is expected to noticeably reduce the effective cost of borrowings, which in turn will generate positive NIM and profitability for the year-end financial results of the company.



The management is focusing on exploring new sources of revenue, along with enhancing the existing core businesses and maximum use of technology to increase efficiency and productivity. In this connection, a new Islamic Window initiative is being explored, as well as increasing non-funded income via growing non-funded portfolio, leading debt syndication transactions and underwriting pre-IPOs, etc. The management is regularly reviewing its assets and liabilities mix together with available resources, and has taken various measures to tighten the controls over operating cost to ensure favorable impact on liquidity, profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

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

Acknowledgments

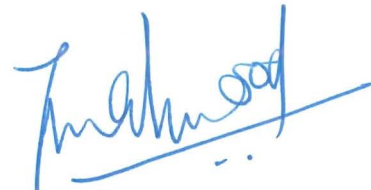
On behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust. We are also thankful to employees of the Company for their hard work and dedication.

On behalf of the Board of Directors



Bashir B. Omer
Deputy Managing Director

25th October 2024



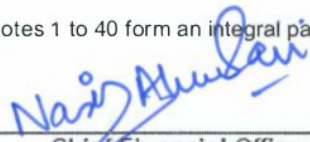
Tariq Mahmood, CFA
Managing Director & CEO

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024


		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	499,535	272,662
Balances with other banks	8	148,190	194,769
Lendings to financial institutions	9	-	-
Investments	10	344,506,656	418,576,179
Advances	11	11,371,916	9,984,921
Property and equipment	12	1,298,997	1,300,756
Intangible assets	13	731	961
Deferred tax asset	14	1,284,442	456,057
Other assets	15	29,819,889	15,083,086
Non-banking assets acquired in satisfaction of claim - held for sale	15.1	213,707	214,827
Total Assets		389,144,063	446,084,218
LIABILITIES			
Borrowings	16	370,960,481	424,391,603
Deposits and other accounts	17	7,336,760	6,803,687
Other liabilities	18	3,485,373	7,173,050
Total Liabilities		381,782,614	438,368,340
NET ASSETS		7,361,449	7,715,878
REPRESENTED BY			
Share capital		8,141,780	8,141,780
Reserves		446,644	446,644
(Deficit) / surplus on revaluation of assets - net of tax	19	1,120,672	1,257,826
Unappropriated / unremitted loss		(2,347,647)	(2,130,372)
		7,361,449	7,715,878

CONTINGENCIES AND COMMITMENTS

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



Chief Financial Officer



Director

20



Managing Director & CEO

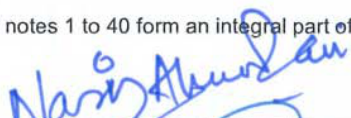


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

Note	Quarter ended		Nine months ended		
	30 September	30 September	30 September	30 September	
	2024	2023	2024	2023	
----- (Rupees in '000) -----		----- (Rupees in '000) -----			
Mark-up / return / interest earned	22	22,904,325	20,878,210	63,905,601	48,895,679
Mark-up / return / interest expensed	23	22,152,643	20,596,748	64,935,904	48,054,684
Net mark-up / (expense) / interest income		751,682	281,462	(1,030,303)	840,995
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	12,114	3,831	56,660	21,089
Dividend income		9,526	12,137	33,124	60,641
Foreign exchange (loss) / income		(0)	2	(81)	45
Gain / (Loss) on securities	25	16,012	1,775	1,766,463	(162,017)
Other income / (loss)	26	171	-	334	(141)
Total non mark-up / interest income / (loss)		37,823	17,745	1,856,500	(80,383)
Total income		789,505	299,207	826,197	760,612
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	181,979	205,812	569,039	538,674
Other charges	28	17,769	2,789	32,199	14,445
Total non mark-up / interest expenses		199,748	208,601	601,238	553,119
Profit before credit loss allowance		589,757	90,606	224,959	207,493
Credit loss allowance / (reversal) and write offs - net	29	52,179	16,593	199,244	(128,218)
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE LEVIES AND TAXATION		537,578	74,013	25,715	335,711
Levies	30	317,717	5,099	1,119,829	620,847
PROFIT / (LOSS) BEFORE TAXATION		219,861	68,914	(1,094,114)	(285,136)
Taxation	31	(144,638)	13,951	(802,347)	(510,021)
PROFIT / (LOSS) AFTER TAXATION		364,499	54,963	(291,767)	224,885
		----- (Rupees) -----		----- (Rupees) -----	
Basic and diluted earnings / (loss) per share	32	447.69	67.51	(358.36)	276.21

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



Chief Financial Officer

Director



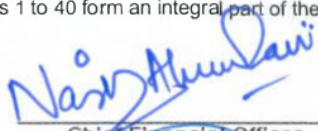
Managing Director & CEO

Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

Note	Quarter ended		Nine months ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit / (Loss) After taxation	364,499	52,909	(291,767)	224,885
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation				
- Debt investments through FVOCI - net of tax	19 2,688,960	512,025	(121,598)	1,871,709
	<u>2,688,960</u>	<u>512,025</u>	<u>(121,598)</u>	<u>1,871,709</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation				
- Equity investments - net of tax	19 (31,595)	39,406	9,710	128,599
- Property and equipment - net of tax	19 (9,774)	(2,210)	(24,485)	864,439
- Non-banking assets - net of tax	19 (249)	(265)	(780)	40,551
	<u>(41,618)</u>	<u>36,931</u>	<u>(15,555)</u>	<u>1,033,589</u>
Total comprehensive income / (loss)	<u>3,011,840</u>	<u>601,866</u>	<u>(428,921)</u>	<u>3,130,184</u>

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



 Chief Financial Officer



 Director



 Managing Director & CEO

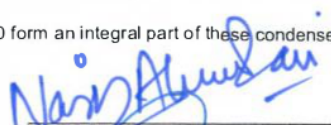


 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

Share capital Head office capital account	Statutory reserve	Surplus/(Deficit) on revaluation of		Unappropriated / Unremitted profit/(loss)	Total	
		Investments	Property & Equipment / Non Banking Assets			
----- (Rupees in '000) -----						
Opening balance as at 01 January 2023	8,141,780	380,654	(2,012,716)	-	(2,398,458)	4,111,260
Impact of first time adoption of IFRS-9	-	-	-	-	(80,200)	(80,200)
Profit after taxation for the current period	-	-	-	-	224,885	224,885
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	1,871,709	-	-	1,871,709
- Investments in equity instruments - net of tax	-	-	128,599	-	-	128,599
Gain on sale of shares - FVTOCI	-	-	-	-	35,165	35,165
- Property and equipment - net of tax	-	-	-	896,590	-	896,590
- Non-banking assets - net of tax	-	-	-	41,671	-	41,671
Total other comprehensive income - net of tax	-	-	2,000,308	938,261	35,165	2,973,734
Transfer to statutory reserve	-	34,395	-	-	(34,395)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(33,271)	33,271	-
Closing balance as at 30 September 2023 (UN-AUDITED)	8,141,780	415,049	(12,408)	904,990	(2,219,732)	7,229,679
Profit after taxation for the current period	-	-	-	-	105,059	105,059
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	194,272	-	-	194,272
- Investments in equity instruments - net of tax	-	-	70,297	-	-	70,297
- Property and equipment - net of tax	-	-	-	96,242	-	96,242
- Non-banking assets - net of tax	-	-	-	16,563	-	16,563
Gain on sale of shares - FVTOCI	-	-	-	-	6,290	6,290
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	(2,524)	(2,524)
Total other comprehensive income - net of tax	-	-	264,569	112,805	3,766	381,140
Transfer to statutory reserve	-	31,594	-	-	(31,594)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(12,130)	12,130	-
Closing balance as at 31 December 2023 (AUDITED)	8,141,780	446,644	252,161	1,005,665	(2,130,372)	7,715,878
Loss after taxation for the current period	-	-	-	-	(291,767)	(291,767)
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	(121,598)	-	-	(121,598)
- Investments in equity instruments - net of tax	-	-	9,710	-	-	9,710
- Property and equipment - net of tax	-	-	-	10,995	-	10,995
- Non-banking assets - net of tax	-	-	-	(780)	-	(780)
Gain on sale of shares - FVTOCI	-	-	-	-	39,012	39,012
Total other comprehensive income - net of tax	-	-	(111,888)	10,215	39,012	(62,661)
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(35,480)	35,480	-
Closing balance as at 30 September 2024 (UN-AUDITED)	8,141,780	446,644	140,273	980,400	(2,347,647)	7,361,449

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



Chief Financial Officer

Director



Managing Director & CEO

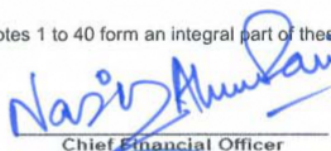


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024

	Note	Nine months period ended	
		30 September 2024	30 September 2023
		----- (Rupees in 000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before levies and taxation		25,715	335,713
Less: Dividend income		(33,124)	(60,642)
		<u>(7,409)</u>	<u>275,071</u>
Adjustments:			
Depreciation		62,760	55,202
Amortisation		230	205
Credit loss / (Reversal) allowance and write offs	29	328,746	(105,657)
Impairment of assets	25	24,744	135,070
Reversal of credit loss allowance against lendings to financial institutions	29	(2,504)	(84)
Credit loss allowance against other assets	29	33,952	-
(Reversal) / credit loss allowance for diminution in the value of investments - net	29	(160,949)	(248,444)
Credit loss allowance against non-banking assets acquired in satisfaction of claim - held for sale		-	180
(Gain) / loss on sales of property and equipment	26	(334)	141
		<u>286,644</u>	<u>(163,387)</u>
		<u>279,235</u>	<u>111,684</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,505	1,000,000
Securities classified as FVTPL		64,310,491	(189,701)
Advances		(1,715,738)	469,515
Others assets (excluding advance taxation)		(15,553,150)	(265,718)
		<u>47,044,108</u>	<u>1,014,096</u>
Increase / (decrease) in operating liabilities			
Borrowings from financial institutions		(53,431,122)	277,374,976
Deposits and other accounts		533,073	(621,708)
Other liabilities		(3,687,697)	7,140,597
		<u>(56,585,746)</u>	<u>283,893,865</u>
		<u>(9,262,403)</u>	<u>285,019,645</u>
Payments against off-balance sheet obligations			
Levies paid		(1,119,829)	(4,052,049)
Income tax paid		782,392	
Net cash flow from operating activities		<u>(9,599,840)</u>	<u>280,967,596</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities classified as FVOCI		2,273,859	30,024,961
Net investment in amortised cost securities		7,532,483	(313,382,935)
Dividend received		33,124	59,052
Investments in property and equipment		(59,666)	(53,834)
Disposal from property and equipment		334	245
Net cash flow used in investing activities		<u>9,780,134</u>	<u>(283,352,511)</u>
Net increase in cash and cash equivalents		<u>180,294</u>	<u>(2,384,915)</u>
Cash and cash equivalents at beginning of the period		<u>467,431</u>	<u>3,249,185</u>
Cash and cash equivalents at end of the period	37	<u>647,725</u>	<u>864,270</u>

The annexed notes 1 to 40 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 2024

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 paid-up capital of the Company (free of losses) as of 30 September 2024 amounted to Rs. 5.794 billion (31 December 2023: Rs. 6.011 billion). The Company was non-compliant with minimum capital requirements at period ended September 30, 2024, mainly due to pressure on its net interest margin (NIM) which was subject to interest rate risk since it has an investment in Government Securities portfolio which yielded returns lower than the weighted average borrowing cost.

The management had submitted budgetary estimates to the Board together with steps to improve the Company's liquidity, profitability and cash flows via active cost saving and other measures. The management is confident that, taking into account the above measures, the Company will have sufficient funds to finance its operations and to meet its financial obligations. Further, the MCR shortfall will be bridged through organic growth along with materialisation of certain specific items already included in the Budget FY 2024 approved by the Board.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial statement has 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.

2.2 The disclosures made in these condensed interim financial statements have been based on the format prescribed by the SBP vide BPRD Circular No.2 dated February 09, 2023 and IAS 34. SBP prescribed format for condensed interim financial statement of profit and loss account has been amended by showing levies as a separate line item preceding profit before taxation to comply with requirements of IAS 37, IFRC 21 and guide on IAS 12 issued by Insitute of Chartered Accountants of Pakistan (ICAP).

2.3 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 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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, 2023 other than as described in note 4 of these condensed interim financial statements.

4. ADOPTION OF NEW ACCOUNTING POLICY

4.1 Accounting for minimum taxes and final taxes

As an application resource, a guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide) applicable for reporting period June 30, 2024 and onwards.

In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 previously accounted for and presented as income taxes within the scope of IAS 12 'Income taxes' will now be treated as 'Levies' as defined in para BC4 of IFRIC 21 as taxes whose calculation is based on gross amounts such as revenue.

As per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits which is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable).

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the condensed interim statement of profit and loss account and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

The above changes have been accounted for in these condensed interim financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of condensed interim financial statements and the application of this guide did not result any material differences except for reclassifications which are presented as below:

	Current Classification	Previous Classification
	----- (Rupees in '000) -----	
Effect on statement of profit or loss:		
<i>For the period ended September 30, 2023</i>		
Taxation:		
- Current year	-	620,847
Levies:		
- Minimum tax differential	612,388	-
- Final tax	8,459	-
	620,847	-

4.2 TAXATION

i. **Current tax**

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

ii. **Levies**

Levies as per IFRIC 21, final taxes on capital gain and dividend income.

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e laws and/or regulations), other than:

- (a) those outflows of resources that are within the scope of other standards.
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these condensed interim financial statements, levy includes minimum tax differential, if any, final tax and super tax which are based on other than taxable profits. The corresponding advance tax paid, except for minimum tax under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid levies'.

iii. **Deferred tax**

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax as determined in approach (b) to the guide issued by ICAP.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the audited annual financial statements for the year ended 31 December 2023.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements for the year ended 31 December 2023.

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		8,325	8,455
		<u>8,331</u>	<u>8,461</u>
With State Bank of Pakistan in			
Local currency current account	7.1	490,141	263,355
With National Bank of Pakistan in			
Local currency current account		1,063	846
Local currency deposit account		-	-
		<u>1,063</u>	<u>846</u>
Less: Credit loss allowance		-	-
		<u>499,535</u>	<u>272,662</u>

7.1 This represents current account maintained for minimum cash reserves required to be maintained with the State Bank of Pakistan in accordance with its requirements of BSD circular No. 04 dated 22 May, 2024.

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		29,235	45,757
In deposit accounts	8.1	118,955	149,012
		<u>148,190</u>	<u>194,769</u>
Less: Credit loss allowance		-	-
		<u>148,190</u>	<u>194,769</u>

8.1 The return on these balances ranges from 12.70 to 20.50 (31 December 2023: 14.50 to 20.50) percent per annum.

	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	9.1.1	28,062	30,567
		28,062	30,567
Less: Credit loss allowance held against lending to financial institutions	9.2	(28,062)	(30,567)
Lending to financial institutions		-	-

9.1 Particulars of lending

In local currency	-	-
	-	-

9.1.1 Call / clean money lending includes term deposit receipts / reverse repo carrying mark-up at rates ranging from 21.25 to 22.80 (31 December 2023: 15.10 to 23.50) percent per annum. These matured during the year.

9.2 Lending to Financial Institutions - Particulars of credit loss allowance

	(Un-audited) 30 September 2024		(Audited) 31 December 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----				
Domestic				
Performing	-	-	-	-
Under performing	-	-	-	-
Non-performing				
Stage 1	-	-	-	-
Stage 2	-	-	-	-
Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	28,062	28,062	30,567	30,567
	28,062	28,062	30,567	30,567
Total	28,062	28,062	30,567	30,567

Overseas

The Company does not have any overseas lending during the nine months period ended 30 September 2024 (31 December 2023: Nil).

10. INVESTMENTS

10.1 Investments by type:

		(Un-audited) 30 September 2024				(Audited) 31 December 2023			
		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
Note		----- (Rupees in '000) -----							
FVTPL									
Federal government securities		-	-	-	-	64,328,951	-	20,754	64,349,705
Shares		27,945	-	(2,440)	25,505	9,485	-	1,550	11,035
		27,945	-	(2,440)	25,505	64,338,436	-	22,304	64,360,740
FVOCI									
Federal government securities		327,597,819	-	153,781	327,751,600	329,607,109	-	293,133	329,900,242
Shares		330,117	-	5,425	335,542	385,201	-	(5,666)	379,535
Non government debt securities		2,289,756	(279,617)	963	2,011,102	2,457,237	(437,594)	629	2,020,272
		330,217,693	(279,617)	160,169	330,098,244	332,449,547	(437,594)	288,096	332,300,049
Amortised Cost									
Federal government securities		14,381,407	-	-	14,381,407	21,913,890	-	-	21,913,890
Non government debt securities		6,366	(6,366)	-	-	6,366	(6,366)	-	-
		14,387,773	(6,366)	-	14,381,407	21,920,256	(6,366)	-	21,913,890
Associates		706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		345,339,777	(990,850)	157,729	344,506,656	419,414,606	(1,148,827)	310,400	418,576,179

10.1.1 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 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012.

10.1.2 These include preference shares amounting to Rs.300 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.

10.1.3 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.

10.1.4 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. In 2020, the Company disposed off its major shareholding and management control, therefore the subsidiary has become an associate.

10.1.5 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 is 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 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 2023 so the issuer could finalise new arrangement with the investors for equity injection. The issuer acknowledges the debt and related mark-up as payable on the TFC Issue.

Considering the continuous effort and developments, every year SBP gives its final approval for the preceding year and a separate in-principal approval for the current extended period. In 2023, the issuer has announce that a key milestone relating to equity injection from the foreign investor has been completed. In this regard, EOGM of the issuer held on 16 January 2023 authorised the equity injection.

The management has evaluated overall situation vis-à-vis issuer'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 provided impairment on the said TFCs based on expected credit loss amounting to Rs. 182.169 million in the condensed interim financial statements for the period ended 30 September 2024.

10.1.6 Investments given as collateral

	Cost	
	(Un-audited)	(Audited)
	30 September	31 December
	2024	2023
	----- (Rupees in '000) -----	
Market treasury bills	-	140,146,217
Pakistan investment bonds	338,145,594	268,185,919
Shares	145,767	34,302
	338,291,361	408,366,438

10.2 Credit loss allowance for diminution in value of investments

10.2.1 Opening balance	443,960	330,022
Impact of first time adoption of IFRS 9	-	1,012
Charge / reversals		
Charge for the period / year	82,190	112,950
Reversal for the period	(240,167)	-
Reversal on disposals	-	(24)
	(157,977)	112,926
Closing balance	285,983	443,960

10.2.2 Particulars of Credit loss allowance against debt securities

		(Un-audited) 30 September 2024		(Audited) 31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	1,491,815	787	1,677,899	590
Underperforming	Stage 2	757,209	238,098	498,500	156,166
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		47,098	47,098	287,204	287,204
		47,098	47,098	287,204	287,204
Total		2,296,122	285,983	2,463,603	443,960

Overseas

The Company does not have any overseas investment during the period ended 30 September 2024 (31 December 2023: Nil).

(Un-audited) 30 September 2024			(Audited) 31 December 2023		
Performing	Non Performing	Total	Performing	Non Performing	Total
----- (Rupees in '000) -----					

11. ADVANCES

Loans, cash credits, running finances, etc.	10,596,549	2,335,413	12,931,962	9,331,181	1,885,043	11,216,224
Advances - gross	10,596,549	2,335,413	12,931,962	9,331,181	1,885,043	11,216,224
Credit loss allowance against advances						
- Stage 1	39,734	-	39,734	34,224	-	34,224
- Stage 2	36,840	-	36,840	21,912	-	21,912
- Stage 3	-	1,483,472	1,483,472	-	1,175,167	1,175,167
	76,575	1,483,472	1,560,046	56,136	1,175,167	1,231,303
Advances - net of credit loss allowance	10,519,975	851,941	11,371,916	9,275,045	709,876	9,984,921

(Un-audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----	

11.1 Particulars of advances (Gross)

In local currency	12,931,962	11,216,224
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- 11.2 'Advances include Rs.2,335.413 million (31 December 2023: Rs.1,885.043 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) 30 September 2024		(Audited) 31 December 2023	
	Non performing loans	Credit loss allowance	Non performing loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Substandard	906,203	226,550	503,125	125,781
Doubtful	250,000	136,243	570,000	296,000
Loss	1,179,210	1,120,678	811,918	753,386
Total	2,335,413	1,483,472	1,885,043	1,175,167

Overseas

The Company does not have any overseas advances during the period ended 30 June 2024 (31 December 2023 : Nil).

11.3 Particulars of credit loss allowances against advances

	(Un-audited) 30 September 2024				(Audited) 31 December 2023			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	----- (Rupees in 000) -----				----- (Rupees in 000) -----			
Opening balance	1,175,167	21,912	34,224	1,231,303	1,185,728	-	-	1,185,728
Provision due to adoption of IFRS-9 charged to opening retained earnings	-	-	-	-	-	74,140	4,944	79,084
Exchange adjustments	-	-	-	-	-	-	-	-
Charge for the period / year	473,566	144,367	9,354	627,286	295,178	3,188	31,530	329,896
Reversal	(165,261)	(129,438)	(3,844)	(298,543)	(305,739)	(55,416)	(2,250)	(363,405)
	308,305	14,928	5,510	328,743	(10,561)	(52,228)	29,280	(33,509)
Closing balance	1,483,472	36,840	39,734	1,560,046	1,175,167	21,912	34,224	1,231,303

11.3.1 Particular of credit loss allowance against advances

	(Un-audited) 30 September 2024				(Audited) 31 December 2023			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
	----- (Rupees in 000) -----				----- (Rupees in 000) -----			
In local currency	1,483,472	36,840	39,734	1,560,046	1,175,167	21,912	34,224	1,231,303

- 11.3.2 The credit loss allowance against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs. Nil (31 December 2023: Nil) in respect of consumer financing and Rs. 66.697 million (31 December 2023: 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.

	(Un-audited) 30 September 2024			(Audited) 31 December 2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	----- (Rupees in 000) -----			----- (Rupees in 000) -----		
11.4 Advances - Particulars of credit loss allowance						
11.4.1 Opening balance	34,224	21,912	1,175,167	-	-	1,185,728
Provision due to adoption of IFRS-9 charged to opening retained earnings	-	-	-	4,944	74,140	-
New advances	4,654	73	-	3,484	99	-
Advances derecognised or repaid	(573)	-	-	(535)	(322)	(281,707)
Transfer to stage 1	609	(609)	-	24,059	(27)	(24,032)
Transfer to stage 2	(960)	138,460	(137,500)	(547)	547	-
Transfer to stage 3	(570)	(3,055)	3,625	(1,168)	(17,918)	19,086
	3,161	134,869	(133,875)	25,293	(17,621)	(286,653)
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters	2,349	(119,941)	442,180	3,987	(34,607)	276,092
Other changes	-	-	-	-	-	-
Closing balance	39,734	36,840	1,483,472	34,224	21,912	1,175,167

		(Un-audited) 30 September 2024		(Audited) 31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
		----- (Rupees in 000) -----			
11.4.2 Advances - Category of classification					
Performing	Stage 1	8,768,624	39,734	7,655,928	34,224
Underperforming	Stage 2	1,827,925	36,840	1,675,253	21,912
Non-Performing	Stage 3				
Substandard		906,203	226,550	503,125	125,781
Doubtful		250,000	136,243	570,000	296,000
Loss		1,179,210	1,120,678	811,918	753,386
		2,335,413	1,483,472	1,885,043	1,175,167
Total		12,931,962	1,560,046	11,216,224	1,231,303

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
12. PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1	10,816	6,987
Property and equipment	12.2	1,288,180	1,293,769
		<u>1,298,997</u>	<u>1,300,756</u>

12.1 Capital work-in-progress

Civil works		<u>10,816</u>	<u>6,987</u>
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12.2 Additions to property and equipment

The following additions have been made to property and equipment during the period:

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
		----- (Rupees in '000) -----	
Capital work-in-progress		3,829	-
Property and equipment			
Furniture and fixture		392	1,128
Electrical office and computer equipment		10,445	5,803
Vehicles		45,000	43,601
Total		<u>55,837</u>	<u>50,532</u>

12.3 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
		----- (Rupees in '000) -----	
Furniture and fixture		-	587
Electrical office and computer equipment		-	271
Total		<u>-</u>	<u>858</u>

13. INTANGIBLE ASSETS

Computer software		<u>731</u>	<u>961</u>
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14. DEFERRED TAX ASSETS

Deductible temporary differences on

- Tax loss carried forward		421,090	-
- Minimum tax liability		1,040,788	671,123
- Surplus on revaluation of investments- FVOCI		(19,901)	(35,934)
- Credit loss allowance against advances, off balance sheet etc.		81,075	81,075
- Net investment in finance lease		16,979	1,735
- Post retirement employee benefits		6,669	5,934
- Surplus on revaluation of investments- FVTPL		305	(2,788)
- Surplus on revaluation of property and equipment		(246,914)	(256,839)
- Accelerated tax depreciation		(15,649)	(8,249)
		<u>1,284,442</u>	<u>456,057</u>

- 14.1** As at 30 September 2024, the Company has available provision for advances, investments and other assets amounting to Rs. 323.627 million (31 December 2023: Rs. 367.227 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.

	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
15. OTHER ASSETS			
Income / mark-up accrued in local currency		26,132,266	10,547,862
Advances, deposit, advance rent and other prepayments		59,502	86,242
Advance taxation (payments less provisions)		3,715,555	4,497,950
Other receivables		8,748	13,262
		<u>29,916,071</u>	<u>15,145,316</u>
Less: Credit loss allowance held against other assets	15.2	<u>(96,182)</u>	<u>(62,230)</u>
Other assets - (net of credit loss allowance)		<u>29,819,889</u>	<u>15,083,086</u>
15.1 Non-banking assets acquired in satisfaction of claims - held for sale	15.1.1	<u>213,707</u>	<u>214,827</u>
15.1.1 Non-banking assets acquired in satisfaction of claims - held for sale			
Opening balance		214,827	158,086
Revaluation		-	58,234
Depreciation		<u>(1,120)</u>	<u>(1,493)</u>
Closing balance		<u>213,707</u>	<u>214,827</u>
This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These remaining assets comprise of land measuring 14.125 acre and office building structure situated at Kamoki, District Gujranwala, Punjab, Pakistan. The power plant has already been disposed off in the year 2022, however land and related building structure held as non-banking asset at period end.			
	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
15.2 Credit loss allowance held against other assets			
Advance, deposits, advance rent and other prepayments		96,182	62,230
Closing balance		<u>96,182</u>	<u>62,230</u>
15.2.1 Movement in credit loss allowance held against other assets			
Opening balance		62,230	62,049
Charge for the period / year		<u>33,952</u>	<u>181</u>
Closing balance		<u>96,182</u>	<u>62,230</u>

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	16.1(a)	504,518	555,782
Temporary economic relief facility (TERF)	16.1(b)	457,564	576,583
Repurchase agreement borrowings - Repo	16.2	317,248,952	414,390,090
Borrowings from financial institutions	16.3	33,150,000	3,899,000
Total secured		351,361,034	419,421,455
Unsecured			
Clean borrowings		9,427,692	3,930,000
Bai Muajjal	16.4	10,171,755	1,040,148
		370,960,481	424,391,603

16.1 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 of 2.0 to 7.0 (31 December 2023: 2.0 to 7.0) percent per annum.
- (b) 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 2023: 1.0) percent per annum.

16.2 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 25 October 2024 (31 December 2023: 26 January 2024). The rate of mark-up on these facilities ranges from 17.59 to 17.90 (31 December 2023: 22.04 to 23.00) percent per annum.

16.3 This includes borrowings from financial institutions as under:

- (a) Rs. 33,150 million (31 December 2023: Rs. 3,700 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 six months' KIBOR plus 0.25 percent to 0.45 percent per annum payable on semi-annual basis (31 December 2023: six months KIBOR plus 0.25 percent to 0.45 percent per annum payable on semi-annual basis). As at 30 September 2024, the applicable interest rates were 16.50 to 21.66 (31 December 2023: 21.73 to 23.47) percent per annum. These borrowings are due for maturity latest by 05 January 2027 (31 December 2023: December 2026).

16.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 21 February 2025 (31 December 2023: 18 February 2024). The rate of mark-up on this facility ranges from 17.25 to 21.65 (31 December 2023: 22.10 to 22.10) percent per annum.

	(Un-audited) 30 September 2024	(Audited) 31 December 2023
	----- (Rupees in '000) -----	
16.5 Particulars of borrowings with respect to currencies		
In local currency	370,960,481	424,391,603

17. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 September 2024			(Audited) 31 December 2023		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	----- (Rupees in '000) -----					
Customers						
Certificate of Investment	7,336,760	-	7,336,760	6,803,687	-	6,803,687

The profit rates on these Certificates of Investment (COIs) ranges from 16.10 to 23.00 (31 December 2023: 21.00 to 23.40) percent per annum. These COIs are due for maturity on various dates latest by 30 September 2025 (31 December 2023: 30 October 2024).

	Note	(Un-audited) 30 September 2024	(Audited) 31 December 2023
		----- (Rupees in '000) -----	
18. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		3,253,324	6,524,098
Accrued expenses		129,630	560,748
Advance payments		3,500	3,500
Employees' compensated absences	18.1	22,997	21,648
Staff retirement gratuity - liability		9,189	4,508
Credit loss allowance against off-balance sheet obligations	18.2	37	16
Security deposits against lease		66,697	58,532
		3,485,373	7,173,050

18.1 This is based on actuarial valuation carried out as of 31 December 2023 for regular employees and MD & DMD of the Company.

	(Un-audited) 30 September 2024	(Audited) 31 December 2023
	---- (Rupees in '000) ----	
18.2 Credit loss allowance against off-balance sheet obligations		
Opening balance	16	-
Charge for the period / year	21	16
Reversal for the period / year	-	-
	21	16
Closing balance	37	16

		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / surplus on revaluation of			
- Debt securities measured at FVTOCI	10.1	154,744	293,761
- Equity securities measured at FVTOCI	10.1	5,425	(5,666)
- Property and equipment		1,171,353	1,205,763
- Non-banking assets acquired in satisfaction of claims		55,961	56,741
		1,387,482	1,550,599
Deferred tax on surplus / (deficit) on revaluation of:			
- Debt securities measured in FVTOCI		(19,223)	(36,642)
- Equity securities measured in FVTOCI		(673)	708
- Property and equipment		(246,914)	(256,839)
- Non-banking assets acquired in satisfaction of claims		-	-
		(266,810)	(292,773)
		1,120,673	1,257,826
20. CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	892,504	893,215
- Commitments	20.2	7,460,158	7,886,721
- Other contingent liabilities	20.3	305,477	305,477
		8,658,138	9,085,413
20.1 Guarantees:			
Financial guarantees		841,120	841,120
Performance guarantees		51,384	52,095
		892,504	893,215
20.1.1	This represents the guarantees issued on behalf of Karnoki Energy limited (KEI), a joint venture. In 2012, a decision was announced by Supreme Court of Pakistan (Court), in which all contracts of Rental Power Projects (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. The Company shall not disclose relevant balances upon dissolution of KEL Company.		
		(Un-audited) 30 September 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
20.2 Commitments:			
Documentary credits and short-term trade-related transactions		3,450,000	1,300,000
- letters of credit			
Commitments for acquisition of:			
- intangible assets		708	708
Other commitments	20.2.1	4,009,449	6,586,013
		7,460,158	7,886,721
20.2.1 Other commitments			
Commitments to extend credit		4,008,024	3,276,357
Commitments against other services		1,425	3,309,656
		4,009,449	6,586,013

20.3 Other contingent liabilities

- 20.3.1** 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 High Court of Sindh against the order of ATIR.
- 20.3.2** 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 has been heard and order is pending.
- 20.3.3** For the tax year 2013, the Company received a tax demand of Rs.24.300 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 vides 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) in addition to a rectification application has been filed on 02 March 2017. The appeal has been heard and order is pending.
- 20.3.4** 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 vides 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 has been heard and order is pending.
- 20.3.5** 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 was filed. 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 before ATIR to contest the various treatments of the ADCIR upheld by CIR(A) has been filed on 4 February 2022 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR and has not been fixed yet.
- 20.3.6** 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 CIR(A) vide his order dated 06 April 2023, confirmed the treatment of the ADCIR on certain issues. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 03 June 2023. The appeal is pending before ATIR and has not been fixed yet.

- 20.3.7** For the tax year 2017, the DCIR passed an order under section 122(1)/ (5) of the Ordinance on September 30, 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 before ATIR 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.
- 20.3.8** 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 CIR(A) vide his order dated 06 April 2023, confirmed the treatment of the ADCIR 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 03 Jun 2023. The appeal is pending before ATIR and has not been fixed yet. Further, a rectification application has been filed; after due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.
- 20.3.9** For the tax year 2019, the ADCIR passed an order u/s 122(5A) wherein ADCIR determined refund of Rs. 62.551 million. In the said order ADCIR disallowed the apportionment of expenses, provision against non performing advances, other charges (KEL), other admissible deduction (lease finance income), actuarial loss on defined benefit plan and tax loss on sale of assets. Consequently, the loss of Rs. 180.126 million as per return has reduced to Rs. 52.527 million. 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 07 April 2023. The CIR(A) vide his order dated 13 November 2023, confirmed the treatment of the ADCIR 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 12 January 2024 appeal is pending. Against the CIR(A) order, tax department has also filed the appeal before ATIR, Departmental appeal is also pending.
- 20.3.10** For the tax year 2020, the ADCIR passed the order u/s 122(5A) wherein ADCIR determined the refund of Rs. 78.275 million. The ADCIR disallowed the provision against non performing advances Rs. 9.212 million, other charges-KEL Rs. 7.429 million, other admissible deduction-Lease Finance Income Rs. 72.208 million, and tax loss on sale of assets Rs. 1.111 million. After the treatment of ADCIR, the loss as per return Rs. 361.599 million is reduced to Rs. 271.638 million. 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 April 07, 2023. The CIR (A) disposed the appeal vides his order vide barcode No. 100000169676965 dated November 13, 2023. 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 the various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 12-01-2024, appeal is pending. Against the CIR(A) order, tax department has also filed the appeal before ATIR, Departmental appeal is also pending.

No provision has been made in these unconsolidated 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.

- 20.3.11** 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. The Company has also filed an appeal on 2 March 2017. At period end, the outcome was still pending.
- 20.3.12** As per the criteria outlined for high-earned income under section 4C of the Income Tax Ordinance 2001 (ITO), as amended by the Finance Act 2022 and further refined via the Finance Act 2023 which obligates a super tax liability on taxable income before adjusting for brought forward losses.

However, considering the judgment of the Islamabad High Court in WP No. 4027 of 2022 dated 18-04-2023, wherein it was ruled that non-consideration of brought forward losses and unabsorbed depreciation in taxable income is ultra vires, and struck down. Thus, the matter of levy of super tax is currently sub-judice before the Supreme Court of Pakistan. It is pertinent to mention that the Islamabad High Court has granted interim relief to all petitioners, allowing for the adjustment of brought forward losses with taxable income when calculating super tax liability.

Therefore, in light of that determination of the company's super tax liability remains uncertain. This decision is due to the utilization of brought forward losses from the years 2022 (Rs. 105 million) and 2023 (Rs. 543 million), which have been adjusted against the taxable income for the tax year 2024. Consequently, the company's taxable income does not exceed the minimum threshold of Rs. 150 million.

21. 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 2024 (31 December 2023: Nil).

	Note	(Un-audited) 30 September 2024	(Un-audited) 30 September 2023
----- (Rupees in '000) -----			
22. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		1,482,065	1,344,434
Investments		62,344,609	47,373,056
Lendings to financial institutions		62,015	168,781
Balance with banks		16,912	9,408
		<u>63,905,601</u>	<u>48,895,679</u>
22.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost		58,173,883	36,724,030
Financial assets measured at fair value through OCI		5,731,718	12,171,649
		<u>63,905,601</u>	<u>48,895,679</u>
23. MARK-UP / RETURN/ INTEREST EXPENSED			
Deposits		1,229,588	778,234
Borrowings		63,706,316	47,276,450
		<u>64,935,904</u>	<u>48,054,684</u>
24. FEE AND COMMISSION INCOME			
Credit related fees		56,660	21,089
25. GAIN / (LOSS) ON SECURITIES			
Realised gain	25.1	1,791,207	(26,948)
Unrealised loss - Measured at FVTPL		(24,744)	(135,070)
		<u>1,766,463</u>	<u>(162,018)</u>
25.1 Realised gain / (loss) on:			
Federal government securities		1,757,595	(23,569)
Shares		33,612	(3,379)
		<u>1,791,207</u>	<u>(26,948)</u>
26. OTHER INCOME / (LOSS)			
Gain / (loss) on sale of property and equipment		334	(141)

	(Un-audited) 30 September 2024	(Un-audited) 30 September 2023
	----- (Rupees in '000) -----	
27. OPERATING EXPENSES		
Total compensation expense	352,193	401,884
Property expense		
Insurance	3,548	2,898
Utilities cost	16,293	12,923
Security (including guards)	373	296
Repair and maintenance (including janitorial charges)	21,057	16,012
Depreciation	34,167	34,229
	75,438	66,358
Information technology expenses		
Software maintenance	1,235	1,789
Hardware maintenance	572	1,977
Depreciation	2,464	2,907
Amortisation	230	205
Network charges	1,895	1,551
BCP expense	549	549
	6,945	8,978
Other operating expenses		
Directors' fees and allowances	11,026	2,900
Legal and professional charges	65,480	3,984
Outsourced services costs	4,414	4,088
Travelling and conveyance	7,809	8,933
Depreciation	26,129	18,067
Training and development	2,103	239
Postage and courier charges	108	217
Communication	4,279	4,932
Stationery and printing	1,884	2,349
Marketing, advertisement & publicity	2,258	4,070
Auditors' remuneration	2,228	2,121
Board meeting expenses	2,874	4,599
Meal and business networking expenses	511	562
Canteen expenses	1,049	1,001
Hajj expense	1,688	1,680
Bank charges	292	290
Miscellaneous expenses	11	42
	134,463	60,074
	569,039	537,294
28. OTHER CHARGES		
Arrangement fee and documentation charges	1,629	5,774
Brokerage commission	28,967	3,340
Expenses pertaining to KEL	1,523	5,330
Penalties imposed by State Bank of Pakistan	80	1,380
	32,199	15,825

		(Un-audited) 30 September 2024	(Un-audited) 30 September 2023
	Note	----- (Rupees in '000) -----	
29. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
(Reversal) against lending to financial institutions	9.2	(2,504)	(84)
(Reversal) / Credit loss allowance for diminution in value of investments	10.2.1	(160,949)	(22,658)
Credit loss allowance / (Reversal) against loans and advances	11.4.1	328,746	(105,657)
Credit loss allowance against other receivable	15.2.1	33,952	181
		<u>199,244</u>	<u>(128,218)</u>

30. Levies

Final tax		318,420	8,459
Minimum tax differential		801,409	612,388
		<u>1,119,829</u>	<u>620,847</u>

30.1 This represents minimum tax differential under section 113, final tax on dividend income and capital gain tax under section 5 and 37A respectively of the Income Tax Ordinance, 2001. These has been recognised as levies in the condensed interim financial statements as per the requirement of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

		(Un-audited) 30 September 2024	(Un-audited) 30 September 2023
		----- (Rupees in '000) -----	
31. TAXATION			
Current		-	-
Deferred		(802,347)	(510,021)
		<u>(802,347)</u>	<u>(510,021)</u>

32. BASIC AND DILUTED EARNINGS PER SHARE

(Loss) / Profit for the period (Rupees in '000)		<u>(291,767)</u>	<u>224,885</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		<u>814,178</u>	<u>814,178</u>
Basic and diluted (loss) / earnings per share (Rupees)		<u>(358.36)</u>	<u>276.21</u>

33. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as collect model, 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.

33.1 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:

		(Un-audited) 30 Sep 2024			
		Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	10.1	327,751,600	-	-	327,751,600
Shares	10.1	361,047	-	-	361,047
Non-government debt securities	10.1	2,011,102	-	-	2,011,102
Financial assets - disclosed but not measured at fair value					
Investments					
Federal government securities	10.1	-	-	14,382,907	14,382,907
Cash and balances with treasury banks	7	-	-	499,535	499,535
Balances with other banks	8	-	-	148,190	148,190
Lendings to financial institutions	9	-	-	-	-
Advances	11	-	-	11,371,916	11,371,916
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(370,960,481)	(370,960,481)
Deposits and other accounts	17	-	-	(7,336,760)	(7,336,760)
		(Audited) 31 December 2023			
		Level 1	Level 2	Level 3	Total
Note		----- (Rupees in '000) -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	10.1	384,190,399	10,059,548	-	394,249,947
Shares	10.1	390,571	-	-	390,571
Non-government debt securities	10.1	2,020,272	-	-	2,020,272
Financial assets - disclosed but not measured at fair value					
Investments					
Federal government securities	10.1	-	-	21,915,391	21,915,391
Cash and balances with treasury banks	7	-	-	272,662	272,662
Balances with other banks	8	-	-	194,769	194,769
Lendings to financial institutions	9	-	-	-	-
Advances	11	-	-	9,984,922	9,984,922
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(424,391,603)	(424,391,603)
Deposits and other accounts	17	-	-	(6,803,687)	(6,803,687)

33.2 Fair value of non-financial assets

	(Un-audited) 30 Sep 2024			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	----- (Rupees in '000) -----			
Non-banking assets acquired in satisfaction of claims	-	213,707	-	213,707
Property and Equipment	-	1,197,965	-	1,197,965

	(Audited) 31 December 2023			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	----- (Rupees in '000) -----			
Non-banking assets acquired in satisfaction of claims	-	214,827	-	214,827
Property and Equipment	-	1,232,117	-	1,232,117

Methodology and Valuation Approach

In the year 2023, the valuation performed by M/s. MYK Associates Private Limited dated 27 January 2023, assessed Rs.186.450 million as the market value of the land and Rs. 29.870 million for building component. The management of the Company has considered the revaluation gain and recorded the same as surplus on revaluation on non-banking assets in the annual audited financial statements for the year ended 31 December 2023.

In the year 2023, the properties of the Company were revalued by independent professional valuers, M/s MYK Associates and M/s K.G. Traders dated 27 March 2023, assessed Rs.1,277.1 million as the market value of properties. The management of the Company has considered the revaluation gain and recorded the same as surplus on revaluation on property and equipment amounting in the annual audited financial statements for the year ended 31 December 2023.

34. SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities

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

	30 September 2024 (Un-audited)				
	Corporate and Investment Banking	Treasury & Fund Management	Private Equity & Strategic Initiatives	Un-allocated / others	Total
	----- (Rupees in '000) -----				
Profit and loss					
Net mark-up / return / profit	(625,895)	252,170	(927)	(655,651)	(1,030,303)
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	56,660	1,736,760	62,745	335	1,856,500
Total Income	(569,235)	1,988,930	61,818	(655,316)	826,197
Segment direct expenses	24,988	45,292	20,574	322,136	412,990
Inter segment expense allocation	24,159	151,434	8,578	4,077	188,248
Total expenses	49,147	196,726	29,152	326,213	601,238
(Reversal) / (recovery) / provision	451,078	-	(2,247)	(249,587)	199,244
Profit / (loss) before tax	(1,069,460)	1,792,204	34,913	(731,942)	25,715

30 September 2024 (Un-audited)

Corporate and Investment Banking	Treasury & Fund Management	Private Equity & Strategic Initiatives	Un-allocated / others	Total
----------------------------------	----------------------------	--	-----------------------	-------

(Rupees in '000)

Statement of financial position

Cash and bank balances	-	647,725	-	-	647,725
Investments	2,846,979	342,341,780	364,289	-	345,553,048
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	28,062	-	-	28,062
Advances - performing	10,167,114	-	303,046	126,389	10,596,549
Advances - non-performing	2,335,413	-	-	-	2,335,413
Others	451,440	25,660,922	-	6,601,586	32,713,948
Less: Credit loss allowance (Loan and advances)	(1,560,034)	-	-	(12)	(1,560,046)
Less: Credit loss allowance (Investments)	(1,033,117)	(10,034)	(3,241)	-	(1,046,392)
Less: Credit loss allowance (Lending)	-	(28,062)	-	-	(28,062)
Less: Credit loss allowance (Others)	(69,800)	(9,757)	-	(16,625)	(96,182)
Total Assets	13,137,995	368,630,636	664,093	6,711,339	389,144,064
Borrowings	10,060,918	355,347,431	363,703	5,188,427	370,960,479
Subordinated debt	-	-	-	-	-
Deposits and other accounts	-	7,336,760	-	-	7,336,760
Net inter segment borrowing	-	-	-	-	-
Others	77,077	3,246,445	390	161,463	3,485,375
Total liabilities	10,137,995	365,930,636	364,093	5,349,890	381,782,614
Equity	3,000,000	2,700,000	300,000	1,361,449	7,361,449
Total equity and liabilities	13,137,995	368,630,636	664,093	6,711,339	389,144,063
Contingencies and commitments	8,350,528	-	-	307,610	8,658,138

30 September 2023 (Un-audited)

Investment Banking, Syndication & Advisory	Money Market	Capital Markets	Corporate, Commercial & SME	Un-allocated / others	Total
--	--------------	-----------------	-----------------------------	-----------------------	-------

(Rupees in '000)

Profit and loss

Net mark-up/return/profit	148,927	1,505,884	(115,283)	(62,318)	(636,216)	840,994
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	14,260	(23,524)	(77,807)	6,830	(141)	(80,382)
Total Income	163,187	1,482,360	(193,090)	(55,488)	(636,357)	760,612
Segment direct expenses	15,587	25,942	15,616	28,235	333,460	418,840
Inter segment expense allocation	8,731	101,870	7,023	11,500	5,155	134,279
Total expenses	24,318	127,812	22,639	39,735	338,615	553,119
(Reversal) / (recovery) / provision	81,145	(183)	(41,608)	183,716	(351,288)	(128,218)
Profit / (loss) before tax	57,724	1,354,731	(174,121)	(278,939)	(623,684)	335,711

31 December 2023 (Audited)

Investment Banking, Syndication & Advisory	Treasury	Capital Markets	Corporate, Commercial & SME	Un-allocated / others	Total
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(Rupees in '000)

Statement of financial position

Cash and bank balances	-	467,431	-	-	-	467,431
Investments	2,961,824	416,372,612	390,570	-	-	419,725,006
Lendings to financial institutions	-	30,567	-	-	-	30,567
Advances - performing	2,618,596	-	-	6,576,603	135,983	9,331,182
Advances - non-performing	668,481	-	-	1,216,562	-	1,885,043
Others	172,348	10,053,132	-	303,907	6,588,530	17,117,917
Less: Credit loss allowance (Loan and advances)	(583,008)	-	-	(648,281)	(15)	(1,231,304)
Less: Credit loss allowance (Investments)	(1,139,200)	(9,626)	-	-	-	(1,148,826)
Less: Credit loss allowance (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Credit loss allowance (Others)	(13,389)	(9,757)	-	(22,459)	(16,625)	(62,230)
Total Assets	4,685,652	426,873,791	390,570	7,426,331	6,707,873	446,084,218
Borrowings	2,756,682	410,082,197	4,563	5,489,025	6,059,136	424,391,603
Deposits and other accounts	-	6,803,687	-	-	-	6,803,687
Others	-	6,515,762	213	8,336	648,739	7,173,050
Total liabilities	2,756,682	423,401,646	4,776	5,497,361	6,707,875	438,368,340
Equity	1,928,970	3,472,145	385,794	1,928,970	-	7,715,878
Total equity and liabilities	4,685,652	426,873,791	390,570	7,426,331	6,707,875	446,084,218
Contingencies and commitments	2,558,627	3,308,230	-	2,910,946	307,610	9,085,413

35. 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 personnels 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 condensed interim financial statements are as follows:

	30 September 2024 (Un-audited)						31 December 2023 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
	----- (Rupees in '000) -----													
Balances with other banks														
In current accounts	-	-	-	-	-	-	491,204	-	-	-	-	-	-	264,201
	-	-	-	-	-	-	491,204	-	-	-	-	-	-	264,201
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	700,000
Addition during the period / year	-	-	-	-	-	-	29,161,959	-	-	-	-	-	-	19,705,313
Repaid during the period / year	-	-	-	-	-	-	(29,161,959)	-	-	-	-	-	-	(20,405,313)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments														
Opening balance	-	-	-	-	1,500	704,867	335,405,897	-	-	-	-	1,500	704,867	25,351,437
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	1,426,959,475
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,116,905,015)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	335,405,897	-	-	-	-	1,500	704,867	335,405,897
Credit loss allowance for provision in value of investments	-	-	-	-	-	704,867	-	-	-	-	-	-	704,867	-
Surplus / (deficit) in value of investments	-	-	-	-	-	-	131,862	-	-	-	-	-	-	277,538
Advances														
Opening balance	-	-	67,360	-	-	-	21,338	-	-	76,051	-	-	-	24,199
Addition during the period / year	-	-	10,090	-	-	-	-	-	-	9,350	-	-	-	8,638
Repaid during the period / year	-	-	(14,003)	-	-	-	(2,798)	-	-	(18,041)	-	-	-	(11,499)
Transfer in / (out) - net	-	-	(15,607)	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	47,840	-	-	-	18,540	-	-	67,360	-	-	-	21,338
Credit loss allowance held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

30 September 2024 (Un-audited)

31 December 2023 (Audited)

	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----														
Other Assets														
Interest / mark-up accrued	-	-	3,198	-	-	-	10,707,129	-	-	4,778	-	-	-	10,041,814
Other receivable	-	5,983	-	-	1,466	-	-	-	5,983	-	-	2,715	-	-
Other advances	-	-	735	-	-	-	105	-	-	-	-	-	-	60
Advance taxation	-	-	-	-	-	-	3,828,727	-	-	420	-	-	-	4,498,020
Credit loss allowance against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	414,186,994	-	-	-	-	-	-	72,867,075
Borrowings during the period / year	-	-	-	-	-	-	6,938,015,680	-	-	-	-	-	-	4,081,695,535
Settled during the period / year	-	-	-	-	-	-	(7,032,116,151)	-	-	-	-	-	-	(3,740,375,616)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	320,086,523	-	-	-	-	-	-	414,186,994
Deposits and other accounts														
Opening balance	-	-	18,000	-	275,000	-	4,023,706	-	-	1,000	-	265,000	-	4,385,413
Received during the period / year	-	-	56,469	-	785,000	-	19,923,351	-	-	211,507	-	1,100,000	-	19,768,073
Withdrawn during the period / year	-	-	(74,469)	-	(825,000)	-	(17,417,390)	-	-	(194,507)	-	(1,090,000)	-	(20,129,780)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	235,000	-	6,529,667	-	-	18,000	-	275,000	-	4,023,706
Other Liabilities														
Interest / mark-up payable	-	-	-	-	769	-	1,239,787	-	-	347	-	976	-	6,721,055
Payable to staff retirement fund	-	-	-	-	-	-	4,457	-	-	-	-	-	-	-
Other liabilities	8,402	-	-	-	-	-	1,940	8,455	1,199	1,799	-	-	-	1,040
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	892,504	305,477	-	-	-	-	-	893,215	305,477

30 September 2024 (Un-audited)							30 September 2023 (Un-audited)							
Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	
----- (Rupees in '000) -----														
Income														
Mark-up / return / interest earned -net	-	-	2,136	-	-	-	62,143,972	-	-	3,398	-	-	-	47,101,712
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	6,750	-	-	-	-	-	-	4,688
Gain on sale of securities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	16,337
Expense														
Mark-up / return / interest expensed	-	-	-	-	42,380	-	63,166,491	-	2,610	209	-	40,611	-	44,185,978
Operating expenses														
Office maintenance and related expenses	-	1,700	-	-	15,805	-	-	-	1,275	-	-	10,732	-	-
Non-executive directors' remuneration	-	11,026	-	-	-	-	-	-	2,900	-	-	-	-	-
Board meeting expense	-	2,724	-	-	-	-	-	-	3,324	-	-	-	-	-
Remunerations	-	164,020	59,654	-	-	-	15,332	-	193,131	65,603	-	-	-	16,361
Contribution to defined contribution plan	-	6,174	4,363	-	-	-	965	-	5,504	1,992	-	-	-	313
Contribution to defined benefit plan	-	5,499	1,657	-	-	-	403	-	9,915	5,413	-	-	-	750
Depreciation	-	11,949	616	-	-	-	97	-	9,690	864	-	-	-	158
Other charges														
Others	-	-	-	-	-	1,523	-	-	-	-	-	-	5,330	-

(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 15).

(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".

	(Un-audited) 30 September 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----		
36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	5,794,133	6,011,408
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	5,555,778	6,372,504
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,555,778	6,372,504
Eligible Tier 2 Capital	1,076,189	1,161,770
Total Eligible Capital (Tier 1 + Tier 2)	6,631,967	7,534,274
Risk Weighted Assets (RWAs):		
Credit Risk	19,028,564	19,228,004
Market Risk	752,620	1,028,325
Operational Risk	1,374,629	1,374,629
Total	21,155,813	21,630,958
	(Un-audited) 30 September 2024	(Audited) 31 December 2023
Common Equity Tier 1 Capital Adequacy ratio (%)	26.26%	29.46%
Tier 1 Capital Adequacy Ratio (%)	26.26%	29.46%
Total Capital Adequacy Ratio (%)	31.35%	34.83%
Leverage Ratio (LR):		
Eligible Tier-1 Capital (Rupees)	5,555,778	6,372,504
Total Exposures (Rupees)	432,809,941	450,442,152
Leverage Ratio (%)	1.28%	1.41%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets (Rupees)	2,231,000	6,446,000
Total Net Cash Outflow (Rupees)	3,295,000	4,687,000
Liquidity Coverage Ratio (%)	68%	138%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding (Rupees)	17,800,409	18,026,186
Total Required Stable Funding (Rupees)	14,678,866	14,195,384
Net Stable Funding Ratio (%)	121%	127%

The company has applied transitional arrangement as per the IFRS-9 application instructions for the absorption of ECL for Capital Adequacy Ratio purpose. The Company has added back the transitional adjustment amount of 70% of Stage 1 and Stage 2 provisions to CET 1 Capital. Had the transition arrangement not been applied, the CAR and leverage ratio would have declined to 31.04% (December 2023: 34.83%) and 1.27% (December 2023: 1.41%) respectively. Furthermore, as per letter dated 28 December 2023, SBP has granted exemption in meeting minimum LR requirement of 3% and reduced it up to 1% till 31 December 2024.

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

	(Un-audited) 30 September 2024	(Un-audited) 30 September 2023
Note	----- (Rupees in '000) -----	

37. CASH AND CASH EQUIVALENTS

Term deposit receipts (TDRs) / Reverse Repo	9	-	499,987
Cash and balance with treasury banks	7	499,535	276,128
Balance with other banks	8	148,190	88,155
		<u>647,725</u>	<u>864,269</u>

38. NON-ADJUSTING EVENTS AFTER REPORTING DATE

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

39. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 25 OCT 2024 by the Board of Directors of the Company

40. GENERAL

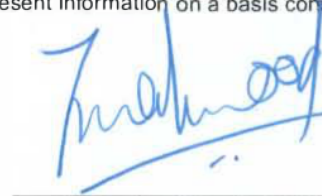
40.1 In its latest rating announcement (June 2024), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term (with Positive outlook assigned to ratings).

40.2 Amounts in these condensed interim financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

40.3 Certain comparative figures have been reclassified in order to present information on a basis consistent with current year / period.



Chief Financial Officer



Managing Director & CEO



Director



Director