



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

**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**(Un-Audited)**

**For half year ended June 30, 2024**



**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Pakistan Kuwait Investment Company (Private) Limited**

**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan Kuwait Investment Company (Private) Limited (the Company) as at June 30, 2024 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to and forming part of the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim statement of profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

**Scope of Review**

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

**Conclusion**

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

The engagement partner on the review resulting in this independent auditor's review report is **Noman Abbas Sheikh**.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: August 29, 2024

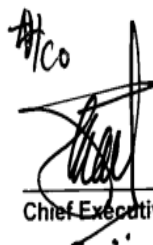
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**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

		June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	Note	------(Rupees in '000)-----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	762,229	631,063
Balances with other banks	7	244,980	117,418
Lendings to financial institutions		-	-
Investments	8	910,593,723	988,399,955
Advances	9	56,117,362	53,824,753
Property and equipment	10	931,612	983,916
Right-of-use assets		-	-
Intangible assets	11	10,661	13,211
Deferred tax assets	12	5,447,490	1,814,574
Other assets	13	28,620,968	37,887,132
<b>Total assets</b>		<b>1,002,729,025</b>	<b>1,083,672,022</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	938,385,525	1,026,530,216
Deposits and other accounts	15	27,022,915	19,270,777
Lease liabilities		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	3,475,452	3,577,661
<b>Total liabilities</b>		<b>968,883,892</b>	<b>1,049,378,654</b>
<b>NET ASSETS</b>		<b>33,845,133</b>	<b>34,293,368</b>
<b>REPRESENTED BY</b>			
Share capital		16,000,000	16,000,000
Reserves		14,000,074	14,000,074
Surplus on revaluation of assets	17	2,947,940	2,351,511
Unappropriated profit		897,119	1,941,783
		<b>33,845,133</b>	<b>34,293,368</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	18		

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director


  
 Director


**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024**

	Note	Quarter ended		Half year ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees in '000)			
		(Restated)		(Restated)	
Mark-up / return / interest / profit earned	19	51,082,880	60,785,229	103,157,324	89,694,317
Mark-up / return / interest / profit expensed	20	55,551,081	60,594,859	111,696,127	88,981,309
Net mark-up / return / interest / profit / (expense) / income		(4,468,201)	190,370	(8,538,803)	713,008
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	21	28,908	20,659	123,878	60,555
Dividend income		3,861,158	1,666,314	8,365,197	3,433,968
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	22	(159,765)	57,962	(231,558)	57,069
Net gain / (loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
Other income	23	43,248	233,866	62,979	282,457
Total non-markup / interest income		3,773,549	1,978,801	8,320,496	3,834,049
<b>Total (loss) / income</b>		(694,652)	2,169,171	(218,307)	4,547,057
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	24	348,592	483,023	697,954	963,082
Workers welfare fund		(2,461)	36,988	-	73,656
Other charges	25	-	-	6,395	-
Total non-markup / interest expenses		346,131	520,011	704,349	1,036,738
<b>(Loss) / profit before credit loss allowance</b>		(1,040,783)	1,649,160	(922,656)	3,510,319
Reversal of credit loss allowance and write offs - net	26	(85,823)	(200,216)	(90,733)	(172,480)
Other income / expense items		-	-	-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		(954,960)	1,849,376	(831,923)	3,682,799
Taxation	27	(400,676)	(74,557)	(499,536)	533,343
<b>(LOSS) / PROFIT AFTER TAXATION</b>		(554,284)	1,923,933	(332,387)	3,149,456
-----Rupees-----					
Loss / basic / diluted earnings per share (on share of Rs. 25,000 each)	28	(866)	3,006	(519)	4,921

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director


  
 Director

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2024**

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	------(Rupees in '000)-----			
	(Restated)		(Restated)	
(Loss) / profit after taxation for the period	(554,284)	1,923,933	(332,387)	3,149,456
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to statement of profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of debt securities through FVOCI - net of tax	(4,107)	10,465	2,935	1,712
Movement in surplus / (deficit) on revaluation of government securities through FVOCI - net of tax	3,825,088	(2,092,907)	606,283	(1,705,473)
	3,820,981	(2,082,442)	609,218	(1,703,761)
<b>Items that will not be reclassified to statement of profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	145,366	370,134	(12,789)	100,515
Gain / (loss) on sale of equity shares carried at FVOCI - net of tax	324,265	(24,957)	618,723	(74,596)
	469,631	345,177	605,934	25,919
<b>Total comprehensive income</b>	<u>3,736,328</u>	<u>186,668</u>	<u>882,765</u>	<u>1,471,614</u>

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 Chief Executive Officer

  
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 Director

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**UNCONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2024**

	Capital reserve		(Deficit) / surplus on revaluation of investments	Revenue reserve	Total	
	Statutory reserve	Capital market equalization reserve		Unappropriated profit		
------(Rupees in '000)-----						
<b>Opening balance as at January 01, 2023 (restated)</b>	<b>16,000,000</b>	<b>11,999,846</b>	<b>1,659,468</b>	<b>(2,988,891)</b>	<b>(6,026,489)</b>	<b>20,643,934</b>
Impact of adoption of IFRS - 9	-	-	-	2,474,598	(197,099)	2,277,499
Profit after taxation for half year ended June 30, 2023 (restated)	-	-	-	-	3,149,456	3,149,456
<b>Other comprehensive loss - net of tax (restated)</b>						
Movement in surplus on revaluation of debt securities through FVOCI - net of tax	-	-	-	1,712	-	1,712
Movement in deficit on revaluation of government securities through FVOCI - net of tax	-	-	-	(1,705,473)	-	(1,705,473)
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	100,515	-	100,515
Loss on sale of equity shares carried at FVOCI - net of tax	-	-	-	-	(74,596)	(74,596)
Total other comprehensive loss (restated)	-	-	-	(1,603,246)	(74,596)	(1,677,842)
<b>Transactions with owners recorded directly in equity</b>						
Final dividend for the year ended December 31, 2022 @ Rs. 1,890.625 per share	-	-	-	-	(1,210,000)	(1,210,000)
<b>Closing balance as at June 30, 2023 (restated) (un-audited)</b>	<b>16,000,000</b>	<b>11,999,846</b>	<b>1,659,468</b>	<b>(2,117,539)</b>	<b>(4,358,728)</b>	<b>23,183,047</b>
<b>Opening Balance as at July 01, 2023 (restated) (un-audited)</b>	<b>16,000,000</b>	<b>11,999,846</b>	<b>1,659,468</b>	<b>(2,117,539)</b>	<b>(4,358,728)</b>	<b>23,183,047</b>
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	6,851,686	6,851,686
<b>Other comprehensive income - net of tax</b>						
Movement in deficit on revaluation of debt securities through FVOCI - net of tax	-	-	-	(2,858)	-	(2,858)
Movement in surplus on revaluation of government securities through FVOCI - net of tax	-	-	-	3,409,344	-	3,409,344
Remeasurement loss on defined benefit obligation - net of tax	-	-	-	-	(34,274)	(34,274)
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	1,062,564	-	1,062,564
Loss on sale of equity shares carried at FVOCI - net of tax	-	-	-	-	(176,141)	(176,141)
Total other comprehensive income	-	-	-	4,469,050	(210,415)	4,258,635
Transfer to statutory reserve	-	2,000,228	-	-	(2,000,228)	-
Transfer from capital market equalization reserve	-	-	(1,659,468)	-	1,659,468	-
<b>Closing balance as at December 31, 2023 (audited)</b>	<b>16,000,000</b>	<b>14,000,074</b>	<b>-</b>	<b>2,351,511</b>	<b>1,941,783</b>	<b>34,293,368</b>
<b>Opening balance as at January 1, 2024 (audited)</b>	<b>16,000,000</b>	<b>14,000,074</b>	<b>-</b>	<b>2,351,511</b>	<b>1,941,783</b>	<b>34,293,368</b>
Loss after taxation for the half year ended June 30, 2024	-	-	-	-	(332,387)	(332,387)
<b>Other comprehensive income - net of tax</b>						
Movement in surplus on revaluation of debt securities at FVOCI - net of tax	-	-	-	2,935	-	2,935
Movement in surplus on revaluation of government securities at FVOCI - net of tax	-	-	-	606,283	-	606,283
Movement in deficit on revaluation of equity investments - net of tax	-	-	-	(12,789)	-	(12,789)
Gain on sale of equity shares carried at FVOCI - net of tax	-	-	-	-	618,723	618,723
Total other comprehensive income	-	-	-	596,429	618,723	1,215,152
<b>Transactions with owners recorded directly in equity</b>						
Final dividend for the year ended December 31, 2023 @ Rs. 2,079.687 per share	-	-	-	-	(1,331,000)	(1,331,000)
<b>Closing balance as at June 30, 2024 (un-audited)</b>	<b>16,000,000</b>	<b>14,000,074</b>	<b>-</b>	<b>2,947,940</b>	<b>897,119</b>	<b>33,845,133</b>

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**


  
**Director**


  
**Director**

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR HALF YEAR ENDED JUNE 30, 2024**

	Half year ended	
	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) ----- (Restated)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(831,923)	3,682,799
Less: dividend income	<u>(8,365,197)</u>	<u>(3,433,968)</u>
	(9,197,120)	248,831
<b>Adjustments :</b>		
Net mark-up / interest loss / (income)	8,538,803	(713,008)
Depreciation	24 93,671	59,632
Amortisation	24 2,550	3,353
Reversal of credit loss allowance and write offs - net	26 (90,733)	(172,480)
Loss / (gain) on sale of property and equipment	1,021	(14)
Gain on sale of non current assets 'Held for Sale'	(47)	-
Unrealised (appreciation) / diminution on investments - measured at FVPL	22 (9,117)	11,490
	<u>8,536,148</u>	<u>(811,027)</u>
	(660,972)	(562,196)
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	9,823,727
Securities classified as FVPL	(40,472)	18,690
Advances	(2,202,790)	(2,923,200)
Others assets (excluding advance taxation)	<u>(859,595)</u>	<u>(235,291)</u>
	(3,102,857)	6,683,926
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	<u>(88,144,691)</u>	<u>1,021,348,001</u>
Deposits	7,752,138	(4,695,636)
Other liabilities (excluding current taxation)	<u>(184,431)</u>	<u>(61,279)</u>
	<u>(80,576,984)</u>	<u>1,016,591,086</u>
	(84,340,813)	1,022,712,816
Mark-up / interest received	<u>111,824,423</u>	<u>82,009,276</u>
Mark-up / interest paid	(111,557,857)	(89,661,160)
Income tax paid	<u>(2,094,955)</u>	<u>(9,960,930)</u>
	<u>(1,828,389)</u>	<u>(17,612,814)</u>
Net cash (used in) / generated from operating activities	(86,169,202)	1,005,100,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net divestment / (investment) in securities classified as FVOCI	<u>80,022,307</u>	<u>(1,007,573,452)</u>
Net investment in subsidiary	(586,155)	-
Dividends received	8,365,197	3,433,968
Investments in property and equipment	(89,992)	(366,465)
Disposal of property and equipment	<u>47,606</u>	<u>327</u>
Net cash generated from / (used in) investing activities	87,758,963	(1,004,505,622)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<u>(1,331,000)</u>	<u>(605,000)</u>
Net cash used in financing activities	<u>(1,331,000)</u>	<u>(605,000)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	258,761	(10,620)
Credit loss on cash and cash equivalents	(33)	(17)
Cash and cash equivalents at beginning of the period	748,481	708,682
<b>Cash and cash equivalents at end of the period</b>	29 <u><u>1,007,209</u></u>	<u><u>698,045</u></u>

The annexed notes 1 to 37 form an integral part of these unconsolidated condensed interim financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR HALF YEAR ENDED JUNE 30, 2024**

**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, Pakistan. 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 Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October 2003 issued by the State Bank of Pakistan.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of the Company at AAA (Triple A) and the short term rating at A1+ (A one plus), the highest level, on June 26, 2024 (2023: 'AAA' and 'A1+' on June 26, 2023).

During the year ended December 31, 2023, the Company incorporated Raqami Islamic Digital Bank Limited, a subsidiary company, with an authorised share capital of Rs. 10,000 million. The Company is currently holding 72.95% shareholding in the Subsidiary Company.

During the year ended December 31, 2023, the State Bank of Pakistan has granted approval to the Company for commencement of Shariah compliant business and operations. The Company commenced its Shariah compliant business and operations from February 2024.

**2 BASIS OF PREPARATION**

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 02 dated February 09, 2023 and IAS 34 'Interim Financial Reporting'. These unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2023.

Details of key financial metrics for the Islamic Finance Division of the Company are disclosed in note 33 of these unconsolidated condensed interim financial statements.

**2.1 STATEMENT OF COMPLIANCE**

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

- International Accounting Standard (IAS) 34, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities 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 IFRS or IFAS, the requirements of Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 31 December 2023.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banking companies through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has also deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS).

These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Company. The consolidated condensed interim financial statements of the Company and its subsidiary company are presented separately.



**2.2 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, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Company's operations and therefore have not been detailed in these unconsolidated condensed interim financial statements.

**2.3 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, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Company's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

**3 BASIS OF MEASUREMENT**

**3.1** These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for the following:

- certain advances disbursed at lower than market rate have been initially measured at fair value and subsequently carried at amortised cost in accordance with the requirements of IFRS - 9.
- certain borrowings obtained at lower than market rate have been initially measured at fair value and subsequently carried at amortised cost in accordance with the requirements of IFRS - 9.
- certain investments classified as FVOCI and FVPL are carried at fair value in accordance with the requirements of IFRS - 9.

**3.2 Functional and presentation currency**

Items included in these unconsolidated condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**4 MATERIAL ACCOUNTING POLICY INFORMATION AND FINANCIAL RISK MANAGEMENT POLICIES**

The material accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in preparation of annual audited unconsolidated financial statements of the Company for the year ended December 31, 2023.

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

**4.1 Restatement of comparatives due to change in accounting policy**

As mentioned in note 1, the Company had incorporated Raqami Islamic Digital Bank Limited (RIDBL) Limited as a subsidiary during the year ended December 31, 2023. Prior to this, the Company did not have a subsidiary and the Company had only prepared a single set of financial statements (unconsolidated financial statements) till June 2023. Investments in associates were accounted for using the equity method in the unconsolidated financial statements of the Company. As a result of the incorporation of RIDBL, PKIC is now the parent company of RIDBL and is required to prepare the consolidated financial statements under the provisions of the Companies Act, 2017 and in accordance with the requirements of International Financial Reporting Standards as applicable in Pakistan.

Consequently, the Company had changed its accounting policy for investments in associates in its unconsolidated financial statements from July 2023. As per the revised policy, investments in associates have been accounted for in the unconsolidated financial statements on the basis of the direct equity interest (i.e. at cost less accumulated impairment losses; if any) rather than on the basis of the reported results and net assets of the investees.

The above mentioned change in accounting policy had been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative information had been restated in the annual audited unconsolidated financial statements of the Company for the year ended December 31, 2023. Accordingly, the comparatives figures for the period ended June 30, 2023 have also been restated.

The effects on the Company's unconsolidated condensed interim financial statements for the prior period ended June 30, 2023 as a result of this change have been summarised below:

	<b>Half year ended June 30, 2023 (Rupees in '000)</b>
<b>Impact on the unconsolidated condensed interim statement of profit and loss account</b>	
Increase in dividend income	3,296,800
Decrease in share in results of associates	9,933,266
Decrease in workers welfare fund expense	130,127
Decrease in taxation	1,095,122
Decrease in earnings per share (Rupees)	8,455
<b>Impact on the unconsolidated condensed interim statement of other comprehensive income</b>	
Decrease in share of other comprehensive income of associates	250,526
<b>Impact on the unconsolidated condensed interim statement of changes in equity</b>	
Cumulative decrease in equity as at June 30, 2023	35,032,960

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

		<b>June 30, 2024 (Un-audited)</b>	<b>December 31, 2023 (Audited)</b>
	<b>Note</b>	<b>------(Rupees in '000)-----</b>	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		150	150
With the State Bank of Pakistan in			
- local currency current accounts	6.1	761,494	629,800
With the National Bank of Pakistan in			
- local currency current account		585	1,113
		<u>762,229</u>	<u>631,063</u>
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>762,229</u></u>	<u><u>631,063</u></u>

6.1 This includes Rs. 758.50 million (December 31, 2023: Rs. 600.50 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.

		<b>June 30, 2024 (Un-audited)</b>	<b>December 31, 2023 (Audited)</b>
	<b>Note</b>	<b>------(Rupees in '000)-----</b>	
<b>7 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- in current accounts	7.1	26,945	67,809
- in deposit accounts	7.2	218,068	49,625
		<u>245,013</u>	<u>117,434</u>
Less: Credit loss allowance held against balances with other banks		(33)	(16)
Balances with other banks - net of credit loss allowance		<u><u>244,980</u></u>	<u><u>117,418</u></u>

7.1 These include balance maintained with Meezan Bank Limited (a related party) amounting to Rs. 16.19 million. (December 31, 2023: Nil)

7.2 These accounts carry interest at the rates ranging between 11.01% to 20.50% (December 31, 2023: 11.01% to 20.50%) per annum. These include balances with Meezan Bank Limited (a related party) amounting to Rs. 211.98 million (December 31, 2023: Rs. 44.21 million) carrying profit at the rate of 11.01% (December 31, 2023: 11.01%) per annum.

## 8 INVESTMENTS

### 8.1 Investments by type:

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
Note .....(Rupees in '000).....								
<b>- Debt instruments</b>								
<b>Amortised cost</b>								
Federal government securities	27,903,459	-	-	27,903,459	27,864,892	-	-	27,864,892
Non government debt securities	-	-	-	-	1,000,000	(135)	-	999,865
	27,903,459	-	-	27,903,459	28,864,892	(135)	-	28,864,757
<b>FVOCI</b>								
Federal government securities	865,252,835	-	3,760,522	869,013,357	941,843,063	-	2,767,316	944,610,379
Non government debt securities	1,867,671	(33,920)	22,429	1,856,180	2,524,307	(34,010)	17,618	2,507,915
	867,120,506	(33,920)	3,782,951	870,869,537	944,367,370	(34,010)	2,784,934	947,118,294
<b>FVPL</b>								
Non government debt securities	4,438,832	-	(1,288)	4,437,544	4,339,068	-	(10,223)	4,328,845
<b>- Equity instruments</b>								
<b>FVPL</b>								
<b>Shares</b>								
Listed companies	84,239	-	90	84,329	143,531	-	(2,492)	141,039
<b>FVOCI</b>								
<b>Shares</b>								
Listed companies	1,415,652	-	824,282	2,239,934	2,634,745	-	839,509	3,474,254
Unlisted companies	104,026	(103,226)	-	800	104,026	(103,225)	-	801
	1,519,678	(103,226)	824,282	2,240,734	2,738,771	(103,225)	839,509	3,475,055
<b>Associates (refer note 8.2)</b>								
Meezan Bank Limited	2,422,369	-	-	2,422,369	2,422,369	-	-	2,422,369
Ghandhara Tyre and Rubber Company Limited	272,463	-	-	272,463	272,463	-	-	272,463
Al Meezan Mutual Funds	58,231	-	-	58,231	58,231	-	-	58,231
Al Meezan Investment Management Limited	27,750	-	-	27,750	27,750	-	-	27,750
National Clearing Company of Pakistan Limited	104,814	-	-	104,814	104,814	-	-	104,814
Eclear Services Limited	60,000	-	-	60,000	60,000	-	-	60,000
Planet N (Private) Limited	424,993	-	-	424,993	424,993	-	-	424,993
	3,370,620	-	-	3,370,620	3,370,620	-	-	3,370,620
<b>Subsidiary</b>								
Raqami Islamic Digital Bank Limited *	1,687,500	-	-	1,687,500	1,101,345	-	-	1,101,345
	906,124,834	(137,146)	4,606,035	910,593,723	984,925,597	(137,370)	3,611,728	988,399,955

\* During the period ended June 30, 2024, the Company has subscribed to the right shares of Raqami Islamic Digital Bank Limited amounting to Rs. 586.15 million.

### 8.2 Details of investment in subsidiary and associates

	June 30, 2024 (Un-audited)						
	Country of incorporation	Percentage of holding (%)	Assets	Liabilities	Revenue	(Loss) / profit after taxation	Total comprehensive (loss) / income
.....(Rupees in '000).....							
<b>Subsidiary</b>							
Raqami Islamic Digital Bank Limited	Pakistan	72.95	1,680,357	106,085	88,812	(353,596)	(353,596)
<b>Associates</b>							
Meezan Bank Limited	Pakistan	29.97	3,304,377,369	3,090,216,618	137,908,965	52,430,629	50,046,766
Ghandhara Tyre and Rubber Company Limited *	Pakistan	30.00	19,063,961	13,101,516	784,171	49,361	49,361
Al Meezan Mutual Funds	Pakistan	8.49	5,162,884	288,434	828,094	(3,786,022)	(3,786,022)
Al Meezan Investment Management Limited	Pakistan	30.00	7,388,399	2,454,735	2,131,260	920,691	906,206
National Clearing Company of Pakistan Limited	Pakistan	15.00	27,529,369	24,902,141	1,216,781	378,486	378,486
Eclear Services Limited	Pakistan	20.00	1,601,566	1,255,762	27,381	19,166	19,166
Planet N (Private) Limited	Pakistan	9.93	441,932	101,961	73,156	(65,768)	(65,768)

\* The financial statements for the period ended June 30, 2024 of Ghandhara Tyre and Rubber Company Limited are not available on the reporting date, therefore the financial statements for the quarter ended March 31, 2024 have been disclosed.

December 31, 2023 (Audited)							
Country of incorporation	Percentage of holding (%)	Assets	Liabilities	Revenue	(Loss) / profit after taxation	Total comprehensive (loss) / income	
------(Rupees in '000)-----							
<b>Subsidiary</b>							
Raqami Islamic Digital Bank Limited	Pakistan	72.94	1,183,409	58,791	29,607	(385,382)	(385,382)
<b>Associates</b>							
Meezan Bank Limited	Pakistan	29.97	3,012,108,757	2,827,201,240	226,428,822	84,475,642	95,936,404
Ghandhara Tyre and Rubber Company Limited	Pakistan	30.00	19,627,728	13,714,644	2,834,440	(56,050)	(53,607)
Al Meezan Mutual Funds	Pakistan	9.20	4,501,792	171,965	1,654,281	1,506,866	1,506,866
Al Meezan Investment Management Limited	Pakistan	30.00	5,999,759	1,572,302	2,535,916	1,693,104	1,686,366
National Clearing Company of Pakistan Limited	Pakistan	15.00	33,773,084	31,376,926	1,606,238	364,401	351,684
Eclear Services Limited	Pakistan	20.00	1,386,788	1,060,152	33,529	23,459	23,459
Planet N (Private) Limited	Pakistan	9.93	564,822	80,294	157,425	289,570	289,570

	Note	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
<b>8.3 Investments given as collateral</b>			
Pakistan Investment Bonds	8.3.1	303,937,153	462,402,786
Market Treasury Bills	8.3.2	549,769,187	498,552,619
		<u>853,706,340</u>	<u>960,955,405</u>

**8.3.1** These carry average purchase yield at the rate of 21.52% (2023: 23.82%) and are due to mature latest by September 21, 2028 (2023: September 21, 2028).

**8.3.2** These carry average purchase yield at the rate of 21.47% (2023:21.47%) and are due to mature latest by December 22, 2024 (2023: December 22, 2024).

**8.4 Credit loss allowance for diminution in value of investments**

<b>8.4.1</b> Opening balance		137,370	420,305
Impact of adoption of IFRS 9 - reversal of provision		-	(272,142)
ECL charge on opening investment portfolio		-	519
Charge / (reversals)			
ECL charge for the period / year		323	718
ECL reversal for the period / year		(547)	(12,030)
		(224)	(11,312)
Closing balance		<u>137,146</u>	<u>137,370</u>

**8.4.2 Particulars of credit loss allowance / provision against debt securities**

Category of classification		June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance	Outstanding amount	Credit loss allowance
------(Rupees in '000)-----					
<b>Domestic</b>					
Performing	Stage 1	1,834,033	282	3,490,669	507
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		33,638	33,638	33,638	33,638
		<u>33,638</u>	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>
Total		<u>1,867,671</u>	<u>33,920</u>	<u>3,524,307</u>	<u>34,145</u>

- 8.5 The market value of securities classified as amortised cost as at June 30, 2024 amounted to Rs. 29.90 million (December 31, 2023: Rs 24.59 million).

9 **ADVANCES**

Note	Performing		Non performing		Total	
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	43,786,859	54,950,020	744,938	822,969	44,531,797	55,772,989
Islamic financing and related assets	9.1 13,443,982	-	-	-	13,443,982	-
Advances - gross	57,230,841	54,950,020	744,938	822,969	57,975,779	55,772,989
Provision against advances						
- Specific	-	-	-	-	-	-
- General	(1,100,000)	(1,100,000)	-	-	(1,100,000)	(1,100,000)
	(1,100,000)	(1,100,000)	-	-	(1,100,000)	(1,100,000)
Credit loss allowance against advances						
-Stage 1	(16,914)	(22,710)	-	-	(16,914)	(22,710)
-Stage 2	(10,377)	(16,369)	-	-	(10,377)	(16,369)
-Stage 3	-	-	(731,126)	(809,157)	(731,126)	(809,157)
	(27,291)	(39,079)	(731,126)	(809,157)	(758,417)	(848,236)
Advances - net of credit loss allowance / provision	56,103,550	53,810,941	13,812	13,812	56,117,362	53,824,753

- 9.1 Information related to Islamic financing and related assets is given in note 34 to these unconsolidated condensed interim financial statements.

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----	
9.2 <b>Particulars of advances (gross)</b>		
In local currency	57,975,779	55,772,989

- 9.3 Advances include Rs. 744.94 million (December 31, 2023: Rs 822.97 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of classification in stage 3	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non performing loans	Credit loss allowance	Non performing loans	Credit loss allowance
	------(Rupees in '000)-----			
<b>Domestic</b>				
Other Assets Especially Mentioned (OAEM)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	744,938	731,126	822,969	809,157
<b>Total</b>	744,938	731,126	822,969	809,157

Provision is recorded net of security deposit of Rs.13.812 million (December 31, 2023: Rs. 13.812 million).

#### 9.4 Particulars of credit loss allowance / provisions against advances

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)					
	Stage 3	Stage 2	Stage 1	General	Specific	Total	Stage 3	Stage 2	Stage 1	Specific	General	Total
	(Rupees in '000)											
Opening balance	809,157	16,369	22,710	1,100,000	-	1,948,236	-	-	-	985,518	1,100,000	2,085,518
IFRS 9 implementation	-	-	-	-	-	-	985,518	-	22,091	(985,518)	-	22,091
Charge for the period / year	-	3,365	3,387	-	-	6,752	-	16,369	9,595	-	-	25,964
Reversals for the period / year	(78,031)	(9,357)	(9,183)	-	-	(96,571)	(176,361)	-	(8,976)	-	-	(185,337)
	(78,031)	(5,992)	(5,796)	-	-	(89,819)	(176,361)	16,369	619	-	-	(159,373)
Closing balance	731,126	10,377	16,914	1,100,000	-	1,858,417	809,157	16,369	22,710	-	1,100,000	1,948,236

#### 9.4.1 Particulars of credit loss allowance / provisions against advances

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)					
	Stage 3	Stage 2	Stage 1	General	Specific	Total	Stage 3	Stage 2	Stage 1	Specific	General	Total
	(Rupees in '000)											
In local currency	731,126	10,377	16,914	1,100,000	-	1,858,417	809,157	16,369	22,710	-	1,100,000	1,948,236

#### 9.5 Advances - particulars of credit loss allowance / provision

##### 9.5.1

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)					
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total
	(Rupees in '000)											
Opening balance	22,710	16,369	809,157	-	1,100,000	1,948,236	-	-	-	985,518	1,100,000	2,085,518
IFRS 9 implementation	-	-	-	-	-	-	22,091	-	985,518	(985,518)	-	22,091
New advances	1,588	3,365	-	-	-	4,953	6,608	3,979	-	-	-	10,587
Advances derecognised or repaid	(7,867)	(8,986)	(78,031)	-	-	(94,884)	(3,060)	-	(176,361)	-	-	(179,421)
Transfer to stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	(990)	990	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-	-	-	-	-
	(6,279)	(5,621)	(78,031)	-	-	(89,931)	2,558	4,969	(176,361)	-	-	(168,834)
Changes in risk parameters (PDs/LGDs/EADs)	483	(371)	-	-	-	112	(1,939)	11,400	-	-	-	9,461
Closing balance	16,914	10,377	731,126	-	1,100,000	1,858,417	22,710	16,369	809,157	-	1,100,000	1,948,236

#### 9.5.2 Advances - Category of classification

	Domestic	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
		Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
		(Rupees in '000)			
Performing	Stage 1	54,283,383	1,116,914	52,641,866	1,122,710
Underperforming	Stage 2	2,947,458	10,377	2,308,154	16,369
Non-Performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		744,938	731,126	822,969	809,157
		744,938	731,126	822,969	809,157
Total		57,975,779	1,858,417	55,772,989	1,948,236

9.6 As at December 31, 2023, the Company had an outstanding exposure of Rs. 2,254.34 million against Pakistan International Airlines Corporation Limited (PIACL). During the half year ended June 30, 2024, the Government of Pakistan initiated the reorganisation of Pakistan International Airlines Corporation Limited (PIACL) by executing a Scheme of Arrangement to split the company into two separate entities. Under this plan, all non-core assets, and a commercial debt of approximately Rs. 268 billion will be consolidated under a new holding company, while the core entity will be promoted for sale / privatization.

According to the restructuring terms, the post-transfer loan will have a tenor of ten years with an annual profit rate of 12%. Profit payments will be made annually, and principal repayment will occur at the end of the facility's tenor.

The State Bank of Pakistan, in letter no. BPRD / BRD / PIAHCL / 722054-2024 dated July 15, 2024, has directed the lending parties to account for this restructuring as per the terms mentioned in the circular. Subsequently, the State Bank of Pakistan vide letter no. BPRD / BRD / PIAHCL / 733688-2024 dated August 1, 2024 has allowed the lending parties a period of six years for staggering of losses arising due to fair valuation of loan as per IFRS 09. The loss can be recorded at 5%, 10%, 15%, 20%, 25% and 25% from year 1 to year 6 respectively.

Further, the State Bank of Pakistan (the SBP) has issued BPRD Circular Letter No. 16 dated July 29, 2024 and has extended the timelines of SBP's IFRS 9 application instructions to address, among other matters, modification accounting with a direction to ensure compliance by the extended timeline of October 1, 2024. Accordingly, the Company has not applied modification accounting under IFRS 09 in respect of its PIACL exposure as at June 30, 2024.

	Note	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
		------(Rupees in '000)-----	
<b>10</b>	<b>PROPERTY AND EQUIPMENT</b>		
	Capital work-in-progress	45,545	-
	Property and equipment	886,067	983,916
		<u>931,612</u>	<u>983,916</u>
<b>10.1</b>	<b>Capital work-in-progress</b>		
	Civil works	5,641	-
	Advance to suppliers	39,904	-
		<u>45,545</u>	<u>-</u>
		<b>Half year ended</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>
<b>10.2</b>	<b>Additions to property and equipment</b>	------(Un-audited)-----	
		------(Rupees in '000)-----	
	The following additions have been made to property and equipment during the period:		
	Capital work-in-progress	45,545	17,465
	<b>Property and equipment</b>		
	Building on leasehold land	-	3,028
	Furnitures and fixtures	-	4,942
	Electrical, office and computer equipments	13,767	29,598
	Vehicles	30,680	614,445
		<u>44,447</u>	<u>652,013</u>
<b>10.3</b>	<b>Disposal of property and equipment</b>		
	The net book value of property and equipment disposed off during the period is as follows:		
	Furnitures and fixtures	-	76
	Electrical, office and computer equipments	335	237
	Vehicles	48,292	-
	Total	<u>48,627</u>	<u>313</u>
		<b>June 30,</b>	<b>December 31,</b>
		<b>2024</b>	<b>2023</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
<b>11</b>	<b>INTANGIBLE ASSETS</b>	------(Rupees in '000)-----	
	Intangible assets - computer software	<u>10,661</u>	<u>13,211</u>

## 12 DEFERRED TAX ASSETS

June 30, 2024 (Un-audited)				
At January 1, 2024	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCIE	At June 30, 2024
------(Rupees in 000)-----				
<b>Deductible temporary differences on</b>				
- Tax losses carried forward	-	2,737,139	-	2,737,139
- Post retirement employee benefits	77,974	13,183	-	91,157
- Credit loss allowance / provision against advances, off balance sheet etc.	789,438	(33,304)	-	756,134
- Provision for taxation (minimum)	2,355,887	1,283,254	-	3,639,141
	3,223,299	4,000,272	-	7,223,571
<b>Taxable temporary differences on</b>				
- Surplus on revaluation of investments	(1,276,298)	(177)	(386,360)	(1,662,835)
- Accelerated tax depreciation	3,395	(21,662)	-	(18,267)
- Finance lease arrangements	(135,822)	40,843	-	(94,979)
	(1,408,725)	19,004	(386,360)	(1,776,081)
	1,814,574	4,019,276	(386,360)	5,447,490

December 31, 2023 (Audited)				
At January 1, 2023	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCIE	At December 31, 2023
------(Rupees in 000)-----				
<b>Deductible temporary differences on</b>				
- Post retirement employee benefits	50,256	5,805	21,913	77,974
- Accelerated tax depreciation	(33,139)	36,534	-	3,395
- Credit loss allowance / provision against advances, off balance sheet etc.	688,221	93,088	-	789,438
- Provision for taxation (minimum)	133,450	2,222,437	-	2,355,887
	838,788	2,357,864	21,913	3,226,694
<b>Taxable temporary differences on</b>				
- Surplus on revaluation of investments	1,433,482	(4,679)	(1,352,229)	(1,276,298)
- Finance lease arrangements	(237,920)	102,098	-	(135,822)
	1,195,562	97,419	(1,352,229)	(1,412,120)
	2,034,350	2,455,283	(1,330,316)	1,814,574

	Note	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
Income / mark-up / profit accrued in local currency		16,985,709	25,652,809
Advances, deposits and other prepayments		910,643	40,190
Advance taxation		10,582,508	12,007,281
Other receivables	13.1	63,835	56,728
Non-current asset 'Held For Sale'		-	83,119
Prepaid staff cost		125,523	118,807
		28,668,218	37,958,934
Less: Provision held against other assets	13.2	(46,259)	(70,243)
Less: Credit loss allowance held against other assets	13.3	(991)	(1,559)
Other assets (net of credit loss allowance)		28,620,968	37,887,132

13.1 These include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2023: Rs. 20.771 million) that has been fully provided.

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
------(Rupees in '000)-----		
13.2 Provision held against other assets		
Non-current asset 'Held For Sale'	-	23,984
Other receivables	46,259	46,259
	46,259	70,243



	Note	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
------(Rupees in '000)-----			
<b>13.2.1 Movement in provision held against other assets</b>			
Opening balance		70,243	46,259
Charge for the period / year		-	23,984
Reversals for the period / year		(23,984)	-
Closing balance		<u>46,259</u>	<u>70,243</u>
<b>13.3 Credit loss allowance held against other assets</b>			
Income / mark-up accrued in local currency		<u>991</u>	<u>1,559</u>
<b>13.3.1 Movement in credit loss allowance held against other assets</b>			
Opening balance		1,559	21
Charge for the period / year		87	1,538
Reversals for the period / year		(655)	-
Closing balance		<u>991</u>	<u>1,559</u>
<b>14 BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	14.1	6,011,333	6,462,975
Under Financing Scheme for Renewable Energy (FSRE)	14.2	2,729,785	2,729,785
Under Temporary Economic Refinance Facility (TERF)	14.3	2,213,467	2,264,917
		10,954,585	11,457,677
Bai muajjal	14.4	-	30,996,916
Repurchase agreement borrowings	14.5	865,950,546	940,325,623
Term finance facility	14.6	35,500,000	39,250,000
<b>Total secured</b>		<u>912,405,131</u>	<u>1,022,030,216</u>
<b>Unsecured</b>			
Bai muajjal	14.4	13,324,352	-
Letter of placement	14.7	3,260,000	4,500,000
Musharakah	14.8	9,396,042	-
<b>Total unsecured</b>		<u>25,980,394</u>	<u>4,500,000</u>
		<u>938,385,525</u>	<u>1,026,530,216</u>
<b>14.1 Borrowings from SBP under LTFF</b>			
<p>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 7% per annum (December 31, 2023: maximum of 7% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.</p>			
<b>14.2 Borrowing from SBP under Financing Scheme for Renewable Energy</b>			
<p>These represent long term finance facility on the 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, 2023: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2023: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.</p>			

**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 scenario. The mark-up rate on these facilities is payable at maximum of 1% per annum (December 31, 2023: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2023: 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. The Company has given demand promissory notes executed in favour of the SBP as a collateral.

**14.4 Bai muajjal**

This represents borrowings from financial institutions at mark-up rates between 20.08% and 21.10% per annum (December 31, 2023: 21.01% and 22.07% per annum) and having maturities between August 01, 2024 and August 09, 2024 (December 31, 2023: May 02, 2024).

**14.5 Repurchase agreement borrowings**

The Company has arranged borrowings from financial institutions against sale and repurchase of government securities. The mark-up rates on these borrowings are 20.55% and 20.57% per annum (December 31, 2023: 22.04% and 23.00% per annum) with maturities in two days and twelve days (December 31, 2023: two days to nineteen days). The funds amounting to Rs. 551,269.48 million having cost of 20.57% have been invested in Market Treasury Bills (MTBs) having yield of 21.47%.

**14.6 Term finance facility**

The Company has availed long term borrowings from commercial banks. The interest rates on these facilities are between 20.16% and 21.89% per annum (December 31, 2023: 8.63% and 23.04% per annum) and have maturities between September 30, 2025 and December 29, 2028 (December 31, 2023: March 14, 2024 and December 28, 2028).

**14.7 Letter Of Placement (LOP)**

The interest rate on this LOP is 20.70% per annum (December 31, 2023: 22.20% and 23.00% per annum). This LOP will mature on July 10, 2024 (December 31, 2023: January 02, 2024 and January 05, 2024).

**14.8 Musharakah**

The interest rates on these Musharakah borrowings are between 19.65% and 19.70% per annum (December 31, 2023: Nil).

These Musharakah borrowings have maturity dates between July 05, 2024 and August 08, 2024 (December 31, 2023: Nil).

**15 DEPOSITS AND OTHER ACCOUNTS**

	Note	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)							
<b>Customers</b>							
Certificates of Investment (COI)	15.1	25,294,949	-	25,294,949	18,091,307	-	18,091,307
Certificates of Islamic Investment (COII)	15.2	1,010,000	-	1,010,000	-	-	-
<b>Financial Institutions</b>							
Certificates of Investment (COI)	15.1	717,966	-	717,966	1,179,470	-	1,179,470
		<u>27,022,915</u>	<u>-</u>	<u>27,022,915</u>	<u>19,270,777</u>	<u>-</u>	<u>19,270,777</u>

**15.1** The interest rates on these Certificates of Investments (COI) range between 18.60% and 23.65% per annum (December 31, 2023: 17.50% and 23.65% per annum). These COIs have maturities between July 02, 2024 and June 20, 2025 (December 31, 2023: January 02, 2024 and November 29, 2024).

**15.2** The profit rates on these Certificates of Islamic Investments (COII) range between 19.50% and 19.76% per annum (December 31, 2023: Nil). These COIIs have maturities between July 29, 2024 and September 30, 2024 (December 31, 2023: Nil).

	Note	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
----- (Rupees in '000) -----			
<b>16 OTHER LIABILITIES</b>			
Mark-up / return / profit payable in local currency		1,894,816	1,756,546
Accrued expenses		177,071	789,726
Payable to defined benefit plan		186,996	153,191
Security deposits against lease		55,747	55,747
Payable against employees' compensated absences		46,742	46,742
Payable to share brokers on account of purchase of marketable securities		-	169
Unearned Income		5,452	5,612
Payable against workers welfare fund		756,240	756,240
Others		351,082	12,242
Credit loss allowance against off-balance sheet obligations	16.1	1,306	1,446
		<u>3,475,452</u>	<u>3,577,661</u>
<b>16.1 Credit loss allowance against off-balance sheet obligations</b>			
Opening balance		1,446	-
Impact of adoption of IFRS 09		-	1,994
Charge for the period / year		410	-
Reversals for the period / year		(550)	(548)
		<u>(140)</u>	<u>(548)</u>
Closing balance		<u>1,306</u>	<u>1,446</u>
<b>17 SURPLUS ON REVALUATION OF ASSETS - NET</b>			
Surplus on revaluation of:			
- Securities measured at FVOCI - debt	8.1	22,429	17,618
- Securities measured at FVOCI - equity	8.1	824,282	839,509
- Securities measured at FVOCI - government securities	8.1	3,760,522	2,767,316
		<u>4,607,233</u>	<u>3,624,443</u>
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI - debt		(8,747)	(6,871)
- Securities measured at FVOCI - equity		(184,369)	(186,807)
- Securities measured at FVOCI - government securities		(1,466,177)	(1,079,254)
		<u>(1,659,293)</u>	<u>(1,272,932)</u>
		<u>2,947,940</u>	<u>2,351,511</u>
<b>18 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	18.1	3,800,235	2,481,045
-Commitments	18.2	13,208,618	15,109,204
		<u>17,008,853</u>	<u>17,590,249</u>
<b>18.1 Guarantees:</b>			
Financial guarantees		<u>3,800,235</u>	<u>2,481,045</u>
<b>18.2 Commitments</b>			
Undisbursed sanctions against:			
- Loans and advances		11,808,618	15,109,204
- Term finance certificates and sukus		1,400,000	-
		<u>13,208,618</u>	<u>15,109,204</u>
<b>18.3 Tax contingencies</b>			

The status of tax contingencies remains unchanged as disclosed in note 21.3 of the annual audited unconsolidated financial statements for the year ended December 31, 2023, except for the following:

In the amended order for the tax year 2022, in addition to the issue of allocation of expenses to dividend income and capital gains, the Officer has also treated income from Federal Government securities as subject to final tax under Clause (20) of Part III of Second Schedule to the Income Tax Ordinance, 2001. An amount of Rs. 172.91 million is involved. An appeal has been preferred before CIR(A) which has been heard and reserved for order.

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 176.51 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's appeal is pending before the ATIR against the levy on legal ground as well as for errors in calculation of the levy. The demand on account of super tax has been enhanced to Rs. 390.39 million vide amended order dated April 5, 2024.

		<b>Half year ended</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2024</b>	<b>2023</b>
		----- <b>(Un-audited)</b> -----	
		----- <b>(Rupees in '000)</b> -----	
		<b>(Restated)</b>	
<b>19</b>	<b>MARK-UP / RETURN / INTEREST / PROFIT EARNED</b>		
	Loans and advances	4,902,675	4,068,410
	Investments	98,172,369	85,509,938
	Lendings to financial institutions	72,785	111,182
	Balances with banks	9,495	4,787
		<u>103,157,324</u>	<u>89,694,317</u>
<b>19.1</b>	<b>Interest income (calculated using effective interest rate method) recognised on:</b>		
	Financial assets measured at amortised cost	6,271,411	6,098,799
	Financial assets measured at FVPL	513,002	319,920
	Financial assets measured at FVOCI	96,372,911	83,275,598
		<u>103,157,324</u>	<u>89,694,317</u>
<b>20</b>	<b>MARK-UP / RETURN / INTEREST / PROFIT EXPENSED</b>		
	Deposits	2,219,491	832,322
	Borrowings	8,521,150	10,314,713
	Securities sold under repurchase agreements - government securities	100,955,486	77,834,274
		<u>111,696,127</u>	<u>88,981,309</u>
<b>20.1</b>	Interest expense calculated using effective interest rate method	<u>111,696,127</u>	<u>88,981,309</u>
<b>21</b>	<b>FEE AND COMMISSION INCOME</b>		
	Participation fee	87,684	16,776
	Commitment fee	636	2,208
	Commission on guarantees	27,809	5,923
	Commission on letter of comfort	34	1,555
	Arrangement fee	6,965	28,844
	Advisory income	750	5,249
		<u>123,878</u>	<u>60,555</u>
<b>22</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised (loss) / gain	22.1 (240,675)	68,559
	Unrealised appreciation / (diminution) on investments - measured at FVPL	9,117	(11,490)
		<u>22.2 (231,558)</u>	<u>57,069</u>
<b>22.1</b>	<b>Realised (loss) / gain on:</b>		
	Shares	(1,689)	(2,494)
	Federal government securities	(238,986)	71,053
		<u>(240,675)</u>	<u>68,559</u>
<b>22.2</b>	<b>Net gain / (loss) on financial assets measured at FVPL</b>		
	- Designated upon initial recognition	7,428	(13,984)
		7,428	(13,984)
	<b>Net (loss) / gain on financial assets measured at FVOCI</b>	<u>(238,986)</u>	<u>71,053</u>
		(238,986)	71,053
		<u>(231,558)</u>	<u>57,069</u>

	<b>Half year ended</b>	
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
	----- <b>(Un-audited)</b> ----- ----- <b>(Rupees in '000)</b> -----	
<b>23 OTHER INCOME</b>		
Nominee directors fee	5,600	7,345
Rent on property	25,527	22,252
(Loss) / gain on sale of property and equipment - net	(1,021)	14
Gain on sale of non current assets 'Held for Sale'	47	-
Late payment charges	32,675	246,834
Early encashment charges	151	6,012
	<u>62,979</u>	<u>282,457</u>
<b>24 OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	384,092	728,600
<b>Property expense</b>		
Rent and taxes	8,488	5,057
Insurance	2,209	1,665
Utilities cost	10,199	6,405
Security expense	24	2
Repairs and maintenance	23,108	17,427
Depreciation	4,671	4,645
	48,699	35,201
<b>Information technology expenses</b>		
Software maintenance	2,947	694
Hardware maintenance	1,936	57
Depreciation	10,207	7,396
Amortisation	2,550	3,353
Network charges	3,229	4,169
	20,869	15,669
<b>Other operating expenses</b>		
Directors' fees and allowances	13,325	8,750
Legal and professional charges	19,418	9,739
Outsourced services costs	27,625	23,458
Travelling and conveyance	8,387	11,332
Depreciation	78,793	47,591
Training and development	1,123	715
Postage and courier charges	521	480
Communication	6,907	10,392
Stationery and printing	5,046	4,249
Marketing, advertisement and publicity	2,104	4,109
Auditors' remuneration	19,996	7,137
Newspaper, periodicals and subscription dues	7,310	8,442
Repairs and maintenance (others)	1,350	3,704
Bank charges	196	234
Entertainment expense	5,106	10,297
Motor vehicle running expense	31,439	-
Others	15,648	32,983
	244,294	183,612
	<u>697,954</u>	<u>963,082</u>
<b>25 OTHER CHARGES</b>		
Penalty imposed by the State Bank of Pakistan	6,395	-

	Note	Half year ended	
		June 30, 2024	June 30, 2023
<b>26 REVERSAL OF CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>		----- (Un-audited) ----- ----- (Rupees in '000) -----	
Credit loss allowance against cash and balances with banks		17	8
Reversal of credit loss allowance for diminution in value of investments including accrued interest		(231)	(50)
Reversal of credit loss allowance / provision against loans and advances including accrued interest	26.1	(90,379)	(172,337)
Reversal of credit loss allowance against contingencies and commitments		(140)	(101)
		<u>(90,733)</u>	<u>(172,480)</u>

**26.1** This includes reversal of provision against non-performing loans amounting to Rs. 78.03 million on account of recovery.

	Note	Half year ended	
		June 30, 2024	June 30, 2023
<b>27 TAXATION</b>		----- (Un-audited) ----- ----- (Rupees in '000) ----- <b>(Restated)</b>	
Current		3,519,740	2,075,842
Deferred		(4,019,276)	(1,542,499)
		<u>(499,536)</u>	<u>533,343</u>

**28 LOSS / BASIC / DILUTED EARNINGS PER SHARE**

(Loss) / profit for the period

(332,387)      3,149,456

**(Numbers in '000)**

Weighted average number of ordinary shares

640      640

----- Rupees -----  
**(Restated)**

Loss / basic / diluted earnings per share

(519)      4,921

**28.1 Diluted earnings per share**

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

	Note	Half year ended	
		June 30, 2024	June 30, 2023
<b>29 CASH AND CASH EQUIVALENTS</b>		----- (Un-audited) ----- ----- (Audited) ----- ----- (Rupees in '000) -----	
Cash and balances with treasury banks	6	762,229	520,214
Balances with other banks	7	244,980	177,831
		<u>1,007,209</u>	<u>698,045</u>

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

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

June 30, 2024 (Un-audited)				
Carrying value	Fair value			
	Level 1	Level 2	Level 3	Total

On balance sheet financial instruments

#### Financial assets - measured at fair value Investments

- Market Treasury Bills	549,769,187	-	549,769,187	-	549,769,187
- Pakistan Investment Bonds	316,831,290	-	316,831,290	-	316,831,290
- GOP Ijarah sukuks	2,412,880	-	2,412,880	-	2,412,880
- Shares of listed companies	2,324,263	2,324,263	-	-	2,324,263
- Listed sukuks / term finance certificates	3,908,176	-	2,108,176	1,800,000	3,908,176
- Unlisted sukuks / term finance certificates	2,385,548	-	1,585,548	800,000	2,385,548

#### Financial assets - disclosed but not measured at fair value

Investments					-
- Pakistan Investment Bonds	27,903,459	-	25,904,016	-	25,904,016

#### Fair value of non-financial assets

- Non-current asset 'held for sale'	-	-	-	-	-
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December 31, 2023 (Audited)				
Carrying value	Fair Value			
	Level 1	Level 2	Level 3	Total

On balance sheet financial instruments

#### Financial assets - measured at fair value Investments

- Market Treasury Bills	498,552,619	-	498,552,619	-	498,552,619
- Pakistan Investment Bonds	446,057,760	-	446,057,760	-	446,057,760
- GOP Ijarah sukuks	-	-	-	-	-
- Shares of listed companies	3,615,293	3,615,293	-	-	3,615,293
- Listed sukuk / term finance certificates	4,371,338	-	4,371,338	1,800,000	6,171,338
- Unlisted sukuk / term finance certificates	2,465,423	-	2,465,423	700,000	3,165,423

#### Financial assets - disclosed but not measured at fair value

Investments					-
- Pakistan Investment Bonds	27,864,892	-	24,589,289	-	24,589,289
- Unlisted sukuk / term finance certificates	999,865	-	-	999,865	999,865

#### Fair value of non-financial assets

- Non-current asset 'held for sale'	59,182	-	-	59,182	59,182
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The fair value of remaining 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.

**Valuation techniques used in determination of fair values**

Shares of listed companies	The valuation has been determined through closing rates of Pakistan Stock Exchange.
Pakistan Investment Bonds	The fair value of Pakistan Investment Bonds are derived using PKFRV rates for floater PIBs and PKRV rates for fixed PIBs. These rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different predefined/ approved dealers / brokers.
Market Treasury Bills	The fair value of Market Treasury Bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
GOP Ijarah Sukuks	The fair value of GOP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.
Corporate sukuks / term	The valuation has been determined through the valuation of debt securities published by the MUFAP.
Non-current asset 'held for sale'	Non-current assets held for sale are valued by professionally qualified valuers as per the accounting policy disclosed in the unconsolidated annual audited financial statements for the year ended December 31, 2023.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the period.

**31 SEGMENT INFORMATION****31.1 Segment details with respect to business activities**

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

June 30, 2024 (Un-audited)							
Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total	
------(Rupees in '000)-----							
<b>Unconsolidated statement of profit and loss account</b>							
Net mark-up / return / interest / profit	(1,632,228)	(7,247,746)	-	-	327,428	13,743	(8,538,803)
Non mark-up / return / interest / profit income	133,995	(238,986)	4,444,225	3,922,622	1,447	57,193	8,320,496
Total (expense) / income	(1,498,233)	(7,486,732)	4,444,225	3,922,622	328,875	70,936	(218,307)
Segment direct expenses	(63,315)	(34,024)	(18,156)	(3,321)	(11,059)	(344,199)	(474,074)
Segment indirect expenses	(41,120)	(10,965)	(8,224)	(5,483)	-	(164,483)	(230,275)
Total expenses	(104,435)	(44,989)	(26,380)	(8,804)	(11,059)	(508,682)	(704,349)
Credit loss allowance (charge) / reversal	92,925	(14)	-	-	(2,192)	14	90,733
(Loss) / profit before tax	(1,509,743)	(7,531,735)	4,417,845	3,913,818	315,624	(437,732)	(831,923)

June 30, 2024 (Un-audited)							
Corporate Finance	Treasury	Investment Banking	Capital Markets	Islamic Finance Division	Others	Total	
------(Rupees in '000)-----							
<b>Unconsolidated statement of financial position</b>							
Cash and bank balances	-	825,868	-	-	181,191	150	1,007,209
Investments	167,352	898,480,700	5,058,921	2,324,264	4,562,486	-	910,593,723
Advances - performing	42,457,610	-	-	-	13,442,206	203,734	56,103,550
Advances - non-performing	13,812	-	-	-	-	-	13,812
Others	1,899,839	13,762,045	-	680,505	534,858	18,133,484	35,010,731
<b>Total assets</b>	44,538,613	913,068,613	5,058,921	3,004,769	18,720,741	18,337,368	1,002,729,025
Borrowings	49,714,586	879,274,897	-	-	9,396,042	-	938,385,525
Subordinated debt	-	-	-	-	-	-	-
Deposits and other accounts	26,012,915	-	-	-	1,010,000	-	27,022,915
Net inter segment borrowing	(33,086,837)	27,647,910	-	-	5,438,927	-	-
Others	1,897,949	(10)	-	2,440	376,867	1,198,206	3,475,452
<b>Total liabilities</b>	44,538,613	906,922,797	-	2,440	16,221,836	1,198,206	968,883,892
Equity	-	6,145,816	5,058,921	3,002,329	2,498,905	17,139,162	33,845,133
<b>Total equity and liabilities</b>	44,538,613	913,068,613	5,058,921	3,004,769	18,720,741	18,337,368	1,002,729,025
<b>Contingencies and commitments</b>	9,028,745	-	-	-	7,980,108	-	17,008,853



Half year ended June 30, 2023 (Un-audited)						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Unconsolidated statement of profit and loss account</b>						
Net mark-up / return / profit	(671,201)	1,377,340	-	-	6,869	713,008
Non mark-up / return / interest income	51,305	71,053	854,892	2,579,383	277,416	3,834,049
Total (loss) / income	(619,896)	1,448,393	854,892	2,579,383	284,285	4,547,057
Segment direct expenses	(64,650)	(30,496)	(11,867)	(10,963)	(254,025)	(372,001)
Segment indirect expenses	(145,918)	(32,426)	(24,320)	(16,213)	(445,860)	(664,737)
Total expenses	(210,568)	(62,922)	(36,187)	(27,176)	(699,885)	(1,036,738)
Credit loss allowance reversal / (charge)	3,377	(8)	-	-	169,111	172,480
(Loss) / profit before tax	(827,087)	1,385,463	818,705	2,552,207	(246,489)	3,682,799
<b>As at December 31, 2023 (Audited)</b>						
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total	
(Rupees in '000)						
<b>Unconsolidated statement of financial position</b>						
Cash and bank balances	-	748,332	-	-	149	748,481
Investments	3,507,781	976,804,116	4,472,764	3,615,294	-	988,399,955
Advances - performing	53,618,093	-	-	-	192,848	53,810,941
Advances - non-performing	13,812	-	-	-	-	13,812
Others	1,526,115	24,125,139	-	-	15,047,579	40,698,833
<b>Total assets</b>	58,665,801	1,001,677,587	4,472,764	3,615,294	15,240,576	1,083,672,022
Borrowings	55,207,678	971,322,538	-	-	-	1,026,530,216
Deposits and other accounts	-	19,270,777	-	-	-	19,270,777
Others	1,280,980	536,945	-	1,498	1,758,238	3,577,661
<b>Total liabilities</b>	56,488,658	991,130,260	-	1,498	1,758,238	1,049,378,654
Equity	1,096,956	6,679,085	2,015	8,224,177	18,291,135	34,293,368
<b>Total equity and liabilities</b>	57,585,614	997,809,345	2,015	8,225,675	20,049,373	1,083,672,022
<b>Contingencies and commitments</b>	17,590,249	-	-	-	-	17,590,249

### 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 subsidiary, 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:

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
<b>Balances with other banks</b>										
In current accounts	-	-	-	16,193	-	-	-	-	-	-
In savings accounts	-	-	-	211,974	-	-	-	-	44,207	-
	-	-	-	228,167	-	-	-	-	44,207	-
<b>Investments</b>										
Opening balance	-	-	1,101,345	3,370,620	500	-	-	-	3,359,321	500
Investment made during the period / year	-	-	586,155	-	-	-	-	1,101,345	-	-
Reversal of provision	-	-	-	-	-	-	-	-	11,299	-
Closing balance	-	-	1,687,500	3,370,620	500	-	-	1,101,345	3,370,620	500

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
<b>Advances</b>										
Opening balance	-	129,957	-	-	18,653	-	174,572	-	-	23,511
Addition during the period / year	-	3,559	-	-	2,538,128	-	12,746	-	-	-
Repaid during the period / year	-	(18,990)	-	-	(2,886)	-	(57,361)	-	-	(4,858)
Closing balance	-	114,526	-	-	2,553,895	-	129,957	-	-	18,653
Credit loss allowance held against advances	-	(15)	-	-	(12)	-	-	-	-	-
<b>Other Assets</b>										
Interest / mark-up accrued	-	-	-	1,309	-	-	-	-	2,046	-
Addition during the period / year	-	-	-	-	-	-	-	347,813	-	-
Repaid during the period / year	-	-	-	-	-	-	-	(347,813)	-	-
Credit loss allowance against other assets	-	-	-	(177)	-	-	-	-	(276)	-
	-	-	-	1,132	-	-	-	-	1,770	-
<b>Borrowings</b>										
Opening balance	-	-	-	30,996,916	-	-	-	-	30,657,267	12,648,747
Borrowings during the period / year	-	-	-	-	-	-	-	-	11,855,548	-
Settlement during the period / year	-	-	-	(30,996,916)	-	-	-	-	(25,323,882)	(12,648,747)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	13,807,983	-
Closing balance	-	-	-	-	-	-	-	-	30,996,916	-
<b>Deposits and other accounts</b>										
Opening balance	-	-	-	-	679,469	-	-	-	-	886,721
Received during the period / year	-	-	-	-	1,308,966	-	-	-	-	3,798,797
Withdrawn during the period / year	-	-	-	-	(1,183,469)	-	-	-	-	(4,006,049)
Closing balance	-	-	-	-	804,966	-	-	-	-	679,469
<b>Other Liabilities</b>										
Interest / mark-up payable	-	-	-	-	63,704	-	-	-	-	32,628
Payable to staff gratuity fund	-	-	-	-	186,996	-	-	-	-	153,191
Payable to National Clearing Company of Pakistan Limited	-	-	-	65	-	-	-	-	108	-
Payable to FTC Management Company (Private) Limited	-	-	-	-	1,500	-	-	-	-	1,206
Payable to TCC Management Company Limited	-	-	-	-	320	-	-	-	-	-
	-	-	-	65	252,520	-	-	-	108	187,025

	Half year ended									
	June 30, 2024 (Un-audited)					June 30, 2023 (Un-audited)				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
(Rupees in '000)										
<b>Income</b>										
Mark-up / return / interest earned	-	2,317	-	6,378	1,225	-	3,405	-	2,673	-
Dividend income	-	-	-	8,250,018	-	-	-	-	3,296,800	-
<b>Other income</b>										
- Nominee director fee	-	-	-	9,700	150	-	-	-	9,900	345
<b>Expense</b>										
Mark-up / return / interest paid / accrued	-	-	-	2,275,106	78,848	-	-	-	2,291,438	516,945
<b>Operating expenses</b>										
- Directors fee	13,325	-	-	-	-	8,750	-	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	460,949	-	-	-	-	547,274	-	-	-
- Nominee director fee payment	-	-	-	-	4,250	-	-	-	-	2,900
- NCCPL charges	-	-	-	839	-	-	-	-	609	-
- FMCL office maintenance charges	-	-	-	-	27,039	-	-	-	-	19,478
- Contribution made to staff provident fund	-	-	-	-	27,322	-	-	-	-	20,522
- Contribution made to staff gratuity fund	-	-	-	-	33,804	-	-	-	-	24,762

	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
	------(Rupees in '000)-----	
<b>33 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<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	21,338,191	27,311,863
Eligible tier 2 capital	2,579,984	2,150,022
Total eligible capital (tier 1 + tier 2)	23,918,175	29,461,885
<b>Risk weighted assets (RWAs):</b>		
Credit risk	43,333,550	51,556,166
Market risk	4,437,399	6,489,724
Operational risk	17,382,391	17,382,390
Total	65,153,340	75,428,280
Common equity tier 1 capital adequacy ratio	32.75%	36.21%
Tier 1 capital adequacy ratio	32.75%	36.21%
Total capital adequacy ratio	36.71%	39.06%
<b>Leverage ratio (LR):</b>		
Eligible tier-1 capital	21,338,191	27,311,863
Total exposures	1,040,224,946	1,063,823,422
Leverage ratio *	2.05%	2.57%
<b>Liquidity coverage ratio (LCR):</b>		
Total high quality liquid assets	29,198,265	22,483,775
Total net cash outflow	23,376,528	25,751,324
Liquidity coverage ratio	124.90%	87.31%
<b>Net stable funding ratio (NSFR):</b>		
Total available stable funding	83,982,001	85,437,393
Total required stable funding	72,240,975	73,469,982
Net stable funding ratio	116.25%	116.29%

\* The SBP has given relaxation to the company to maintain leverage ratio of 2% till December 31, 2024 against the requirement of 3%.

## 34 ISLAMIC FINANCE DIVISON

The Company has commenced its Shariah compliant business through Islamic Finance Division in the current period. Summarised financial statements of PKIC's Islamic Finance Division are presented below:

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Note</b>	<b>June 30, 2024 (Un-audited) Rupees in '000</b>
<b>ASSETS</b>		
Cash and balances with treasury banks		165,000
Balances with other banks		16,191
Due from financial institutions		-
Investments	34.1	4,562,486
Islamic financing and related assets - net	34.2	13,442,206
Property and equipment		15,856
Right-of-use assets		-
Intangible assets		-
Due from head office		-
Other assets		519,002
<b>Total assets</b>		<b>18,720,741</b>
<b>LIABILITIES</b>		
Bills payable		-
Due to financial institutions		9,396,042
Deposits and other accounts	34.3	1,010,000
Due to head office		5,438,927
Lease liabilities		-
Subordinated debt		-
Deferred tax liabilities		3,725
Other liabilities		373,142
		<b>16,221,836</b>
<b>NET ASSETS</b>		<b>2,498,905</b>
<b>REPRESENTED BY</b>		
Islamic banking fund		2,237,077
Reserves		-
Surplus on revaluation of assets		28,420
Unappropriated profit	34.4	233,408
		<b>2,498,905</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	34.5	
<b>STATEMENT OF PROFIT AND LOSS ACCOUNT</b>		
		<b>For the period from February 27, 2024 to June 30, 2024 (Un-audited) Rupees in '000</b>
Profit / return earned	34.6	953,941
Profit / return expensed	34.7	626,513
Net profit / return		327,428
<b>Other income</b>		
Fee and commission income		1,875
Dividend income		-
Foreign exchange income		-
Loss on securities		(428)
Other income		-
Total other income		1,447
<b>Total income</b>		<b>328,875</b>
<b>Other expenses</b>		
Operating expenses		11,059
Workers welfare fund		-
Other charges		-
Total other expenses		11,059
<b>Profit before credit loss allowance</b>		<b>317,816</b>
Credit loss allowance and write offs - net		(2,192)
<b>Profit before taxation</b>		<b>315,624</b>
Taxation		82,216
<b>Profit after taxation</b>		<b>233,408</b>

June 30, 2024 (Un-audited)			
Amortised cost	Credit loss allowance for diminution	Surplus	Carrying value
-----Rupees in '000-----			
<b>34.1 Investments by segments:</b>			
<b>- Debt instruments</b>			
<b>Classified / measured at FVOCI</b>			
Federal government securities			
-Ijarah sukuks			
2,402,236	-	10,644	2,412,880
Non government debt securities			
1,667,366	(238)	21,698	1,688,826
4,069,602	(238)	32,342	4,101,706
<b>Classified / measured at FVPL</b>			
Non government debt securities			
460,000	-	780	460,780
460,000	-	780	460,780
4,529,602	(238)	33,122	4,562,486
<b>Total investments</b>			

**34.1.1 Particlurs of credit loss allowance**

June 30, 2024 (Un-audited)			
Stage 1	Stage 2	Stage 3	Total
-----Rupees in '000-----			
Non government debt securities			
238	-	-	238
Equity instruments			
-	-	-	-
Subsidiaries			
-	-	-	-
Associates			
-	-	-	-
Others (to be specified)			
-	-	-	-
238	-	-	238

		June 30, 2024 (Un-audited) (Rupees in '000)
<b>34.2 Islamic financing and related assets</b>		
Musharakah		1,450,000
Diminishing Musharakah		8,663,172
Tijarah		298,303
Advances against Diminishing Musharakah		2,538,129
Inventories against Istisna		361,508
Inventories against Tijarah		132,870
Gross Islamic financing and related assets		13,443,982
Less: Credit loss allowance against Islamic financings		
Stage 1		(1,776)
Stage 2		-
Stage 3		-
		(1,776)
Islamic financing and related assets - net of credit loss allowance		<b>13,442,206</b>

Note	(Un-audited)		
	In local currency	In foreign currencies	Total
-----Rupees in '000-----			
<b>34.3 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Certificates of Islamic Investment	34.3.1	1,010,000	- 1,010,000

**34.3.1** The profit rates on these Certificates of Islamic Investments (COII) range between 19.50% and 19.76% per annum (December 31, 2023: Nil). These COIIs have maturities between July 29, 2024 and September 30, 2024 (December 31, 2023: Nil).

		June 30, 2024 (Un-audited) Rupees in '000
<b>34.3.2 Composition of deposits</b>		
- Individuals		-
- Government / public sector entities		1,000,000
- Private sector		10,000
		<b>1,010,000</b>

		June 30, 2024 (Un-audited) Rupees in '000
<b>34.4</b>	<b>Islamic banking business unappropriated profit</b>	
	Opening balance	-
	Add: Islamic banking profit for the period	315,624
	Less: taxation	(82,216)
	Closing balance	<u><u>233,408</u></u>
<b>34.5</b>	<b>Contingencies and commitments</b>	
	- Guarantees	750,000
	- Commitments	7,230,108
		<u><u>7,980,108</u></u>
		For the period from February 27, 2024 to June 30, 2024 (Un-audited) Rupees in '000
<b>34.6</b>	<b>Profit / return earned on financing and investments</b>	
	Profit earned on:	
	Financing	657,974
	Investments	295,967
		<u><u>953,941</u></u>
<b>34.7</b>	<b>Profit on deposits and other dues expensed</b>	
	Profit expensed on:	
	Deposits and other accounts	1,597
	Due to financial institutions	624,916
		<u><u>626,513</u></u>
<b>34.8</b>	<b>Pool management</b>	
<b>34.8.1</b>	<b>The pools, their key features &amp; risk and rewards characteristics:</b>	
	The Company's Islamic Finance Division operates special pools for deposits and inter-bank funds accepted / acquired under Mudarabah and Musharakah modes.	
<b>34.8.2</b>	<b>Equity pool:</b>	
	Equity pool is being managed for those assets which are currently not generating income and are in either at advance or inventory stages. Once the nature of inventory / advance changes to financing stage, those assets would be transferred to another income generating pool for the benefit of depositor/FI. Financing to Company's Islamic Finance Division's employees is also financed through this pool.	
	The risk of generating income at later stage due to nature of Islamic Financing assets and risk of staff related financing are borne by equity holders.	
	During the period, the Company's Islamic Finance Division (PKIC - IFD) has given general Hiba to the depositors in specific pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP. However, Hiba is given at the sole discretion of the PKIC-IFD without any contractual commitment with the depositors.	
	The Mudarib's share on deposits for the period ended June 30, 2024 is Rs. 0.17 million (10.00% of distributable profit of Mudarabah pool). An amount of Rs. 0.05 million (28.58% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 21.22% per annum and the rate of profit paid on average deposits was 19.76% per annum.	
<b>34.8.3</b>	<b>Special Mudarabah pools</b>	
	Separate pools are created where the customers desire to invest in high yield assets. The rates of these pools are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned by the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.	

#### 34.8.4 Treasury pool

The Treasury pool assets generally comprise of Sovereign Guarantee Sukuk and financing under Diminishing Musharakah, Ijarah facility and the related liability of the Treasury pool comprises of Musharakah / Wakalah / Mudarabah from financial institutions. This pool is created to meet the liquidity requirements of the Company's Islamic Finance Division.

##### The risk characteristic of pool

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. All pools are exposed to general credit risk, asset ownership risk and Profit rate risk of underlying assets involved.

Risk of loss is shared between partners as per the ratio of investment.

34.8.5 Avenues / sectors where Mudarabah / Musharakah based FI funds / deposits have been deployed:	June 30, 2024 (Un-audited) Rupees in '000
Construction	2,538,128
Fertilizers	1,125,000
Food	400,000
Pharmaceuticals	1,113,454
Power (electricity)	2,156,268
Sugar	744,018
Telecommunication	1,339,082
Textile	1,181,174
Transport	2,254,342
Others	592,516
Total gross Islamic financing and related assets	<b>13,443,982</b>
Total gross investments (at cost)	4,529,602
<b>Total invested funds</b>	<b>17,973,584</b>

#### 34.8.6 Parameters used for allocation of profit, charging expenses and credit loss allowance etc. along with a brief description of their major allowance:

The Company's Islamic Finance Division is currently accepting funds through customers under Mudarabah / Musharakah arrangements, wherein the Company's Islamic Finance Division and other customers are considered as partners. Funds received from customer is transferred in the pool where the Company's Islamic Finance Division also contributes its capital. Before accepting funds, the Company's Islamic Finance Division and customer set profit sharing ratio in line with the expected profit to be earned against financial institutions' funds.

The funds so generated are invested by the Company's Islamic Finance Division in Shariah compliant modes of financing and investments such as Murabaha, Istisna, Diminishing Musharakah, Tjarah, Running Musharakah, and Sukuks etc.

The Company's Islamic Finance Division calculates the profit of the pool at the end of every month. Profit is distributed at the net income level. Net income is calculated after deducting direct costs (if any).

The net income is being allocated between the Mudarib (the Company's Islamic Finance Division) and Rab-ul-Maal (Customer) in proportion to their profit-sharing ratio.

After the allocation of income between the equity holder and Pool, the profit is distributed among the corporate customers on the basis of weightages as and when required. In case of loss, the Company's Islamic Finance Division and Customer shall bear the loss as per their ratio of investment.

ECL provisioning shall not be considered in the income calculation of pool. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

#### 34.8.7 Mudarib / Musharik's share (in amount and percentage of distributable income)

June 30, 2024 (Un-audited)									
Pool	No. of Pools	Nature of pool	Profit rate and weightages announcement period	Average Profit rate earned	Profit sharing ratio	Mudarib fee / Musharkah share	Average profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba
				%	%	(Rupees in '000)	%	%	(Rupees in '000)
Special Pools	2	Mudarabah	As required	21.22%	10.00%	176.15	19.76%	28.58%	50.34

**35 DATE OF AUTHORISATION FOR ISSUE**


These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on August 29, 2024 .

**36 GENERAL**

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

**37 CORRESPONDING FIGURES**

The corresponding figures have been restated / reclassified / rearranged wherever necessary. There have been no significant restatement / reclassification during the period except for the effects of change in accounting policy as disclosed in note 4.1 of these unconsolidated condensed interim financial statements.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

  
Director

  
Director