



**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**

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

**For three months period ended March 31, 2023**

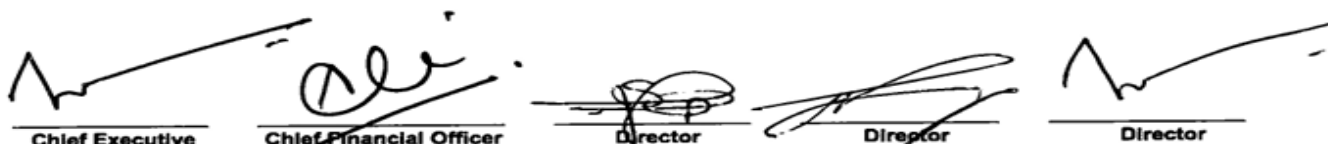
**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	552,568	615,277
Balances with other banks	7	86,509	93,405
Lendings to financial institutions	8	9,018,978	9,823,727
Investments	9	867,008,950	724,287,919
Advances	10	49,620,270	49,598,009
Property and equipment	11	882,621	697,544
Right-of-use assets		-	-
Intangible assets	12	17,222	19,238
Deferred tax assets		-	-
Other assets	13	22,089,733	12,960,689
		949,276,851	798,095,808
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	881,768,464	727,243,477
Deposits and other accounts	15	7,455,271	13,684,896
Lease liabilities		-	-
Subordinated debt		-	-
Deferred tax liabilities	16	3,679,073	3,316,108
Other liabilities	17	4,344,104	3,910,096
		897,246,912	748,154,577
<b>NET ASSETS</b>		<u>52,029,939</u>	<u>49,941,231</u>
<b>REPRESENTED BY</b>			
Share capital		16,000,000	16,000,000
Reserves		14,594,578	14,594,578
Deficit on revaluation of assets - net	18	(3,818,216)	(3,145,995)
Unappropriated profit		25,253,577	22,492,648
		<u>52,029,939</u>	<u>49,941,231</u>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.


  
**Chief Executive**      **Chief Financial Officer**      **Director**      **Director**      **Director**

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED  
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

Note	Three months period ended		
	March 31, 2023	March 31, 2022	
	(Un-audited)		
	------(Rupees in '000)-----		
Mark-up / return / interest earned	20	28,909,088	2,394,856
Mark-up / return / interest expensed	21	28,386,450	1,956,837
Net mark-up / interest income		522,638	438,019
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	22	39,896	36,019
Dividend income		81,516	71,149
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Loss on securities	23	(893)	(8,992)
Net gains / (loss) on derecognition of financial assets measured at amortised cost		-	-
Share in results of associates - net	24	4,698,199	2,814,104
Other income	25	48,591	14,836
Total non-markup / interest income		4,867,309	2,927,116
<b>Total income</b>		5,389,947	3,365,135
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	26	480,059	360,159
Workers Welfare Fund		95,728	53,961
Other charges		-	-
Total non-markup / interest expenses		575,787	414,120
<b>Profit before credit loss allowance</b>		4,814,160	2,951,015
Credit loss allowance / Provisions and write offs - net	27	27,736	252,987
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		4,786,424	2,698,028
Taxation	28	1,059,770	498,304
<b>PROFIT AFTER TAXATION</b>		3,726,654	2,199,724
		-----Rupees-----	
Basic earnings per share (on share of Rs. 25,000 each)	29	5,823	3,437

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Chief Financial Officer

  
Director

  
Director

  
Director

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Three months period ended	
	March 31, 2023	March 31, 2022
	(Un-audited)	
	------(Rupees in '000)-----	
Profit after taxation for the period	3,726,654	2,199,724
<b>Other comprehensive (loss) / income</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods:</b>		
Movement in (deficit) / surplus on revaluation of debt investments through FVOCI - net of tax	(8,753)	42,503
Movement in surplus / (deficit) on revaluation of Government securities through FVOCI - net of tax	387,434	(436,939)
Movement in deficit on revaluation of 'FVOCI' securities of associates - net of tax	(781,283)	(856,415)
	(402,602)	(1,250,851)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods:</b>		
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(269,619)	77,046
Loss on sale of equity shares - FVOCI	(49,639)	-
	(319,258)	77,046
<b>Total comprehensive income</b>	<u>3,004,794</u>	<u>1,025,919</u>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

 Chief Executive	 Chief Financial Officer	 Director	 Director	 Director
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**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Capital reserve			Surplus / (deficit) on revaluation of		Revenue reserve	Total	
	Share Capital	Non-Distributable reserve	Statutory reserve	Capital Market Equalization reserve	Investments	Non banking assets of associates		Unappropriated profit
(Rupees in '000)								
<b>Balance as at January 1, 2022</b>	16,000,000	935,264	9,793,911	1,659,468	(949,097)	6,706	14,738,034	42,184,286
Profit after taxation for three months period ended March 31, 2022	-	-	-	-	-	-	2,199,724	2,199,724
Other comprehensive income / (loss) - net of tax								
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	42,503	-	-	42,503
Movement in (deficit) on revaluation of Government securities through FVOCI - net of tax	-	-	-	-	(436,939)	-	-	(436,939)
Movement in (deficit) on revaluation of 'FVOCI' securities of associates - net of tax	-	-	-	-	(856,415)	-	-	(856,415)
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	77,046	-	-	77,046
Total other comprehensive loss	-	-	-	-	(1,173,805)	-	-	(1,173,805)
<b>Transactions with owners recorded directly in equity</b>								
Final dividend for the year ended December 31, 2021 @ Rs. 1,718.75 per share	-	-	-	-	-	-	(1,100,000)	(1,100,000)
<b>Balance as at April 01, 2022</b>	<b>16,000,000</b>	<b>935,264</b>	<b>9,793,911</b>	<b>1,659,468</b>	<b>(2,122,902)</b>	<b>6,706</b>	<b>15,837,758</b>	<b>42,110,205</b>
Profit after taxation for nine months period ended December 31, 2022	-	-	-	-	-	-	8,829,949	8,829,949
Other comprehensive income / (loss) - net of tax								
Movement in (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	(68,817)	-	-	(68,817)
Movement in (deficit) on revaluation of Government securities through FVOCI - net of tax	-	-	-	-	(455,429)	-	-	(455,429)
Movement in (deficit) on revaluation of 'FVOCI' securities of associates - net of tax	-	-	-	-	(343,724)	-	-	(343,724)
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	-	-	(7,804)	(7,804)
Movement in (deficit) on revaluation of equity investments - net of tax	-	-	-	-	(156,512)	-	-	(156,512)
Share of (deficit) on revaluation of non - banking assets of associates - net of tax	-	-	-	-	-	(5,295)	-	(5,295)
Share of remeasurement loss of defined benefit obligation of associates - net of tax	-	-	-	-	-	-	(36,303)	(36,303)
Total other comprehensive loss	-	-	-	-	(1,024,482)	(5,295)	(44,107)	(1,073,884)
Transfer to statutory reserve	-	-	2,205,935	-	-	-	(2,205,935)	-
Transfer to capital market equalization reserve	-	-	-	-	-	-	-	-
Share of movement in other reserve of associate - net of tax	-	-	-	-	-	-	74,961	74,961
Share of transfer from surplus of non-banking assets to unappropriated profit by an associate - net of tax	-	-	-	-	-	(22)	22	-
<b>Balance as at January 1, 2023</b>	<b>16,000,000</b>	<b>935,264</b>	<b>11,999,846</b>	<b>1,659,468</b>	<b>(3,147,384)</b>	<b>1,389</b>	<b>22,492,648</b>	<b>49,941,231</b>
Impact of adoption of IFRS - 9	-	-	-	-	-	-	272,146	272,146
Profit after taxation for the three months period ended March 31, 2023	-	-	-	-	-	-	3,726,654	3,726,654
Other comprehensive income / (loss) - net of tax								
Movement in (deficit) on revaluation of debt investments through FVOCI - net of tax	-	-	-	-	(8,753)	-	-	(8,753)
Movement in surplus on revaluation of Government securities through FVOCI - net of tax	-	-	-	-	387,434	-	-	387,434
Movement in (deficit) on revaluation of 'FVOCI' securities of associates - net of tax	-	-	-	-	(781,283)	-	-	(781,283)
Movement in (deficit) on revaluation of equity investments - net of tax	-	-	-	-	(269,619)	-	-	(269,619)
Loss on sale of shares - FVOCI	-	-	-	-	-	-	(49,639)	(49,639)
Share of surplus / (deficit) on revaluation of non - banking assets of associates - net of tax	-	-	-	-	-	-	-	-
Share of remeasurement loss of defined benefit obligation of associates - net of tax	-	-	-	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	(672,221)	-	(49,639)	(721,860)
Share of movement in other reserve of associate - net of tax	-	-	-	-	-	-	21,768	21,768
<b>Transactions with owners recorded directly in equity</b>								
Final dividend for the year ended December 31, 2022 @ Rs. 1,890.63 per share	-	-	-	-	-	-	(1,210,000)	(1,210,000)
<b>Balance as at March 31, 2023</b>	<b>16,000,000</b>	<b>935,264</b>	<b>11,999,846</b>	<b>1,659,468</b>	<b>(3,819,605)</b>	<b>1,389</b>	<b>25,253,577</b>	<b>52,029,939</b>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Director**

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Note <u>Three months period ended</u>	
	March 31, 2023	March 31, 2022
	(Un-audited)	
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,786,424	2,698,028
Less: Dividend income	(81,516)	(71,149)
	<u>4,704,908</u>	<u>2,626,879</u>
<b>Adjustments :</b>		
Net mark-up / interest income	(522,638)	(438,019)
Depreciation	21,828	15,937
Amortization	2,016	1,244
Credit loss allowance and write offs	27,736	252,987
Gain on sale of property and equipment	(14)	-
Unrealized loss on revaluation of 'FVTPL' securities	61	1,792
Share in results of associates - net	(4,698,199)	(2,814,104)
	<u>(5,169,210)</u>	<u>(2,980,163)</u>
	(464,302)	(353,284)
(Increase) / decrease in operating assets		
Lendings to financial institutions	803,891	-
Securities classified as 'FVTPL'	65,178	(48,106)
Advances	(41,410)	(2,886,615)
Others assets (excluding advance taxation)	(145,082)	13,019
	682,577	(2,921,702)
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	154,524,987	513,274
Deposits	(6,229,625)	895,471
Other liabilities (excluding current taxation)	(201,780)	(181,143)
	<u>148,093,582</u>	<u>1,227,602</u>
	148,311,857	(2,047,384)
Mark-up / Interest received	24,002,671	3,108,378
Mark-up / Interest paid	(28,962,441)	(2,022,483)
Income tax paid	(3,196,265)	(27,133)
	(8,156,035)	1,058,762
	<u>140,155,822</u>	<u>(988,622)</u>
Net cash inflow from operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in amortized cost securities	(40,211,679)	-
Net Investments in securities classified as FVOCI	(99,947,866)	860,648
Dividends received	141,018	149,363
Investments in property and equipment	(206,982)	(738)
Disposal of property and equipment	90	-
Net cash used in investing activities	(140,225,419)	1,009,273
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
Net cash used in financing activities	-	-
	<u>(69,597)</u>	<u>20,651</u>
<b>Increase in cash and cash equivalents</b>		
Credit loss on on cash and cash equivalent	(8)	-
	<u>708,682</u>	<u>161,814</u>
Cash and cash equivalents at beginning of the period		
<b>Cash and cash equivalents at end of the period</b>	<u>639,077</u>	<u>182,465</u>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.







**Chief Executive**      **Chief Financial Officer**      **Director**      **Director**      **Director**

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THREE MONTHS PERIOD ENDED MARCH 31, 2023**

**1 STATUS AND NATURE OF BUSINESS**

Pakistan Kuwait Investment Company (Private) Limited ("the Company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office of the Company is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The Company has a representative office in Lahore. The Company is a 50:50 joint venture between the Government of Pakistan (GoP) and Government of Kuwait (GoK). The objective of the Company is to profitably promote industrial investments in Pakistan.

The Pakistan Credit Rating Agency (PACRA) has maintained for the Company, the long-term entity rating at AAA (Triple A) and the short term rating at A1+(A one plus), the highest level.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards comprise of:

- International Accounting Standards (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962 and the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of the IAS 34, the requirements of 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 limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited financial statements for the year ended December 31, 2022.

**2.3 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period:**

There are certain new standards and interpretations and amendments to existing standards and interpretations that are applicable to the Company for accounting periods beginning on or after January 1, 2023, but are considered either not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these condensed interim financial statements.

**2.4 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective:**

SBP vide BPRD Circular letter No. 07 dated April 13, 2023 has deferred the implementation of IFRS 9 "Financial Instruments" to accounting period beginning on or after January 01, 2024, however the earlier adoption of IFRS 9 is permitted and encouraged, therefore the management of PKIC has decided to adopt the IFRS 9 from accounting period beginning on January 01, 2023.

There are various standards, interpretation and ammdmends to accounting and reporting standards that are not effective in current period. These are considered not to have any significant impact on these condensed interim financial statements.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in preparation of annual audited financial statements of the Company for the year ended December 31, 2022.

### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2022.

### **5 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2022.



	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
Cash in hand in local currency		80	80
With State Bank of Pakistan in - local currency current account	6.1	551,922	614,665
With National Bank of Pakistan in - local currency current account		566	532
		552,568	615,277
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		552,568	615,277

6.1 This includes Rs. 396.5 million (December 31, 2022: Rs.610.5 million) held as minimum cash reserve required to be maintained with the SBP in accordance with requirement of BSD Circular No. 04 dated May 22, 2004.

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- current accounts		2,196	7,701
- deposit accounts	7.1	84,321	85,704
		86,517	93,405
Less: Credit loss allowance held against balances with other banks		(8)	-
Balances with other banks - net of credit loss allowance		86,509	93,405

7.1 This represents balance maintained in saving accounts with banks which includes balance with Meezan bank (a related party) amounting Rs. 78.030 million (December 31, 2022: Rs. 83.526 million). The profit rates on these accounts ranges between 8.50% to 15.50% (December 31, 2022: 7.00% and 14.50%).

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----			
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse Repo)	8.4	9,019,835	9,823,727
Less: Credit loss allowance held against lendings to financial institutions		(857)	-
Lendings to financial institutions - net of credit loss allowance		9,018,978	9,823,727
<b>8.1 Particulars of lending</b>			
In local currency		9,019,835	9,823,727

**8.2 Securities held as collateral against lendings to financial institutions**

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	9,019,835	-	9,019,835	9,823,727	-	9,823,727
	9,019,835	-	9,019,835	9,823,727	-	9,823,727

### 8.3 Lending to FIs- Particulars of credit loss allowance

March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
Lending	Credit loss allowance held	Lending	Credit loss allowance held
----- (Rupees in '000) -----			
Domestic			
Performing	Stage 1	9,019,835	857
		9,823,727	-

8.4 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at March 31, 2023 amounted to Rs. 9,015 (December 31, 2022: Rs. 9.815 million). The markup rates on these lendings are between 19.00 and 19.25 (December 31, 2022: 15.80 and 16.00) percent per annum with maturity in three days (December 31, 2022: four days).

## 9 INVESTMENTS

### 9.1 Investments by type:

Note	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
<b>FVTPL</b>								
Shares	53,965	-	(61)	53,904	119,143	-	(8,754)	110,389
<b>FVOCI</b>								
Federal government securities	778,832,782	-	(3,486,452)	775,346,330	678,773,341	-	(4,057,638)	674,715,703
Shares	2,920,597	(103,226)	(613,376)	2,203,995	2,844,839	(375,368)	(341,983)	2,127,488
Non government debt securities	8,524,148	(34,663)	4,687	8,494,172	8,769,871	(33,638)	17,751	8,753,984
	790,277,527	(137,889)	(4,095,141)	786,044,497	690,388,051	(409,006)	(4,381,870)	685,597,175
<b>Amortised Cost</b>								
Federal Government Securities	40,211,679	-	-	40,211,679	-	-	-	-
<b>Associates</b>	40,698,870	-	-	40,698,870	38,580,355	-	-	38,580,355
<b>Total investments</b>	<u>871,242,041</u>	<u>(137,889)</u>	<u>(4,095,202)</u>	<u>867,008,950</u>	<u>729,087,549</u>	<u>(409,006)</u>	<u>(4,390,624)</u>	<u>724,287,919</u>

### 9.1.1 Movement in investments in associates

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----		
Investments at beginning of the period	38,580,355	29,651,106
Investment in associate	-	424,993
Share in deficit on revaluation of 'FVOCI' securities of associates	(919,156)	(1,411,929)
Share of (deficit) / surplus on revaluation of non - banking assets of associates	-	(6,230)
Share of remeasurement of defined benefit plans of associates	-	(43,586)
Share of profit from associates recognized in the profit and loss account	4,698,199	13,702,925
Share of employee share option compensation reserve of associates	25,610	88,189
Dividend received from associates	(1,686,138)	(3,825,113)
Investments at end of the period / year	<u>40,698,870</u>	<u>38,580,355</u>

The cost of investments in associates as at March 31, 2023 amounted to Rs. 3,371 million (December 31, 2022: Rs. 3,371 million). Share in results of associates recorded under equity method of accounting, net of dividend, capital gain and income taxes amounted to Rs. 2,560 million (March 31, 2022: Rs. 1,701 million).

### 9.1.2 Investments given as collateral

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----		
Pakistan Investment Bonds	230,602,069	234,365,271
Market Treasury Bills	587,211,709	423,020,833
	<u>817,813,778</u>	<u>657,386,104</u>

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
<b>9.2 Credit loss allowance / provision for diminution in value of investments</b>		
9.2.1 Opening balance	409,006	181,470
Charge / (reversals)		
Charge for the period / year	1,025	713,923
Reversals for the previous years provision due to IFRS 9 Implementation	(272,142)	-
Reversal on disposals for the period / year	-	(486,387)
	(271,117)	227,536
Closing balance	<u>137,889</u>	<u>409,006</u>

### 9.2.2 Particulars of credit loss allowance / provision against debt securities

Category of classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Performing	8,490,510	1,025	8,736,233	-
Underperforming	-	-	-	-
Non-performing				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,638	33,638	33,638	33,638
	33,638	33,638	33,638	33,638
Total	<u>8,524,148</u>	<u>34,663</u>	<u>8,769,871</u>	<u>33,638</u>

## 10 ADVANCES

Note	Performing		Non performing		Total	
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	50,698,646	50,657,236	1,026,291	1,026,291	51,724,937	51,683,527
Provision against advances						
- Specific	-	-	(985,518)	(985,518)	(985,518)	(985,518)
- General	(1,100,000)	(1,100,000)	-	-	(1,100,000)	(1,100,000)
	(1,100,000)	(1,100,000)	(985,518)	(985,518)	(2,085,518)	(2,085,518)
Credit loss allowance against advances						
-Stage 1	(19,149)	-	-	-	(19,149)	-
-Stage 2	-	-	-	-	-	-
-Stage 3	-	-	-	-	-	-
	(19,149)	-	-	-	(19,149)	-
Advances - net of credit loss allowance	<u>49,579,497</u>	<u>49,557,236</u>	<u>40,773</u>	<u>40,773</u>	<u>49,620,270</u>	<u>49,598,009</u>

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
<b>10.1 Particulars of advances (Gross)</b>		
In local currency	<u>51,724,937</u>	<u>51,683,527</u>

**10.2** Advances include Rs. 1,026.291 million (December 31, 2022: Rs 1,026.291 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Loans	Credit loss allowance / provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,026,291	985,518	1,026,291	985,518
<b>Total</b>	<b>1,026,291</b>	<b>985,518</b>	<b>1,026,291</b>	<b>985,518</b>

Provision is recorded net of security deposit of Rs. 40.773 million (December 31, 2022: Rs. 40.773 million).

#### 10.3 Particulars of credit loss allowance against advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)				
	Stage 3	Stage 2	Stage 1	Total	Stage 3	Stage 2	Stage 1	Total
----- (Rupees in '000) -----								
Opening balance	985,518	-	-	985,518	1,024,568	-	-	1,024,568
Charge for the period / year	-	-	19,149	19,149	-	-	-	-
Reversals	-	-	-	-	(39,050)	-	-	(39,050)
Closing balance	985,518	-	19,149	1,004,667	985,518	-	-	985,518

#### 10.4 Advances - Particulars of credit loss allowance

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
----- (Rupees in '000) -----						
10.4.1 Opening balance	-	-	985,518	-	-	1,024,568
New Advances	19,149	-	-	-	-	-
Advances derecognised or repaid	-	-	-	-	-	(39,050)
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	19,149	-	-	-	-	(39,050)
Amounts written off / charged off	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-
Other changes (to be specific)	-	-	-	-	-	-
Closing balance	19,149	-	985,518	-	-	985,518

#### 10.4.2 Advances - Category of classification

Domestic		March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
		Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Provision held
----- (Rupees in '000) -----					
Performing	Stage 1	50,698,646	1,119,149	50,657,236	1,100,000
Underperforming	Stage 2	-	-	-	-
Non-Performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		1,026,291	985,518	1,026,291	985,518
		1,026,291	985,518	1,026,291	985,518
Total		<b>51,724,937</b>	<b>2,104,667</b>	<b>51,683,527</b>	<b>2,085,518</b>

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
<b>11 PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	11.1	159,249	303,012
Property and equipment		723,372	394,532
		<u>882,621</u>	<u>697,544</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		8,645	-
Advance to suppliers		150,604	303,012
		<u>159,249</u>	<u>303,012</u>
		<b>Three months period ended</b>	
		<b>March 31,</b>	<b>March 31,</b>
		<b>2023</b>	<b>2022</b>
		<b>(Un-audited)</b>	
		------(Rupees in '000)-----	
<b>11.2 Additions to property and equipment</b>			
Capital work-in-progress		208,930	-
		<u>208,930</u>	<u>-</u>
The following additions have been made to Property and equipment during the period:			
<b>Property and equipment</b>			
Electrical, office and computer equipment		15,271	737
Building on leasehold land		49	-
Furniture and fixture		569	-
Vehicles		328,583	-
		<u>344,472</u>	<u>737</u>
		<b>March 31,</b>	<b>December 31,</b>
		<b>2023</b>	<b>2022</b>
		<b>(Un-audited)</b>	
		------(Rupees in '000)-----	
<b>12 INTANGIBLE ASSETS</b>			
Computer software		17,222	19,238
		<u>17,222</u>	<u>19,238</u>
<b>13 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net		14,526,831	7,995,249
Advances, deposits, advance rent and other prepayments		99,441	30,200
Advance taxation (payments less provisions)		7,380,565	4,924,740
Other receivable		134,072	56,759
		<u>22,140,909</u>	<u>13,006,948</u>
Less: provision held against other assets	13.1	(46,259)	(46,259)
Less: Credit loss allowance held against other assets		(4,917)	-
Other Assets (Net of credit loss allowance)		<u>22,089,733</u>	<u>12,960,689</u>
<b>13.1 Provision held against other assets</b>			
Other receivables		46,259	46,259
		<u>46,259</u>	<u>46,259</u>
<b>13.1.1 Movement in provision held against other assets</b>			
Opening balance		46,259	46,259
Charge for the period / year		-	-
Reversals for the period / year		-	-
Closing balance		<u>46,259</u>	<u>46,259</u>
<b>13.2 Credit loss allowance held against other assets</b>			
Advances, deposits, advance rent & other prepayments		4,917	-
		<u>4,917</u>	<u>-</u>
<b>13.2.1 Movement in Credit loss allowance held against other assets</b>			
Opening balance		-	-
Charge for the period / year		4,917	-
Reversals		-	-
Closing balance		<u>4,917</u>	<u>-</u>

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
<b>14 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	14.1	7,035,953	7,203,550
Under Financing Scheme for Renewable Energy	14.2	2,729,785	2,729,785
Under Temporary Economic Refinance Facility (TERF)	14.3	3,550,872	3,438,974
		13,316,610	13,372,309
Bai Muajjal	14.4	31,780,614	30,657,267
Repurchase agreement borrowings	14.5	786,687,811	547,407,564
Term Finance Facility	14.6	32,375,000	114,000,000
<b>Total secured</b>		<b>864,160,035</b>	<b>705,437,140</b>
<b>Unsecured</b>			
Bai Muajjal	14.4	14,108,429	18,306,337
Letter of Placement	14.7	3,500,000	3,500,000
<b>Total unsecured</b>		<b>17,608,429</b>	<b>21,806,337</b>
<b>Total</b>		<b>881,768,464</b>	<b>727,243,477</b>

#### 14.1 Borrowings from SBP under LTFF

These represent borrowings from SBP under scheme for long term financing facility (LTFF). The mark-up rate on these facilities is payable at maximum of 13% per annum (December 31, 2022: maximum of 13% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2021: maximum period of 10 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with SBP.

#### 14.2 Borrowing from SBP under Financing Scheme for Renewable Energy

This represents Long Term Finance Facility on concessional rates to support in addressing dual challenge of energy shortage and climate change through promotion of renewable energy. The mark-up rates on these facilities payable at maximum of 3% per annum (December 31, 2021: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2021: maximum period of 12 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with SBP.

#### 14.3 Borrowing from SBP under Temporary Economic Refinance Facility

This represents Long Term Finance Facility on concessional rates to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post pandemic scenerio. The mark-up rate on these facilities is payable at maximum of 1% per annum (December 31, 2021: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2021: maximum period of 10 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with SBP.

#### 14.4 Bai Muajjal

This represents borrowings from financial institutions at mark-up rates between 15.20% and 19.50% per annum (December 31, 2022: 15.20% and 15.90% per annum) and having maturities between April 05, 2023 and May 02, 2024 (December 31, 2022: January 23, 2023 and May 02, 2024).

#### 14.5 Repurchase agreement borrowings

The Company has arranged borrowing from financial institutions against sale and repurchase of government securities. The mark-up rates on these borrowings are between 17.25% and 20.17% per annum (December 31, 2022: 15.22% and 16.21% per annum) with maturities between seventy four days to seventy seven days (December 31, 2022: sixty three to seventy days).

#### 14.6 Term Finance Facility

The Company has availed long term borrowings from commercial banks and a company. The interest rates on these facilities are between 8.63% and 22.08% per annum (December 31, 2022: 8.63% and 17.12% per annum) and have maturities between March 14, 2024 and December 28, 2028 (December 31, 2022: March 22, 2023 and December 28, 2028).

#### 14.7 Letter Of Placement (LOP)

The interest rate on these LOPs are between 19.25% and 19.40% per annum (December 31, 2022: 16.05% and 16.10% per annum). These LOPs have maturity dates between April 05, 2023 and April 06, 2023 (December 31, 2022: January 03, 2023 and January 17, 2023).

#### 15 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)						
<b>Customers</b>						
Certificate of Investment (COI)	6,459,310	-	6,459,310	6,656,590	-	6,656,590
<b>Financial Institutions</b>						
Certificate of Investment (COI)	995,961	-	995,961	7,028,306	-	7,028,306
	<u>7,455,271</u>	<u>-</u>	<u>7,455,271</u>	<u>13,684,896</u>	<u>-</u>	<u>13,684,896</u>

15.1 The profit rates on these Certificate of Investments (COI) are between 15.64% and 21.08% per annum (December 31, 2022: 12.50% and 16.88% per annum). These COIs have maturities between April 03, 2023 and March 15, 2024 (December 31, 2022: January 03, 2023 and November 24, 2023).

#### 16 DEFERRED TAX LIABILITIES

	March 31, 2023 (Un-audited)				
	At January 1, 2023	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCIE	At March 31, 2023
(Rupees in 000)					
<b>Deductible temporary differences on</b>					
- Post retirement employee benefits	50,256	4,086	-	-	54,342
- Deficit on revaluation of investments	1,433,481	(1,305)	(177,665)	-	1,254,511
- Credit loss allowance / provision against advances	688,221	9,153	-	-	697,374
- Provision for taxation	133,450	117,249	-	-	250,699
	<u>2,305,408</u>	<u>129,183</u>	<u>(177,665)</u>	<u>-</u>	<u>2,256,926</u>
<b>Taxable temporary differences on</b>					
- Accelerated tax depreciation	(33,139)	(10,525)	-	-	(43,664)
- Finance lease arrangements	(237,920)	13,882	-	-	(224,038)
- Share of profits from associates	(5,350,457)	(451,870)	137,873	(3,843)	(5,668,297)
	<u>(5,621,516)</u>	<u>(448,513)</u>	<u>137,873</u>	<u>(3,843)</u>	<u>(5,935,999)</u>
	<u>(3,316,108)</u>	<u>(319,330)</u>	<u>(39,792)</u>	<u>(3,843)</u>	<u>(3,679,073)</u>
December 31, 2022 (Audited)					
	At January 1, 2022	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCE	At December 31, 2022
(Rupees in 000)					
<b>Deductible temporary differences on</b>					
- Post retirement employee benefits	38,935	7,477	3,844	-	50,256
- Deficit on revaluation of investments	292,546	1,273	1,139,662	-	1,433,481
- Provision against non-performing advances	471,125	217,096	-	-	688,221
- Provision for taxation	-	133,450	-	-	133,450
	<u>802,606</u>	<u>359,297</u>	<u>1,143,506</u>	<u>-</u>	<u>2,305,408</u>
<b>Taxable temporary differences on</b>					
- Accelerated tax depreciation	(36,238)	3,099	-	-	(33,139)
- Finance lease arrangements	(197,786)	(40,134)	-	-	(237,920)
- Share of profits from associates	(3,939,329)	(1,617,909)	220,009	(13,228)	(5,350,457)
	<u>(4,173,353)</u>	<u>(1,654,944)</u>	<u>220,009</u>	<u>(13,228)</u>	<u>(5,621,516)</u>
	<u>(3,370,747)</u>	<u>(1,295,648)</u>	<u>1,363,515</u>	<u>(13,228)</u>	<u>(3,316,108)</u>

	Note	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
<b>17 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		1,317,242	1,893,233
Accrued expenses		1,553,785	1,764,768
Payable to defined benefit plan		113,849	101,468
Security deposits against lease		82,708	82,708
Payable against employees' compensated absences		50,824	50,824
Payable to share brokers on account of purchase of marketable securities		-	1,142
Dividend payable		1,210,000	-
Unearned Income		7,678	5,248
Others		6,239	10,705
Credit loss allowance against off-balance sheet obligations	17.1	1,779	-
		<u>4,344,104</u>	<u>3,910,096</u>
<b>17.1 Credit loss allowance against off-balance sheet obligations</b>			
Opening balance		-	-
Exchange adjustment		-	-
Charge for the period / year		1,779	-
Reversals		-	-
Amount written off		-	-
Closing balance		<u>1,779</u>	<u>-</u>
<b>18 DEFICIT ON REVALUATION OF ASSETS</b>			
(Deficit) / surplus on revaluation of:			
- Securities measured at FVOCI-Debt	9.1	4,687	17,751
- Securities measured at FVOCI-Equity	9.1	(613,373)	(341,983)
- Securities measured at FVOCI-Government Securities	9.1	(3,486,455)	(4,057,638)
- Available for sale securities of associates		<u>(1,153,775)</u>	<u>(234,620)</u>
		(5,248,916)	(4,616,490)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-Debt		(1,547)	(5,858)
- Securities measured at FVOCI-Equity		105,519	103,748
- Securities measured at FVOCI-Government Securities		1,111,339	1,295,089
- Available for sale securities of associates		<u>215,389</u>	<u>77,516</u>
		1,430,700	1,470,495
		<u>(3,818,216)</u>	<u>(3,145,995)</u>
<b>19 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	19.1	1,132,410	2,229,520
-Commitments	19.2	<u>11,552,228</u>	<u>11,387,211</u>
		<u>12,684,638</u>	<u>13,616,731</u>
<b>19.1 Guarantees:</b>			
Financial guarantees		<u>1,132,410</u>	<u>2,229,520</u>
<b>19.2 Commitments</b>			
Undisbursed sanctions against:			
- Loans and advances		10,907,696	11,051,875
- Letter of comfort		644,532	335,336
		<u>11,552,228</u>	<u>11,387,211</u>



### 19.3 Tax Contingencies

- The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2019, raising a tax demand of Rs. 8,982 million, mainly due to additions in respect of allocation of expenses against dividend income subject to tax at reduced rate / Final Tax Regime and capital gains. In such orders, the taxation authority has not accepted the Company's contention on the matter of allocation of expenses on exempt capital gains and dividend income. The total additions made in tax years 2003 to 2019 under this head amount to Rs 8,982 million.

- In the tax year 2003, the Appellate Tribunal Inland Revenue (ATIR) had directed the tax authorities for the allocation to be made considering the 'cost of investment' rather than 'gross turnover'. It had not approved the application of Rule 13 (3) of the Income Tax Rules, 2002 on the common expenditure for the determination of taxable income under each head of income in the case of the company. Subsequently, the action of the Taxation Officer of refusing to issue the appeal effect, in view of the departmental appeal before the High Court, was contested in appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the express directions. This was maintained by the ATIR in the subsequent departmental appeal. Thereafter these directions were again not followed in remand proceedings and the CIR(A) vide the appellate order dated October 29, 2018 had again remanded back the matter giving specific directions. The appeal effect order to this latest order has not yet been issued.

Relying on the decision of ATIR in tax year 2003, the CIR(A) through orders dated September 23, 2011, November 30, 2012, June 15, 2015, September 8, 2017, March 6, 2018, March 7, 2018 and July 26, 2019 for tax years 2004 to 2007, tax year 2010, tax years 2011 to 2013, tax year 2015, tax years 2014 and 2017, tax year 2016 and tax year 2018 respectively, directed for the application of provision of section 124A of the Ordinance. For other issues, the appeals of the company for the tax years 2014 to 2018 are pending before the ATIR. In tax years 2008 and 2009, the action was maintained by the CIR(A). Appeals were preferred by the company and the Department before the ATIR.

- Appeal effect to the CIR(A) orders were issued for the years 2004 to 2007 and 2010 allowing the entire addition. In the order dated June 30, 2020 for tax year 2015, the Officer not following the directions of the CIR(A), had allocated expenses on the basis of turnover. The CIR(A) vide the appellate order dated December 31, 2021 had again remanded back the matter. The appeal effect to this latest order has not yet been issued.

The ATIR in the combined appellate order dated March 10, 2021 has adjudged the departmental appeals in the tax years 2004 to 2007, 2010 and 2011 to 2013, remanding back the matter of allocation of expenses on exempt capital gains and dividend income by placing reliance on its decision in the tax year 2003. The ATIR has further concluded that the provisions of section 124A of the Ordinance are not applicable in the instant case. Directions were given to preferably decide the matter in sixty days. Notices to finalise the matter were issued and responded and the matter is still pending on account of the appeal effect for the year 2003.

- The appeals for tax years 2008 and 2009 have also been adjudicated by the ATIR vide combined appellate order dated March 10, 2021 remanding back the matter of allocation of expenses with similar directions.

- In tax year 2019, the CIR(A) vide order dated March 18, 2022 has remanded back the matter by placing reliance on the decision of ATIR dated March 10, 2021.

- Recently appeal effect orders were issued for the years 2014 and 2016 to 2019 vide orders all dated December 14, 2022 and December 16, 2022 for tax year 2018. In all these orders, the Officer has not followed the directions of the CIR(A) i.e. not adjudicating on the matters remanded back / deleted. Appeals were again preferred by the company before the CIR(A).

Further, the Company had made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee, a mechanism available to provide an opportunity to taxpayers for an easy and efficient resolution of disputes. The same has become infructuous considering the proceedings in

The Company has made provision of Rs. 1,393 million against the demand for the abovementioned years based on cost of investment. The management is confident that the ultimate outcome of the appeals would be in favor of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

Another issue which arises adjudicated in the appellate Order of the ATIR order dated March 10, 2021 for tax years 2010 to 2012 is the disallowance of the Tax loss on pre-mature lease terminations by holding that the provisions of section 77(4) of the Ordinance do not apply on the lease contracts terminated "pre-mature". An amount of Rs 67.224 million is involved, and reference has been preferred before the High Court.

In the Amended Order for the tax year 2019, deviating from the past positions, the Officer had also subjected the amount representing Share of Associates in the Profit and Loss Account has been subjected to tax including other issues, which has been deleted by the CIR(A) vide appellate order dated March 18, 2022, however as mentioned above appeal effect has not been given and now appeal pending before CIR(A).

The management is confident that the ultimate outcome of the appeal would be in favor of the Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

	Note	Three months period ended	
		March 31, 2023	March 31, 2022
		(Un-audited)	
<b>20 MARK-UP / RETURN / INTEREST EARNED</b>		------(Rupees in '000)-----	
On:			
Loans and advances		1,758,323	624,170
Investments		27,087,966	1,768,783
Lendings to financial institutions		61,062	1,329
Balances with banks		1,737	574
		<u>28,909,088</u>	<u>2,394,856</u>
<b>20.1 Interest income (calculated using effective interest rate method) recognised on:</b>			
Financial assets measured at amortised cost;		2,706,281	-
Financial assets measured at fair value through OCI.		25,842,051	1,560,318
		<u>28,548,332</u>	<u>1,560,318</u>
<b>21 MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		1,034,192	515,844
Borrowings		6,148,727	613,281
Securities sold under repurchase agreements - government securities		21,203,531	827,712
		<u>28,386,450</u>	<u>1,956,837</u>
<b>21.1 Interest expense calculated using effective interest rate method</b>		<u>22,326,879</u>	<u>915,306</u>
<b>22 FEE AND COMMISSION INCOME</b>			
Participation fee		9,600	14,944
Commitment fee		1,798	2,651
Commission on guarantees		4,060	3,148
Commission on letter of comfort		593	1,818
Arrangement fee		23,845	11,808
Advisory income		-	1,650
		<u>39,896</u>	<u>36,019</u>
<b>23 LOSS ON SECURITIES - NET</b>			
Realised loss	23.1	(832)	(7,200)
Unrealised (loss) / gain - measured at FVPL	9.1	(61)	(1,792)
		<u>(893)</u>	<u>(8,992)</u>
<b>23.1 Realised loss</b>			
Shares		<u>(832)</u>	<u>(7,200)</u>
<b>23.2 Net gain / loss on financial assets / liabilities measured at FVPL:</b>			
Designated upon initial recognition		<u>(893)</u>	<u>(8,992)</u>
<b>24 SHARE IN RESULTS OF ASSOCIATES - NET</b>			
Quoted associates		4,622,395	2,753,261
Un-quoted associates		75,804	60,843
		<u>4,698,199</u>	<u>2,814,104</u>
<b>25 OTHER INCOME</b>			
Nominee directors fee		3,975	3,710
Space / arrangement income		11,126	11,126
Gain on sale of property and equipment - net		14	-
Late payment charges		27,464	-
Others		6,012	-
		<u>48,591</u>	<u>14,836</u>

	Note	Three months period ended	
		March 31, 2023	March 31, 2022
		(Un-audited)	
		-----Rupees in '000-----	
<b>26 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		354,655	269,504
<b>Property expense</b>			
Rent and taxes		2,639	2,755
Insurance		817	109
Utilities cost		2,617	2,413
Repairs and maintenance		8,583	8,100
Depreciation		2,313	1,741
		16,969	15,118
<b>Information technology expenses</b>			
Software maintenance		376	743
Hardware maintenance		-	71
Depreciation		3,659	2,787
Amortisation		2,016	1,244
Network charges		1,851	996
		7,902	5,841
<b>Other operating expenses</b>			
Directors' fees and allowances		28,638	22,190
Legal and professional charges		3,732	4,249
Outsourced services costs		10,169	8,989
Travelling and conveyance		6,698	3,553
Depreciation		15,856	11,409
Training and development		606	146
Postage and courier charges		245	154
Communication		840	1,911
Stationery and printing		3,114	1,293
Marketing, advertisement and publicity		347	1,478
Auditors' Remuneration		4,057	3,326
Newspaper, periodicals and subscription dues		5,390	2,118
Repairs and maintenance (others)		1,871	315
Bank charges		109	63
Entertainment expense		5,070	2,806
Others		13,791	5,696
		100,533	69,696
		480,059	360,158
<b>27 CREDIT LOSS ALLOWANCE &amp; WRITE OFFS - NET</b>			
Credit loss allowance against cash and balances with banks including accrued interest		8	-
Credit loss allowance against lending to financial institutions		857	-
Provision for diminution in value of investments		-	252,987
Credit loss allowance for diminution in value of investments including accrued interest		1,053	-
Credit loss allowance against loans and advances including accrued interest		24,039	-
Credit loss allowance against contingencies and commitments including accrued interest		1,779	-
		27,736	252,987
<b>28 TAXATION</b>			
Current		740,440	212,185
Deferred		319,330	286,119
		1,059,770	498,304
<b>29 BASIC EARNINGS PER SHARE</b>			
Profit for the period		3,726,654	2,199,724
		(Numbers in '000)	
Weighted average number of ordinary shares		640	640
		-----Rupees-----	
Basic earnings per share		5,823	3,437

## 29.1 Diluted earnings per share

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

## 30 FAIR VALUE MEASUREMENTS

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

The fair value of un-quoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowing can not 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.

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs 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:

### 30.1 On balance sheet financial instruments

March 31, 2023 (Un-audited)									
FVPL	FVOCI	Amortised cost	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>									
<b>Financial assets measured at fair value</b>									
Investments									
- Market treasury bills	-	578,191,879	-	-	578,191,879	-	578,191,879	-	578,191,879
- Pakistan investment bonds	-	197,154,451	-	-	197,154,451	-	197,154,451	-	197,154,451
- Shares of listed companies	53,904	2,203,194	-	-	2,257,098	2,257,098	-	-	2,257,098
- Listed sukuk / term finance certificates	-	4,745,750	-	-	4,745,750	-	4,745,750	-	4,745,750
- Unlisted sukuk / term finance certificates	-	3,748,422	-	-	3,748,422	-	3,748,422	-	3,748,422
<b>Financial assets - disclosed but not measured at fair value</b>									
Cash and balances with treasury banks	-	-	552,568	-	552,568	-	-	-	-
Balances with other banks	-	-	86,509	-	86,509	-	-	-	-
Lendings to Financial Institutions	-	-	9,018,978	-	9,018,978	-	-	-	-
Investments									
- Pakistan investment bonds	-	40,211,679	-	-	40,211,679	-	40,211,679	-	40,211,679
- Shares of listed associates	-	38,875,573	-	-	38,875,573	52,344,913	-	-	52,344,913
- Shares in unlisted companies	-	800	-	-	800	-	-	-	-
- Shares of unlisted associates	-	1,823,297	-	-	1,823,297	-	-	-	-
Advances	-	-	49,620,270	-	49,620,270	-	-	-	-
Other assets	-	-	12,895,278	-	12,895,278	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(881,768,464)	(881,768,464)	-	-	-	-
Deposits and other accounts	-	-	-	(7,455,271)	(7,455,271)	-	-	-	-
Other liabilities	-	-	-	(4,230,255)	(4,230,255)	-	-	-	-
	53,904	826,743,366	40,211,679	72,173,603	(893,453,990)	45,728,562			

December 31, 2022 (Audited)									
FVPL	FVOCI	Amortised cost	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial assets measured at fair value</b>									
Investments									
- Market treasury bills	-	439,655,193	-	-	439,655,193	-	439,655,193	-	439,655,193
- Pakistan investment bonds	-	235,060,510	-	-	235,060,510	-	235,060,510	-	235,060,510
- Shares of listed companies	110,389	2,126,688	-	-	2,237,077	2,237,077	-	-	2,237,077
- Listed sukuk / term finance certificates	-	4,896,594	-	-	4,896,594	-	4,896,594	-	4,896,594
- Unlisted sukuk / term finance certificates	-	3,857,390	-	-	3,857,390	-	3,857,390	-	3,857,390
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	615,277	-	615,277	-	-	-	-
Balances with other banks	-	-	93,405	-	93,405	-	-	-	-
Lendings to Financial Institutions	-	-	9,823,727	-	9,823,727	-	-	-	-
Investments									
- Investment in associates - listed	-	36,757,386	-	-	36,757,386	54,689,745	-	-	54,689,745
- Shares in unlisted preference shares	-	-	-	-	-	-	-	-	-
- Shares in unlisted companies	-	800	-	-	800	-	-	-	-
- Shares of unlisted associates	-	1,822,969	-	-	1,822,969	-	-	-	-
- Unlisted term finance certificates	-	-	-	-	-	-	-	-	-
Advances	-	-	49,598,009	-	49,598,009	-	-	-	-
Other assets	-	-	7,993,776	-	7,993,776	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(727,243,477)	(727,243,477)	-	-	-	-
Deposits and other accounts	-	-	-	(13,684,896)	(13,684,896)	-	-	-	-
Other liabilities	-	-	-	(3,808,628)	(3,808,628)	-	-	-	-
110,389	724,177,530	-	68,124,194	(744,737,001)	47,675,112	-	-	-	-

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

## 31 SEGMENT INFORMATION

### 31.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Three months period ended March 31, 2023 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Profit &amp; Loss Account</b>						
Net mark-up / return / profit	(1,869,470)	2,388,740	-	-	3,368	522,638
Non mark-up / return / interest income	42,437	-	3,861,704	919,619	43,549	4,867,309
Total Income	(1,827,033)	2,388,740	3,861,704	919,619	46,917	5,389,947
Segment direct expenses	(36,779)	(14,327)	(7,921)	(5,483)	(117,151)	(181,661)
Segment indirect expenses	(86,516)	(19,226)	(14,419)	(9,613)	(264,352)	(394,126)
Total expenses	(123,295)	(33,553)	(22,340)	(15,096)	(381,503)	(575,787)
Credit loss allowance	(26,839)	(865)	-	-	(32)	(27,736)
Profit before tax	(1,977,167)	2,354,322	3,839,364	904,523	(334,618)	4,786,424

As at March 31, 2023 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Statement of Financial Position</b>						
Cash & Bank balances	-	638,997	-	-	80	639,077
Investments	8,494,172	815,558,010	40,699,670	2,257,098	-	867,008,950
Lendings to financial institutions	-	9,018,978	-	-	-	9,018,978
Advances - performing	49,236,810	-	-	-	342,687	49,579,497
Advances - non-performing	40,773	-	-	-	-	40,773
Others	936,946	11,958,332	1,610,662	15,975	8,467,661	22,989,576
<b>Total Assets</b>	58,708,701	837,174,317	42,310,332	2,273,073	8,810,428	949,276,851
Borrowings	49,191,610	832,576,854	-	-	-	881,768,464
Deposits & other accounts	-	7,455,271	-	-	-	7,455,271
Others	814,562	(1,028,635)	4,668,296	(104,877)	3,673,831	8,023,177
<b>Total liabilities</b>	50,006,172	839,003,490	4,668,296	(104,877)	3,673,831	897,246,912
Equity	(1,978,898)	(20,793)	(938,388)	401,697	54,566,321	52,029,939
<b>Total Equity &amp; liabilities</b>	48,027,274	838,982,697	3,729,908	296,820	58,240,152	949,276,851
<b>Contingencies &amp; Commitments</b>	12,684,639	-	-	-	-	12,684,639

Three months period ended March 31, 2022 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Profit &amp; Loss Account</b>						
Net mark-up / return / profit	306,308	129,742	-	-	1,969	438,019
Non mark-up / return / interest income	31,869	-	2,857,802	22,609	14,836	2,927,116
<b>Total Income</b>	<b>338,177</b>	<b>129,742</b>	<b>2,857,802</b>	<b>22,609</b>	<b>16,805</b>	<b>3,365,135</b>
Segment direct expenses	(25,715)	(11,548)	(5,120)	(4,669)	(88,085)	(135,137)
Segment indirect expenses	(59,516)	(14,879)	(11,159)	(7,440)	(185,989)	(278,983)
<b>Total expenses</b>	<b>(85,231)</b>	<b>(26,427)</b>	<b>(16,279)</b>	<b>(12,109)</b>	<b>(274,074)</b>	<b>(414,120)</b>
Provisions	-	-	(10,297)	(242,690)	-	(252,987)
<b>Profit before tax</b>	<b>252,946</b>	<b>103,315</b>	<b>2,831,226</b>	<b>(232,190)</b>	<b>(257,269)</b>	<b>2,698,029</b>

As at December 31, 2022 (Audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Statement of Financial Position</b>						
Cash & Bank balances	-	708,602	-	-	80	708,682
Investments	8,753,984	674,715,703	38,581,155	2,237,077	-	724,287,919
Lendings to financial institutions	-	9,823,727	-	-	-	9,823,727
Advances - performing	49,209,739	-	-	-	347,497	49,557,236
Advances - non-performing	40,773	-	-	-	-	40,773
Others	946,505	7,048,743	-	6,126	5,676,097	13,677,471
<b>Total Assets</b>	<b>58,951,001</b>	<b>692,296,775</b>	<b>38,581,155</b>	<b>2,243,203</b>	<b>6,023,674</b>	<b>798,095,808</b>
Borrowings	176,335,913	550,907,564	-	-	-	727,243,477
Deposits & other accounts	-	13,684,896	-	-	-	13,684,896
Others	1,093,134	(890,603)	5,350,459	(103,499)	1,776,713	7,226,204
<b>Total liabilities</b>	<b>177,429,047</b>	<b>563,701,857</b>	<b>5,350,459</b>	<b>(103,499)</b>	<b>1,776,713</b>	<b>748,154,577</b>
Equity	808,249	(1,956,499)	(157,105)	910,160	50,336,426	49,941,231
<b>Total Equity &amp; liabilities</b>	<b>178,237,296</b>	<b>561,745,358</b>	<b>5,193,354</b>	<b>806,661</b>	<b>52,113,139</b>	<b>798,095,808</b>
<b>Contingencies &amp; Commitments</b>	<b>13,616,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,616,731</b>

### 31.2 Segment details with respect to geographical locations

All the Company's business segments operate in Pakistan only.

### 32 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertaking, employee benefit plans, key management personnel and its directors.

The Company 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 period / year ended, other than those which have been disclosed elsewhere in these financial statements are as follows:

	As at March 31, 2023 (Un-audited)				As at December 31, 2022 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)								
<b>Balances with other banks</b>								
In deposit account	-	-	78,030	-	-	-	83,526	-
<b>Investments</b>								
Opening balance	-	-	38,580,355	500	-	-	29,651,106	500
Investment made during the year	-	-	-	-	-	-	424,993	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Equity method accounting adjustments	-	-	2,118,515	-	-	-	8,504,256	-
Closing balance	-	-	40,698,870	500	-	-	38,580,355	500
Credit loss allowance for diminution in value of investments			-	-			-	-
<b>Advances</b>								
Opening balance	-	174,572	-	-	-	132,537	-	-
Addition during the period / year	-	1,400	-	-	-	54,629	-	-
Repaid during the period / year	-	(3,560)	-	-	-	(12,594)	-	-
Closing balance	-	172,412	-	-	-	174,572	-	-
Credit loss allowance held against advances								
<b>Other Assets</b>								
Interest / mark-up accrued	-	-	457	-	-	-	679	-
Receivable from Pak Kuwait Takaful Company	-	-	-	20,214	-	-	-	-
Provision against other assets	-	-	-	(20,214)	-	-	-	-
Receivable from Raqami Bank	-	-	-	77,509	-	-	-	-
	-	-	457	77,509	-	-	679	-
<b>Borrowings</b>								
Opening balance	-	-	30,657,267	12,648,747	-	-	22,583,809	-
Borrowings during the period / year	-	-	-	-	-	-	35,207,817	24,356,497
Settled during the period / year	-	-	-	(12,648,747)	-	-	(22,651,992)	(11,247,075)
Transfer in / (out) - net	-	-	1,123,347	-	-	-	(4,482,367)	(460,675)
Closing balance	-	-	31,780,614	-	-	-	30,657,267	12,648,747
<b>Deposits and other accounts</b>								
Opening balance	-	-	-	886,721	-	-	-	509,766
Received during the period / year	-	-	-	2,074,267	-	-	-	5,026,488
Withdrawn during the period / year	-	-	-	(2,365,026)	-	-	-	(4,649,533)
Closing balance	-	-	-	595,962	-	-	-	886,721
<b>Other Liabilities</b>								
Interest / mark-up payable	-	-	-	12,285	-	-	-	9,317
Payable to Staff Gratuity Fund	-	-	-	113,849	-	-	-	101,468
Payable to Kuwait Investment Authority	-	-	-	605,000	-	-	-	3,225
Payable to National Clearing Company of Pakistan Limited	-	-	48	-	-	-	49	-
Payable to FTC Management Company (Private) Limited	-	-	-	600	-	-	-	575
	-	-	48	731,734	-	-	49	114,585
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	-	-	-	-	-	-

#### RELATED PARTY TRANSACTIONS

	Three months period ended				Three months period ended			
	March 31, 2023 (Un-audited)				March 31, 2022 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)								
<b>Income</b>								
Mark-up / return / interest earned	-	1,718	1,461	-	-	1,289	585	-
Dividend income from associates	-	-	1,686,138	-	-	-	814,811	-
Share in results of associates net of dividend income	-	-	4,698,199	-	-	-	-	-
<b>Other income</b>								
- Nominee Director Fee	-	-	5,050	125	-	-	4,650	110
<b>Expense</b>								
Mark-up / return / interest paid	-	-	1,123,347	488,847	-	-	68,184	14,141
<b>Operating expenses</b>								
- Directors Fee	1,150	-	-	-	1,150	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	441,951	-	-	-	319,152	-	-
- Nominee Director Fee payment	-	-	-	1,200	-	-	-	1,050
- NCCPL Charges	-	-	461	-	-	-	223	-
- FMCL Office Maintenance Charges	-	-	-	8,913	-	-	-	20,396
- Contribution made to Staff Provident Fund	-	-	-	10,290	-	-	-	8,527
- Contribution made to Staff Gratuity Fund	-	-	-	12,381	-	-	-	9,806

**33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	16,000,000	16,000,000
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	16,331,266	16,241,038
Eligible Tier 2 Capital	746,908	662,208
Total Eligible Capital (Tier 1 + Tier 2)	17,078,174	16,903,246
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	59,752,612	57,574,904
Market Risk	4,910,345	4,860,697
Operational Risk	23,534,719	23,534,719
Total	88,197,676	85,970,320
<b>Common Equity Tier 1 Capital Adequacy ratio</b>		
Tier 1 Capital Adequacy Ratio	18.52%	18.89%
Total Capital Adequacy Ratio	19.36%	19.66%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	16,331,266	16,241,039
Total Exposures	728,304,730	646,523,823
Leverage Ratio	2.24%	2.51%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	32,359,546	21,581,708
Total Net Cash Outflow	29,530,054	16,170,233
Liquidity Coverage Ratio	110%	133%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	123,976,375	147,156,529
Total Required Stable Funding	118,794,235	143,109,029
Net Stable Funding Ratio	104%	103%

**34 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on May 04, 2023.

**35 GENERAL**

35.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

 Chief Executive	 Chief Financial Officer	 Director	 Director	 Director
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