

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE HALF YEAR
ENDED 30 JUNE 2023**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 30 June 2023

(Unaudited) 30 June 2023 (US Dollar in '000)	(Audited) 31 December 2022		(Unaudited) 30 June 2023 (Rupees in '000)	(Audited) 31 December 2022 (Rupees in '000)
		Note		
ASSETS				
1,189	1,211	Cash and balances with treasury banks	339,989	346,474
77	5,683	Balances with other banks	22,096	1,625,259
1,053	17,958	Lendings to financial institutions	301,174	5,135,762
1,825,498	438,594	Investments	522,075,224	125,433,755
67,681	67,908	Advances	19,356,081	19,420,996
3,021	2,708	Property and equipments	863,985	774,471
310	356	Right-of-use assets	88,681	101,846
337	338	Intangible assets	96,359	96,559
5,362	2,058	Deferred tax assets	1,533,582	588,518
9,090	14,236	Other assets	2,599,592	4,071,258
-	-	Assets held-for-sale	-	-
1,913,618	551,050		547,276,763	157,594,898
LIABILITIES				
-	-	Bills payable	-	-
1,838,869	464,704	Borrowings	525,898,952	132,900,975
46,601	47,277	Deposits and other accounts	13,327,322	13,520,897
10	11	Lease Liabilities	2,720	3,139
-	-	Subordinated debt	-	-
-	-	Deferred tax liabilities	-	-
2,346	9,414	Other liabilities	671,631	2,691,873
1,887,826	521,406		539,900,625	149,116,884
25,792	29,644	NET ASSETS	7,376,138	8,478,014
REPRESENTED BY				
21,504	21,504	Share capital	6,150,000	6,150,000
6,078	6,722	Reserves	1,738,272	1,922,289
(2,194)	(66)	(Deficit) / surplus on revaluation of assets	(627,429)	(18,918)
399	1,480	Unappropriated profit	114,007	423,376
25,787	29,640	Equity attributable to shareholder of holding company	7,374,850	8,476,747
5	4	Non-Controlling Interest	1,288	1,267
25,792	29,644		7,376,138	8,478,014
CONTINGENCIES AND COMMITMENTS				
		24		

The annexed notes from 1 to 44 form an integral part of these consolidated condensed interim financial statements.



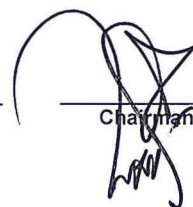
Managing Director/
Chief Executive Officer

Chief Financial Officer



Director

Director



Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the half year ended 30 June 2023

Half year ended			Quarter ended		Half year ended		
30 June	30 June		30 June	30 June	30 June	30 June	
2023	2022		2023	2022	2023	2022	
(US Dollar in '000)			(Rupees in '000)				
86,486	24,645	Mark-up / Return / Interest Earned	25	18,069,080	3,784,441	24,734,261	7,048,147
82,475	23,808	Mark-up / Return / Interest Expensed	26	17,303,072	3,806,584	23,587,071	6,808,944
4,011	837	Net mark-up / interest income		766,008	(22,143)	1,147,190	239,203
NON MARK-UP / INTEREST INCOME							
204	251	Fee and commission income	27	36,991	45,592	58,262	71,900
-	5	Dividend income		-	-	-	1,310
-	-	Foreign exchange income		-	-	-	-
-	-	Income / (loss) from derivatives		-	-	-	-
97	192	Gain on securities	28	35,802	51,001	27,702	55,021
-	-	Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
186	267	Share of profit from associates - net of tax		32,016	11,075	53,131	76,499
60	41	Other income	29	7,914	9,462	17,117	11,736
547	756	Total non mark-up / interest income		112,723	117,130	156,212	216,466
4,558	1,593	Total Income		878,731	94,987	1,303,402	455,669
NON MARK-UP / INTEREST EXPENSES							
1,472	1,162	Operating expenses	30	222,339	138,876	421,055	332,331
-	39	Workers Welfare Fund		-	8,193	-	11,161
130	57	Other charges	31	26,321	8,825	37,231	16,426
1,602	1,258	Total non mark-up / interest expenses		248,660	155,894	458,286	359,918
2,956	335	Profit Before Provisions		630,071	(60,907)	845,116	95,751
(50)	(142)	Credit (loss) / reversal allowance and write offs - net	32	(162,613)	(59,560)	(14,291)	(40,703)
-	-	Extra ordinary / unusual items		-	-	-	-
2,906	193	PROFIT BEFORE TAXATION		467,458	(120,467)	830,825	55,048
(816)	(145)	Taxation	33	(120,321)	2,627	(233,411)	(41,335)
2,090	48	PROFIT AFTER TAXATION		347,137	(117,840)	597,414	13,713
ATTRIBUTABLE TO:							
2,090	48	Shareholders of the holding company		347,116	(117,847)	597,393	13,789
-	-	Non-controlling interest		21	7	21	(76)
2,090	48			347,137	(117,840)	597,414	13,713
(US \$)			(Rupees)				
0.0034	0.0001	Basic and diluted earnings (loss) per share attributable to shareholders of the holding company	34	0.56	(0.19)	0.97	0.02


The annexed notes from 1 to 44 form an integral part of these consolidated condensed interim financial statements.



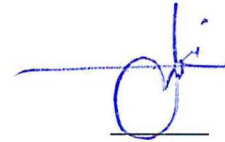
Managing Director/
Chief Executive Officer



Chief Financial Officer



Director



Director



Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the half year ended 30 June 2023

Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2023	2022		2023	2022	2023	2022
(US Dollar in '000)			(Rupees in '000)			
2,090	48	Profit after taxation for the period	347,137	(117,840)	597,414	13,713
		Other comprehensive income				
		Items that may be reclassified to profit and loss account in subsequent periods:				
(2,585)	(146)	Movements in (deficit) / surplus on revaluation of debt investments through FVOCI-net of tax	(118,673)	(45,027)	(739,310)	(41,749)
		Items that will not be reclassified to profit and loss account in subsequent periods:				
(128)	-	Movement in surplus on revaluation of property and equipment - net of tax	(32,902)	-	(36,641)	-
-	(23)	Movement in surplus on revaluation of non-banking assets- net of tax	-	(5,995)	-	(6,661)
(128)	(23)		(32,902)	(5,995)	(36,641)	(6,661)
(623)	(121)	Total comprehensive income	195,562	(168,862)	(178,537)	(34,697)
(623)	(121)	ATTRIBUTABLE TO:				
-	-	Shareholders of the holding company	195,541	(168,869)	(178,558)	(34,621)
(623)	(121)	Non-controlling interest	21	7	21	(76)
(623)	(121)		195,562	(168,862)	(178,537)	(34,697)

The annexed notes from 1 to 44 form an integral part of these consolidated condensed interim financial statements.



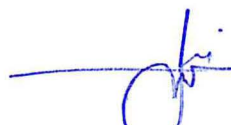
Managing Director/
Chief Executive Officer



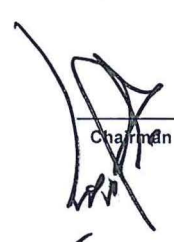
Chief Financial Officer



Director



Director



Chairman


Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Changes In Equity (Un-Audited)
For the half year ended 30 June 2023


	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
				Investments	Property and equipment / Non banking assets				
(Rupees in '000)									
Opening balance as at 01 January 2022	6,150,000	1,543,895	311,630	(96,992)	95,942	456,490	8,460,965	1,914	8,462,879
Profit after taxation	-	-	-	-	-	13,789	13,789	(76)	13,713
Other comprehensive income / (loss) - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(41,749)	-	-	(41,749)	-	(41,749)
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(6,661)	-	(6,661)	-	(6,661)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(6,661)	-	(6,661)	-	(6,661)
Total comprehensive income - net of tax	-	-	-	(41,749)	(6,661)	-	(48,410)	-	(48,410)
Transfer to statutory reserve	-	5,150	-	-	-	(5,150)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	483	483	-	483
Transaction with owners recorded directly in equity									
Final cash dividend - 31 December 2021 declared subsequent to the year end (Rs. 0.60 per share)	-	-	-	-	-	(369,000)	(369,000)	-	(369,000)
Opening balance as at 01 July 2022	6,150,000	1,549,045	311,630	(138,741)	89,281	96,612	8,057,827	1,838	8,059,665
Profit after taxation	-	-	-	-	-	391,990	391,990	679	392,669
Other comprehensive income / (loss) - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(213,231)	-	-	(213,231)	-	(213,231)
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	243,773	-	243,773	-	243,773
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	(9,019)	(9,019)	-	(9,019)
Total comprehensive income - net of tax	-	-	-	(213,231)	243,773	(9,019)	21,523	-	21,523
Transfer to statutory reserve	-	61,614	-	-	-	(61,614)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	5,407	5,407	-	5,407
Further acquisition in subsidiary	-	-	-	-	-	-	-	(1,250)	(1,250)
Opening balance as at 01 January 2023	6,150,000	1,610,659	311,630	(351,972)	333,054	423,376	8,476,747	1,267	8,478,014
Impact of adopting IFRS 9 - Note 3	-	-	-	167,440	-	(788,335)	(620,895)	-	(620,895)
Profit after taxation	-	-	-	-	-	597,393	597,393	21	597,414
Other comprehensive income / (loss) - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	(739,310)	-	-	(739,310)	-	(739,310)
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	(36,641)	-	(36,641)	-	(36,641)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income - net of tax	-	-	-	(739,310)	(36,641)	-	(775,951)	-	(775,951)
Transfer from general reserve	-	-	(311,630)	-	-	311,630	-	-	-
Transfer to statutory reserve	-	127,613	-	-	-	(127,613)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	5,056	5,056	-	5,056
Transaction with owners recorded directly in equity									
Final cash dividend - 31 December 2022 declared subsequent to the year end (Rs. 0.50 per share)	-	-	-	-	-	(307,500)	(307,500)	-	(307,500)
Closing balance as at 30 June 2023	6,150,000	1,738,272	-	(923,842)	296,413	114,007	7,374,850	1,288	7,376,138

The annexed notes from 1 to 44 form an integral part of these consolidated condensed interim financial statements.


Managing Director/
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended 30 June 2023

30 June 2023	30 June 2022		30 June 2023	30 June 2022
(US Dollar in '000)			(Rupees in '000)	
2,906	193	CASH FLOW FROM OPERATING ACTIVITIES		
-	(5)	Profit before taxation	830,825	55,048
2,906	188	Less: Dividend income	-	(1,310)
			830,825	53,738
		Adjustments:		
107	77	Depreciation	30,685	21,909
45	44	Depreciation on right-of-use assets	12,827	12,598
1	-	Amortization	200	66
50	142	Credit loss / (reversal) allowance and write offs - net	14,291	40,703
(16)	(8)	Gain on sale of property and equipment - net	(4,571)	(2,405)
(186)	(267)	Share of (profit) from associates - net of tax	(53,131)	(76,499)
23	35	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	6,657	10,032
2	1	Finance charges on leased assets	496	251
41	17	Unrealised loss / (gain) on revaluation of investments classified as held-for-trading	11,644	4,925
67	41		19,098	11,580
2,973	229		849,923	65,318
		(Increase) / Decrease in operating assets		
16,905	(5,215)	Lendings to financial institutions	4,834,588	(1,491,474)
32,021	(13,412)	Securities classified as FVPL	9,157,816	(3,835,656)
(3,831)	683	Advances	(1,095,660)	195,205
8,882	(2,304)	Other assets (excluding advance taxation)	2,540,115	(659,058)
53,977	(20,248)		15,436,859	(5,790,983)
		Increase / (decrease) in operating liabilities		
-	-	Bills payable	-	-
1,374,164	42,168	Borrowings	392,997,977	12,059,624
(677)	(3,887)	Deposits	(193,575)	(1,111,564)
(7,555)	2,359	Other liabilities (excluding current taxation)	(2,160,706)	674,943
1,365,932	40,640		390,643,696	11,623,003
1,422,882	20,621		406,930,478	5,897,338
(4,879)	(1,309)	Income tax paid	(1,395,367)	(374,247)
1,418,003	19,312	Net cash flow generated from operating activities	405,535,111	5,523,091
		CASH FLOW FROM INVESTING ACTIVITIES		
(1,422,657)	(21,965)	Net investments in securities classified as FVOCI	(406,866,248)	(6,281,759)
-	-	Net investments in amortized cost securities	-	-
61	2,215	Investments in associates	17,371	633,470
-	29	Dividend received	-	8,265
(443)	(26)	Investments in property and equipment	(126,827)	(7,492)
33	50	Proceeds from sale of property and equipment	9,537	14,391
(1,423,006)	(19,697)	Net cash flow from / (used in) investing activities	(406,966,167)	(5,633,125)
		CASH FLOW FROM FINANCING ACTIVITIES		
(3)	(2)	Payments of lease obligations	(915)	(652)
(80)	(6)	Payments of lease liability against right-of-use assets	(22,857)	(1,853)
(538)	(1,275)	Dividend paid	(153,750)	(364,500)
(621)	(1,283)	Net cash flow (used in) financing activities	(177,522)	(367,005)
(5,624)	(1,668)	(Decrease) / increase in cash and cash equivalents	(1,608,578)	(477,039)
6,894	5,820	Cash and cash equivalents at beginning of the period	1,971,733	1,664,405
1,270	4,152	Cash and cash equivalents at end of the period	363,155	1,187,366

The annexed notes from 1 to 44 form an integral part of these consolidated condensed interim financial statements.




Managing Director/
Chief Executive Officer

Chief Financial Officer



Director



Director



Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For the half year ended 30 June 2023

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

1.1.1 Holding Company

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding company was converted into a public company. The Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives inter alia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The holding company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The holding 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.

1.1.2 Subsidiary Company

Pak-Oman Asset Management Company Limited (the "subsidiary company" or "POAMCL") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 on 28 July 2006 as an unlisted public limited company having its registered office at Icon House, 83-C, 12th Commercial Street Phase- II Extension, DHA Karachi, Pakistan. POAMCL obtained certificate of commencement of business on 31 October 2006. The principal activities of the subsidiary company includes investment advisory and asset management services.

In 2017, the subsidiary company had purchased 100% shares of Askari Investment Management Limited and accordingly two funds of Askari Investment Management Limited are now under the management of the subsidiary company.

1.2 The Group's associates are as follows:

Entity	Country of Incorporation	Nature of business	Holding %	
			30-Jun-23	31-Dec-22
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	14.35	31.01
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	94.76	38.41
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.61	99.58
Pak Oman Income Fund (Formerly Pak Oman Government Securities Fund)	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	7.06	4.79
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	3.69	11.55
Askari Cash Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	9.22	3.02
Pak Oman Daily Dividend Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	71.69	53.10
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29

2. BASIS OF PREPARATION

These consolidated condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 09 February 2023.

The group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on going concern basis.

2.1 STATEMENT OF COMPLIANCE

These consolidated 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 as applicable in Pakistan for interim financial reporting comprise of:

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

The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 2 of 2023 dated 09 February 2023 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022.

These consolidated condensed interim financial statements are separate financial statements of the Company in which the investments in subsidiary and associates are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees (equity method) which is incorporated in the consolidated financial statements of the Company.

SBP has deferred the applicability of International Accounting Standards IAS 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions.

These consolidated condensed interim financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

The US dollar amounts shown in the consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollars at a rate of Rs.285.9905= 1 US dollar for the half year ended 30 June 2023 and the corresponding period.

2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period:

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not 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 standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied in annual audited financial statements for the year ended December 31, 2022, except that the classification, recognitions, measurement and impairment of financial instruments are now accounted for under IFRS 9 Financial Instruments.

On 1 January 2023, the holding Company adopted IFRS 9 Financial Instruments. IFRS 9 introduces requirements for:

- Classification and measurement of financial instruments; and
- Recognition and measurement of credit impairment provisions.

The Company has not restated comparative information. This primarily impacts provisioning of financial assets which is determined on an expected credit loss basis under IFRS 9, however the provisioning is recorded higher of amount determined under IFRS 9 and the prudential regulations requirements of SBP.

The Company has recorded net expected credit loss of Rs 788 million which was adjusted against retained earnings. The Company also recorded net increase in equity of Rs 167 million due to reclassification of investments from Available For Sale to Fair Value through Other Comprehensive Income. The new IFRS 9 accounting policies are stated in the note 7 Credit impairment, note 7 Financial instruments. Financial Assets and Liabilities in accordance with IFRS 9 have been presented in note 36 to the Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

The adoption of IFRS 9 resulted in following:

Rupees in '000

Equity

As at December 31, 2022

8,478,014

IFRS 9 impact

Credit loss allowances

(1,176,619)

Reclassification adjustments in relation to adopting IFRS 9

249,910

Related deferred tax impact

305,814

(620,895)

As at January 01, 2023 - restated

7,857,119

Balances with other banks

As at December 31, 2022

1,625,259

IFRS 9 impact

Credit loss allowances

(1,185)

As at January 01, 2023 - restated

1,624,074

Investments

As at December 31, 2022

125,433,755

IFRS 9 impact

Credit loss allowances

(20,072)

Reclassification adjustments in relation to adopting IFRS 9

249,910

229,838

As at January 01, 2023 - restated

125,663,593

Advances

As at December 31, 2022

19,420,996

IFRS 9 impact

Credit loss allowances

(1,150,618)

As at January 01, 2023 - restated

18,270,378

Other liabilities

As at December 31, 2022

2,691,873

IFRS 9 impact

Credit loss allowances

4,744

As at January 01, 2023 - restated

2,696,617

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2022 except for changes due to adoption of IFRS-9 as provided in the note 3, 4 and 7 to the Financial Statements.

5 FINANCIAL RISK MANAGEMENT

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

6 FINANCIAL INSTRUMENTS

The Company classifies its financial assets into the following categories: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. Financial liabilities are classified as amortised cost. Management determines the classification of its financial assets and liabilities at initial recognition of the instrument or, where applicable, at the time of reclassification.

6.1 Financial assets held at amortised cost and fair value through other comprehensive income

Debt instruments held at amortised cost or held at fair value through other comprehensive income (FVOCI) have contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows have SPPI characteristics, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

Contingent events that would change the amount and timing of cash flows;

- Leverage features
- Prepayment and extension terms
- Terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Company manages financial assets to generate cash flows.

The Company makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management. Factors considered include:

- How the performance of the product business line is evaluated and reported to the Company's management.
- How managers of the business model are compensated, including whether management is compensated based on the fair value of assets or the contractual cash flows collected;
- The risks that affect the performance of the business model and how those risks are managed; and

6.1.1 BUSINESS MODEL ASSESSMENT

The Company's business model assessment is as follows:

Business model	Business objective	Characteristics	Businesses	Products
Hold to collect	Intent is to originate financial assets and hold them to maturity, collecting the contractual cash flows over the term of the instrument	<ul style="list-style-type: none"> - Providing financing and originating assets to earn interest income as primary income stream. - Performing credit risk management activities - Cost to include funding cost, transaction cost and impairment losses. 	- Corporate Lending	<ul style="list-style-type: none"> - Loans and advances - Debt securities
Hold to collect and sell	Business objective met through both hold to collect and by selling financial assets	<ul style="list-style-type: none"> - Portfolios held for liquidity needs; or where a certain interest yield profile is maintained; or that are normally rebalanced to achieve matching of duration of assets and liabilities - Income streams come from interest income, fair value changes and impairment losses. 	- Treasury	- Debt securities
Fair value through profit or loss	All other business All other business and managing financial assets on a fair value basis.	<ul style="list-style-type: none"> - Assets that are originated, purchased, and sold for profit taking. - Performance of the portfolio is evaluated on a fair value basis. - Income streams are from fair value changes or trading gains or losses 	- Treasury	- Trading portfolios

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows (hold to collect) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (Hold to collect and sell) are classified as held at FVOCI.

Both a hold to collect business model and a hold to collect and sell business model involve holding financial assets to collect the contractual cash flows. However, the business models are distinct by reference to the frequency and significance that asset sales play in meeting the objective under which a particular group of financial assets is managed. Hold to collect business models are characterised by asset sales that are incidental to meeting the objectives under which a group of assets is managed. Sales of assets under a hold to collect business model can be made to manage increases in the credit risk of financial assets but sales for other reasons should be infrequent or insignificant.

Cash flows from the sale of financial assets under a hold to collect and sell business model, by contrast, are integral to achieving the objectives under which a particular group of financial assets are managed. This may be the case where frequent sales of financial assets are required to manage the liquidity requirements or to meet regulatory requirements to demonstrate liquidity of financial instruments. Sales of assets under hold to collect and sell business models are therefore both more frequent and more significant in value than those under the hold to collect model.

6.2 Equity instruments designated as held at FVOCI

Company may elects to classify irrevocably its non-trading equity instrument equity investments acquired for strategic purposes as held at FVOCI. Dividends received are recognised in profit or loss. Gains and losses on these equity instruments are recognised directly in equity and are never recycled to profit and loss.

6.3 Financial assets and liabilities held at fair value through profit or loss

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss.

6.4 Financial liabilities held at amortised cost

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

6.5 Initial recognition

Purchases and sales of financial assets and liabilities are initially recognised on the settlement date. All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

6.6 Subsequent measurement**6.6.1 Financial assets and financial liabilities held at amortised cost**

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest method.

6.6.2 Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in a separate component of equity. Changes in expected credit losses are recognised in the profit or loss and are accumulated in equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to the profit or loss.

Equity investments designated at FVOCI are subsequently carried at fair value with all unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in a separate component of equity. On derecognition, the cumulative reserve is transferred to retained earnings and is not recycled to profit or loss.

6.6.3 Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the profit or loss.

6.7 Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss except for equity instruments elected FVOCI.

Financial liabilities are derecognised when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expires.

7 IMPAIRMENT

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets from Prudential Regulations issued by SBP with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVPL or FVOCI.

7.1 Expected credit losses

Expected credit losses are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

7.2 Measurement

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information that is forward looking. The estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

7.3 Staging of financial instruments

Financial instruments that are not already credit-impaired are originated into stage 1 and a 12-month expected credit loss provision is recognized.

Instruments will remain in stage 1 until they are repaid, unless they experience significant credit deterioration (stage 2) or they become credit-impaired (stage 3).

Instruments will transfer to stage 2 and a lifetime expected credit loss provision recognised when there has been a significant change in the credit risk compared with what was expected at origination.

Forward-looking economic assumptions are incorporated where relevant and where they influence credit risk, such as GDP growth rates, interest rates, Consumer price Index among others. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally.

7.4 Probability of default (PD)

The probability at a point in time that a counterparty will default, calibrated over up to 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as GDP forecasts, Exports and Consumer price Index. The PD is estimated at a point in time that means it will fluctuate in line with the economic cycle. The term structure of the PD is based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.

7.5 Loss given default (LGD)

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the Company expects to receive.

7.6 Exposure at default (EAD)

The estimates of LGD are based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

The expected balance sheet exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments, together with the impact of forward-looking economic assumptions where relevant.

7.7 Recognition

Stage 1: 12 months expected credit losses

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

Stage 2: Significant increase in credit risk

If a financial asset experiences a significant increase in credit risk (SICR) since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

The Company considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject borrower. 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 60 days past due.

Stage 3: Credit impaired (or defaulted) exposures

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The Company uses a PD of 100% and LGD is used as per SBP instructions. Therefore, the stage 3 provisions are aligned with regulatory requirements.

Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. Under IFRS 9, the Company's accounting policy for taking benefit of collateral assigned to it through its lending arrangements is to consider liquid collateral only. Due to the complexities involved in the regarding non-liquid collateral realization and lack of historical experience to demonstrate recoveries through realization of such collaterals, a hair cut of 100% was used for non-liquid collaterals.

7.8 Forborne loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

		(Un-audited) 30 June 2023	(Audited) 31 December 2022
	Note	(Rupees in '000)	
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		166	145
foreign currency		408	324
		574	469
With State Bank of Pakistan in			
Local currency current account	8.1	337,772	345,716
With National Bank of Pakistan in			
Local currency current account		1,643	289
Less: Credit loss allowance held against cash and balances with treasury banks		-	
		<u>339,989</u>	<u>346,474</u>
8.1	This represent the amount required to be maintained by the holding company in accordance with the SBP's Regulations.		
9. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		2,803	11,729
In deposit accounts	9.1	2,961	1,602,284
		<u>5,764</u>	<u>1,614,013</u>
Outside Pakistan:			
In current accounts		17,402	11,246
Reclassification of mark up receivable from other assets on adoption of IFRS 9		-	-
Less: Credit loss allowance held against balances with other banks		(1,070)	-
		<u>22,096</u>	<u>1,625,259</u>
9.1	These include term deposit receipts (TDRs) of (2022: Rs. 1,600 million) maturing in (2022: January 2023 to February 2023). These carry mark-up rates (2022: 16.50% to 17.75%) per annum.		
10. LENDINGS TO FINANCIAL INSTITUTIONS			
Placements		-	-
Repurchase agreement lendings (Reverse Repo)		300,269	5,135,762
Reclassification of mark up receivable from other assets on adoption of IFRS 9		905	-
Less: Credit loss allowance held against lending to financial institutions		-	-
		<u>301,174</u>	<u>5,135,762</u>

11 INVESTMENTS

	30 June 2023 (Unaudited)					31 December 2022 (Audited)			
	Cost / Amortised Cost	Credit loss allowances	Surplus / (deficit)	Reclassification of mark up receivable from other assets on adoption of IFRS 9	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
----- (Rupees in '000) -----									
11.1 Investments by types									
Held-for-trading securities									
Federal Government securities	9,238,218	-	(7,605)	85,888	9,316,501	18,481,922	-	4,039	18,485,961
Non-Government debt securities	-	-	-	-	-	-	-	-	-
	9,238,218	-	(7,605)	85,888	9,316,501	18,481,922	-	4,039	18,485,961
Available-for-sale securities									
Federal Government securities	506,772,843	-	(1,798,219)	3,307,885	508,282,509	103,425,370	-	(547,378)	102,877,992
Shares	346,266	(111,717)	249,910	-	484,459	346,266	(111,717)	-	234,549
Non-Government debt securities	3,630,390	(423,605)	33,815	126,056	3,366,656	3,545,556	(399,254)	22,047	3,168,349
	510,749,499	(535,322)	(1,514,494)	3,433,941	512,133,624	107,317,192	(510,971)	(525,331)	106,280,890
Associates	625,099	-	-	-	625,099	666,904	-	-	666,904
Total Investments	520,612,816	(535,322)	(1,522,099)	3,519,829	522,075,224	126,466,018	(510,971)	(521,292)	125,433,755

11.1.1 Investments given as collateral

	30 June 2023 (Unaudited)				31 December 2022 (Audited)			
	Cost / Amortised Cost	Credit loss allowances	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities								
- Pakistan Investment Bonds	70,990,861	-	(1,134,395)	69,856,466	50,425,230	-	(401,555)	50,023,675
- Market treasury bills	432,493,742	-	(595,114)	431,898,628	53,312,305	-	13,850	53,326,155
	<u>503,484,603</u>	-	<u>(1,729,509)</u>	<u>501,755,094</u>	<u>103,737,535</u>	-	<u>(387,705)</u>	<u>103,349,830</u>
Shares								
- Listed companies	-	-	-	-	-	-	-	-
- Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	<u>226,000</u>	-	-	<u>226,000</u>	<u>226,000</u>	-	-	<u>226,000</u>
Total investments	<u>503,710,603</u>	-	<u>(1,729,509)</u>	<u>501,981,094</u>	<u>103,963,535</u>	-	<u>(387,705)</u>	<u>103,575,830</u>

(Un-audited)
Half year ended
30 June
2023

(Audited)
Year ended
31 December
2022

(Rupees in '000)

11.2 Credit loss allowances for diminution in value of investments

11.2.1 Opening balance	510,971	506,918
Impact of adopting IFRS 9	20,072	
Charges / reversals		
Charge for the year	11,179	14,144
Reversals for the year	(6,900)	(10,091)
	4,279	4,053
Transfers - net	-	-
Amounts written off	-	-
Closing balance	<u>535,322</u>	<u>510,971</u>

11.2.2 Particulars of credit loss allowances against debt securities

Category of classification	30 June 2023		31 December 2022 (Audited)	
	NPI	Provision	NPI	Provision
(Rupees in '000)				
Domestic				
Performing	Stage 1	2,965,568	6,546	-
Underperforming	Stage 2	219,851	17,705	-
Non-performing	Stage 3	-	-	-
Other assets especially mentioned		-	-	-
Substandard		-	-	-
Doubtful		-	-	-
Loss		444,971	444,971	399,254
Total		<u>3,630,390</u>	<u>423,605</u>	<u>399,254</u>

This does not include investment in Government securities as it is exempt from ECL.

11.2.3 In accordance with SBP guideline on IFRS-9 and SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Company has availed the benefit of FSV against the non-performing investments. As of 30 June 2023, the holding Company has availed total accumulated FSV benefit amounting NIL (2022: Rs. 25 million, net of tax Rs. 17 million). Accordingly, accumulated profit NIL (2022: Rs.17 million, net of transfer to statutory reserves Rs.14 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding Company as required by the aforementioned SBP directives.

11.2.4 The Group does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

12 ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	17,794,060	17,821,388	2,332,729	2,225,121	20,126,789	20,046,509
Margin trading	538,595	228,927	-	-	538,595	228,927
Advances - Gross	18,332,655	18,050,315	2,332,729	2,225,121	20,665,384	20,275,436
Reclassification of mark up receivable from other assets on adoption of IF	705,712	-	-	-	705,712	-
Credit loss allowance against advances						
Stage 1	27,711	-	-	-	27,711	-
Stage 2	251,278	-	-	-	251,278	-
Stage 3	-	-	1,736,026	854,440	1,736,026	854,440
	278,989	-	1,736,026	854,440	2,015,015	854,440
Advances - net of credit loss allowance	18,759,378	18,050,315	596,703	1,370,681	19,356,081	19,420,996

12.1 Particulars of advances (Gross)

	30-Jun-23	31-Dec-22
In local currency	20,665,384	20,275,436
In foreign currencies	-	-
	20,665,384	20,275,436

12.2 Advances include Rs. 2,333 million (2022: Rs 2,225 million) which have been placed under the non-performing / Stage 3 status as detailed below:

Category of Classification	30 June 2023		31 December 2022 (Audited)	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	193,630	128,654	197,210	-
Substandard	165,206	109,768	750,000	77,183
Doubtful	271,111	180,135	334,728	9,944
Loss	1,702,782	1,317,469	943,183	767,313
	2,332,729	1,736,026	2,225,121	854,440

12.3 Particulars of credit loss allowance against advances

	Half year ended 30 June 2023			Year ended 31 December 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
Charge for the year	6,281	88,165	117,936	212,382	117,732	-	117,732
Reversals	(4,335)	(145,678)	(52,412)	(202,425)	(12,389)	(210)	(12,599)
	1,946	(57,513)	65,524	9,957	105,343	(210)	105,133
Amounts written off	-	-	-	-	-	-	-
Closing balance	27,711	251,278	1,736,026	2,015,015	854,440	-	854,440

12.4 In accordance with SBP guideline on IFRS-9 and BPRD Circular No. 6 dated June 26, 2014 issued by the SBP, As of 30 June 2023 The holding Company has availed total accumulated FSV benefit amounting NIL (2022: Rs. 429 million, net of tax Rs. 288 million). Accordingly, accumulated profit NIL (2022: Rs 288 million, net of transfer to statutory reserves Rs. 230 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding Company as required by the aforementioned SBP directives.

12.5 Advances - Particulars of credit loss allowance

	(Un-audited)				(Audited)		
	30 June 2023			Total	31 December 2022		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	(Rupees in '000)						
Opening balance	-	-	854,440	854,440	749,097	210	749,307
Impact of adopting IFRS 9	25,765	308,791	816,062	1,150,618	-	-	-
New Advances	2,080	-	-	2,080	-	-	-
Advances derecognised or repaid	(34)	(425)	(51,018)	(51,477)	-	-	-
Transfer to stage 1	876	(2,607)	-	(1,731)	-	-	-
Transfer to stage 2	(1,933)	17,694	-	15,761	-	-	-
Transfer to stage 3	-	(27,394)	109,767	82,373	-	-	-
	989	(12,732)	58,749	47,006	-	-	-
Amounts written off / charged off	-	-	-	-	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Other changes	957	(44,781)	6,775	(37,049)	105,343	(210)	105,133
Closing balance	27,711	251,278	1,736,026	2,015,015	854,440	-	854,440

12.6 Category of Classification

	30 June 2023		31 December 2022 (Audited)	
	Outstanding Amount	Credit loss allowance	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Performing	14,223,740	27,711	-	-
Underperforming	4,108,915	251,278	-	-
Non-performing	-	-	-	-
Other Assets Especially Mentioned	193,630	128,654	197,210	-
Substandard	165,206	109,768	750,000	77,183
Doubtful	271,111	180,135	334,728	9,944
Loss	1,702,782	1,317,469	943,183	767,313
	20,665,384	2,015,015	2,225,121	854,440

	(Un-audited) 30 June 2023 ----- (Rupees in '000) -----	(Audited) 31 December 2022
13 PROPERTY AND EQUIPMENT		
Capital work-in-progress	-	-
Office premises	689,444	708,245
Vehicles, equipment and Furniture and fixtures	174,541	66,226
	<u>863,985</u>	<u>774,471</u>
	(Un-Audited) 30 June 2023	(Un-Audited) 30 June 2022
	----- (Rupees in '000) -----	
13.1 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work in progress	-	-
Vehicles, equipment and Furniture and fixtures		
Improvements	3,801	-
Office equipment	575	-
Computer equipment	1,735	3,642
Furniture and fixture	1,400	250
Vehicles	119,316	3,600
	<u>126,827</u>	<u>7,492</u>
Total	<u>126,827</u>	<u>7,492</u>
13.2 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Improvements	3,046	-
Office equipment	-	412
Furniture and fixture	80	872
Vehicles	1,840	10,702
Total	<u>4,966</u>	<u>11,986</u>
	(Un-audited) 30 June 2023	(Audited) 31 December 2022
	(Rupees in '000)	
14 RIGHT-OF-USE-ASSETS		
As at January 01,		
Cost	176,476	176,476
Accumulated depreciation	(74,630)	(52,792)
Net Carrying amount at January 01,	<u>101,846</u>	<u>123,684</u>
Additions during the year	7,753	-
Deletions during the year	(9,753)	-
Depreciation Charge for the year	(11,165)	(21,838)
Net Carrying amount	<u>88,681</u>	<u>101,846</u>
15 INTANGIBLE ASSETS		
Computer Software	55	255
Goodwill	96,304	96,304
	<u>96,359</u>	<u>96,559</u>

	(Un-audited) 30 June 2023 ----- (Rupees in '000) -----	(Audited) 31 December 2022
16 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Credit loss allowance against investments	208,775	168,620
Assets subject to finance leases	(106)	(136)
Amortisation of premium on Federal Government Securities	2,142	4,057
Credit loss allowance against advances	785,856	281,965
Credit loss allowance against off-balance sheet	1,916	-
Credit loss allowance against balances with other banks	417	-
Credit loss allowance against lending to FIs	-	-
Revaluation on investments classified as FVTOCI	590,652	173,359
Revaluation on investments classified as FVTPL	2,966	(1,333)
Net investment in finance leases	57,145	45,130
Accumulated tax losses - POAMCL	35,886	35,886
	1,685,649	707,548
Taxable Temporary Differences on		
Accelerated tax depreciation allowances	23,248	16,007
Revaluation on Non-banking assets	-	-
Revaluation on fixed assets	(155,924)	(135,037)
Dividend receivable	(19,391)	-
	(152,067)	(119,030)
	1,533,582	588,518
17 OTHER ASSETS		
Income/ Mark-up accrued in local currency - net of provision	-	2,194,746
Dividend income receivable	77,565	-
Mark-up / profit receivable on purchase of securities	-	363,277
Security deposits	4,780	4,920
Prepayments	47,180	13,773
Receivable against sale of investments	-	-
Taxation	2,376,704	1,385,820
Receivable from funds under management and investment advisory clients	88,821	86,732
Others	4,542	21,990
	2,599,592	4,071,258
Less: Provision held against other assets	-	-
Other assets (net of provisions)	2,599,592	4,071,258
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
	2,599,592	4,071,258

		(Un-Audited) 30 June 2023	(Audited) 31 December 2022
18	BORROWINGS		
		(Rupees in '000)	
	Secured		
	Borrowings from the State Bank of Pakistan:		
	- Long term financing facility (LTFF)	2,339,291	2,595,426
	- Financing Power Plants Using Renewable Energy (REF)	259,726	274,253
	- Financing Facility for Storage of Agricultural Produce (FFSAP)	32,692	36,539
	- Temporary Economic Refinance Facility (TERF)	214,190	208,186
	Repurchase agreement borrowings	483,452,254	104,263,504
	Long term borrowings	5,404,167	4,691,667
	Short term borrowing	15,012,002	94,887
	Bai Muajjal	-	4,000,718
	Total secured	506,714,322	116,165,180
	Unsecured		
	Placements	3,000,000	-
	Murabaha financing	8,983,938	16,735,795
	Total unsecured	11,983,938	16,735,795
	Reclassification of mark up payable from other liabilities on adoption of IFRS 9	7,200,692	-
		525,898,952	132,900,975
19	DEPOSITS AND OTHER ACCOUNTS		
		30 June 2023 (Unaudited)	31 December 2022 (Audited)
		In local currency	Total
		In local currency	Total
		----- (Rupees in '000) -----	
	Certificates of investment		
	Financial institutions	2,142,000	2,142,000
	Others	10,731,876	10,731,876
		12,873,876	12,873,876
	Reclassification of mark up payable from other liabilities on adoption of IFRS 9	453,446	-
		13,327,322	13,520,897
		13,327,322	13,520,897
		(Un-Audited) 30 June 2023	(Audited) 31 December
		(Rupees in '000)	
20	LEASE LIABILITIES		
	Outstanding amount at the start of the year	3,139	3,935
	Additions during the year	-	-
	Lease payments including interest	(915)	(1,463)
	Interest expense	496	667
	Outstanding amount	2,720	3,139
20.1	Liabilities outstanding		
	Not later than one year	913	872
	Later than one year and upto five years	1,807	2,267
		2,720	3,139

The holding company has entered into lease agreement with a financial institution for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 9.17% (2022: 9.17%) per annum. At the end of lease term, the holding company has option to acquire the assets, subject to adjustment of security deposit.

		(Un-Audited) 30 June 2023	(Audited) 31 December 2022
21	OTHER LIABILITIES		(Rupees in '000)
	Mark-up/ Return/ Interest payable in local currency	-	2,164,548
	Accrued expenses	132,885	80,233
	Dividend payable	153,750	-
	Staff gratuity	-	13,643
	Security deposits against investment in finance leases	112,982	125,544
	Sales tax and federal excise duty payable	98,832	83,688
	Lease liability against right-of-use assets	113,941	137,894
	Credit loss allowances against off-balance sheet obligations	4,914	
	Others	54,327	86,323
		671,631	2,691,873
22	SHARE CAPITAL		
22.1	Authorized Capital		
		(Unaudited) 30-Jun-23 (Number of shares)	(Audited) 31-Dec-22 (Rupees in '000)
		1,000,000,000	1,000,000,000
	Ordinary shares of Rs.10 each		10,000,000
22.2	Issued, subscribed and paid-up		
		30-Jun-23	31-Dec-22
			30-Jun-23
			31-Dec-22
	Ordinary shares of Rs. 10 each		
	600,000,000	600,000,000	- Fully paid in cash
	15,000,000	15,000,000	- Issued as bonus shares
	615,000,000	615,000,000	6,000,000
			150,000
			6,150,000
22.3	The Ministry of Finance on behalf of the Government of Pakistan and Sultanate of Oman through Oman Investment Authority each holds 307,495,900 (2022: 307,495,900) ordinary shares of the Company, while 4,100 (2022: 4,100) ordinary shares each are held by Secretary – Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.		
23	(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
	Surplus on revaluation of		
	- Securities measured at FVOCI-Debt	(1,764,404)	(525,331)
	- Securities measured at FVOCI-Equity	249,910	-
	- Property and equipment	485,923	497,095
	- Non-banking assets acquired in satisfaction of claims	-	-
		(1,028,571)	(28,236)
	Deferred tax on surplus on revaluation of:		
	- Securities measured at FVOCI-Debt	688,117	173,359
	- Securities measured at FVOCI-Equity	(97,465)	-
	- Property and equipment	(189,510)	(164,041)
	- Non-banking assets acquired in satisfaction of claims	-	-
		401,142	9,318
		(627,429)	(18,918)

24	CONTINGENCIES AND COMMITMENTS	Note	(Un-Audited)	(Audited)
			30 June 2023	31 December 2022
			(Rupees in '000)	
Transaction related contingent liability:				
	Standby letter of credit		1,014,048	797,255
	Pledge of shares on behalf of Japan Power Generation Limited	24.1	70,726	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	24.2	226,000	226,000
Commitments for:				
	Purchase of Government securities		252,999	13,559
	Sale of Government securities		1,773,669	16,062
	Commitments for advances and net investment in finance leases		845,698	1,108,268
	Workers' Welfare Fund		161,471	161,471

24.1 Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2022: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

24.2 Investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.

24.3 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Company filed a Constitutional Petition in Sindh High Court challenging the applicability of the Act to the Company on the grounds including being a trans-provisional organisation and inclusion of Financial Services under the definition of Industrial Undertakings. The Sindh High Court has granted an interim relief. The petition is pending with Sindh High Court and management is of the view that the possibility of an outflow of an economic resource is remote therefore, no provision is required to be maintained.

24.4 Pak Oman Asset Management Company Limited

In year 2007, the Pak Oman Asset Management Company Limited ("POAMCL" or "the Company") had launched POBOP Advantage Plus Fund (the Fund) under the capital subscription and fee sharing agreement with The Bank of Punjab (BOP). BOP had subscribed five million core units and ten million non-core units of the aggregate face value of Rs. 250 million and Rs. 500 million respectively. During year 2011 the management rights of the Fund were transferred to another asset management company.

In 2013, BOP filed a suit against the POAMCL before the Honorable High Court of Sindh claiming damages of Rs. 100.4 million in respect of the alleged losses suffered by BOP due to non-honoring of its redemption requests by POAMCL in year 2009 allegedly violating the NBFC regulations and provisions of the trust deed.

The legal advisor of POAMCL has opined that the suit is based on factual inconsistencies and POAMCL has sound defense on legal grounds. During the year ended 31 December 2015, POAMCL had also lodged a counter claim of Rs. 250 million against BOP for damaging the image and reputation of POAMCL.

During the years ended 31 December 2013 and 2014 two former employees of the merged entity served notices to the Company and its former Chief Executive Officer. The employees demanded Rs. 28.5 million for defamation and Rs. 0.723 million against settlement of outstanding dues. Later, the employees also filed cases in the Court of District Judge South at Karachi. The legal advisors of the Company are of the view that although the outcome of the case appears to be favourable, the Company's chances of success cannot currently be determined due to the inherently uncertain nature of the litigation. Furthermore, the management expects that an insignificant amount will be required to settle these cases. Accordingly, provision to the extent of Rs. 0.489 million has been recognised on account of settlement of outstanding dues while no provision has been recognised in respect of defamation claim in the consolidated condensed interim financial statements for the half year ended 30 June 2023

		(Un-Audited)	
		Half year ended	
		30 June 2023	30 June 2022
		(Rupees in '000)	
25	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) On loans and advances	1,592,199	926,296
	b) On investments	22,259,970	5,796,008
	c) On lendings to financial institutions	810,941	249,960
	d) On balances with banks	71,151	75,883
		24,734,261	7,048,147
26	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	a) Deposits	1,064,791	635,125
	b) Borrowings	22,515,623	6,163,787
	c) Lease liability against right-of-use assets	6,657	10,032
		23,587,071	6,808,944
27	FEE AND COMMISSION INCOME		
	Credit related fees	14,468	26,405
	Investment banking fees	10,874	6,475
	Commission on guarantees	1,510	1,907
	Underwriting commission of Government securities auction	-	18,943
	Remuneration from funds under management	31,410	17,963
	Fee from investments advisory services	-	207
		58,262	71,900
28	GAIN ON SECURITIES		
	Realised	39,346	59,946
	Unrealised - held for trading	(11,644)	(4,925)
		27,702	55,021
28.1	Realised gain on:		
	Federal Government Securities	37,747	51,811
	Non Government debt securities	1,599	320
	Mutual funds	-	-
	Shares	-	7,815
		39,346	59,946
29	OTHER INCOME		
	Gain on sale of property and equipment - net	4,571	2,405
	Rent on property	11,107	3,831
	Utilization of Fixtures	-	-
	Front end load	-	-
	Others	1,439	5,500
		17,117	11,736

30	OPERATING EXPENSES	(Un-Audited)	
		Half year ended	
		30 June 2023	30 June 2023
		(Rupees in '000)	
	Total compensation expense	305,063	223,474
	Property expense		
	Utilities cost	5,093	3,210
	Security (including guards)	794	614
	Repair & maintenance (including janitorial charges)	8,330	6,222
	Depreciation on right-of-use assets	12,827	12,598
	Depreciation	18,803	1,053
		45,847	23,697
	Information technology expenses		
	Software maintenance	693	421
	Hardware maintenance	677	287
	Depreciation	1,537	1,305
	Amortisation	200	66
	Network charges	1,386	1,622
	Others	483	734
		4,976	4,435
	Other operating expenses		
	Directors' fees and allowances	13,050	13,875
	Directors' fees and allowances - Subsidiary	-	1,251
	Legal & professional charges	7,045	7,610
	Travelling & conveyance	5,289	12,377
	Depreciation	10,345	19,551
	Training & development	399	501
	Postage & courier charges	294	419
	Communication	5,512	4,158
	Stationery & printing	929	1,029
	Marketing, advertisement & publicity	1,016	1,495
	Donations	30	130
	Auditors' remuneration	1,883	1,216
	Membership and subscriptions	3,067	1,782
	Transportation	2,210	1,993
	Insurance	1,934	2,928
	Finance charges on leased assets	496	251
	Entertainment and canteen expenses	2,098	3,335
	Distribution commission	5,119	1,773
	Maintenance charges - Non-banking assets	-	1,011
	Others	4,453	4,040
		65,169	80,725
	Total operating expenses	421,055	332,331

		(Un-Audited)	
		Half year ended	
		30 June 2023	30 June 2022
		(Rupees in '000)	
31	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	-	-
	Fees, commission and others	37,231	16,426
		<u>37,231</u>	<u>16,426</u>
32	CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET		
	Credit (loss) / reversal allowance for diminution in value of investments	(4,279)	10,091
	Credit (loss)/ reversal allowance against loans & advances	(9,957)	(50,794)
	Credit loss allowance against balances with other banks	115	-
	Credit loss allowance against lendings to Fls	-	-
	Credit loss allowance against off-balance sheet items	(170)	-
		<u>(14,291)</u>	<u>(40,703)</u>
33	TAXATION	Note	
	Current		180,398
	Prior years	33.2	30,076
	Deferred		(169,139)
			<u>233,411</u>
			<u>41,335</u>
33.1	Tax contingencies		
	Pak Oman Investment Company Limited		
	The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no provision is required.		
	Pak Oman Asset Management Company Limited		
	As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Management Company has been applied effective from 13 June 2013. The management is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honorable High Court of Sindh has issued stay order against such levy.		
	During 2016, the Honorable Sindh High Court, in its judgment dated 30 September 2016, on the Constitutional Petition instituted by MUFAP declared that the provisions of the Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from 01 July 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force. However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Management Company is still pending in the Court; therefore, as a matter of prudence, the Company has maintained the accumulated provision against FED amounting to Rs. 78.345 million as of 30 September 2021.		
	Through Finance Act 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Accordingly, no FED has been charged on the remuneration of the Company for period subsequent to 30 June 2016.		
33.2	Taxation - prior		
	This represents super tax on the taxable income for the tax year 2023 imposed through Finance Act 2023.		
34	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit attributable to shareholders of the holding company	<i>Rupees in '000</i>	13,789
			<u>597,393</u>
	Weighted average number of ordinary shares issued	<i>Numbers in '000</i>	615,000
			<u>615,000</u>
	Basic and diluted earnings per share attributable to shareholders of holding company	<i>Rupees</i>	0.02
			<u>0.97</u>
34.1	Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue.		
35	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	339,989	175,429
	Balances with other banks	23,166	1,011,937
		<u>363,155</u>	<u>1,187,366</u>

36 FINANCIAL ASSETS AND LIABILITIES

	(Un-audited)	
	30 June 2023	01 January 2023
	Rupees in '000	
Financial assets		
Amortised Cost		
Cash and balances with treasury banks	339,989	346,474
Balances with other banks	22,096	1,624,074
Lendings to financial institutions	301,174	5,135,762
Advances	19,356,081	18,270,378
Other assets	175,708	2,671,665
FVTPL		
Investments		
Federal Government securities	9,316,501	18,485,961
Shares	-	-
Non-Government debt securities	-	-
FVTOCI		
Investments		
Federal Government securities	508,282,509	102,877,992
Shares	484,459	484,459
Non-Government debt securities	3,366,656	3,148,277
Associates		
Investments	625,099	666,904
	<u>542,270,272</u>	<u>153,711,946</u>
Financial liabilities		
Amortised Cost		
Borrowings	525,898,952	132,900,975
Deposits and other accounts	13,327,322	13,520,897
Lease Liabilities	2,720	3,139
Other liabilities	671,631	2,682,974
	<u>539,900,625</u>	<u>149,107,985</u>

37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at 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 unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

Office premises and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these condensed interim consolidated financial statement.

37.1 Fair Value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently repriced.

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 June 2023 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	517,599,010	-	517,599,010
Shares	-	-	-	-
Non-Government Debt Securities	-	3,366,656	-	3,366,656
Mutual funds	625,099	-	-	625,099
Financial assets - disclosed but not measured at fair value				
Investments	-	-	484,459	484,459
	31 December 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	121,363,953	-	121,363,953
Non-Government Debt Securities	-	3,168,349	-	3,168,349
Mutual funds	666,904	-	-	666,904
Financial assets - disclosed but not measured at fair value				
Investments	-	-	234,549	234,549

38 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	Half year ended 30 June 2023 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	510,676	(91,468)	728,174	(192)	1,147,190
Non mark-up / return / interest income	15,978	75,112	32,273	32,849	156,212
Total Income	526,654	(16,356)	760,447	32,657	1,303,402
Segment direct expenses	229,935	29,858	169,296	29,197	458,286
(Provisions) / Reversals	(10,127)	-	(4,164)	-	(14,291)
Profit before tax	286,592	(46,214)	586,987	3,460	830,825
Balance Sheet					
Cash & Bank balances	-	-	361,803	282	362,085
Investments	-	1,109,558	520,965,666	-	522,075,224
Lendings to financial institutions	-	-	301,174	-	301,174
Advances - performing	18,220,783	-	538,595	-	18,759,378
non- performing	596,703	-	-	-	596,703
Others	971,963	(64,792)	4,000,806	274,222	5,182,199
Total Assets	19,789,449	1,044,766	526,168,044	274,504	547,276,763
Borrowings	61,867,063	3,193,605	460,838,284	-	525,898,952
Subordinated debt	-	-	-	-	-
Deposits & other accounts	482,156	25,455	12,819,711	-	13,327,322
Others	128,376	813	409,300	135,862	674,351
Total liabilities	62,477,595	3,219,873	474,067,295	135,862	539,900,625
Equity	(42,688,146)	(2,175,107)	52,100,749	138,642	7,376,138
Total Equity & liabilities	19,789,449	1,044,766	526,168,044	274,504	547,276,763
Contingencies & Commitments	1,956,823	301,005	2,086,783	-	4,344,611
	Half year ended 30 June 2022 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	103,663	(53,045)	191,703	(3,118)	239,203
Non mark-up / return / interest income	28,671	88,115	74,579	25,101	216,466
Total Income	132,334	35,070	266,282	21,983	455,669
Segment direct expenses	179,117	17,864	135,710	27,227	359,918
(Reversals) / Provisions	(50,794)	-	10,091	-	(40,703)
Profit before tax	(97,577)	17,206	140,663	(5,244)	55,048
	Year ended 31 December 2022				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Balance Sheet					
Cash & Bank balances	-	-	1,970,819	914	1,971,733
Investments	-	901,453	124,532,302	-	125,433,755
Lendings to financial institutions	-	-	5,135,762	-	5,135,762
Advances - performing	17,821,388	-	228,927	-	18,050,315
- non-performing	1,370,681	-	-	-	1,370,681
Others	1,085,623	41,772	4,239,935	265,322	5,632,652
Total Assets	20,277,692	943,225	136,107,745	266,236	157,594,898.00
Borrowings	17,559,011	793,818	114,548,147	-	132,900,975
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,738,350	145,099	11,637,448	-	13,520,897
Others	440,957	26,327	2,111,542	116,186	2,695,012
Total liabilities	19,738,317.64	965,243.55	128,297,136.81	116,186.00	149,116,884
Equity	539,374	(22,018)	7,810,608	150,050	8,478,014
Total Equity & liabilities	20,277,692	943,225	136,107,745	266,236	157,594,898
Contingencies & Commitments	2,002,600	301,005	89,736	-	2,393,341

39 RELATED PARTY TRANSACTIONS

The Group has related party relationship with various parties, including its directors, key management personnel (including their associates), associates, employee benefit plans, and company having common directors.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Group's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

The nature of the relationships and transactions with related parties, other than those which have been specifically disclosed elsewhere in the consolidated financial statements are as follows:

Associates

Japan Power Generation Limited
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation Fund
Pak Oman Advantage Asset Allocation Fund
Pak Oman Government Securities Fund
Pak Oman Daily Dividend Fund
Askari High Yield Scheme
Askari Sovereign Yield Enhancer
Askari Sovereign Cash Fund

Retirement benefit fund

Defined benefit plan
Defined contribution plan

Other related party

Orient Power Company (Private) Limited

39.2 Related party transactions

	Half year ended 30 June 2023 (Un-audited)					Half year ended 30 June 2022 (Un-audited)				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
(Rupees in '000)										
Income										
Mark-up / return / interest earned	-	1,117	-	-	-	-	659	-	-	-
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	1,482	(8)	-	-	-	35,357	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	1,635	-	-	-	-	176	-	-	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors' fees and allowances	13,050	-	-	-	-	13,875	-	-	-	-
Compensation expenses	-	126,462	-	-	-	-	207,757	-	-	-
Contribution to defined contribution plan	-	-	-	9,886	-	-	-	-	11,516	-
Charge for defined benefit plan	-	-	-	9,093	-	-	-	-	10,400	-

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-Audited) 30 June 2023	(Audited) 31 December 2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,150,000</u>	<u>6,150,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>5,200,977</u>	<u>6,887,059</u>
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>5,200,977</u>	<u>6,887,059</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,200,977</u>	<u>6,887,059</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>21,584,727</u>	<u>25,145,958</u>
Market Risk	<u>12,816,562</u>	<u>4,064,453</u>
Operational Risk	<u>3,058,962</u>	<u>3,058,962</u>
Total	<u>37,460,251</u>	<u>32,269,373</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.88%</u>	<u>21.34%</u>
Tier 1 Capital Adequacy Ratio	<u>13.88%</u>	<u>21.34%</u>
Total Capital Adequacy Ratio	<u>13.88%</u>	<u>21.34%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>5,200,977</u>	<u>6,887,059</u>
Total Exposures	<u>384,714,552</u>	<u>157,656,768</u>
Leverage Ratio	<u>1.35%</u>	<u>4.37%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>19,228,137</u>	<u>9,368,544</u>
Total Net Cash Outflow	<u>28,823,484</u>	<u>11,730,333</u>
Liquidity Coverage Ratio	<u>66.71%</u>	<u>79.87%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>21,791,372</u>	<u>22,645,526</u>
Total Required Stable Funding	<u>20,938,866</u>	<u>21,709,665</u>
Net Stable Funding Ratio	<u>104.07%</u>	<u>104.31%</u>

41 Transition to IFRS 9 Financial Instruments

(Un-audited)			
31 December 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	01 January 2023
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	346,474	-	346,474
Balances with other banks	1,625,259	(1,185)	1,624,074
Lendings to financial institutions	5,135,762	-	5,135,762
Investments	125,433,755	(20,072)	125,663,593
Advances	19,420,996	(1,150,618)	18,270,378
Property and equipment	774,471	-	774,471
Right-of-use assets	101,846	-	101,846
Intangible assets	96,559	-	96,559
Deferred tax assets	588,518	388,284	894,332
Other assets	4,071,258	-	4,071,258
Assets held-for-sale	-	-	-
	157,594,898	(783,591)	156,978,747
LIABILITIES			
Bills payable	-	-	-
Borrowings	132,900,975	-	132,900,975
Deposits and other accounts	13,520,897	-	13,520,897
Lease Liabilities	3,139	-	3,139
Subordinated debt	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	2,691,873	4,744	2,696,617
	149,116,884	4,744	149,121,628
NET ASSETS	8,478,014	(788,335)	7,857,119
REPRESENTED BY			
Share capital	6,150,000	-	6,150,000
Reserves	1,922,289	-	1,922,289
Surplus / (Deficit) on revaluation of assets	(18,918)	-	148,522
Unappropriated profit	423,376	(788,335)	(364,959)
Equity attributable to shareholder of holding company	8,476,747	(788,335)	7,855,852
Non-Controlling Interest	1,267	-	1,267
	8,478,014	(788,335)	7,857,119

42 CREDIT RATING

The VIS Credit Rating Company Limited has maintained the holding Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of AM3++ (Stable) to the subsidiary company in the medium and long term.

43. GENERAL

43.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

43.2 The comparative figures have been re-arranged for comparison purposes.

44. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 17, 2023 by the Board of Directors of the holding company.


Mansoor Akram

Managing Director /
Chief Executive Officer


Mansoor Akram


Chief Financial Officer


Mansoor Akram

Director


Mansoor Akram

Director


Mansoor Akram

Chairman