



Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim unconsolidated financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 31st March 2022 together with Directors' review thereon.

Performance review

The Company incurred a loss before tax of PKR 69.25 million during the period under review as compared to profit before tax of PKR 144.98 million in the corresponding period last year.

Gross mark-up income during the period was PKR 895.48 million compared to PKR 723.40 million in corresponding period. After reduction in policy rate by 625 bps, during COVID-19 pandemic, there had been no change in interest rates after June 2020, however, an abrupt increase in interest rate by 525 bps since September last year has been observed. Consequently, despite increase in gross mark-up income, the net interest income (NII) has impacted significantly. Considering huge volatility in interest rate curve together with increase in frequency of MPC meeting, the policy rate setting has become a speculative matter showing negative market sentiments (in forex, capital and money markets) and uncertain future outlook.

During the period, the Company generated net cash flows of PKR 1.24 billion from its operations as compared to PKR 1.17 billion in corresponding period. The total assets of the Company remained at similar level as compared to financial yearend 2021.

The summarised financial results for the period are as follows:

Description	Quarter Ended 31 st March 2022 (3ME22)	Quarter Ended 31 st March 2021 (3ME21)
	PKR '000	
Profit/(loss) before taxation	(69,247)	144,975
Taxation	9,599	11,112
Profit/(loss) after taxation	(78,846)	133,863
Earnings/(loss) per share (Rupees)	(97.84)	165.46

Future prospects

In view of all what has happened in last couple of years mainly due to the COVID-19 pandemic, its effects on economies, slowing down of economic activity, supply chain disruption, increase in operating costs, the business dynamics and their priorities thereof have totally been changed. The economic disruption resulting from the pandemic caused great uncertainties for businesses around the Country.

This situation caused significant delays in finalisation and signing of the power purchase agreement (PPA); therefore, the Company had to create a provision of PKR 364.7 million, against its power plant (non-banking assets), which impacted operational efficiencies and performance. Further, the global conflicts have created extreme uncertainty relating to the commodity prices. Hence, this HFO based power generation project seems uneconomical proposition even for the captive power generation arrangements.

However, the management has continuously been working on the non-banking assets considering the most efficient ways to recover stuck-up funds in a timely manner.



Therefore, considering the critical importance of these non-banking assets and the repercussions thereby for Pak-Libya, the management of the Company got engaged in negotiations with other interested parties for an out-right sale.

In this regard, the offers received exceeded the carrying value amounting to PKR 814.6 million (including Land) of these non-banking assets which indicates that no further impairment is required.

Therefore, the management of the Company, after evaluation and completing the due process, decided to sell these non-yielding assets on “as is where is” basis, excluding Land.

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

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

Acknowledgments

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

For and on behalf of the Board

Sd/-

Khalid Joma Ezarzor
Deputy Managing Director

20th April 2022

Sd/-

Khurram Hussain
Managing Director & CEO

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		(Un-audited) 31 March 2022	(Audited) 31 December 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	85,340	110,575
Balances with other banks	7	63,747	197,264
Lendings to financial institutions	8	4,100,000	3,800,000
Investments	9	27,070,887	27,211,914
Advances	10	6,027,360	6,312,475
Fixed assets	11	88,782	96,472
Intangible assets	12	928	973
Deferred tax asset - net	13	489,758	434,796
Non-banking assets acquired in satisfaction of claim - held for sale	14.1	814,645	814,645
Other assets	14	1,390,908	1,642,088
		40,132,355	40,621,202
LIABILITIES			
Bills payable	15	-	-
Borrowings	17	29,114,365	30,149,418
Deposits and other accounts	18	5,085,940	4,576,353
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated loans	20	-	-
Deferred tax liabilities	21	-	-
Other liabilities	22	550,509	320,573
		34,750,814	35,046,344
NET ASSETS		5,381,541	5,574,858
REPRESENTED BY			
Share capital		8,141,780	8,141,780
Reserves		380,654	380,654
(Deficit) on revaluation of assets - net of tax	23	(961,833)	(847,361)
Unappropriated / unremitted (loss)		(2,179,061)	(2,100,215)
		5,381,541	5,574,858
CONTINGENCIES AND COMMITMENTS	24		

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

Sd/-

Chief Financial Officer

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Note	Quarter ended	
		March 2022	March 2021
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	895,482	723,403
Mark-up / return / interest expensed	27	880,453	545,896
Net mark-up / interest income		15,029	177,507
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	2,141	3,892
Dividend income		20,222	22,840
Foreign exchange income		4	(28)
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	2,710	5,039
Other income	30	(145)	1,104
Total non mark-up / interest income		24,932	32,847
Total Income		39,961	210,354
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	113,082	109,722
Workers welfare fund	24.3.9	-	-
Other charges	32	5,122	3,397
Total non mark-up / interest expenses		118,204	113,119
Profit / (loss) before provisions		(78,243)	97,235
Provisions / (reversal) and write offs - net	33	(8,996)	(47,740)
Extraordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		(69,247)	144,975
Taxation	34	9,599	11,112
PROFIT / (LOSS) AFTER TAXATION		(78,846)	133,863
----- (Rupees) -----			
Basic earnings / (loss) per share	35	(96.84)	165.46
Diluted earnings / (loss) per share	36	(96.84)	165.46

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

Sd/-

Chief Financial Officer

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Quarter ended	
Note	March 2022	March 2021
	----- (Rupees in '000) -----	
Profit / (loss) after taxation	(78,846)	133,863
Other comprehensive income - net		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in (deficit) / surplus on revaluation of investments - net of tax*	(114,472)	(213,037)
Others	-	-
	(114,472)	(213,037)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	-	-
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
Total comprehensive income / (loss)	(193,318)	(79,174)

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

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

Sd/-

Chief Financial Officer

Sd/-

Director

Sd/-

Managing Director & CEO

Sd/-

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Share capital/ Head office capital account	Statutory reserve*	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit/ (loss)	Total
			Investments	Fixed / Non Banking Assets		
----- (Rupees in '000) -----						
Opening balance as at 01 January 2021	7,871,780	372,478	(281,624)	-	(2,134,569)	5,828,065
Profit after taxation (March 2021)	-	-	-	-	133,863	133,863
Other comprehensive income - net of tax	-	-	(213,037)	-	-	(213,037)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	26,772	-	-	(26,773)	(1)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	270,000	-	-	-	-	270,000
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	(1,350)	(1,350)
Opening balance as at 01 April 2021	8,141,780	399,250	(494,661)	-	(2,028,829)	6,017,540
Profit for the period	-	-	-	-	(92,979)	(92,979)
Other comprehensive income - net of tax	-	-	(352,700)	-	-	(352,700)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	(18,596)	-	-	18,596	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	2,997	2,997
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2022	8,141,780	380,654	(847,361)	-	(2,100,215)	5,574,858
Profit after taxation (March 2022)	-	-	-	-	(78,846)	(78,846)
Other comprehensive income - net of tax	-	-	(114,472)	-	-	(114,472)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the period 31 March 2022	8,141,780	380,654	(961,833)	-	(2,179,061)	5,381,541

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

Sd/-

Chief Financial Officer

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Note	Quarter ended	
		March 2022	March 2021
------(Rupees in '000)-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(69,247)	144,975
Less: Dividend income		(20,222)	(22,840)
		<u>(89,469)</u>	<u>122,135</u>
Adjustments:			
Depreciation		9,859	8,159
Amortization		204	306
(Reversal) / provision and write-offs	10.3	(8,472)	(19,661)
Unrealised loss on revaluation of investments classified as 'held-for trading'	9.1	435	206
Reversal of provision against lendings to financial institutions	8.2	-	(2,497)
(Reversal) of provision / provision against other assets		-	-
Provision against contingencies		-	-
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1	(524)	(25,582)
Loss/(Gain) on sale of operating fixed assets	30	161	-
		<u>1,663</u>	<u>(39,069)</u>
		(87,806)	83,066
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,100,003	252,500
Held-for-trading securities		(4,224)	(1,437,659)
Advances		293,534	(889,608)
Others assets (excluding advance taxation)		414,388	474,570
		<u>1,803,701</u>	<u>(1,600,197)</u>
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		(1,035,053)	2,443,065
Deposits		509,587	303,289
Other liabilities		229,936	41,947
		<u>(295,530)</u>	<u>2,788,301</u>
		<u>1,420,365</u>	<u>1,271,170</u>
Income tax paid		(176,670)	(95,723)
Net cash generated from operating activities		<u>1,243,694</u>	<u>1,175,447</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		114,558	(96,102)
Investments in 'held-to-maturity' securities - net		(130,987)	68,376
Dividend received		16,472	12,760
Investments in operating fixed assets - net		(2,499)	(5,153)
Proceeds from sale of operating fixed assets		10	-
Proceeds from sale of shares of subsidiary company		-	-
Net cash flow (used) in investing activities		<u>(2,446)</u>	<u>(20,119)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Issue of share capital		-	-
Advance against share subscription		-	135,000
Stamp duty on shares issuance		-	(1,350)
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from financing activities		<u>-</u>	<u>133,650</u>
Net increase in cash and cash equivalents		1,241,248	1,288,978
Cash and cash equivalents at beginning of the period		<u>3,007,839</u>	<u>2,495,315</u>
Cash and cash equivalents at end of the period	42	<u><u>4,249,087</u></u>	<u><u>3,784,293</u></u>

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

Sd/-

Chief Financial Officer

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

1. STATUS AND NATURE OF BUSINESS

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

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

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

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

During the previous year, the Company has received remaining portion of final tranche of Rs. 135 million from GoP and issued shares amounting to Rs. 270 million (Rs. 135 million each shareholder); therefore, the paid up capital of the Company has increased to Rs. 8.141 billion and its capital free of losses met the minimum capital requirements.

At quarter end, the management has decided to dispose off its non-banking (non-yielding) assets under an offer of out-right sale. The outright sale has been approved by the Board of Directors which has a significant favourable impact on the operations and performance of the company.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information 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.

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

- 2.2** The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Company for the year ended 31 December 2021.

3.1 New standards, interpretations and amendments

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's financial statements in the period of their initial application. The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

	Effective Date (Annual periods beginning on or after)
Annual improvements to IFRS standards 2018 - 2020 Cycle	1 January 2022
IFRS 3 - References to Conceptual Framework	1 January 2022
IAS 16 - Proceeds before intended use	1 January 2022
IAS 37 - Onerous Contracts - Cost of Fulfilling a contract	1 January 2022
IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2022
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8 - Definition of Accounting Estimates	1 January 2023
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	1 April 2021
Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.	

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	1 January 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		5,480	5,324
		<u>5,486</u>	<u>5,330</u>
With State Bank of Pakistan in			
Local currency current account	6.1	78,885	103,460
		<u>78,885</u>	<u>103,460</u>
With other central banks in			
Foreign currency current account		-	-
Foreign currency deposit account		-	-
		<u>-</u>	<u>-</u>
With National Bank of Pakistan in			
Local currency current account		105	1,785
Local currency deposit account		864	-
		<u>969</u>	<u>1,785</u>
Prize bonds		-	-
		<u>85,340</u>	<u>110,575</u>

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

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		16,165	14,613
In deposit accounts	7.1	47,582	182,651
		<u>63,747</u>	<u>197,264</u>
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		<u>-</u>	<u>-</u>
		<u>63,747</u>	<u>197,264</u>

7.1 The return on these balances is 5.50 to 8.25 (2021: 5.50 to 7.25) percent per annum.

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
----- (Rupees in '000) -----			

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lending	8.1.1	4,130,567	3,830,567
		<u>4,130,567</u>	<u>3,830,567</u>
Less: provision held against lending to financial institutions	8.2	(30,567)	(30,567)
Lending to financial institutions - net of provision		<u>4,100,000</u>	<u>3,800,000</u>
8.1 Particulars of lending			
In local currency		4,100,000	3,800,000
In foreign currencies		-	-
		<u>4,100,000</u>	<u>3,800,000</u>

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 11.00 to 12.50 (31 December 2021: 8.60 to 12.50) percent per annum. These are due to mature between 4 April 2022 and 24 June 2022.

8.2 Category of classification

	Rupees in '000			
	(Un-audited) 31 March 2022		(Audited) 31 December 2021	
	Classified Lending	Provision held	Classified Lending	Provision held
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	30,567	30,567	30,567	30,567
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 period ended 31 March 2022 (31 December 2021: Nil).

9 INVESTMENTS	Note	(Un-audited) 31 March 2022				(Audited) 31 December 2021			
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
9.1 Investments by type:		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Held-for-trading securities									
Federal government securities Shares		-	-	-	-	-	-	-	-
		4,224	-	(435)	3,789	-	-	-	-
		4,224	-	(435)	3,789	-	-	-	-
Available-for-sale securities									
Federal government securities* Shares		24,964,596	-	(1,232,795)	23,731,801	24,973,269	-	(1,092,638)	23,880,631
Non government debt securities	9.1.5	1,306,393	(323,710)	(102,754)	879,929	1,319,925	(323,765)	(96,619)	899,541
		2,476,585	(343,289)	(29,550)	2,103,745	2,568,938	(343,758)	(14,074)	2,211,106
		28,747,574	(666,999)	(1,365,099)	26,715,475	28,862,132	(667,523)	(1,203,331)	26,991,278
Held-to-maturity securities									
Non government debt securities		356,489	(6,366)	-	350,123	225,502	(6,366)	-	219,136
		356,489	(6,366)	-	350,123	225,502	(6,366)	-	219,136
Associates	9.1.1, 9.1.2, 9.1.3 & 9.1.4	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		29,814,654	(1,378,232)	(1,365,535)	27,070,887	29,794,001	(1,378,756)	(1,203,331)	27,211,914

* The deferred bonus related to eligible employees have been invested/reinvested in market treasury bills amounting to Rs. 4.097 million (31 December 2021: 5.969 million) whilst its related income has been recorded in other liabilities.

- 9.1.1** This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The book value represents cost of investment amounting to Rs. 500 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012. This investment was designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.
- 9.1.2** These include preference shares amounting to Rs.300 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.
- 9.1.3** It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining building housing offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.
- 9.1.4** It includes unlisted ordinary shares of Kamoke Powergen (Private) Limited (KPL). It was established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016.

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

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

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

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

9.1.6 Investments given as collateral

Note	(Un-audited)	(Audited)
	March 2022	December 2021
	Cost	
	----- (Rupees in '000) -----	
Market treasury bills	-	6,000
Pakistan investment bonds	19,140,000	22,695,000
	<u>19,140,000</u>	<u>22,701,000</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	1,378,756	1,428,156
Add: adjustments during the period / year	-	-
Charge / reversals		
Charge for the year	-	95,689
Reversals for the year	(524)	-
(Reversal) / charge on disposals	(524)	(49,400)
Transfers / Mark-to-market - net	-	-
Amounts written off	-	-
Closing balance	9.1 <u>1,378,232</u>	<u>1,378,756</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Un-audited)		(Audited)	
	March 2022		December 2021	
	Classified	Provision	Classified	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard*	99,920	11,209	99,920	11,209
Doubtful	-	-	-	-
Loss	338,915	338,915	338,915	338,915
	<u>438,835</u>	<u>350,123</u>	<u>438,835</u>	<u>350,124</u>

* Included herein is subjective provision on a certain exposure.

Overseas

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

10 ADVANCES

Note	Performing		Non Performing		Total	
	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021	(Un-audited) 31 March 2022	(Audited) 31 December 2021
	----- (Rupees in '000) -----					
Loans	4,527,705	4,702,447	957,203	965,673	5,484,908	5,668,120
Net investment in finance lease	224,580	248,206	146,938	146,938	371,518	395,144
Staff loans	139,888	143,243	-	-	139,888	143,243
Consumer loans and advances	3,536	4,183	33,263	33,263	36,799	37,446
Long-term financing of export oriented projects (LTF-EOP)	-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTF)	380,701	396,539	-	-	380,701	396,539
Refinance scheme for payment of wages & salaries	236,762	300,098	-	-	236,762	300,098
Temporary economic relief facility (TERF)	455,749	459,269	-	-	455,749	459,269
Advances - gross	5,968,921	6,253,985	1,197,584	1,206,053	7,166,505	7,460,038
Provision against advances						
- Specific	-	-	1,139,091	1,147,510	1,139,091	1,147,510
- General	-	-	53	53	53	53
	-	-	1,139,145	1,147,563	1,139,145	1,147,563
Advances - net of provision	5,968,921	6,253,985	58,439	58,490	6,027,360	6,312,475

10.1 Particulars of advances (Gross)

In local currency
In foreign currency

(Un-audited) 31 March 2022	(Audited) December 2021
---- (Rupees in '000) ----	
7,166,505	7,460,038
-	-
7,166,505	7,460,038

- 10.2 Advances include Rs.1,197.584 million (31 December 2021: Rs.1206.053 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) March 2022		(Audited) December 2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	23	12	23	12
Loss	1,197,560	1,139,026	1,206,030	1,147,498
Total	1,197,584	1,139,038	1,206,053	1,147,510

Overseas

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

10.3 Particulars of provision against advances

	(Un-audited) March 2022			(Audited) December 2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	1,147,510	53	1,147,563	1,449,884	46	1,449,930
Charge for the year	-	-	-	12	7	19
Less: Reversal during the period	(8,472)	-	(8,472)	(20,193)	-	(20,193)
Net (reversal) for the period	(8,472)	-	(8,472)	(20,181)	7	(20,174)
Less: Amounts written off	-	-	-	(282,193)	-	(282,193)
Closing balance	1,139,038	53	1,139,091	1,147,510	53	1,147,563

10.3.1 Particulars of provision against advances

In local currency	1,139,038	53	1,139,091	1,147,510	53	1,147,563
In foreign currency	-	-	-	-	-	-
	1,139,038	53	1,139,091	1,147,510	53	1,147,563

- 10.3.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2020: Nil) in respect of consumer financing and Rs.58.532 million (31 December 2021: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

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

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
11 FIXED ASSETS			
		---- (Rupees in '000) ----	
Capital work-in-progress	11.1	-	-
Property and equipment		88,782	96,472
		<u>88,782</u>	<u>96,472</u>
11.1 Capital work-in-progress			
Civil works		-	-
Equipment		-	-
Advances to vendors		-	-
Others		-	-
		<u>-</u>	<u>-</u>
11.2 Additions to fixed assets			
The following additions have been made to operating fixed assets during the period:			
Capital work-in-progress		-	-
Property and equipment		-	-
Freehold land		-	-
Leasehold land		-	-
Buidling on freehold land		-	-
Buidling on leasehold land		-	-
Furniture and fixture		1,674	13,519
Electrical office and computer equipment		593	5,008
Vehicles		74	15,404
Others		-	-
Total		<u>2,341</u>	<u>33,931</u>
11.3 Disposal of fixed assets			
The net book value of operating fixed assets disposed off during the period is as follows:			
Freehold land		-	-
Leasehold land		-	-
Buidling on freehold land		-	-
Buidling on leasehold land		-	-
Furniture and fixture		205	-
Electrical office and computer equipment		99	-
Vehicles		-	-
Others		-	-
Total		<u>304</u>	<u>-</u>
12 INTANGIBLE ASSETS			
Computer software		928	973
Others		-	-
		<u>928</u>	<u>973</u>
12.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Developed internally		-	-
Directly purchased		158	84
Through business combinations		-	-
Total		<u>158</u>	<u>84</u>
12.2 Disposals of intangible assets			
The net book value of intangible assets disposed off during the period is as follows:			
Developed internally		-	-
Directly purchased		-	-
Through business combinations		-	-
Total		<u>-</u>	<u>-</u>

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
---- (Rupees in '000) ----		
13 DEFERRED TAX ASSETS / (LIABILITY)		
Deductible temporary differences on		
- Tax losses carried forward	-	-
- Post retirement employee benefits	6,793	6,542
- Deficit on revaluation of investments	403,333	355,969
- Accelerated tax depreciation	(2,515)	(4,141)
- Provision against advances, off balance sheet etc.	76,557	77,568
- Others	5,590	(1,142)
	489,758	434,796
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	-	-
- Surplus on revaluation of investments	-	-
- Accelerated tax depreciation	-	-
- Net investment in finance lease	-	-
	489,758	434,796

13.1 As at 31 March 2022, the Company has available provision for advances, investments and other assets amounting to Rs.1,421.45 million (31 December 2021: Rs.1,430.38 million) and unused tax losses upto 31 March 2021 amounting to Nil (31 December 2021: Nil). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
---- (Rupees in '000) ----		
14 OTHER ASSETS		
Income / mark-up accrued in local currency-net of provision	418,717	827,678
Advances, deposit, advance rent and other prepayments	27,510	29,181
Advance taxation (payments less provisions)	992,110	832,653
Staff retirement gratuity - asset / (liability)	2,582	2,582
Other receivables	8,395	8,401
	1,449,314	1,700,495
Less: provision held against other assets	(58,407)	(58,407)
Other assets - (net of provision)	1,390,908	1,642,088
14.1 Non-banking assets acquired in satisfaction of claims - held for sale	814,645	814,645
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
	814,645	814,645

14.2 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1 & note 37.2.

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
---- (Rupees in '000) ----		
14.2.1 Non-banking assets acquired in satisfaction of claims - held for sale		
Opening balance	1,179,360	1,179,360
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
Impairment / (provision) refer Note 37.2	(364,715)	(364,715)
Closing balance	814,645	814,645

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

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at 31 March 2022. As per the new valuation the value of these assets were Rs.1.627 billion whilst forced sale value was Rs.1.015 billion. However, the surplus on revaluation on the non-banking assets has not been recorded in these financial statements on prudent basis.

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
---- (Rupees in '000) ----		
14.2.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	-	-
less		
- Cost	-	-
- Impairment / depreciation	-	-
	-	-
Gain/loss	-	-

(Un-audited) 31 March 2022	(Audited) 31 December 2021
----------------------------------	----------------------------------

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

14.3 Provision held against other assets

Advances, deposits, advance rent & other prepayments	58,407	58,407
Non banking assets acquired in satisfaction of claims	364,715	364,715
Others	-	-
	<u>423,122</u>	<u>423,122</u>

14.3.1 Movement in provision held against other assets

Opening balance	58,407	38,186
Charge for the period / year	-	22,459
Reversal	-	(2,238)
Amount written off / (recovered)	-	-
Closing balance	<u>58,407</u>	<u>58,407</u>

15 Contingent assets

The Company does not have any contingent assets as at period ended 31 March 2022 (31 December 2021: Nil).

16 Bill payable

The Company does not have any bills payable as at period ended 31 March 2022 (31 December 2021: Nil).

17 BORROWINGS

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

Secured

Borrowings from State Bank of Pakistan under:

Long-term financing facility (LTFF)	17.1 (a)	226,743	257,644
Refinance scheme for payment of wages & salaries	17.1 (b)	282,297	345,630
Temporary economic relief facility (TERF)	17.1 (c)	547,559	541,182
Repurchase agreement borrowings - Repo	17.2	18,507,977	21,907,795
Borrowings from financial institutions	17.3	6,203,167	6,353,167
		<u>25,767,743</u>	<u>29,405,418</u>

Total secured**Unsecured**

Clean borrowings	3,346,622	744,000
Bai Muajjal	-	-
	<u>29,114,365</u>	<u>30,149,418</u>

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

17.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 1 April 2022 (31 December 2021: 7 January 2022). The rate of mark-up on these facilities range from 10.25 to 10.75 (31 December 2021: 10.05 to 10.75) percent per annum.

17.3 This includes borrowings from financial institutions as under:

- (a) Rs.6,004.17 million (31 December 2021: Rs.6154.17 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis (2021: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 31 March 2022, the applicable interest rates were 9.33 to 12.56 (31 December 2021: 7.84 to 11.17) percent per annum. These borrowings are due for maturity latest by December 2024 (31 December 2021: December 2024).
- (b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2021: Rs.199 million) from certain financial institutions for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 0.75 percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

	(Un-audited) 31 March 2021	(Audited) 31 December 2021
	---- (Rupees in '000) ----	
17.4 Particulars of borrowings with respect to currencies		
In local currency	29,114,365	30,149,418
In foreign currency		-
	29,114,365	30,149,418

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 2022			(Audited) December 2021		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	-----Rupees in '000-----					
Customers						
Certificate of Investment	5,085,940	-	5,085,940	4,576,353	-	4,576,353
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	5,085,940	-	5,085,940	4,576,353	-	4,576,353
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	5,085,940	-	5,085,940	4,576,353	-	4,576,353

The profit rates on these Certificates of Investment (COIs) range from 7.85 to 11.95 (31 December 2021: 7.65 to 11.70) percent per annum. These COIs are due for maturity on various dates latest by 29 June 2022 (31 December 2021: 29 June 2022).

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

20 SUBORDINATED DEBT

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

21 DEFERRED TAX LIABILITIES

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

22 OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		31 March 2022	31 December 2021
---- (Rupees in '000) ----			
Mark-up/ Return/ Interest payable in local currency		267,609	104,271
Accrued expenses		167,292	103,284
Advance payments		14,504	12,024
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	21.1	23,423	23,312
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	77,682
Provision against contingencies	22.2	-	-
Other		-	-
		550,509	320,573

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

22.2 Movement in provision held against other assets	(Un-audited)	(Audited)
	31 March 2022	31 December 2021
---- (Rupees in '000) ----		
Opening balance	-	215,000
Addition during the year / period	-	-
Utilised during the year / period	-	(215,000)
Closing balance	-	-

22.3 Provision against off-balance sheet obligations

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

23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

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

9.1	(1,365,099)	(1,203,331)
	-	-
	-	-
	(1,365,099)	(1,203,331)

Deferred tax on surplus / (deficit) on revaluation of:

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

	403,266	355,969
	-	-
	-	-
	403,266	355,969
	(961,833)	(847,361)

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
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---- (Rupees in '000) ----

24 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

24.1	875,027	873,460
24.2	5,949,075	3,631,323
24.3	348,141	348,141
	7,172,243	4,852,924

24.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

24.1.1	841,120	841,120
24.1.1	33,907	32,340
	-	-
	875,027	873,460

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

Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
------	----------------------------------	----------------------------------

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

24.2 Commitments:

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

350,000	350,000
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Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- derivatives
- forward lending
- operating leases

-	-
-	-
-	-
-	-
-	-

Commitments for acquisition of:

- operating fixed assets
- intangible assets

-	-
708	708

Other commitments

24.2.2	5,598,367	3,280,615
	5,949,075	3,631,323

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

(Un-audited) 31 March 2022	(Audited) 31 December 2021
----------------------------------	----------------------------------

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

24.2.2 Other commitments

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

5,596,727	3,279,190
215	-
1,425	1,425
5,598,367	3,280,615

24.3 Other contingent liabilities

- 24.3.1** In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.
- 24.3.2** For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.3** For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vide his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.4** For the tax year 2014, the ACIR passed an order wherein tax demand of Rs.57.866 million was raised, disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vide his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

- 24.3.5** For the tax year 2015, the ADCIR passed an order wherein tax demand of Rs.46.669 million was raised, disallowing the provision for non-performing advances, write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest various treatments adopted in the above mentioned order issued by ADCIR, has been filed on 16 April 2019.
- 24.3.6** For the tax year 2016, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 102.965 million was raised, disallowing the provision against non performing advances, loss on sale of non-banking assets, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest the various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The Appeal is pending and has not been fixed yet.
- 24.3.7** 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 27-01-2021, 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.
- 24.3.8** For the tax year 2018, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 31.948 million was raised disallowing the provision against non performing advances, provision against other assets, other charges-KEL, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal is pending. Further, rectification application has been filed vide our letter T-1079/2021 dated April 01, 2021. After due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.

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

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

25 DERIVATIVE INSTRUMENTS

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

	Note	(Un-audited) 31 March 2022	(Un-audited) 31 March 2021
---- (Rupees in '000) ----			
26 MARK-UP/RETURN/INTEREST EARNED			
loans and advances		135,717	126,106
Investments		641,720	523,838
Lendings to financial institutions		117,029	68,701
Balance with banks		1,016	4,758
Others		-	-
		895,482	723,403
27 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		130,387	78,763
Borrowings		750,066	467,133
Subordinated debt		-	-
Cost of foreign currency swaps against foreign currency deposits/ borrowings		-	-
		880,453	545,896
28 FEE & COMMISSION INCOME			
Branch banking customer fees		-	-
Consumer finance related fees		588	-
Card related fees (debit and credit cards)		-	-
Credit related fees		1,554	2,747
Investment banking fees		-	-
Commission on trade		-	-
Commission on guarantees		-	1,145
Commission on cash management		-	-
Commission on remittances including home remittances		-	-
Commission on bancassurance		-	-
Others		-	-
		2,141	3,892
29 GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	3,145	5,245
Unrealised-held for trading	9.1	(435)	(206)
		2,710	5,039
29.1 Realised gain on:			
Federal government securities		-	145
Shares		3,145	5,100
Non-government debt securities		-	-
Associates		-	-
Subsidiaries		-	-
Others		-	-
		3,145	5,245
30 OTHER INCOME			
Rent on property		-	1,104
Gain on sale of operating fixed assets		(161)	-
Gain on sale of non-banking assets - net		-	-
Bank charges on consumer and SME-RB portfolio		16	-
Others		-	-
		(145)	1,104

	(Un-audited) 31 March 2022	(Un-audited) 31 March 2021
	---- (Rupees in '000) ----	
31 OPERATING EXPENSES		
Total compensation expense	83,639	86,334
Property expense		
Rent and taxes	-	139
Insurance	899	758
Utilities cost	1,391	1,174
Security (including guards)	267	260
Repair and maintenance (including janitorial charges)	4,812	4,448
Depreciation	693	699
Others	-	-
	8,062	7,478
Information technology expenses		
Software maintenance	768	439
Hardware maintenance	157	320
Depreciation	717	544
Amortisation	204	306
Network charges	497	286
BCP expense	183	183
	2,525	2,078
Other operating expenses		
Directors' fees and allowances	1,800	-
Fees and allowances to Shariah Board	-	-
Legal and professional charges	1,335	1,230
Outsourced services costs	1,133	1,282
Travelling and conveyance	1,388	1,003
NIFT clearing charges	-	-
Depreciation	8,449	6,916
Training and development	-	19
Postage and courier charges	111	58
Communication	847	904
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
Stationery and printing	542	438
Marketing, advertisement & publicity	853	737
Donations	-	-
Auditors' remuneration	621	27
Board meeting expenses	960	524
Meal and business networking expenses	173	102
Canteen expenses	310	271
Liveries and uniform	-	-
Hajj expense	230	230
Bank charges	99	86
Miscellaneous expenses	6	4
	18,857	13,832
	113,082	109,722
32 OTHER CHARGES		
Arrangement fee and documentation charges	2,285	1,339
Brokerage commission	1,349	1,355
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	1,489	703
Penalties imposed by State Bank of Pakistan	-	-
Penalties imposed by other regulatory bodies	-	-
	5,122	3,397

	Note	(Un-audited)	(Un-audited)
		31 March 2022	31 March 2021
---- (Rupees in '000) ----			
33 PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provision / (reversal) against lending to financial institutions		-	(2,497)
Loss on non-banking assets acquired in satisfaction of claims		-	-
Provisions / (reversal) for diminution in value of investments	9.2.1	(524)	(25,582)
(Reversal) / provision against loans and advances	10.3	(8,472)	(19,661)
(Reversal) / provision against other receivable		-	-
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
Provision against contingencies		-	-
		(8,996)	(47,740)
34 TAXATION			
Current		17,262	16,822
Prior years		-	-
Deferred		(7,663)	(5,709)
		9,599	11,112

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

	(Un-audited)	(Un-audited)
	31 March 2022	31 March 2021
---- (Rupees in '000) ----		
35 BASIC EARNINGS/ (LOSS) PER SHARE		
Profit / (loss) for the period	(78,846)	133,863
Weighted average number of ordinary shares	814,178	809,014
Basic earnings per share (Rupees)	(96.84)	165.46
36 DILUTED EARNINGS/ (LOSS) PER SHARE		
Profit / (loss) for the period	(78,846)	133,863
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	814,178	809,014
Diluted earnings per share (Rupees)	(96.84)	165.46

37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

37.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Note	(Un-audited) 31 March 2022			
		Level 1	Level 2	Level 3	Total
		-----Rupees in '000-----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	9.1	-	23,731,800	-	23,731,800
Provincial government securities	9.1	-	-	-	-
Shares	9.1	883,719	-	1,500	885,219
Non-government debt securities	9.1	-	686,148	-	686,148
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	9.1	-	-	1,767,720	1,767,720
Cash and balances with treasury banks	6	-	-	85,340	85,340
Balances with other banks	7	-	-	63,747	63,747
Lendings to financial institutions	8	-	-	4,100,000	4,100,000
Advances	10	-	-	6,027,360	6,027,360
Other assets	14	-	-	1,390,908	1,390,908
Financial liabilities - disclosed but not measured at fair value					
Borrowings	17	-	-	(29,114,365)	(29,114,365)
Deposits and other accounts	18	-	-	(5,085,940)	(5,085,940)
Other liabilities	22	-	-	(550,509)	(550,509)
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-
		883,719	24,417,948	(21,314,239)	3,987,429

		(Audited) 31 December 2021				
Note		Level 1	Level 2	Level 3	Total	
		-----Rupees in '000-----				
On balance sheet financial instruments						
Financial assets - measured at fair value						
Investments						
	Federal government securities	9.1	-	23,880,631	-	23,880,631
	Provincial government securities	9.1	-	-	-	-
	Shares	9.1	899,541	-	1,500	901,041
	Non-government debt securities	9.1	-	715,792	-	715,792
	Foreign securities		-	-	-	-
	Others		-	-	-	-
Financial assets - disclosed but not measured at fair value						
	Investments	9.1	-	-	1,714,451	1,714,451
	Cash and balances with treasury banks	6	-	-	110,575	110,575
	Balances with other banks	7	-	-	197,264	197,264
	Lendings to financial institutions	8	-	-	3,800,000	3,800,000
	Advances	10	-	-	6,312,475	6,312,475
Financial liabilities - disclosed but not measured at fair value						
	Borrowings	17	-	-	(30,149,418)	(30,149,418)
	Deposits and other accounts	18	-	-	(4,576,353)	(4,576,353)
Off-balance sheet financial instruments - measured at fair value						
	Forward purchase of foreign exchange		-	-	-	-
	Forward sale of foreign exchange		-	-	-	-
	Forward agreements for lending		-	-	-	-
	Forward agreements for borrowing		-	-	-	-
	Derivatives purchases		-	-	-	-
	Derivatives sales		-	-	-	-
			899,541	24,596,423	(22,589,506)	2,906,458

37.2 Fair value of non-financial assets

		(Un-audited) 31 March 2022			
		Level 1	Level 2	Level 3	Total
		-----Rupees in '000-----			
On balance sheet non-financial assets					
	Non-banking assets acquired in satisfaction of claims	-	1,627,453	-	1,627,453
		-	1,627,453	-	1,627,453
		(Audited) 31 December 2021			
		Level 1	Level 2	Level 3	Total
		-----Rupees in '000-----			
On balance sheet non-financial assets					
	Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
		-	2,530,518	-	2,530,518

Methodology and Valuation Approach

For the purposes of valuation, valuer carried out inspection and survey of the land, building, plant and machinery. They verified the capacity of the Engines and Alternators from their nameplate rating. The plant is mostly second-hand and the engines have run 50/60,000 hours.

Land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.113.00 million (31 December 2021: Rs.70.625 million).

Buildings And Civil Works

All civil works were physically inspected to ascertain the type of construction, finishes and present condition. The structures covered are the owned and developed assets on owned land and long leased land holdings. The verification was also made from the architectural drawings and completion drawings as available. The buildings were checked to ascertain the maintenance standard and construction at site in accordance with the drawings. A suitable depreciation factor depending upon the present condition and life of the buildings was applied to arrive at the present assessed value is Rs.155.846 million (31 December 2021: Rs.188.212 million).

Plant and Machinery including Spares

The machinery at the site (including spares) were physically verified as far as possible, according to their description, specification and location. Purchase invoices were used in order to determine the historical cost.

For the purpose of valuation of plant, machinery and equipment, valuer enquired values of second-hand machinery and checked their own archives, apart from the local market, keeping in view the make, model, capacity & present condition of the plant, which resulted in valuation of Rs.1,358.607 million (31 December 2021: Rs.2,271.681million).

As the machinery items are also lying at the port and segments are distributed into various containers at the Plant site, this will present some problems in assembling and in absence of comprehensive assembly drawings and technical specification / rusting problems, the realisable value will suffer.

Management of the Company, after critically evaluating its options finalized the terms of restructuring deal for the disposal of these non-banking assets with a specialized engineering firm. Under the arrangement, both the parties agreed to enter into a business venture whereby the assets of KEL would be used for setting up of captive power plants to be used for industrial units through power purchase agreements on 'Build Own Operate' or 'Build Own Operate Transfer' basis. As per the agreement, the total consideration will be paid from the power plant cashflows to be received time to time and on such dates and with such amounts as mutually agreed by the parties. The parties involved, currently, negotiating the terms of power purchase agreement (PPA) with identified buyers which will become the basis for relevant PPAs expected to be signed in due course accordingly.

Considering the assets being non-operational, the management engaged an external valuation expert to assess the value of these assets. As a result of the assessment, the management considered that no impairment on these assets would be required as the revised assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values.

However, the delays faced by the engineering firm in signing the 1st PPA with the potential power purchase buyer, certain provision has been created against these assets as per the instructions of the SBP.

Considering the critical importance of these non-banking assets, the management of the company had been engaged in negotiations with interested parties and evaluated out-right sale, due to rising cost of energy specially oil prices. Therefore, considering the plant being HFO based and willingness of potential strategic investor to invest and consequently completion of construction of power plants for each signed PPA made the entire project unviable. Hence the management of the company decided for outright sale of these assets on as is where is basis.

In this regard, the offer received in relation to outright sale exceeded the carrying value and the interested party has deposited Rs 50 million to demonstrate its commitment to purchase.

38 SEGMENT INFORMATION**38.1 Segment Details with respect to Business Activities**

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

31 March 2022 (Un-audited)						
Investment Banking, Syndication & Advisory	Money Market	Capital Market	Corporate, Commercial & SME	Un-allocated / others	Total	
Profit and loss						
Net mark-up/return/profit	(63,499)	157,183	(16,521)	(11,404)	(50,730)	15,029
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	663	4	23,367	3,236	(2,338)	24,932
Total Income	(62,836)	157,187	6,846	(8,168)	(53,068)	39,961
Segment direct expenses	3,301	6,490	6,037	6,111	68,486	90,425
Inter segment expense allocation	5,044	15,419	1,701	4,567	1,219	27,950
Total expenses	8,346	21,908	7,738	10,678	69,705	118,375
(Reversal) / (recovery) / provision	-	-	(380)	(2)	(8,614)	(8,996)
Profit / (loss) before tax	(71,181)	135,279	(1,272)	(18,844)	(114,159)	(69,418)

31 March 2022 (Un-audited)						
Investment Banking, Syndication & Advisory	Money Market	Capital Market	Corporate, Commercial & SME	Un-allocated / others	Total	
Statement of Financial Position						
Cash and bank balances	-	149,087	-	-	149,087	
Investments	3,232,546	23,941,741	993,226	-	8,206	28,175,719
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	4,130,567	-	-	-	4,130,567
Advances - performing	695,346	-	-	4,231,407	107,196	5,033,949
- non-performing	902,228	-	-	1,164,321	33,261	2,099,810
Others	1,236,887	234,430	3,750	1,122,854	1,628,882	4,226,803
Less: Provision (Loan and advances)	(902,028)	-	-	(204,371)	-	(1,106,399)
Less: Provision (Investments)	(857,181)	(9,371)	(238,280)	-	-	(1,104,832)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(364,715)	(11,012)	-	(1,059,946)	(6,109)	(1,441,782)
Total Assets	3,943,083	28,404,874	758,696	5,254,265	1,771,436	40,132,355
Borrowings	4,178,121	23,931,203	99,322	905,719	-	29,114,365
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	5,085,940	-	-	-	5,085,940
Net inter segment borrowing	-	-	-	-	-	-
Others	86,205	267,609	150	1,737	194,808	550,509
Total liabilities	4,264,326	29,284,752	99,472	907,456	194,808	34,750,814
Equity	1,345,385	2,421,693	269,077	1,345,385	-	5,381,541
Total equity and liabilities	5,609,711	31,706,445	368,549	2,252,841	194,808	40,132,355
Contingencies and commitments	2,825,027	-	215	3,993,650	353,351	7,172,243

31 March 2021 (Un-audited)						
Corporate & Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Profit and loss						
Net mark-up/return/profit	52,557	127,566	-	3,811	(6,426)	177,507
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	3,745	117	27,734	147	1,104	32,847
Total Income	56,302	127,683	27,734	3,959	(5,323)	210,354
Segment direct expenses	4,974	6,006	3,850	3,164	36,000	53,995
Inter segment expense allocation	584	610	582	1,551	55,797	59,123
Total expenses	5,560	6,614	4,432	4,716	91,797	113,118
(Reversal) / (recovery) / provision	(18,942)	(2,497)	(25,582)	(719)	-	(47,740)
Profit / (loss) before tax	69,685	123,566	48,883	(38)	(97,120)	144,976

31 December 2021 (Audited)						
Corporate & Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Balance Sheet						
Cash and bank balances	-	307,839	-	-	-	307,839
Investments	3,476,247	24,083,435	1,025,020	-	5,969	28,590,671
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	4,831,224	-	-	1,275,335	147,427	6,253,986
- non-performing	1,112,610	-	-	60,179	33,263	1,206,052
Others	1,319,694	665,564	-	15,048	1,411,787	3,412,093
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,304)	-	(1,147,563)
Less: Provision (Investments)	(1,225,811)	(9,371)	(143,574)	-	-	(1,378,756)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(407,255)	(9,757)	-	-	(6,108)	(423,120)
Total Assets	7,992,450	28,837,710	881,446	1,317,258	1,592,338	40,621,202
Borrowings	5,162,570	24,065,667	-	921,182	-	30,149,419
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,576,353	-	-	-	4,576,353
Net inter segment borrowing	-	-	-	-	-	-
Others	86,205	103,592	969	5,882	123,924	320,572
Total liabilities	5,248,775	28,745,612	969	927,064	123,924	35,046,344
Equity	3,146,280	-	1,128,097	-	1,300,481	5,574,858
Total equity and liabilities	8,395,055	28,745,612	1,129,066	927,064	1,424,405	40,621,202
Contingencies and commitments	3,738,240	-	-	764,410	350,274	4,852,924

39 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	31 March 2022 (un-audited)						31 December 2021 (audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
	(Rupees in '000)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	79,854	-	-	-	-	-	-	105,245
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	79,854	-	-	-	-	-	-	105,245
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	1,000,000
Addition during the year	-	-	-	-	-	-	200,000	-	-	-	-	-	-	4,450,000
Repaid during the year	-	-	-	-	-	-	(700,000)	-	-	-	-	-	-	(4,750,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	200,000	-	-	-	-	-	-	700,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	25,351,437	-	-	-	-	1,500	704,867	22,272,681
Investment made during the year	-	-	-	-	-	-	4,200	-	-	-	-	-	-	8,654,188
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(16,017)	-	-	-	-	-	-	(5,575,432)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	25,339,620	-	-	-	-	1,500	704,867	25,351,437
Provision for diminution in value of investments	-	-	-	-	-	704,867	107,031	-	-	-	-	-	704,867	83,134
Surplus/(deficit) for diminution in value of investments	-	-	-	-	-	-	(1,154,857)	-	-	-	-	-	-	(1,167,164)
Advances														
Opening balance	-	-	71,150	-	-	-	20,690	-	-	48,454	-	-	-	42,825
Addition during the year	-	-	5,584	-	-	-	-	-	-	20,262	-	-	-	-
Repaid during the year	-	-	(2,759)	-	-	-	(649)	-	-	(17,068)	-	-	-	(2,633)
Transfer in / (out) - net	-	-	(6,284)	-	-	-	(342)	-	-	19,502	-	-	-	(19,502)
Closing balance	-	-	67,691	-	-	-	19,699	-	-	71,150	-	-	-	20,690
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 March 2022 (un-audited)						31 December 2021 (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	-	-	2,622	-	-	-	166,942	-	-	-	-	-	-	621,538
Receivable from staff retirement fund	-	-	-	-	-	-	(2,582)	-	-	-	-	-	-	-
Other receivable	-	6,063	-	-	1,466	-	-	-	5,983	-	-	1,466	-	-
Other advances	-	-	80	-	-	-	40	-	-	250	-	-	-	160
Advance taxation	-	-	-	-	-	-	992,110	-	-	-	-	-	-	790,668
Provision against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	18,166,656	-	-	-	-	-	-	9,611,528
Borrowings during the year	-	-	-	-	-	-	145,120,641	-	-	-	-	-	-	547,829,245
Settled during the year	-	-	-	-	-	-	(147,866,697)	-	-	-	-	-	-	(539,274,117)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	15,420,600	-	-	-	-	-	-	18,166,656
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	225,000	-	3,723,760	-	-	-	-	185,000	-	3,603,756
Received during the year	-	-	-	-	25,000	-	7,632,858	-	-	-	-	552,500	-	28,792,836
Withdrawn during the year	-	-	-	-	(25,000)	-	(7,138,662)	-	-	-	-	(512,500)	-	(28,672,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	225,000	-	4,217,956	-	-	-	-	225,000	-	3,723,760
Other Liabilities														
Interest / mark-up payable	-	-	-	-	5,752	-	74,247	-	-	-	-	284	-	45,122
Payable to staff retirement fund	-	-	-	-	-	-	(2,582)	-	-	-	-	-	-	-
Other liabilities	5,480	1,897	2,208	-	-	1,008	3,146	5,324	2,058	3,406	-	-	1,008	1,237
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	874,883	348,141	-	-	-	-	-	873,922	348,141

	31 March 2022 (un-audited)						31 March 2021 (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	-	-	512	-	-	-	606,591	-	-	237	-	-	-	480,001
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	4,150	-	-	-	-	-	-	2,125
Gain on Sale of Securities - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	1,246
Gain on disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	6,394	-	463,496	-	-	-	-	3,383	-	285,382
Operating expenses														
Office maintenance and related expenses	-	425	-	-	4,687	-	-	-	425	-	-	4,492	-	-
Non-executive directors' remuneration	-	1,800	-	-	-	-	-	-	-	-	-	-	-	-
Board Meeting Expense	-	497	-	-	-	-	-	-	-	-	-	-	-	-
Remunerations	-	31,000	17,299	-	-	-	7,082	-	28,325	16,584	-	-	-	8,821
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	1,165	461	-	-	-	130	-	1,036	457	-	-	-	179
Contribution to defined benefit plan	-	1,337	1,350	-	-	-	310	-	1,110	1,237	-	-	-	368
Depreciation	-	5,583	242	-	-	-	46	-	5,585	176	-	-	-	96
Other Charges														
Others	-	-	-	-	-	1,489	-	-	-	-	-	-	703	-
Insurance premium paid	-	-	-	-	-	1,483	-	-	-	-	-	-	-	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other charges														
Others	-	-	-	-	-	703	-	-	-	-	-	-	658	-
Insurance premium paid	-	-	-	-	-	-	-	-	-	-	-	-	1,057	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

(2) In financial year 2017, Rs. 26.11 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. 9.11 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 (Note 14).

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

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

PAK-LIBYA HOLDING COMPANY(PRIVATE) LIMITED

	(Un-audited) 31 March 2022	(Audited) 31 December 2021
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	5,962,714	6,041,565
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	4,549,967	4,750,019
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	4,549,967	4,750,019
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	4,549,967	4,750,019
Risk Weighted Assets (RWAs):		
Credit Risk	14,460,811	13,613,829
Market Risk	5,290,392	5,089,600
Operational Risk	1,054,835	1,054,835
Total	20,806,038	19,758,264
Common Equity Tier 1 Capital Adequacy ratio	21.87%	24.04%
Tier 1 Capital Adequacy Ratio	21.87%	24.04%
Total Capital Adequacy Ratio	21.87%	24.04%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	4,549,967	4,570,019
Total Exposures	63,764,930	65,186,811
Leverage Ratio	7.14%	7.29%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	5,289,106	2,032,257
Total Net Cash Outflow	3,021,701	667,962
Liquidity Coverage Ratio	175%	304%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	15,771,591	15,835,910
Total Required Stable Funding	10,357,524	10,860,903
Net Stable Funding Ratio	152%	146%

41 ISLAMIC BANKING BUSINESS

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

Note	(Un-audited)	(Un-audited)
	31 March 2022	31 March 2021
---- (Rupees in '000) ----		
42		
CASH AND CASH EQUIVALENTS		
Term deposit receipts (TDRs)	8.1	4,100,000
Cash and balance with treasury banks	6	85,340
Balance with other banks	7	63,747
Others		-
		-
	4,249,087	3,784,293

42.1 These term deposit receipts (TDRs) are due for maturity on various dates between April 2022 to June 2022.

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

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

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 20-04-2022 by the Board of Directors of the Company.

45 GENERAL

45.1 In its latest rating announcement (June 2020), 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 Stable outlook assigned to ratings).

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

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

Sd/-

Chief Financial Officer

Sd/-

Managing Director & CEO

Sd/-

Director

Sd/-

Director