



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 June 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. However, adverse trend in market yields along with shorter tenure of repo borrowings, led to increase in effective cost of borrowings. Hence a decline is noted in the earnings for the period under review. Consequently, the Company made a loss before tax of PKR (656.27) million during the period under review as compared to a profit of PKR 171.98 million in the corresponding period last year.

Gross mark-up income during the period was PKR 41,001.28 million compared to PKR 28,017.47 million in corresponding period, whereas the NIM for the period recorded a loss of PKR (1,781.98) million. Non-markup income grew significantly and aggregated to PKR 1,818.68 million against a loss of PKR (98.13) million in June 2023.

The total assets of the Company have increased to PKR 511.48 billion as compared to PKR 446.08 billion at FYE 2023, due to growth mainly in government securities investment and advances portfolio.

The summarized financial results for the period are as follows:

Description	Six months' period ended 30 th June 2024	Six months' period ended 30 th June 2023
	PKR '000	
(Loss) / Profit before levies and taxation	(511,862)	261,698
Levies	(802,113)	(359,469)
(Loss) / Profit before taxation	(1,313,975)	(97,771)
Taxation	657,709	269,747
(Loss) / Profit after taxation	(656,266)	171,976
(Loss) / Earnings per share (Rupees)	(806.05)	211.23

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 1.5 % cut in SBP policy rate during June 24 and another 1.0% cut in July 24 thus resulting in moderate economic recovery. Inflation also continued its downward trajectory as it was recorded at 11.1% in Jul 2024 from 12.6% in Jun 2024. This positive real interest rate forms an anticipated view for further monetary easing in upcoming MPC meetings during 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 Q3 financial results of the company.



Despite a challenging external environment, the pace of economic recovery hinges on sustainable reduction in the inflation, fiscal prudence and stable global commodity prices. As we navigate these dynamics, we remain vigilant and proactive in our strategic planning to capitalize on emerging opportunities and mitigate potential risks.

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 growing 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

A blue ink signature of Bashir B. Omer, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

Bashir B. Omer
Deputy Managing Director

29th August 2024

A blue ink signature of Tariq Mahmood, featuring a large, stylized initial 'T' followed by a series of loops and a horizontal line.

Tariq Mahmood, CFA
Managing Director & CEO

**PAK-LIBYA HOLDING
COMPANY (PRIVATE)
LIMITED**

Condensed Interim Financial
Statements
for the Six Months Period Ended June
30, 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pak Libya Holding Company (Private) Limited

Report on Review of Condensed Interim Financial Information

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **PAK LIBYA HOLDING COMPANY (PRIVATE) LIMITED** (the Company) as at June 30, 2024, and the related condensed interim statement of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the condensed interim financial statements for the six months ended June 30, 2024 (here-in-after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Investments as disclosed in note 10.1 include term finance certificates (TFC) amounting to Rs. 398.58 million (December 31, 2023: Rs. 398.58 million) which have been classified under Stage 2 as per IFRS 9 - Financial Instrument and has provided an amount of Rs. 102.12 million. As fully disclosed in note 10.1.5, management believe that there is a strong likelihood that these balances may not be recoverable due to the financial health of the issuer. In our view, as per IFRS 9 - Financial Instrument, classification of such TFCs under stage 2, further provision of Rs. 77.24 million needs to be incorporated. If aforesaid provision is recorded the investment would have been reduced by Rs. 77.24 million. Accordingly, credit loss allowance and write offs -net would have been increased by Rs. 77.24 million and net profit and shareholder's equity would have been reduced by same balance by Rs. 77.24 million. In light of these considerations, we have qualified our report noting that management has not provided the complete credit loss allowance for such investments.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting.



Emphasis of Matter

In the accompanying condensed interim financial statements we draw attention to:

- Note 1.2 relating to non-compliance with minimum capital requirement and company's plan to bridge the shortfall.
- Note 14 where management has disclosed that the Company has recognized deferred tax asset which is considered realizable based on financial projections approved by the Board of Directors.

Our conclusion is not modified in respect of the above matters.

Other Matter

The figures for the quarter ended June 30, 2024 and June 30, 2023 in the condensed interim statement of profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended June 30, 2024.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: August 29, 2024


UDIN: RR202410057onqHf9L7z

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


	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	278,650	272,662
Balances with other banks	8	290,898	194,769
Lendings to financial institutions	9	-	-
Investments	10	480,948,009	418,576,179
Advances	11	11,936,073	9,984,921
Property and equipment	12	1,308,269	1,300,756
Right-of-use assets		-	-
Intangible assets	13	808	961
Deferred tax asset	14	1,515,596	456,057
Other assets	15	14,984,760	15,083,086
Non-banking assets acquired in satisfaction of claim - held for sale	15.1	214,080	214,827
Total Assets		511,477,143	446,084,218
LIABILITIES			
Bills payable		-	-
Borrowings	16	497,664,912	424,391,603
Deposits and other accounts	17	7,665,727	6,803,687
Lease liabilities		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	1,812,388	7,173,050
Total Liabilities		507,143,027	438,368,340
NET ASSETS		4,334,116	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	(1,526,667)	1,257,826
Unappropriated / unremitted loss		(2,727,640)	(2,130,372)
		4,334,116	7,715,878

CONTINGENCIES AND COMMITMENTS

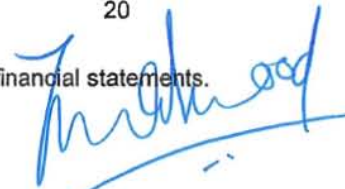
The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.


 Naveed Ahmad

Chief Financial Officer


 Director

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 Managing Director & CEO

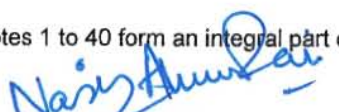
Managing Director & CEO

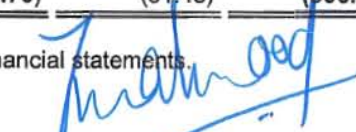

 Director

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

Note	Quarter ended		Six months ended		
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----		
Mark-up / return / interest earned	22	18,906,308	22,799,880	41,001,276	28,017,469
Mark-up / return / interest expensed	23	20,049,224	22,433,319	42,783,261	27,457,936
Net mark-up / (expense) / interest income		(1,142,916)	366,561	(1,781,985)	559,533
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	29,123	11,780	44,546	17,258
Dividend income		6,280	26,070	23,598	48,504
Foreign exchange (loss) / income		(77)	2	(80)	43
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	25	1,370,093	(168,794)	1,750,451	(163,792)
Net gain / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income / (loss)	26	83	(164)	163	(141)
Total non mark-up / interest income / (loss)		1,405,502	(131,106)	1,818,678	(98,128)
Total income		262,586	235,455	36,693	461,405
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	215,795	178,322	387,060	332,862
Workers welfare fund		-	-	-	-
Other charges	28	4,541	5,087	14,430	11,656
Total non mark-up / interest expenses		220,336	183,409	401,490	344,518
(Loss) / profit before credit loss allowance		42,250	52,046	(364,797)	116,887
Credit loss allowance / (reversal) and write offs - net	29	(15,313)	99,294	147,065	(144,811)
Extraordinary / unusual items		-	-	-	-
(LOSS) / PROFIT BEFORE LEVIES AND TAXATION		57,563	(47,248)	(511,862)	261,698
Levies	30	62,115	5,099	802,113	359,469
LOSS BEFORE TAXATION		(4,552)	(52,347)	(1,313,975)	(97,771)
Taxation	31	117,378	13,951	(657,709)	(269,747)
(LOSS) / PROFIT AFTER TAXATION		(121,930)	(66,298)	(656,266)	171,976
		----- (Rupees) -----		----- (Rupees) -----	
Basic and diluted loss per share	32	(149.76)	(81.43)	(306.05)	211.23

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


 Chief Financial Officer


 Managing Director & CEO


 Director


 Director

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

Note	Quarter ended		Six months ended		
	30 June	30 June	30 June	30 June	
	2024	2023	2024	2023	
----- (Rupees in '000) -----		----- (Rupees in '000) -----			
	(121,931)	(66,298)	(656,266)	171,976	
(Loss) / Profit after taxation					
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	(520,459)	162,235	(2,810,558)	1,359,684
		(520,459)	162,235	(2,810,558)	1,359,684
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	11,767	123,160	41,305	89,193
- Property and equipment - net of tax	19	(6,917)	55,910	(14,711)	866,649
- Non-banking assets - net of tax	19	(265)	(529)	(531)	40,816
		4,585	178,541	26,063	996,658
Total comprehensive income					
		(637,805)	274,478	(3,440,761)	2,528,318

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


 Chief Financial Officer


 Managing Director & CEO

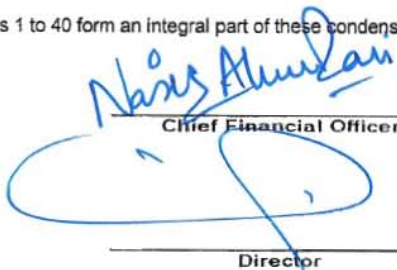

 Director

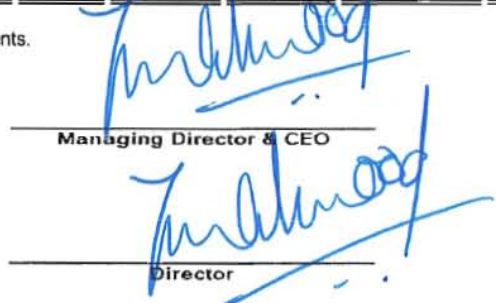

 Director

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

Share capital	Statutory reserve	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit/ (loss)	Total	
		Investments	Property & Equipment / Non Banking Assets			
Head office capital account						
----- (Rupees in '000) -----						
Opening balance as at 01 January 2023	8,141,780	380,654	(2,012,715)	-	(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	-	-	-	-	171,976	171,976
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	1,359,684	-	-	1,359,684
- Investments in equity instruments - net of tax	-	-	89,193	-	-	89,193
- Property and equipment - net of tax	-	-	-	895,687	-	895,687
- Non-banking assets - net of tax	-	-	-	41,559	-	41,559
Total other comprehensive income - net of tax	-	-	1,448,877	927,246	-	2,386,123
Transfer to statutory reserve	-	34,395	-	-	(34,395)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(29,782)	29,782	-
Closing balance as at 30 June 2023 (UN-AUDITED)	8,141,780	415,049	(563,838)	907,464	(2,311,295)	6,589,159
Profit after taxation for the current period	-	-	-	-	157,968	157,968
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	706,297	-	-	706,297
- Investments in equity instruments - net of tax	-	-	109,703	-	-	109,703
- Property and equipment - net of tax	-	-	-	97,145	-	97,145
- Non-banking assets - net of tax	-	-	-	16,675	-	16,675
Gain on sale of shares - FVTOCI	-	-	-	-	41,455	41,455
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	(2,524)	(2,524)
Total other comprehensive income - net of tax	-	-	816,000	113,820	38,931	968,751
Transfer to statutory reserve	-	31,594	-	-	(31,594)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(15,619)	15,619	-
Closing balance as at 31 December 2023 (AUDITED)	8,141,780	446,644	252,161	1,006,665	(2,130,372)	7,715,878
Loss after taxation for the current period	-	-	-	-	(656,266)	(656,266)
Other comprehensive income - net of tax						
Movement in surplus / (deficit) on revaluation						
- Investments in debt instruments - net of tax	-	-	(2,810,558)	-	-	(2,810,558)
- Investments in equity instruments - net of tax	-	-	41,305	-	-	41,305
- Property and equipment - net of tax	-	-	-	6,757	-	6,757
- Non-banking assets - net of tax	-	-	-	(531)	-	(531)
Gain on sale of shares - FVTOCI	-	-	-	-	37,532	37,532
Total other comprehensive income - net of tax	-	-	(2,769,253)	6,226	37,532	(2,725,496)
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(21,466)	21,466	-
Closing balance as at 30 June 2024 (UN-AUDITED)	8,141,780	446,644	(2,517,092)	990,425	(2,727,640)	4,334,116

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 SIX MONTHS PERIOD ENDED 30 JUNE 2024

	Six months period ended	
	30 June 2024	30 June 2023
Note	----- (Rupees in 000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before levies and taxation	(511,862)	261,698
Less: Dividend income	(23,598)	(48,504)
	<u>(535,460)</u>	<u>213,194</u>
Adjustments:		
Depreciation	41,759	44,044
Amortisation	153	155
Credit loss / (Reversal) allowance and write offs	29 122,927	(168,022)
Impairment of assets	25 22,358	168,169
Reversal of credit loss allowance against lendings to financial institutions	29 -	(87)
Credit loss allowance against other assets	29 33,952	-
(Reversal) / credit loss allowance for diminution in the value of investments - net	29 (9,814)	23,298
(Gain) / loss on sales of property and equipment	26 (163)	141
	<u>211,172</u>	<u>67,698</u>
	<u>(324,288)</u>	<u>280,892</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	1,000,000
Securities classified as FVTPL	64,335,991	(601,194)
Advances	(2,074,079)	(248,210)
Others assets (excluding advance taxation)	(605,969)	(1,009,108)
	<u>61,655,943</u>	<u>(858,512)</u>
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	73,273,309	282,669,353
Deposits and other accounts	862,040	(170,938)
Other liabilities	(5,360,662)	5,229,615
	<u>68,774,687</u>	<u>287,728,030</u>
	<u>130,106,342</u>	<u>287,150,410</u>
Levies paid	(802,113)	(359,469)
Income tax paid	670,347	(2,968,581)
Net cash flow from operating activities	<u>129,974,575</u>	<u>283,822,360</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities classified as FVOCI	(129,868,875)	29,681,942
Net investment in amortised cost securities	20,968	(312,386,915)
Dividend received	23,598	48,504
Investments in property and equipment	(48,312)	(47,686)
Disposal from property and equipment	163	23
Net cash flow used in investing activities	<u>(129,872,458)</u>	<u>(282,704,132)</u>
Net increase in cash and cash equivalents	<u>102,117</u>	<u>1,118,228</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	<u>569,548</u>	<u>4,367,413</u>

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


Chief Financial Officer


Director

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Managing Director & CEO


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 June 2024 amounted to Rs. 5.414 billion (31 December 2023: Rs. 6.011 billion). The Company was non-compliant with minimum capital requirements at period ended June 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 recently 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 ----- (Rupees in '000) -----	Previous Classification -----
Effect on statement of profit or loss:		
<i>For the period ended June 30, 2023</i>		
Taxation:		
- Current year	-	359,469
Levies:		
- Minimum tax differential	351,037	-
- Final tax	8,432	-
	<u>359,469</u>	<u>-</u>

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.

	Note	(Un-audited) 30 June 2024 ----- (Rupees in '000) -----	(Audited) 31 December 2023 -----
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		8,264	8,455
		<u>8,270</u>	<u>8,461</u>
With State Bank of Pakistan in			
Local currency current account	7.1	269,966	263,355
With National Bank of Pakistan in			
Local currency current account		414	846
Local currency deposit account		-	-
		<u>414</u>	<u>846</u>
Less: Credit loss allowance		-	-
		<u><u>278,650</u></u>	<u><u>272,662</u></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.



	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		174,911	45,757
In deposit accounts	8.1	115,987	149,012
		<u>290,898</u>	<u>194,769</u>
Less: Credit loss allowance		-	-
		<u>290,898</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 June 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	9.1.1	30,567	30,567
		<u>30,567</u>	<u>30,567</u>
Less: Credit loss allowance held against lending to financial institutions	9.2	(30,567)	(30,567)
Lending to financial institutions - Credit loss allowance		-	-

9.1 Particulars of lending

In local currency		-	-
		<u>-</u>	<u>-</u>

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 June 2024		(Audited) 31 December 2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	-	-	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		30,567	30,567	30,567	30,567
		<u>30,567</u>	<u>30,567</u>	<u>30,567</u>	<u>30,567</u>
Total		<u>30,567</u>	<u>30,567</u>	<u>30,567</u>	<u>30,567</u>

Overseas

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

10. INVESTMENTS

10.1 Investments by type:

		(Un-audited) 30 June 2024				(Audited) 31 December 2023			
	Note	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----									
FVTPL									
Federal government securities		-	-	-	-	64,328,951	-	20,754	64,349,705
Shares		2,445	-	(54)	2,391	9,485	-	1,550	11,035
		2,445	-	(54)	2,391	64,338,436	-	22,304	64,360,740
FVOCI									
Federal government securities		459,998,134	-	(2,920,629)	457,077,505	329,607,109	-	293,133	329,900,242
Shares		275,635	-	41,539	317,174	385,201	-	(5,666)	379,535
Non government debt securities	10.1.5	2,082,185	(427,780)	2,111	1,656,516	2,457,237	(437,594)	629	2,020,272
		462,355,954	(427,780)	(2,876,979)	459,051,195	332,449,547	(437,594)	288,096	332,300,049
Amortised Cost									
Federal government securities*		21,892,922	-	-	21,892,922	21,913,890	-	-	21,913,890
Non government debt securities		6,366	(6,366)	-	-	6,366	(6,366)	-	-
		21,899,288	(6,366)	-	21,892,922	21,920,256	(6,366)	-	21,913,890
Associates	10.1.1, 10.1.2, 10.1.3 & 10.1.4	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		484,964,054	(1,139,012)	(2,877,033)	480,948,009	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. 102.123 million in the condensed interim financial statements for the period ended 30 June 2024.

	Cost	
	(Un-audited) 30 June 2024	(Audited) 31 December 2023
	----- (Rupees in '000) -----	
10.1.6 Investments given as collateral		
Market treasury bills	58,031,600	140,146,217
Pakistan investment bonds	397,884,481	268,185,919
Shares	68,607	34,302
	455,984,688	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	4,451	112,950
Reversal for the period	(14,265)	-
Reversal on disposals	-	(24)
	(9,814)	112,926
Closing balance	434,145	443,960

10.2.2 Particulars of Credit loss allowance against debt securities

		(Un-audited) 30 June 2024		(Audited) 31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
----- (Rupees in '000) -----					
Domestic					
Performing	Stage 1	1,317,111	628	1,677,899	590
Underperforming	Stage 2	498,500	160,578	498,500	156,166
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		272,940	272,940	287,204	287,204
		272,940	272,940	287,204	287,204
Total		2,088,551	434,146	2,463,603	443,960

Overseas

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

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

11. ADVANCES

Loans, cash credits, running finances, etc.	11,329,185	1,961,118	13,290,303	9,331,181	1,885,043	11,216,224
Advances - gross	11,329,185	1,961,118	13,290,303	9,331,181	1,885,043	11,216,224
Credit loss allowance against advances						
- Stage 1	40,862	-	40,862	34,224	-	34,224
- Stage 2	40,944	-	40,944	21,912	-	21,912
- Stage 3	-	1,272,424	1,272,424	-	1,175,167	1,175,167
	81,806	1,272,424	1,354,230	56,136	1,175,167	1,231,303
Advances - net of credit loss allowance	11,247,380	688,694	11,936,073	9,275,045	709,876	9,984,921

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

11.1 Particulars of advances (Gross)

In local currency	13,290,303	11,216,224
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- 11.2 Advances include Rs.1,961.118 million (31 December 2023: Rs.1,885.043 million) which have been placed under non-performing status as detailed below:-

(Un-audited) 30 June 2024		(Audited) 31 December 2023	
Non performing loans	Credit loss allowance	Non performing loans	Provision

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

Category of classification

Domestic

Substandard	527,246	131,811	503,125	125,781
Doubtful	490,625	255,899	570,000	296,000
Loss	943,246	884,714	811,918	753,386
Total	1,961,117	1,272,424	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 June 2024				(Audited) 31 December 2023			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total

----- (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	97,257	19,032	7,044	123,333	295,178	3,188	31,530	329,896
Reversal			(406)	(406)	(305,739)	(55,416)	(2,250)	(363,405)
	97,257	19,032	6,638	122,927	(10,561)	(52,228)	29,280	(33,509)
Closing balance	1,272,425	40,944	40,862	1,354,230	1,175,167	21,912	34,224	1,231,303

11.3.1 Particular of credit loss allowance against advances

	(Un-audited) 30 June 2024				(Audited) 31 December 2023			
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total

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

In local currency	1,272,425	40,944	40,862	1,354,230	1,175,167	21,912	34,224	1,231,303
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- 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. 58.532 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 June 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	4,409	-	-	3,484	99	-
Advances derecognised or repaid	(406)	-	-	(535)	(322)	(281,707)
Transfer to stage 1	533	(533)	-	24,059	(27)	(24,032)
Transfer to stage 2	(1,693)	139,193	(137,500)	(547)	547	-
Transfer to stage 3	-	(3,055)	3,054	(1,168)	(17,918)	19,086
	2,843	135,606	(134,446)	25,293	(17,621)	(286,653)
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters	3,795	(116,574)	231,703	3,987	(34,607)	276,092
Other changes	-	-	-	-	-	-
Closing balance	40,862	40,944	1,272,424	34,224	21,912	1,175,167

		(Un-audited) 30 June 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	9,256,896	40,862	7,655,928	34,224
Underperforming	Stage 2	2,072,289	40,944	1,675,253	21,912
Non-Performing	Stage 3				
Substandard		527,245	131,811	503,125	125,781
Doubtful		490,625	255,899	570,000	296,000
Loss		943,246	884,714	811,918	753,386
		1,961,118	1,272,424	1,885,043	1,175,167
Total		13,290,303	1,354,229	11,216,224	1,231,303

		(Un-audited) 30 June 2024	(Audited) 31 December 2023
	Note	----- (Rupees in '000) -----	
12. PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1	9,564	6,987
Property and equipment	12.2	1,298,705	1,293,769
		<u>1,308,269</u>	<u>1,300,756</u>

12.1 Capital work-in-progress

Civil works		<u>9,564</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 June 2024	(Audited) 31 December 2023
	----- (Rupees in '000) -----	
Capital work-in-progress	2,577	-
Property and equipment		
Furniture and fixture	392	1,128
Electrical office and computer equipment	343	5,803
Vehicles	45,000	43,601
Total	<u>45,735</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 June 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>808</u>	<u>961</u>
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14. DEFERRED TAX ASSETS

Deductible temporary differences on

- Tax loss carried forward	646,226	-
- Minimum tax liability	671,123	671,123
- Deficit on revaluation of investments- FVOCI	359,886	(35,934)
- Credit loss allowance against advances, off balance sheet etc.	81,075	81,075
- Net investment in finance lease	16,003	1,735
- Post retirement employee benefits	6,868	5,934
- Deficit on revaluation of investments- FVTPL	7	(2,788)
- Surplus on revaluation of property and equipment	(250,831)	(256,839)
- Accelerated tax depreciation	(14,761)	(8,249)
- Surplus on revaluation of non-banking asset	-	-
- Others	-	-
	<u>1,515,596</u>	<u>456,057</u>



- 14.1 As at 30 June 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 June 2024 ----- (Rupees in '000) -----	(Audited) 31 December 2023
15. OTHER ASSETS			
Income / mark-up accrued in local currency		11,185,037	10,547,862
Advances, deposit, advance rent and other prepayments		49,716	86,242
Advance taxation (payments less provisions)		3,827,607	4,497,950
Other receivables		18,582	13,262
		<u>15,080,942</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>14,984,760</u>	<u>15,083,086</u>
15.1 Non-banking assets acquired in satisfaction of claims - held for sale	15.1.1	<u>214,080</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
Disposals / Transfers		-	-
Depreciation		(747)	(1,493)
Impairment		-	-
Closing balance		<u>214,080</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 June 2024 ----- (Rupees in '000) -----	(Audited) 31 December 2023
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		33,952	181
Reversal		-	-
Closing balance		<u>96,182</u>	<u>62,230</u>



	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023
----- (Rupees in '000) -----			
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	16.1(a)	535,519	555,782
Temporary economic relief facility (TERF)	16.1(b)	485,682	576,583
Repurchase agreement borrowings - Repo	16.2	475,435,942	414,390,090
Borrowings from financial institutions	16.3	13,350,000	3,899,000
Total secured		489,807,142	419,421,455
Unsecured			
Clean borrowings		5,038,049	3,930,000
Bai Muajjal	16.4	2,819,721	1,040,148
		497,664,912	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 26 July 2024 (31 December 2023: 26 January 2024). The rate of mark-up on these facilities ranges from 20.55 to 21.40 (31 December 2023: 22.04 to 23.00) percent per annum.

16.3 This includes borrowings from financial institutions as under:

- (a) Rs. 13,350 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 June 2024, the applicable interest rates were 20.25 to 23.47 (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).
- (b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2023: 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 2023: three months KIBOR plus 1.50) percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.



- 16.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 29 November 2024 (31 December 2023: 18 February 2024). The rate of mark-up on this facility ranges from 21.65 to 21.85 (31 December 2023: 22.10 to 22.10) percent per annum.

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

16.5 **Particulars of borrowings with respect to currencies**

In local currency 497,664,912 424,391,603

17. **DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) 30 June 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	<u><u>7,665,727</u></u>	-	<u><u>7,665,727</u></u>	<u><u>6,803,687</u></u>	-	<u><u>6,803,687</u></u>
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The profit rates on these Certificates of Investment (COIs) ranges from 19.90 to 23.25 (31 December 2023: 21.00 to 23.40) percent per annum. These COIs are due for maturity on various dates latest by 26 June 2025 (31 December 2023: 30 October 2024).

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

18. **OTHER LIABILITIES**

Mark-up / Return / Interest payable in local currency		1,600,687		6,524,098
Accrued expenses		113,351		560,748
Advance payments		3,500		3,500
Employees' compensated absences	18.1	23,682		21,648
Staff retirement gratuity - liability		4,457		4,508
Credit loss allowance against off-balance sheet obligations	18.2	14		16
Security deposits against lease		66,697		58,532
		<u><u>1,812,388</u></u>		<u><u>7,173,050</u></u>

- 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) (Audited)
30 June 31 December
2024 2023
 ---- (Rupees in '000) ----

18.2 **Credit loss allowance against off-balance sheet obligations**

Opening balance		16		-
Exchange adjustment		-		-
Charge for the period / year		-		16
Reversal for the period / year		(2)		-
		(2)		16
Amount written off		-		-
Closing balance		<u><u>14</u></u>		<u><u>16</u></u>

		(Un-audited) 30 June 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	(2,918,518)	293,761
- Equity securities measured at FVTOCI	10.1	41,539	(5,666)
- Debt securities measured at amortised cost	10.1	-	-
- Property and equipment		1,185,044	1,205,763
- Non-banking assets acquired in satisfaction of claims		56,210	56,741
		(1,635,725)	1,550,599
Deferred tax on surplus / (deficit) on revaluation of:			
- Debt securities measured in FVTOCI		365,079	(36,642)
- Equity securities measured in FVTOCI		(5,192)	708
- Debt securities measured at amortised cost		-	-
- Property and equipment		(250,831)	(256,839)
- Non-banking assets acquired in satisfaction of claims		-	-
		109,055	(292,773)
		(1,526,670)	1,257,826
20. CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	894,084	893,215
- Commitments	20.2	11,317,749	7,886,721
- Other contingent liabilities	20.3	305,477	305,477
		12,517,310	9,085,413
20.1 Guarantees:			
Financial guarantees		841,120	841,120
Performance guarantees		52,964	52,095
		894,084	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 KEI Company.		
		(Un-audited) 30 June 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	7,867,041	6,586,013
		11,317,749	7,886,721
20.2.1 Other commitments			
Commitments to extend credit		3,302,251	3,276,357
Commitments against other services		4,564,790	3,309,656
		7,867,041	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 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) 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 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 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 30-11-2021, 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 04-02-2022 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR.
- 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. The appeal is pending before ATIR and has not been fixed yet.
- 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. 1000000169676965 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 June 2024 (31 December 2023: Nil).

	Note	(Un-audited) 30 June 2024 ----- (Rupees in '000) -----	(Un-audited) 30 June 2023
22. MARK-UP / RETURN / INTEREST EARNED			
Loans and advances		984,904	919,758
Investments		39,960,646	26,943,588
Lendings to financial institutions		43,722	149,476
Balance with banks		12,004	4,647
		<u>41,001,276</u>	<u>28,017,469</u>
22.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost		36,903,377	20,431,034
Financial assets measured at fair value through OCI		4,097,899	7,586,435
		<u>41,001,276</u>	<u>28,017,469</u>
23. MARK-UP / RETURN/ INTEREST EXPENSED			
Deposits		828,736	479,810
Borrowings		41,954,525	26,978,126
		<u>42,783,261</u>	<u>27,457,936</u>
24. FEE AND COMMISSION INCOME			
Credit related fees		<u>44,546</u>	<u>17,258</u>
25. GAIN / (LOSS) ON SECURITIES			
Realised gain	25.1	1,772,809	4,377
Unrealised loss - Measured at FVTPL		(22,358)	(168,169)
		<u>1,750,451</u>	<u>(163,792)</u>
25.1 Realised gain on:			
Federal government securities		1,770,099	(1,592)
Shares		2,710	5,969
		<u>1,772,809</u>	<u>4,377</u>
26. OTHER INCOME / (LOSS)			
Gain / (loss) on sale of property and equipment		<u>163</u>	<u>(141)</u>

	(Un-audited) 30 June 2024	(Un-audited) 30 June 2023
	----- (Rupees in '000) -----	
27. OPERATING EXPENSES		
Total compensation expense	229,878	235,437
Property expense		
Insurance	2,392	1,847
Utilities cost	9,693	7,751
Security (including guards)	247	193
Repair and maintenance (including janitorial charges)	11,773	9,525
Depreciation	22,861	30,424
	46,966	49,740
Information technology expenses		
Software maintenance	735	1,150
Hardware maintenance	372	1,359
Depreciation	1,689	1,869
Amortisation	153	155
Network charges	1,247	1,043
BCP expense	366	366
	4,562	5,942
Other operating expenses		
Directors' fees and allowances	6,890	2,900
Legal and professional charges	59,261	3,138
Outsourced services costs	2,903	2,934
Travelling and conveyance	5,637	6,460
NIFT clearing charges	-	-
Depreciation	17,209	11,752
Training and development	1,373	10
Postage and courier charges	85	214
Communication	2,266	2,213
Stationery and printing	1,454	1,975
Marketing, advertisement & publicity	1,641	2,803
Auditors' remuneration	1,414	1,211
Board meeting expenses	2,874	4,174
Meal and business networking expenses	351	275
Canteen expenses	630	576
Liveries and uniform	320	-
Hajj expense	1,125	841
Bank charges	213	250
Miscellaneous expenses	8	17
	105,654	41,743
	387,060	332,862
28. OTHER CHARGES		
Arrangement fee and documentation charges	1,055	3,413
Brokerage commission	12,335	2,517
Expenses pertaining to KEL	1,040	4,345
Penalties imposed by State Bank of Pakistan	-	1,380
	14,430	11,656



		(Un-audited) 30 June 2024	(Un-audited) 30 June 2023
	Note	----- (Rupees in '000) -----	
29. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET			
(Reversal) against lending to financial institutions	9.2	-	(87)
(Reversal) / Credit loss allowance for diminution in value of investments	10.2.1	(9,814)	23,298
Credit loss allowance / (Reversal) against loans and advances	11.4.1	122,927	(168,022)
Credit loss allowance against other receivable	15.2.1	33,952	-
		<u>147,065</u>	<u>(144,811)</u>

30. Levies

Final tax	287,878	8,432
Minimum tax differential	<u>514,235</u>	<u>351,037</u>
	<u>802,113</u>	<u>359,469</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 June 2024	(Un-audited) 30 June 2023
		----- (Rupees in '000) -----	
31. TAXATION			
Current		-	-
Deferred		<u>(657,709)</u>	<u>(269,747)</u>
		<u>(657,709)</u>	<u>(269,747)</u>

32. BASIC AND DILUTED EARNINGS PER SHARE

(Loss) / Profit for the period (Rupees in '000)	<u>(656,266)</u>	<u>171,976</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>(806.05)</u>	<u>211.23</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 June 2024			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
	Note				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	10.1	457,077,505	-	-	457,077,505
Shares	10.1	319,565	-	-	319,565
Non-government debt securities	10.1	1,656,516	-	-	1,656,516
Financial assets - disclosed but not measured at fair value					
Investments					
Federal government securities	10.1	-	-	21,894,422	21,894,422
Cash and balances with treasury banks	7	-	-	278,650	278,650
Balances with other banks	8	-	-	290,898	290,898
Lendings to financial institutions	9	-	-	-	-
Advances	11	-	-	11,936,073	11,936,073
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(497,664,912)	(497,664,912)
Deposits and other accounts	17	-	-	(7,665,727)	(7,665,727)
Other liabilities	18	-	-	(1,812,388)	(1,812,388)
		(Audited) 31 December 2023			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
	Note				
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)
Other liabilities	18	-	-	7,173,050	7,173,050

33.2 Fair value of non-financial assets

	(Un-audited) 30 June 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	-	214,080	-	214,080
Property and Equipment	-	1,209,265	-	1,209,265

	(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 June 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	(617,043)	(666,218)	(9,477)	(489,247)	(1,781,985)
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	44,546	1,749,265	24,703	164	1,818,678
Total Income	(572,497)	1,083,047	15,226	(489,083)	36,693
Segment direct expenses	15,931	22,937	14,556	346,613	400,037
Inter segment expense allocation	14,758	113,574	5,228	(132,107)	1,453
Total expenses	30,689	136,511	19,784	214,506	401,490
(Reversal) / (recovery) / provision	136,051	-	-	11,014	147,065
Profit / (loss) before tax	(739,237)	946,536	(4,558)	(714,603)	(511,862)



30 June 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	-	569,548	-	569,548
Investments	2,640,557	479,179,199	325,798	482,145,554
Net inter segment lending	-	-	-	-
Lendings to financial institutions	-	30,567	-	30,567
Advances - performing	11,081,530	-	113,589	11,329,185
Advances - non-performing	1,961,118	-	-	1,961,118
Others	449,260	10,716,287	-	6,954,148
Less: Credit loss allowance (Loan and advances)	(1,354,217)	-	-	(13)
Less: Credit loss allowance (Investments)	(1,181,279)	(10,034)	(6,233)	-
Less: Credit loss allowance (Lending)	-	(30,567)	-	-
Less: Credit loss allowance (Others)	(69,800)	(9,757)	-	(16,625)
Total Assets	13,527,169	490,445,243	433,154	7,071,577
Borrowings	10,449,841	478,485,959	133,128	8,595,984
Subordinated debt	-	-	-	-
Deposits and other accounts	-	7,665,727	-	-
Net inter segment borrowing	-	-	-	-
Others	77,328	1,593,557	26	141,477
Total liabilities	10,527,169	487,745,243	133,154	8,737,461
Equity	3,000,000	2,700,000	300,000	(1,665,884)
Total equity and liabilities	13,527,169	490,445,243	433,154	7,071,577
Contingencies and commitments	7,646,335	-	4,563,365	307,610

30 June 2023 (Un-audited)

Investment Banking, Syndication & Advisory	Treasury	Capital Markets	Corporate, Commercial & SME	Un-allocated / others	Total
(Rupees in '000)					
Profit and loss					
Net mark-up/return/profit	90,408	892,477	(84,699)	20,131	(358,784)
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	12,383	(1,549)	(113,697)	4,876	(141)
Total Income	102,791	890,928	(198,396)	25,007	(358,925)
Segment direct expenses	10,069	16,122	10,457	19,390	200,841
Inter segment expense allocation	5,469	67,157	4,492	7,384	3,137
Total expenses	15,538	83,279	14,949	26,774	203,978
(Reversal) / (recovery) / provision	75,025	(187)	(2,937)	119,030	(335,742)
Profit / (loss) before tax	12,228	807,836	(210,408)	(120,797)	(227,161)

31 December 2023 (Audited)

Investment Banking, Syndication & Advisory	Treasury	Capital Markets	Corporate, Commercial & SME	Un-allocated / others	Total
(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	9,331,182
Advances - non-performing	668,481	-	-	1,216,562	1,885,043
Others	172,348	10,053,132	-	303,907	17,117,917
Less: Credit loss allowance (Loan and advances)	(583,008)	-	-	(648,281)	(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)	(62,230)
Total Assets	4,685,652	426,873,791	390,570	7,426,331	446,084,218
Borrowings	2,756,682	410,082,197	4,563	5,489,025	424,391,603
Deposits and other accounts	-	6,803,687	-	-	6,803,687
Others	-	6,515,762	213	8,336	7,173,050
Total Liabilities	2,756,682	423,401,646	4,776	5,497,361	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	446,084,218
Contingencies and commitments	2,558,627	3,308,230	-	2,910,946	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.

30 June 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	-	-	-	10,707,027	-	-	4,778	-	-	-	10,041,814
Other receivable	-	5,983	-	-	3,163	-	-	-	5,983	-	-	2,715	-	-
Other advances	-	-	1,050	-	-	-	150	-	-	-	-	-	-	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	-	-	-	-	-	-	5,421,493,497	-	-	-	-	-	-	4,081,695,535
Settled during the period / year	-	-	-	-	-	-	(5,356,144,439)	-	-	-	-	-	-	(3,740,375,616)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	479,536,052	-	-	-	-	-	-	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	-	-	92,469	-	1,100,000	-	17,608,560	-	-	211,507	-	1,100,000	-	19,768,073
Withdrawn during the period / year	-	-	(110,469)	-	(1,100,000)	-	(14,823,292)	-	-	(194,507)	-	(1,090,000)	-	(20,129,780)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	275,000	-	6,808,975	-	-	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	8,341	-	-	-	-	-	1,940	8,455	1,199	1,799	-	-	-	1,040
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	894,084	305,477	-	-	-	-	-	893,215	305,477

30 June 2024 (Un-audited)							30 June 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	-	-	529	-	-	-	39,827,287	-	-	2,276	-	-	-	26,769,871
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	6,750	-	-	-	-	-	-	4,688
Gain on sale of securities - net	-	-	-	-	-	-	-	-	-	-	-	-	-	6,098

Expense

Mark-up / return / interest expensed	-	-	-	-	29,851	-	11,935	-	111	161	-	25,263	-	20,238
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Operating expenses

Office maintenance and related expenses	-	-	-	-	15,805	-	-	-	850	-	-	10,732	-	-
Non-executive directors' remuneration	-	-	-	-	-	-	-	-	2,900	-	-	-	-	-
Board meeting expense	-	-	-	-	-	-	-	-	3,324	-	-	-	-	-
Remunerations	-	37,048	35,836	-	-	-	11,345	-	102,080	44,590	-	-	-	13,189
Contribution to defined contribution plan	-	4,116	2,969	-	-	-	643	-	3,602	1,221	-	-	-	250
Contribution to defined benefit plan	-	1,898	2,314	-	-	-	505	-	673	3,609	-	-	-	682
Depreciation	-	-	388	-	-	-	65	-	2,454	576	-	-	-	106

Other charges

Others	-	-	-	-	-	-	-	-	-	-	-	-	4,345	-
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(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".

36. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 5,414,140 6,011,408

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	2,931,128	6,372,504
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	2,931,128	6,372,504
Eligible Tier 2 Capital	-	1,161,770
Total Eligible Capital (Tier 1 + Tier 2)	<u>2,931,128</u>	<u>7,534,274</u>

Risk Weighted Assets (RWAs):

Credit Risk	19,182,265	19,228,004
Market Risk	556,239	1,028,325
Operational Risk	1,374,629	1,374,629
Total	<u>21,113,133</u>	<u>21,630,958</u>

(Un-audited) (Audited)
30 June 31 December
2024 2023

Common Equity Tier 1 Capital Adequacy ratio (%)	13.88%	29.46%
Tier 1 Capital Adequacy Ratio (%)	13.88%	29.46%
Total Capital Adequacy Ratio (%)	<u>13.88%</u>	<u>34.83%</u>

Leverage Ratio (LR):

Eligible Tier-1 Capital (Rupees)	2,931,128	6,372,504
Total Exposures (Rupees)	460,513,684	450,442,152
Leverage Ratio (%)	<u>0.64%</u>	<u>1.41%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets (Rupees)	404,000	6,446,000
Total Net Cash Outflow (Rupees)	3,854,000	4,687,000
Liquidity Coverage Ratio (%)	<u>10%</u>	<u>138%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding (Rupees)	16,253,885	18,026,186
Total Required Stable Funding (Rupees)	15,452,609	14,195,384
Net Stable Funding Ratio (%)	<u>105%</u>	<u>127%</u>

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 13.39% (December 2023: 34.83%) and 0.61% (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. Further to our correspondence and request w.r.t. exemption in LR upto 0.50%, the same is in process with SBP.

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



Note	(Un-audited)	(Un-audited)
	30 June 2024	30 June 2023
	----- (Rupees in '000) -----	
37. CASH AND CASH EQUIVALENTS		
Term deposit receipts (TDRs) / Reverse Repo	9	-
Cash and balance with treasury banks	7	278,650
Balance with other banks	8	290,898
		2,961,013
		1,059,069
		347,331
		<u>569,548</u>
		<u>4,367,413</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 29 AUG 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



Director



Managing Director & CEO



Director