



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the nine months period ended September 30, 2023

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Note	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks	6	886,162	615,277
Balances with other banks	7	180,539	93,405
Lendings to financial institutions	8	-	9,823,727
Investments	9	1,297,478,279	724,287,919
Advances	10	50,686,098	49,598,009
Property and equipment	11	1,075,260	697,544
Right-of-use assets		-	-
Intangible assets	12	14,548	19,238
Deferred tax assets		-	-
Other assets	13	30,310,745	12,960,689
Total assets		1,380,631,631	798,095,808
LIABILITIES			
Bills payable		-	-
Borrowings	14	1,288,522,981	727,243,477
Deposits and other accounts	15	13,678,089	13,684,896
Lease liabilities		-	-
Subordinated debt		-	-
Deferred tax liabilities	16	4,600,608	3,316,108
Other liabilities	17	5,518,583	3,910,096
Total liabilities		1,312,320,261	748,154,577
NET ASSETS		68,311,370	49,941,231
REPRESENTED BY			
Share capital		16,000,000	16,000,000
Reserves		14,594,578	14,594,578
Surplus / (deficit) on revaluation of assets - net	18	26,543	(3,145,995)
Unappropriated profit		37,690,249	22,492,648
		68,311,370	49,941,231
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes 1 to 36 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 (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

Note	Quarter ended		Nine months period ended		
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
-----Rupees in '000-----					
Mark-up / return / interest earned	20	86,848,250	14,208,566	176,542,567	19,587,676
Mark-up / return / interest expensed	21	83,876,022	13,489,713	172,857,331	18,194,377
Net mark-up / interest income		2,972,228	718,853	3,685,236	1,393,299
NON MARK-UP / INTEREST INCOME					
Fee and commission income	22	13,181	8,838	73,736	86,274
Dividend income		44,761	149,681	181,929	233,809
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	23	(176,983)	220,439	(119,914)	220,777
Share in results of associates - net	24	7,920,058	3,527,661	17,853,324	8,725,600
Other income	25	23,546	21,245	306,003	54,249
Total non-markup / interest income		7,824,563	3,927,864	18,295,078	9,320,709
Total income		10,796,791	4,646,717	21,980,314	10,714,008
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	26	563,895	497,185	1,526,977	1,113,355
Workers Welfare Fund		200,384	78,256	404,167	174,716
Other charges		-	-	-	-
Total non-markup / interest expenses		764,279	575,441	1,931,144	1,288,071
Profit before credit loss allowance / provisions		10,032,512	4,071,276	20,049,170	9,425,937
Credit loss allowance / provisions / (reversal) and write-offs - net	27	13,306	158,450	(159,174)	690,134
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		10,019,206	3,912,826	20,208,344	8,735,803
Taxation	28	2,259,862	657,184	3,888,327	1,768,461
PROFIT AFTER TAXATION		7,759,344	3,255,642	16,320,017	6,967,342
-----Rupees-----					
Basic earnings per share (on share of Rs. 25,000 each)	29	12,124	5,087	25,500	10,886

The annexed notes 1 to 36 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 - (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Quarter ended		Nine months period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(Rupees in '000)-----			
Profit after taxation for the period	7,759,344	3,255,642	16,320,017	6,967,342
Other comprehensive (loss) / income				
Items that may be reclassified to the profit and loss account in subsequent periods:				
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	427	-	2,139	-
Movement in surplus / (deficit) on revaluation of government securities through FVOCI - net of tax	1,483,516	-	(221,957)	-
Movement in surplus on revaluation of FVOCI securities of associates - net of tax	706,975	-	480,548	-
Movement in surplus / (deficit) on revaluation of available for sale securities - net of tax	-	289,584	-	(811,182)
Movement in surplus / (deficit) on revaluation of available for sale securities of associates - net of tax	-	365,694	-	(875,004)
	2,190,918	655,278	260,730	(1,686,186)
Items that will not be reclassified to the profit and loss account in subsequent periods:				
Movement in surplus on revaluation of equity investments - net of tax	291,863	-	392,378	-
Loss on sale of equity shares - FVOCI	(44,274)	-	(118,870)	-
Share of realised loss on securities classified as FVOCI assets of associates - net of tax	(59,076)	-	(79,590)	-
Share of deficit on revaluation of non - banking assets of associates - net of tax	-	-	(71)	(394)
Share of remeasurement loss of defined benefit obligation of associates - net of tax	(7,966)	(6,923)	(11,480)	(12,023)
	180,547	(6,923)	182,367	(12,417)
Total comprehensive income	<u>10,130,809</u>	<u>3,903,997</u>	<u>16,763,114</u>	<u>5,268,739</u>

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.


 Chief Executive


 Chief Financial Officer


 Director


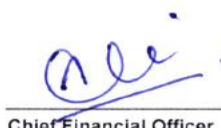




 Director


 Director

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Capital reserve			Surplus / (deficit) on revaluation of		Revenue reserve	Total	
	Non-Distributable reserve	Statutory reserve	Capital Market Equalization reserve	Investments	Non banking assets of associates	Unappropriated profit		
	(Rupees in '000)							
Opening Balance as at January 1, 2022 (audited)	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 the nine months period ended September 30, 2022	-	-	-	-	-	-	6,967,342	6,967,342
Movement in deficit on revaluation of available for sale securities - net of tax	-	-	-	-	(811,182)	-	-	(811,182)
Movement in deficit on revaluation of available for sale securities of associates - net of tax	-	-	-	-	(875,004)	-	-	(875,004)
Share of deficit on revaluation of non - banking assets of associates - net of tax	-	-	-	-	-	(394)	-	(394)
Share of remeasurement loss of defined benefit obligation of associates - net of tax	-	-	-	-	-	-	(12,023)	(12,023)
Total other comprehensive loss	-	-	-	-	(1,686,186)	(394)	(12,023)	(1,698,603)
Share of movement in other reserve of associate - net of tax	-	-	-	-	-	-	31,424	31,424
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2021 @ Rs. 1,718.75 per share	-	-	-	-	-	-	(1,100,000)	(1,100,000)
Closing Balance as at September 30, 2022 (un-audited)	16,000,000	935,264	9,793,911	1,659,468	(2,635,283)	6,312	20,624,777	46,384,449
Opening Balance as at January 1, 2023 (audited)	16,000,000	935,264	11,999,846	1,659,468	(3,147,384)	1,389	22,492,648	49,941,231
Impact of adoption of IFRS - 9 (note 3.2.5)	-	-	-	-	2,519,501	-	255,642	2,775,143
Profit after taxation for the nine months period ended September 30, 2023	-	-	-	-	-	-	16,320,017	16,320,017
Other comprehensive income / (loss) - net of tax								
Movement in surplus on revaluation of debt investments at FVOCI - net of tax	-	-	-	-	2,139	-	-	2,139
Movement in (deficit) on revaluation of government securities at FVOCI - net of tax	-	-	-	-	(221,957)	-	-	(221,957)
Movement in surplus on revaluation of FVOCI securities of associates - net of tax	-	-	-	-	480,548	-	-	480,548
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	-	392,378	-	-	392,378
Loss on sale of shares - FVOCI	-	-	-	-	-	-	(118,870)	(118,870)
Share of realised loss on securities classified as FVOCI assets of associates - net of tax	-	-	-	-	-	-	(79,590)	(79,590)
Share of (deficit) on revaluation of non - banking assets of associates - net of tax	-	-	-	-	-	(71)	-	(71)
Share of remeasurement loss of defined benefit obligation of associates - net of tax	-	-	-	-	-	-	(11,480)	(11,480)
Total other comprehensive loss	-	-	-	-	653,108	(71)	(209,940)	443,097
Share of movement in other reserves of associate - net of tax	-	-	-	-	-	-	41,882	41,882
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2022 @ Rs.1,890.62 per share	-	-	-	-	-	-	(1,210,000)	(1,210,000)
Closing Balance as at September 30, 2023 (un-audited)	16,000,000	935,264	11,999,846	1,659,468	25,225	1,318	37,690,249	68,311,370

The annexed notes 1 to 36 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 - (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

Note	Nine months period ended	
	September 30, 2023	September 30, 2022
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,208,344	8,735,803
Less: dividend income	(181,929)	(233,809)
	<u>20,026,415</u>	<u>8,501,994</u>
Adjustments :		
Net mark-up / interest income	(3,685,236)	-
Depreciation	106,397	35,818
Amortisation	4,690	4,084
Credit loss allowance / provisions / (reversals) and write offs	(159,174)	690,134
Gain on sale of property and equipment	(9,587)	(6,965)
Unrealised loss on revaluation of FVTPL / held for trading securities	14,808	1,948
Share in results of associates - net	(17,853,324)	(8,725,600)
	<u>(21,581,426)</u>	<u>(8,000,581)</u>
	(1,555,011)	501,413
(Increase) / decrease in operating assets		
Lendings to financial institutions	9,823,727	-
Securities classified as FVTPL / held for trading	1,297	(52,657)
Advances	(943,965)	(16,237,964)
Others assets (excluding advance taxation)	(314,297)	(3,380,289)
	<u>8,566,762</u>	<u>(19,670,910)</u>
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	561,279,504	351,286,039
Deposits	(6,807)	6,953,937
Other liabilities (excluding current taxation)	474,285	538,831
	<u>561,746,982</u>	<u>358,778,807</u>
	568,758,733	339,609,310
Mark-up / interest received	167,500,707	-
Mark-up / interest paid	(172,327,751)	-
Income tax paid	(11,944,076)	587,363
	<u>(16,771,120)</u>	<u>587,363</u>
Net cash inflows from operating activities	<u>551,987,613</u>	<u>340,196,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in amortised cost securities / held-to-maturity	-	-
Net Investments in securities classified as FVOCI / available-for-sale	(556,164,932)	(341,493,974)
Dividends received	5,614,888	2,756,898
Investments in property and equipment	(499,713)	(141,581)
Disposal of property and equipment	25,187	7,180
Net cash used in investing activities	<u>(551,024,570)</u>	<u>(338,871,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(605,000)	(1,100,000)
Net cash used in financing activities	<u>(605,000)</u>	<u>(1,100,000)</u>
Increase in cash and cash equivalents	<u>358,043</u>	<u>225,196</u>
Credit loss on cash and cash equivalent	(24)	-
Cash and cash equivalents at beginning of the period	708,682	161,814
Cash and cash equivalents at end of the period	<u><u>1,066,701</u></u>	<u><u>387,010</u></u>

The annexed notes 1 to 36 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 THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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.

The Company has incorporated an islamic digital bank named 'Raqami Islamic Digital Bank'. The Company is in the process of completing the post incorporation activities of Raqami Islamic Digital Bank. Furthermore, the Company has injected Capital with an amount of Rs. 6.75 million as advance against issuance of shares.

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 the 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 the SBP and the 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.

The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on May 30, 2017. The SECP vide its Circular No. 17 of 2017 and Circular No. 23 of 2017 has clarified that all those companies whose financial year, closes on or before December 31, 2017 can prepare financial statements in accordance with provisions of the repealed Companies Ordinance, 1984.

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 and amended standards that become effective during the period (enumerated in note 2.3 to the annual financial statements of the Company) for the year ended December 31, 2022. However, such standards did not have any significant effect on these condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 3.2.

The 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 earlier adoption of IFRS 9 is permitted and encouraged, therefore the management has decided to adopt the IFRS 9 from accounting period beginning on January 01, 2023.

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

There are certain new and amended standards that become effective on or after January 1, 2024 (enumerated in note 2.3 to the annual financial statements of the Company) for the year ended December 31, 2022. However, such standards did not have any significant effect 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 except for changes mentioned in notes 3.1.1 and 3.2.

3.1 Significant accounting policies and financial risk management

3.1.1 Adoption of new forms for the preparation of condensed interim financial statements

During the period, the SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 01, 2023 which was subsequently deferred to January 1, 2024. However, since the Company has early adopted IFRS 9, it has early adopted the new format of the financial statements. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the condensed interim financial statements. Right of use assets and corresponding lease liability are now presented separately on the face of the Statement of financial position. Previously these were presented under property and equipment (previously titled fixed assets) and other liabilities respectively. There is no impact of this change on the condensed interim financial statements.

The Company has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation (note 36).

3.2 IFRS 9 - 'Financial Instruments'

IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

3.2.1 Classification

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS) and Held to maturity (HTM) have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at amortized cost

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus all financial liabilities are being carried at amortized cost. Financial liabilities can also be designated at FVTPL where gains or losses arising from entity's own credit rating risk relating to are required to be presented in other comprehensive income with no reclassification to the profit or loss account. The Company did not have any financial liability measured at FVTPL.

3.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Eventually, the financial assets fall under either of the following three business models:

- i) **Hold to Collect (HTC) Business Model:** Holding assets in order to collect contractual cash flows
- ii) **Hold to Collect and Sell (HTC&S) Business Model:** Collecting contractual cash flows and selling financial assets
- iii) **Other Business Models:** Resulting in classification of financial assets as FVTPL

3.2.1.2 Assessments whether contractual cash flows are solely payments of principal and profit (SPPI)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set. In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3.2.1.3 Application to the Company's financial assets

Debt based financial assets

Debt based financial assets held by the Company (including; advances, lending to financial institutions, investment in federal government securities and other private sukuk, cash and balances with treasury Banks, balances with other Banks, and other financial assets) are measured at amortised cost if they meet both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Company's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales or sale(s) of significant value are/is made, the Company assess whether and how the sales are consistent with the HTC objective. This assessment include the reason(s) for the sales, the expected frequency of sales, and whether the assets that are sold are held for an extended period of time relative to their contractual maturities.

The aforementioned financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as at FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The aforementioned financial assets if held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in reclassifications and consequent remeasurements of certain amount of investments in PIBs and Tbills held under available for sale portfolio as of December 31, 2022 based on the business model embodied in the Company's pool management practices. Moreover, the Company's investment in sub-ordinated sukuk / TFC issued by Banks under available for sale portfolio as of December 31, 2022 have been reclassified as FVTPL since they do not pass the SPPI criteria due to equity conversion features embedded in the terms of these sukuk / TFC. The following table reconciles their carrying amounts as reported on December 31, 2022 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 01, 2023:

	Balances as of December 31, 2022 (Audited)	IFRS 9 Classification	Balances as of December 31, 2022	Remeasure- ments	Balances as of January 01, 2023 - before ECL
	(Rupees in '000)				
- Federal Government Securities - AFS	674,715,703	FVOCI Amortised Cost	638,703,196 36,012,507	- (4,099,612)	638,703,196 40,112,119
- Non Government Sukuk - AFS	8,753,984	FVOCI FVTPL Amortised Cost	4,500,928 2,353,056 1,900,000	- - -	4,500,928 2,353,056 1,900,000

Equity based financial assets

An equity instrument held by the Company for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Company has decided to classify its available for sale equity investment portfolio as of December 31, 2022 as FVOCI on irrevocable basis.

IFRS 9 has eliminated impairment assessment requirements for investments in equity instruments. However, unlisted equity instruments are required to be measured at lower of cost or breakup value till December 31, 2023 under the SBP's instructions. Accordingly the Company has reversed impairment of Rs. 272 million on listed equity investment held as at December 31, 2022 and the same has been transferred to deficit on revaluation of investments through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS 9 as at January 1, 2023 are compared as follows:

Financial assets	Before adoption of IFRS 9		Measurement category	Carrying amount (before ECL)
	Measurement category	Carrying amount		
		Rupees in '000		Rupees in '000
Cash and balances with treasury banks	Loans and receivables	615,277	Amortised cost	615,277
Balances with other banks	Loans and receivables	93,405	Amortised cost	93,405
Lending to financial institutions	Loans and receivables	9,823,727	Amortised cost	9,823,727
Investments - net	Held-for-trading	110,389	Fair value through profit or loss	110,389
	Available-for-sale	685,597,175	Fair value through profit or loss	2,353,056
			Fair value through other comprehensive income	645,331,612
			Amortised cost	42,012,119
Advances - net	Loans and receivables	49,598,009	Amortised cost	49,598,009
Other assets (financial assets only)	Loans and receivables	12,960,689	Amortised cost	12,960,689
		<u>758,798,671</u>		<u>762,898,283</u>

3.2.1.4 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company purchase or sell the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognized when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased. The Company will recognise due to customer and financial institution balances when these funds reach the Company.

Amortised cost

Financial assets and liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance (ECL) is recognised for financial assets in the profit or loss. interest income / expense on these assets / liabilities are recognised in the profit or loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the profit or loss account.

Fair value through other comprehensive income

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for these financial assets in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account only in case of debt instruments.

Fair value through profit or loss

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the profit or loss. These assets are subsequently measured at fair value with changes recorded in the profit or loss account. Interest / dividend income on these assets are recognised in the profit or loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the profit or loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

The Company's revenue recognition policy is consistent with the annual financial statements for the year ended December 31, 2022.

3.2.1.5 Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the profit or loss account.

3.2.1.6 Modification

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of financing to its customers. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Company recalculate the gross carrying amount of the financial asset and shall recognise a modification gain or loss in the profit or loss account. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

3.2.2 Overview of the ECL principles

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilized financing commitments hereinafter referred to as "Financial Instruments". The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at individual customer level.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. However, for certain portfolios, the Company may rebut 30 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and purchased or originated credit impaired (POCI), as described below:

Stage 1:	When financial instruments are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and they have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The Company uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP under the prudential regulations which ever is higher.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and profit / rental is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
Undrawn financing	When estimating LTECLs for undrawn financings commitments, the Company estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated and presented within other liabilities.
Guarantee and letters of credit contracts	The Company estimates ECLs based on the BASEL driven credit conversion factor (CCF) for Guarantee and letter of credit contracts. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability

The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to a Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as the Pluto and Tasche Model of default, particularly for low default portfolios which are based on the Company's internal risk ratings (i.e. from 1 to 12). PDs for Non advances portfolio Company has used PDs prescribed by Standard and Poor's (S&Ps) against each risk rating. PDs are then adjusted using Vasicek Model for IFRS 9 ECL calculations to incorporate forward looking information.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier. The Company's product offering includes a variety of corporate facilities, in which the Company has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective profit rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective profit rate (at reporting date), the Company uses an approximation e.g. contractual rate (at reporting date).

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The Company considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Forward looking information

In its ECL models, the Company relies on a range of forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

3.2.3 Definition of default

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

The customer is more than 90 days past due on its contractual payments.

Further the following criteria has been determined for assessment of default:

- The Company makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Company taking on the exposure,
- The Company sells the credit obligation at a material credit-related economic loss,
- The Company consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees,
- The Company has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the industry group, and

- The obligor has sought or has been placed in Bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the industry group.

3.2.4 Write-offs

The Company's accounting policy under IFRS 9 remains the same as it was under SBP regulations.

- ### 3.2.5
- The Company has adopted IFRS 9 effective from January 01, 2023 with modified retrospective approach for restatement permitted under IFRS 9. The cumulative impact of initial application of Rs. 2,775 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Balances as of December 31, 2022 (Audited)	Impact due to:					Total impact - gross of tax	Taxation (current and deferred)	Total impact - net of tax	Balances as of January 01, 2023	IFRS 9 Category
	Recognition of expected credit losses (ECL)	Adoption of revised classifications under IFRS 9	Reclassifications due to business model and SPPI assessments	Remeasurements	Reversal of provisions held					
(Rupees in '000)										
ASSETS										
Cash and balances with treasury banks	615,277	-	-	-	-	-	-	-	615,277	Amortised cost
Balances with other banks	93,405	(9)	-	-	-	(9)	3	(6)	93,399	Amortised cost
Lending to financial institutions	9,823,727	-	-	-	-	-	-	-	9,823,727	Amortised cost
Investments										
- Classified as available for sale	685,597,175	-	(685,597,175)	-	-	(685,597,175)	-	(685,597,175)	-	
- Classified as fair value through other comprehensive income	-	(540)	645,331,612	-	-	645,331,072	178	645,331,250	645,331,250	FVOCI
- Classified as held to maturity	-	-	-	-	-	-	-	-	-	
- Classified as amortized cost	-	-	-	37,912,507	4,099,612	42,012,119	(1,307,968)	40,704,151	40,704,151	Amortised cost
- Classified as held for trading	110,389	-	(110,389)	-	-	(110,389)	-	(110,389)	-	
- Classified as fair value through profit or loss	-	-	110,389	2,363,066	-	2,463,445	-	2,463,445	2,463,445	FVTPL
- Associates	38,580,355	-	-	-	-	-	-	-	38,580,355	Outside the scope of IFRS 9
	724,287,919	(540)	(40,265,563)	40,265,563	4,099,612	4,099,072	(1,307,790)	2,791,282	727,079,201	
Advances										
- Gross amount	51,683,527	(22,091)	-	-	-	(22,091)	7,290	(14,801)	51,668,726	
- Provisions	(2,085,518)	-	-	-	-	-	-	-	(2,085,518)	
	49,598,009	(22,091)	-	-	-	(22,091)	7,290	(14,801)	49,583,208	Amortised cost
Property and equipment	697,544	-	-	-	-	-	-	-	697,544	Outside the scope of IFRS 9
Right-of-use assets	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Intangible assets	19,238	-	-	-	-	-	-	-	19,238	Outside the scope of IFRS 9
Deferred tax asset	-	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9
Other assets - financial assets	8,011,102	-	-	-	-	-	-	-	8,011,102	Amortised cost
Other assets - non financial assets	4,949,587	-	-	-	-	-	-	-	4,949,587	Outside the scope of IFRS 9
	798,095,808	(22,640)	(40,265,563)	40,265,563	4,099,612	4,076,972	(1,300,497)	2,776,475	800,872,283	
LIABILITIES										
Bills payable	-	-	-	-	-	-	-	-	-	Amortised cost
Borrowings	727,243,477	-	-	-	-	-	-	-	727,243,477	Amortised cost
Deposits and other accounts	13,684,896	-	-	-	-	-	-	-	13,684,896	Amortised cost
Lease liability against right-of-use assets	-	-	-	-	-	-	-	-	-	Amortised cost
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	Amortised cost
Deferred tax liabilities	3,316,108	-	-	-	-	-	-	-	3,316,108	Outside the scope of IFRS 9
Other liabilities - non financial liabilities	157,539	-	-	-	-	-	-	-	157,539	Outside the scope of IFRS 9
Other liabilities - financial liabilities	3,752,557	1,994	-	-	-	1,994	(658)	1,336	3,753,893	Amortised cost
	748,154,577	1,994	-	-	-	1,994	(658)	1,336	748,155,913	
NET ASSETS	49,941,231	(24,634)	(40,265,563)	40,265,563	4,099,612	4,074,978	(1,299,839)	2,775,139	52,716,370	
REPRESENTED BY										
Share capital	16,000,000	-	-	-	-	-	-	-	16,000,000	Outside the scope of IFRS 9
Reserves	14,594,578	-	-	-	-	-	-	-	14,594,578	Outside the scope of IFRS 9
Deficit on revaluation of assets - net of tax	(3,145,995)	-	-	4,099,612	(272,142)	3,827,470	(1,307,972)	2,519,498	(626,497)	Outside the scope of IFRS 9
Unappropriated profit	22,492,648	(24,634)	-	-	272,142	247,508	8,133	255,641	22,748,289	Outside the scope of IFRS 9
	49,941,231	(24,634)	-	-	4,099,612	4,074,978	(1,299,839)	2,775,139	52,716,370	

* Interest / return accrued is based on classification of underlying financial assets. Remaining other financial assets are classified as amortised cost.

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 recognised 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 except for matters related to early adoption of IFRS 9 which have been disclosed in note 3.2 to the financial statements.

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	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
6 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand in local currency		150	80
With State Bank of Pakistan in - local currency current account	6.1	885,280	614,665
With National Bank of Pakistan in - local currency current account		<u>732</u>	<u>532</u>
		886,162	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		<u><u>886,162</u></u>	<u><u>615,277</u></u>
6.1	This includes Rs. 878.500 million (December 31, 2022: Rs. 610.500 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	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
- current accounts		38,904	7,701
- deposit accounts	7.1	<u>141,659</u>	<u>85,704</u>
		180,563	93,405
Less: Credit loss allowance held against balances with other banks		(24)	-
Balances with other banks - net of credit loss allowance		<u><u>180,539</u></u>	<u><u>93,405</u></u>
7.1	This represents balance maintained in saving accounts with banks which includes balance with Meezan bank (a related party) amounting Rs. 138.835 million (December 31, 2022: Rs. 83.526 million). The profit rates on these accounts ranges between 11.00% to 20.50% (December 31, 2022: 7.00% and 14.50%).		

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	9,823,727
8.1 Particulars of lending		
In local currency	-	9,823,727

8.2 Securities held as collateral against lendings to financial institutions

	September 30, 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	-	-	-	9,823,727	-	9,823,727

9 INVESTMENTS

9.1 Investments by type: Note	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Credit loss allowance / provisions	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	------(Rupees in '000)-----							
FVTPL								
Shares	117,846	-	(3,673)	114,173	-	-	-	-
Non government debt securities	2,339,108	-	(11,135)	2,327,973	-	-	-	-
	2,456,954	-	(14,808)	2,442,146	-	-	-	-
FVOCI								
Federal government securities	1,207,939,311	-	(325,530)	1,207,613,781	-	-	-	-
Shares	2,563,813	(103,227)	(101,759)	2,358,827	-	-	-	-
Non government debt securities	3,831,792	(34,276)	23,004	3,820,520	-	-	-	-
	1,214,334,916	(137,503)	(404,285)	1,213,793,128	-	-	-	-
Amortised Cost								
Federal government securities	27,849,341	-	-	27,849,341	-	-	-	-
Non government debt securities	1,900,000	-	-	1,900,000	-	-	-	-
	29,749,341	-	-	29,749,341	-	-	-	-
Held-for-trading securities								
Shares	-	-	-	-	119,143	-	(8,754)	110,389
Available-for-sale securities								
Federal government securities	-	-	-	-	678,773,341	-	(4,057,638)	674,715,703
Shares	-	-	-	-	2,844,839	(375,368)	(341,983)	2,127,488
Non government debt securities	-	-	-	-	8,769,871	(33,638)	17,751	8,753,984
	-	-	-	-	690,388,051	(409,006)	(4,381,870)	685,597,175
Associates	9.1.1 51,493,664	-	-	51,493,664	38,580,355	-	-	38,580,355
Total Investments	<u>1,298,034,875</u>	<u>(137,503)</u>	<u>(419,093)</u>	<u>1,297,478,279</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	September 30,	December 31,
	2023	2022
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Investments at beginning of the period	38,580,355	29,651,106
Investment in associate	-	424,993
Share in surplus on revaluation of FVOCI securities of associates	565,351	(1,411,929)
Share of deficit on revaluation of non - banking assets of associates	(84)	(6,230)
Share of remeasurement of defined benefit plans of associates	(14,615)	(43,586)
Share of profit from associates recognised in the profit and loss account	17,853,324	13,702,925
Share of employee share option compensation reserve of associates	35,373	88,189
Share of movement in other reserve of associates	13,898	-
Share of loss on sale of FVOCI securities of associates	(93,635)	-
Dividend received from associates	(5,446,303)	(3,825,113)
Investments at end of the period / year	<u>51,493,664</u>	<u>38,580,355</u>

The cost of investments in associates as at September 30, 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. 10,415 million (September 30, 2022: Rs. 5,231 million).

9.1.2 Investments given as collateral	September 30,	December 31,
	2023	2022
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
Pakistan Investment Bonds	167,459,578	234,365,271
Market Treasury Bills	<u>1,019,357,900</u>	<u>423,020,833</u>
	<u>1,186,817,478</u>	<u>657,386,104</u>

9.2 Credit loss allowance / provision for diminution in value of investments

9.2.1 Opening balance	409,006	181,470
Charge / (reversals)		
Charge for the period / year	118	713,923
Expected credit loss charge on opening investment portfolio	521	-
Reversal for the previous years provision due to IFRS 9 implementation	(272,142)	-
Reversal on disposal for the period / year	-	(486,387)
	(271,503)	227,536
Closing balance	<u>137,503</u>	<u>409,006</u>

9.2.2 Particulars of credit loss allowance / provision against debt securities

Category of classification	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)		
	Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Provision held	
------(Rupees in '000)-----					
Domestic					
Performing	Stage 1	5,698,154	638	8,736,233	-
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		33,638	33,638	33,638	33,638
		33,638	33,638	33,638	33,638
Total		<u>5,731,792</u>	<u>34,276</u>	<u>8,769,871</u>	<u>33,638</u>

10 ADVANCES

	Performing		Non performing		Total	
	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	51,797,273	50,657,236	830,219	1,026,291	52,627,492	51,683,527
Provision against advances						
- Specific	-	-	-	(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)	(1,100,000)	(2,085,518)
Credit loss allowance against advances						
-Stage 1	(15,425)	-	-	-	(15,425)	-
-Stage 2	(9,562)	-	-	-	(9,562)	-
-Stage 3	-	-	(816,407)	-	(816,407)	-
	(24,987)	-	(816,407)	-	(841,394)	-
Advances - net of credit loss allowance / provision	<u>50,672,286</u>	<u>49,557,236</u>	<u>13,812</u>	<u>40,773</u>	<u>50,686,098</u>	<u>49,598,009</u>

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	------(Rupees in '000)-----	
10.1 Particulars of advances (Gross)		
In local currency	<u>52,627,492</u>	<u>51,683,527</u>

- 10.2 Advances include Rs. 830.219 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	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Provision
	------(Rupees in '000)-----			
Domestic				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	1,026,291	985,518
Stage 3	830,219	816,407	-	-
Total	<u>830,219</u>	<u>816,407</u>	<u>1,026,291</u>	<u>985,518</u>

Provision is recorded net of security deposit of Rs. 13.812 million (December 31, 2022: Rs. 40.773 million).

10.3 Particulars of credit loss allowance / provisions against bad debts

	September 30, 2023 (Un-audited)					December 31, 2022 (Audited)		
	Stage 1	Stage 2	Stage 3	General	Total	Specific	General	Total
	------(Rupees in '000)-----							
Opening balance	-	-	-	1,100,000	1,100,000	1,024,568	600,000	1,624,568
IFRS 9 implementation	22,091	-	985,518	-	1,007,609	-	-	-
Charge for the period / year								
Reversals	(6,666)	9,562	(169,111)	-	(166,215)	(39,050)	500,000	500,000
Closing balance	<u>15,425</u>	<u>9,562</u>	<u>816,407</u>	<u>1,100,000</u>	<u>1,941,394</u>	<u>985,518</u>	<u>1,100,000</u>	<u>2,085,518</u>

10.4 Advances - Particulars of credit loss allowance / provision against bad debts

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)	
	Stage 1	Stage 2	Stage 3	General	Specific	General
	(Rupees in '000)					
10.4.1 Opening balance	-	-	-	1,100,000	1,024,568	600,000
IFRS 9 implementation	22,091	-	985,518	-	-	-
New advances	-	8,995	-	-	-	500,000
Advances derecognised or repaid	(6,099)	-	(169,111)	-	(39,050)	-
Transfer to stage 1	-	-	-	-	-	-
Transfer to stage 2	(567)	567	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-
	(6,666)	9,562	(169,111)	-	(39,050)	500,000
Closing balance	<u>15,425</u>	<u>9,562</u>	<u>816,407</u>	<u>1,100,000</u>	<u>985,518</u>	<u>1,100,000</u>

10.4.2 Advances - Category of classification

Domestic	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Provision held
	(Rupees in '000)			
Performing Stage 1	50,778,493	15,425	50,657,236	-
Underperforming Stage 2	1,018,780	9,562	-	-
Non-Performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	830,219	816,407	1,026,291	985,518
	830,219	816,407	1,026,291	985,518
Total	<u>52,627,492</u>	<u>841,394</u>	<u>51,683,527</u>	<u>985,518</u>

	Note	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
11 PROPERTY AND EQUIPMENT			
Capital work-in-progress	11.1	6,544	303,012
Property and equipment		1,068,716	394,532
		<u>1,075,260</u>	<u>697,544</u>

11.1 Capital work-in-progress

Civil works	1,743	-
Advance to suppliers	4,801	303,012
	<u>6,544</u>	<u>303,012</u>

	Nine months period ended	
	September 30, 2023 (Un-audited)	September 30, 2022 (Audited)
11.2 Additions to property and equipment		
	(Rupees in '000)	

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

Property and equipment		
Electrical, office and computer equipment	35,573	6,053
Building on leasehold land	3,028	-
Furniture and fixture	4,972	14,774
Vehicles	750,608	-
	<u>794,181</u>	<u>20,827</u>

		<u>Nine months period ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2023</u>	<u>2022</u>
		<u>(Un-audited)</u>	
		<u>------(Rupees in '000)-----</u>	
11.3	Disposal of property and equipment		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furniture and fixture	76	80
	Electrical office and computer equipment	372	135
	Vehicles	15,152	-
	Total	<u>15,600</u>	<u>215</u>
		<u>September 30,</u>	<u>December 31,</u>
		<u>2023</u>	<u>2022</u>
		<u>(Un-audited) (Audited)</u>	
		<u>------(Rupees in '000)-----</u>	
12	INTANGIBLE ASSETS		
	Computer software	<u>14,548</u>	<u>19,238</u>
		<u>Nine months period ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2023</u>	<u>2022</u>
		<u>(Un-audited)</u>	
		<u>------(Rupees in '000)-----</u>	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Computer software	<u>-</u>	<u>3,529</u>
		<u>September 30,</u>	<u>December 31,</u>
		<u>2023</u>	<u>2022</u>
		<u>(Un-audited) (Audited)</u>	
		<u>------(Rupees in '000)-----</u>	
13	OTHER ASSETS		
	Income / mark-up accrued in local currency - net	17,050,455	7,995,249
	Advances, deposits, advance rent and other prepayments	57,067	30,200
	Advance taxation (payments less provisions)	12,912,599	4,924,740
	Other receivable	344,187	56,759
		<u>30,364,308</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	13.2 (7,304)	-
	Other assets (net of credit loss allowance)	<u>30,310,745</u>	<u>12,960,689</u>
13.1	Provision held against other assets		
	Other receivables	<u>46,259</u>	<u>46,259</u>
13.1.1	Movement in provision held against other assets		
	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>
13.2	Credit loss allowance held against other assets		
	Income / mark-up accrued in local currency	<u>7,304</u>	<u>-</u>
13.2.1	Movement in credit loss allowance held against other assets		
	Opening balance	-	-
	Charge for the period / year	7,304	-
	Reversals for the period / year	-	-
	Closing balance	<u>7,304</u>	<u>-</u>

	Note	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
14	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	Under Long Term Finance Facility (LTFF)	14.1	6,661,910
	Under Financing Scheme for Renewable Energy	14.2	2,729,785
	Under Temporary Economic Refinance Facility (TERF)	14.3	3,436,511
		12,828,206	13,372,309
	Bai Muajjal	14.4	32,359,144
	Repurchase agreement borrowings	14.5	1,161,813,171
	Term Finance Facility	14.6	33,750,000
	Total secured	<u>1,240,750,521</u>	<u>705,437,140</u>
	Unsecured		
	Bai Muajjal	14.4	21,356,351
	Letter of Placement	14.7	26,416,109
	Total unsecured	<u>47,772,460</u>	<u>21,806,337</u>
		<u>1,288,522,981</u>	<u>727,243,477</u>

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 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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 the SBP.

14.2 Borrowing from SBP under Financing Scheme for Renewable Energy

These represent long term finance facility on this 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 is payable at maximum of 3% per annum (December 31, 2022: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2022: 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 the SBP.

14.3 Borrowing from SBP under Temporary Economic Refinance Facility

These represent long term finance facilities 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, 2022: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2022: 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 the SBP.

14.4 Bai Muajjal

This represents borrowings from financial institutions at mark-up rates between 21.15% and 21.35% per annum (December 31, 2022: 15.20% and 15.90% per annum) and having maturities between October 19, 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 21.50% and 22.15% per annum (December 31, 2022: 15.22% and 16.21% per annum) with maturities between two days to fifty five 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 23.04% per annum (December 31, 2022: 8.63% and 22.08% per annum) and have maturities between March 14, 2024 and December 21, 2028 (December 31, 2022: March 22, 2023 and December 28, 2028).

14.7 Letter Of Placement (LOP)

The interest rate on these LOPs is 21.50% per annum (December 31, 2022: 16.05% and 16.10% per annum). These LOPs have maturity dates between October 02, 2023 and October 06, 2023 (December 31, 2022: January 03, 2023 and January 17, 2023).

15 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Certificate of Investment (COI)	12,534,319	-	12,534,319	6,656,590	-	6,656,590
Financial Institutions						
Certificate of Investment (COI)	1,143,770	-	1,143,770	7,028,306	-	7,028,306
	<u>13,678,089</u>	<u>-</u>	<u>13,678,089</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 17.50% and 23.65% per annum (December 31, 2022: 12.50% and 16.88% per annum). These COIs have maturities between October 02, 2023 and September 27, 2024 (December 31, 2022: January 03, 2023 and November 24, 2023).

16 DEFERRED TAX LIABILITIES

	September 30, 2023 (Un-audited)				
	At January 1, 2023	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCIE	At September 30, 2023
(Rupees in 000)					
Deductible temporary differences on					
- Post retirement employee benefits	50,256	9,196	-	-	59,452
- Deficit on revaluation of investments	1,433,481	3,584	(1,285,524)	-	151,541
- Credit loss allowance / provision against advances	688,221	72,659	-	-	760,880
- Provision for taxation	133,450	1,899,166	-	-	2,032,616
	<u>2,305,408</u>	<u>1,984,605</u>	<u>(1,285,524)</u>	<u>-</u>	<u>3,004,489</u>
Taxable temporary differences on					
- Accelerated tax depreciation	(33,139)	1,609	-	-	(31,530)
- Finance lease arrangements	(237,920)	82,298	-	-	(155,622)
- Share of profits from associates	(5,350,457)	(1,992,491)	(67,606)	(7,391)	(7,417,945)
	<u>(5,621,516)</u>	<u>(1,908,584)</u>	<u>(67,606)</u>	<u>(7,391)</u>	<u>(7,605,097)</u>
	<u>(3,316,108)</u>	<u>76,021</u>	<u>(1,353,130)</u>	<u>(7,391)</u>	<u>(4,600,608)</u>
(Rupees in 000)					
	December 31, 2022 (Audited)				
	At January 1, 2022	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCIE	At December 31, 2022
(Rupees in 000)					
Deductible temporary differences on					
- 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>359,296</u>	<u>1,143,506</u>	<u>-</u>	<u>2,305,408</u>
Taxable temporary differences on					
- 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	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
------(Rupees in '000)-----			
17 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		2,422,813	1,893,233
Accrued expenses		2,246,793	1,764,768
Payable to defined benefit plan		138,611	101,468
Security deposits against lease		55,747	82,708
Payable against employees' compensated absences		13,831	50,824
Payable to share brokers on account of purchase of marketable securities		10,270	1,142
Dividend payable		605,000	-
Unearned Income		5,343	5,248
Others		18,558	10,705
Credit loss allowance against off-balance sheet obligations	17.1	1,617	-
		<u>5,518,583</u>	<u>3,910,096</u>
17.1 Credit loss allowance against off-balance sheet obligations			
Opening balance		-	-
Impact due to IFRS Implementation		1,994	-
Charge for the period / year		-	-
Reversals for the period / year		(377)	-
		-	-
Amount written off		-	-
Closing balance		<u>1,617</u>	<u>-</u>
18 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET			
(Deficit) / surplus on revaluation of:			
- Securities measured at FVOCI-debt	9.1	23,004	17,751
- Securities measured at FVOCI-equity	9.1	(101,759)	(341,983)
- Securities measured at FVOCI-government securities	9.1	(325,530)	(4,057,638)
- Available for sale securities of associates		330,647	(234,620)
		<u>(73,638)</u>	<u>(4,616,490)</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI-debt		(8,971)	(5,858)
- Securities measured at FVOCI-equity		28,662	103,748
- Securities measured at FVOCI-government securities		87,765	1,295,089
- Available for sale securities of associates		(7,275)	77,516
		<u>100,181</u>	<u>1,470,495</u>
		<u>26,543</u>	<u>(3,145,995)</u>
19 CONTINGENCIES AND COMMITMENTS			
-Guarantees	19.1	2,489,775	2,229,520
-Commitments	19.2	13,934,797	11,387,211
		<u>16,424,572</u>	<u>13,616,731</u>
19.1 Guarantees:			
Financial guarantees		<u>2,489,775</u>	<u>2,229,520</u>
19.2 Commitments			
Undisbursed sanctions against:			
- Loans and advances		13,507,762	11,051,875
- Letter of comfort		427,035	335,336
		<u>13,934,797</u>	<u>11,387,211</u>

19.3 Tax Contingencies

The status of tax contingencies remains unchanged as disclosed in the annual audited financial statements as at December 31, 2022, except for the following:

- 19.3.1** An order dated March 22, 2023 to recover Super tax under section 4C of the Ordinance for the year 2022 was issued where demand of Rs 176.513 million has been raised. An appeal was preferred before CIR(A) where the levy has been maintained in order dated June 1, 2023. Currently, the Company appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy. The Company has made provision of Rs. 369.210 million against Super Tax.

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	Nine months period ended	
		September 30, 2023	September 30, 2022
		(Un-audited)	
		----- (Rupees in '000) -----	
20 MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		6,688,296	2,742,649
Investments		169,722,333	16,781,138
Lendings to financial institutions		125,189	59,634
Balances with banks		6,749	4,255
		<u>176,542,567</u>	<u>19,587,676</u>
20.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost;		2,751,245	-
Financial assets measured at fair value through OCI.		173,791,322	-
		<u>176,542,567</u>	<u>-</u>
21 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		1,442,089	651,449
Borrowings		15,536,341	2,983,350
Securities sold under repurchase agreements - government securities		155,878,901	14,559,578
		<u>172,857,331</u>	<u>18,194,377</u>
21.1 Interest expense calculated using effective interest rate method		<u>172,857,331</u>	<u>-</u>
22 FEE AND COMMISSION INCOME			
Participation fee		16,776	24,969
Commitment fee		2,208	3,826
Commission on guarantees		11,106	9,647
Commission on letter of comfort		2,603	6,322
Arrangement fee		35,794	35,669
Advisory income		5,249	5,841
		<u>73,736</u>	<u>86,274</u>
23 (LOSS) / GAIN ON SECURITIES - NET			
Realised (loss) / gain	23.1	(105,106)	222,725
Unrealised loss - measured at FVTPL / held-for-trading	9.1	(14,808)	(1,948)
		<u>(119,914)</u>	<u>220,777</u>
23.1 Realised (loss) / gain			
Shares		4,593	222,725
Federal government securities		(109,699)	-
		<u>(105,106)</u>	<u>222,725</u>

	Nine months period ended	
	September 30, 2023	September 30, 2022
	(Un-audited)	
	------(Rupees in '000)-----	
23.2 Net gain / loss on financial assets / liabilities measured at FVTPL / held-for-trading:		
Designated upon initial recognition	(119,914)	220,777
24 SHARE IN RESULTS OF ASSOCIATES - NET		
Quoted associates	17,530,103	8,595,027
Un-quoted associates	323,221	130,573
	<u>17,853,324</u>	<u>8,725,600</u>
25 OTHER INCOME		
Nominee directors fee	10,165	12,265
Space / arrangement income	33,378	33,377
Gain on sale of property and equipment - net	9,587	6,965
Late payment charges	246,859	-
Others	6,014	1,642
	<u>306,003</u>	<u>54,249</u>
26 OPERATING EXPENSES		
Total compensation expense	1,035,549	758,400
Property expense		
Rent and taxes	10,181	8,354
Insurance	2,775	1,005
Utilities cost	12,781	8,675
Security expense	68	36
Repairs and maintenance	28,681	24,022
Depreciation	6,977	5,224
	61,463	47,316
Information technology expenses		
Software maintenance	1,166	2,868
Hardware maintenance	96	161
Depreciation	11,820	8,927
Amortisation	4,690	4,084
Network charges	6,155	3,323
	23,927	19,363
Other operating expenses		
Directors' fees and allowances	94,727	77,027
Legal and professional charges	31,494	87,726
Outsourced services costs	32,412	26,471
Travelling and conveyance	16,531	17,424
Depreciation	87,600	21,667
Training and development	3,066	1,952
Postage and courier charges	695	561
Communication	14,408	4,761
Stationery and printing	7,655	4,073
Marketing, advertisement and publicity	4,906	3,316
Auditors' remuneration	11,713	10,385
Newspaper, periodicals and subscription dues	13,000	7,471
Repairs and maintenance (others)	5,440	975
Bank charges	304	181
Entertainment expense	16,894	9,455
Others	65,193	14,831
	<u>406,038</u>	<u>288,276</u>
	<u>1,526,977</u>	<u>1,113,355</u>

	Note	Nine months period ended	
		September 30, 2023	September 30, 2022
27 CREDIT LOSS ALLOWANCE / PROVISION & WRITE OFFS - NET		(Un-audited) ------(Rupees in '000)-----	
Credit loss allowance against cash and balances with banks including accrued interest		15	-
Provision for diminution in value of investments		-	690,134
Credit loss allowance for diminution in value of investments including accrued interest		118	-
Reversal against loans and advances - net	10.3	(169,111)	-
Credit loss allowance against loans and advances including accrued interest		10,181	-
Credit loss allowance against contingencies and commitments including accrued interest		(377)	-
		<u>(159,174)</u>	<u>690,134</u>
28 TAXATION			
Current		3,956,217	882,822
Deferred		(67,890)	885,639
		<u>3,888,327</u>	<u>1,768,461</u>
29 BASIC EARNINGS PER SHARE			
Profit for the period		<u>16,320,017</u>	<u>6,967,342</u>
		(Numbers in '000)	
Weighted average number of ordinary shares		<u>640</u>	<u>640</u>
		-----Rupees-----	
Basic earnings per share		<u>25,500</u>	<u>10,886</u>
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 amortised 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

September 30 2023 (Un-audited)								
FVTPL	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
On balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Market treasury bills	-	1,019,357,900	-	1,019,357,900	-	1,019,357,900	-	1,019,357,900
- Pakistan investment bonds	-	188,255,881	-	188,255,881	-	188,255,881	-	188,255,881
- Shares of listed companies	114,173	2,358,027	-	2,472,200	2,472,200	-	-	2,472,200
- Listed sukuk / term finance certificates	1,229,559	3,251,694	-	4,481,253	-	4,481,253	-	4,481,253
- Unlisted sukuk / term finance certificates	1,098,414	568,826	-	1,667,240	-	1,667,240	-	1,667,240
Financial assets - disclosed but not measured at fair value								
Cash and balances with treasury banks	-	-	886,162	886,162	-	-	-	-
Balances with other banks	-	-	180,539	180,539	-	-	-	-
Lendings to Financial Institutions	-	-	-	-	-	-	-	-
Investments								
- Pakistan investment bonds	-	-	27,849,341	27,849,341	-	27,849,341	-	27,849,341
- Shares of listed associates	-	49,428,834	-	49,428,834	49,428,834	-	-	49,428,834
- Shares in unlisted companies	-	800	-	800	-	-	-	-
- Shares of unlisted associates	-	2,064,830	-	2,064,830	-	-	-	-
- Unlisted sukuk / term finance certificates	-	-	1,900,000	1,900,000	-	-	-	-
Advances	-	-	50,686,098	50,686,098	-	-	-	-
Other assets	-	-	17,029,807	17,029,807	-	-	-	-
Financial liabilities not measured at fair value								
Borrowings	-	-	(1,288,522,981)	(1,288,522,981)	-	-	-	-
Deposits and other accounts	-	-	(13,678,089)	(13,678,089)	-	-	-	-
Other liabilities	-	-	(5,379,972)	(5,379,972)	-	-	-	-

December 31, 2022 (Audited)								
Held-for-trading	Available-for-sale	Held-to-maturity	Total	Level 1	Level 2	Level 3	Total	
(Rupees in '000)								
Financial assets measured at fair value								
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
Financial assets not measured at fair value								
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	-	-	-	-
Advances	-	-	49,598,009	49,598,009	-	-	-	-
Other assets	-	-	7,993,776	7,993,776	-	-	-	-
Financial liabilities not measured at fair value								
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)	-	-	-	-

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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

31 SEGMENT INFORMATION

31.1 Segment Details with respect to Business Activities

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

Nine months period ended September 30, 2023 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
Profit & loss account						
Net mark-up / return / profit	568,087	3,106,833	-	-	10,316	3,685,236
Non mark-up / return / interest income	59,916	(109,698)	13,263,868	4,780,055	300,937	18,295,078
Total Income	628,003	2,997,135	13,263,868	4,780,055	311,253	21,980,314
Segment direct expenses	(99,503)	(46,348)	(18,995)	(16,727)	(416,832)	(598,405)
Segment indirect expenses	(263,448)	(61,988)	(46,491)	(30,994)	(929,818)	(1,332,739)
Total expenses	(362,951)	(108,336)	(65,486)	(47,721)	(1,346,650)	(1,931,144)
Credit loss allowance (charge) / reversal	159,203	(15)	-	-	(14)	159,174
Profit before tax	424,255	2,888,784	13,198,382	4,732,334	(1,035,411)	20,208,344
As at September 30, 2023 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
Statement of financial position						
Cash & bank balances	-	1,066,551	-	-	150	1,066,701
Investments	5,720,520	1,237,791,093	51,494,464	2,472,202	-	1,297,478,279
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	50,323,123	-	-	-	349,163	50,672,286
Advances - non-performing	13,812	-	-	-	-	13,812
Others	1,477,709	15,552,098	6,750	13,344	14,350,652	31,400,553
Total assets	57,535,164	1,254,409,742	51,501,214	2,485,546	14,699,965	1,380,631,631
Borrowings	72,994,315	1,215,528,666	-	-	-	1,288,522,981
Deposits & other accounts	-	13,678,089	-	-	-	13,678,089
Others	1,573,327	182,327	7,417,948	(18,373)	963,962	10,119,191
Total liabilities	74,567,642	1,229,389,082	7,417,948	(18,373)	963,962	1,312,320,261
Equity	437,750	2,651,018	323,372	4,664,267	60,234,963	68,311,370
Total equity & liabilities	75,005,392	1,232,040,100	7,741,320	4,645,894	61,198,925	1,380,631,631
Contingencies & commitments	16,424,572	-	-	-	-	16,424,572
Nine months period ended September 30, 2022 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
Profit & loss account						
Net mark-up / return / profit	1,365,011	21,017	-	-	7,271	1,393,299
Non mark-up / return / interest income	77,933	-	7,065,211	2,123,316	54,249	9,320,709
Total Income	1,442,944	21,017	7,065,211	2,123,316	61,520	10,714,008
Segment direct expenses	(80,349)	(34,784)	(41,571)	(13,537)	(318,322)	(488,563)
Segment indirect expenses	(210,397)	(42,079)	(42,079)	(21,040)	(483,913)	(799,508)
Total expenses	(290,746)	(76,863)	(83,650)	(34,577)	(802,235)	(1,288,071)
Provisions	-	-	-	(690,134)	-	(690,134)
Profit before tax	1,152,198	(55,846)	6,981,561	1,398,605	(740,715)	8,735,803

	As at September 30, 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)								
Other Assets								
Interest / mark-up accrued	-	-	681	-	-	-	679	-
Advance against share subscription of Raqami Islamic Digital Bank	-	-	-	6,750	-	-	-	-
Receivable from Raqami Islamic Digital Bank	-	-	-	288,602	-	-	-	-
	-	-	681	295,352	-	-	679	-
Borrowings								
Opening balance	-	-	30,657,267	12,648,747	-	-	22,583,809	-
Borrowings during the period / year	-	-	11,533,374	-	-	-	35,207,817	24,356,497
Settled during the period / year	-	-	(12,294,543)	(12,648,747)	-	-	(22,651,992)	(11,247,075)
Transfer in / (out) - net	-	-	2,463,046	-	-	-	(4,482,367)	(460,675)
Closing balance	-	-	32,359,144	-	-	-	30,657,267	12,648,747
Deposits and other accounts								
Opening balance	-	-	-	886,721	-	-	-	509,766
Received during the period / year	-	-	-	2,893,329	-	-	-	5,026,488
Withdrawn during the period / year	-	-	-	(3,069,279)	-	-	-	(4,649,533)
Closing balance	-	-	-	710,771	-	-	-	886,721
Other Liabilities								
Interest / mark-up payable	-	-	-	31,712	-	-	-	9,317
Payable to staff gratuity fund	-	-	-	138,611	-	-	-	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	-	-	-	1,085	-	-	-	575
Payable to Raqami Islamic Digital Bank	-	-	-	680	-	-	-	-
	-	-	48	777,088	-	-	49	114,585
Contingencies and Commitments								
Other contingencies	-	-	-	-	-	-	-	-

	Nine months period ended							
	September 30, 2023 (Un-audited)				September 30, 2022 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	-	5,112	4,223	-	-	4,588	1,623	-
Dividend income from associates	-	-	5,446,303	-	-	-	2,523,089	-
Share in results of associates net of dividend income	-	-	12,407,021	-	-	-	6,202,511	-
Other income								
- Nominee director fee	-	-	13,600	515	-	-	15,675	340
Expense								
Mark-up / return / interest paid	-	-	3,925,279	551,577	-	-	68,184	69,779
Operating expenses								
- Directors fee	14,275	-	-	-	13,125	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	675,926	-	-	-	474,020	-	-
- Nominee director fee payment	-	-	-	3,950	-	-	-	3,750
- NCCPL charges	-	-	790	-	-	-	655	-
- FMCL office maintenance charges	-	-	-	34,238	-	-	-	28,851
- Contribution made to staff provident fund	-	-	-	32,476	-	-	-	24,266
- Contribution made to staff gratuity fund	-	-	-	37,143	-	-	-	29,418

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	16,000,000	16,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	23,884,841	16,241,038
Eligible Tier 2 Capital	876,039	662,208
Total Eligible Capital (Tier 1 + Tier 2)	24,760,880	16,903,246
Risk Weighted Assets (RWAs):		
Credit Risk	67,959,659	57,574,904
Market Risk	5,387,869	4,860,697
Operational Risk	23,534,719	23,534,719
Total	96,882,247	85,970,320
Common Equity Tier 1 Capital Adequacy ratio		
Tier 1 Capital Adequacy Ratio	24.65%	18.89%
Total Capital Adequacy Ratio	25.56%	19.66%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	23,884,841	16,241,039
Total Exposures	1,649,158,293	646,523,823
Leverage Ratio *	1.45%	2.51%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	28,108,772	21,581,708
Total Net Cash Outflow	38,802,009	16,170,233
Liquidity Coverage Ratio	72%	133%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	127,663,926	147,156,529
Total Required Stable Funding	123,757,992	143,109,029
Net Stable Funding Ratio	103%	103%

* The SBP has given relaxation to the company to maintain leverage ratio of 1% till March 31,2024 against the requirement of 3%.

34 DATE OF AUTHORISATION FOR ISSUE






These condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on October 26, 2023.

35 GENERAL

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

36 CORRESPONDING FIGURES

The corresponding figures have been reclassified / rearranged wherever necessary. There have been no significant reclassification during the current period. The disclosure changes required by new format of financial statement for which comparatives have not been presented as IFRS 9 has been adopted based on modified retrospective approach (refer note 3).

 Chief Executive	 Chief Financial Officer	 Director	 Director	 Director
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