UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS OF
PAK OMAN INVESTMENT COMPANY LIMITED
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF PAK OMAN INVESTMENT COMPANY LIMITED

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **PAK OMAN INVESTMENT COMPANY LIMITED ("the Company")** as at **June 30, 2023,** the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of comprehensive income, the unconsolidated condensed interim cash flow statement and the unconsolidated condensed interim statement of changes in equity, and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial statements based on our review.

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 unconsolidated condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the unconsolidated condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended June 30, 2023 and June 30, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2023.

The engagement partner on the review resulting in this independent auditor's review report is Zulfikar Ali Causer.

KARACHI

DATE: 17 AUG 2023

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

UDIN: RR202310067odq9IWXrp

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

(Un-audited) June 30, 2023	(Audited) December 31, 2022		Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,189	1,211	Cash and balances with treasury banks	8	339,944	346,449
72	5,680	Balances with other banks	9	20,552	1,624,409
1,053	17,958	Lendings to financial institutions	10	301,174	5,135,762
1,826,558	439,563	Investments	11	522,378,230	125,710,845
67,681	67,908	Advances	12	19,356,081	19,420,996
2,992	2,676	Property and equipment	13	855,654	765,310
301	332	Right-of-use assets	14	86,108	94,936
-	-	Intangible assets		-	-
5,628	2,263	Deferred tax assets	15	1,609,479	647,217
8,631	13,827	Other assets	16	2,468,519	3,954,452
-	-	Assets held-for-sale		-	-
1,914,105	551,418			547,415,741	157,700,376
		LIABILITIES			
-	-	Bills payable		-	-
1,838,869	464,704	Borrowings	17	525,898,952	132,900,975
46,601	47,277	Deposits and other accounts	18	13,327,322	13,520,897
10	11	Lease Liabilities	19	2,720	3,139
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
1,917	9,006	Other liabilities	20	548,296	2,575,687
1,887,397	520,998			539,777,290	149,000,698
26,708	30,420	**NET ASSETS**		7,638,451	8,699,678
		REPRESENTED BY			
21,504	21,504	Share capital	21	6,150,000	6,150,000
6,078	6,722	Reserves		1,738,272	1,922,289
(2,194)	(66)	Deficit on revaluation of assets	22	(627,429)	(18,918)
1,320	2,260	Unappropriated profit		377,608	646,307
26,708	30,420			7,638,451	8,699,678

CONTINGENCIES AND COMMITMENTS 23

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Managing Director/ Chief Executive Officer | **Chief Financial Officer** | **Director** | **Director** | **Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Half year ended June 30, 2023 (US Dollar in '000)	Half year ended June 30, 2022 (US Dollar in '000)		Note	Quarter ended June 30, 2023 (Rupees in '000)	Quarter ended June 30, 2022 (Rupees in '000)	Half year ended June 30, 2023 (Rupees in '000)	Half year ended June 30, 2022 (Rupees in '000)
86,486	24,644	Mark-up / return / interest earned	24	18,069,062	3,784,409	24,734,220	7,048,079
82,474	23,797	Mark-up / return / interest expensed	25	17,303,062	3,804,613	23,586,838	6,805,758
4,012	847	Net mark-up / return / interest income		766,000	(20,204)	1,147,382	242,321
		NON MARK-UP / INTEREST INCOME					
94	188	Fee and commission income	26	17,573	37,479	26,852	53,730
271	138	Dividend income		77,565	38,246	77,565	39,556
-	-	Foreign exchange income		-	-	-	-
-	-	Income / (loss) from derivatives		-	-	-	-
102	316	Gain on securities	27	36,204	58,781	29,184	90,382
		Net gains/(loss) on derecognition of financial assets measured at amortised cost		-	-	-	-
55	17	Other income	28	8,153	2,531	15,678	4,805
522	659	Total non mark-up / interest income		139,495	137,037	149,279	188,473
4,534	1,506	Total income		905,495	116,833	1,296,661	430,794
		NON MARK-UP / INTEREST EXPENSES					
1,370	1,067	Operating expenses	29	206,255	126,709	391,858	305,104
-	39	Workers' Welfare Fund		-	8,193	-	11,161
130	57	Other charges	30	26,321	8,825	37,231	16,426
1,500	1,163	Total non mark-up / interest expenses		232,576	143,727	429,089	332,691
3,034	343	Profit before provisions		672,919	(26,894)	867,572	98,103
(50)	(142)	Credit (loss) / reversal allowance and write offs -	31	(162,613)	(61,148)	(14,291)	(40,703)
-	-	Extra ordinary / unusual items		-	-	-	-
2,984	201	PROFIT BEFORE TAXATION		510,306	(88,042)	853,281	57,400
(753)	(111)	Taxation	32	(102,445)	11,973	(215,218)	(31,648)
2,231	90	PROFIT AFTER TAXATION		407,861	(76,069)	638,063	25,752
(US $)				----------(Rupees)----------			
0.0036	0.0001	Basic and diluted earnings / (loss) per share	33	0.66	(0.12)	1.04	0.04

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Managing Director/
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Half year ended			Quarter ended		Half year ended	
June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(US Dollar in '000)			(Rupees in '000)		(Rupees in '000)	
2,231	90	**Profit after taxation for the period**	407,861	(76,069)	638,063	25,752
		Other comprehensive loss				
		Items that may be reclassified to profit and loss account in subsequent periods				
(2,585)	(146)	Movement in surplus / (deficit) 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 deficit on revaluation of non-banking assets- net of tax	-	(5,995)	-	(6,661)
(482)	(79)	**Total comprehensive loss**	256,286	(127,091)	(137,888)	(22,658)

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Managing Director/ Chief Executive Officer | **Chief Financial Officer** | **Director** | **Director** | **Chairman**

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
				Investments	Property and equipment / Non-banking assets		
	(Rupees in '000)						
Opening balance as at January 01, 2022	6,150,000	1,543,895	311,630	(96,992)	95,942	751,379	8,755,854
Profit after taxation	-	-	-	-	-	25,752	25,752
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)
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	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(6,661)	-	(6,661)
Total other comprehensive income - net of tax	-	-	-	(41,749)	(6,661)	-	(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
Transaction with owners recorded directly in equity							
Final cash dividend - December 31, 2021 declared subsequent to the year end (Rs. 0.60 per share)	-	-	-	-	-	(369,000)	(369,000)
Opening balance as at July 01, 2022	6,150,000	1,549,045	311,630	(138,741)	89,281	403,464	8,364,679
Profit after taxation	-	-	-	-	-	308,069	308,069
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)
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	-	-	-	-	-	(9,019)	(9,019)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	243,773	-	243,773
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	(213,231)	243,773	(9,019)	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
Opening balance as at January 01, 2023	6,150,000	1,610,659	311,630	(351,972)	333,054	646,307	8,699,678
Impact of adopting IFRS 9 - Note 3	-	-	-	167,440	-	(788,335)	(620,895)
Profit after taxation	-	-	-	-	-	638,063	638,063

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
				Investments	Property and equipment / Non-banking assets		
	--			(Rupees in '000)			--
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)
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)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-
Total comprehensive income - net of tax	-	-	-	(739,310)	(36,641)	-	(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
Transaction with owners recorded directly in equity							
Final cash dividend - December 31, 2022 declared subsequent to the year end (Rs. 0.50 per share)	-	-	-	-	-	(307,500)	(307,500)
Closing balance as at June 30, 2023	6,150,000	1,738,272	-	(923,842)	296,413	377,608	7,638,451

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Managing Director/
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

June 30, 2023	June 30, 2022		Note	June 30, 2023	June 30, 2022
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
2,984	201	Profit before taxation		853,281	57,400
(271)	(138)	Less: Dividend income		(77,565)	(39,556)
2,713	63			775,716	17,844
		Adjustments:			
103	72	Depreciation		29,477	20,536
37	36	Depreciation on right-of-use assets		10,649	10,420
-	-	Amortization		-	-
50	142	Credit loss / (reversal) allowance and write offs - net	31	14,291	40,703
(16)	(3)	Gain on sale of property and equipment - net		(4,571)	(974)
23	24	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		6,442	6,877
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
240	289			68,428	82,738
2,953	352			844,144	100,582
		(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
8,934	(2,395)	Other assets (excluding advance taxation)		2,555,043	(684,839)
54,029	(20,339)			15,451,787	(5,816,764)
		Increase / (decrease) in operating liabilities			
-	-	Bills payable		-	-
1,374,164	42,243	Borrowings		392,997,977	12,081,124
(677)	(3,887)	Deposits		(193,575)	(1,111,564)
(7,587)	2,374	Other liabilities (excluding current taxation)		(2,169,799)	679,378
1,365,900	40,730			390,634,603	11,648,938
1,422,882	20,743			406,930,534	5,932,756
(4,878)	(1,305)	Income tax paid		(1,395,033)	(373,200)
1,418,004	19,438	Net cash flow generated from operating activities		405,535,501	5,559,556
		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		-	-
56	1,958	Proceeds from disposal of investments in associates		15,889	559,863
-	-	Investment in subsidiary		-	-
-	163	Dividend received		-	46,511
(442)	(26)	Investments in property and equipment		(126,449)	(7,492)
33	43	Proceeds from sale of property and equipment		9,537	12,300
(1,423,010)	(19,827)	Net cash flow used in investing activities		(406,967,271)	(5,670,577)
		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)
(5,627)	(1,672)	(Decrease) / increase in cash and cash equivalents		(1,609,292)	(478,026)
6,891	5,819	Cash and cash equivalents at beginning of the period		1,970,858	1,664,151
1,264	4,147	Cash and cash equivalents at end of the period	34	361,566	1,186,125

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Managing Director/
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 2004 the 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 interalia 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 Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated October 28, 2003 issued by the State Bank of Pakistan.

2 BASIS OF PREPARATION

These unconsolidated 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 February 09, 2023.

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

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 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 unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 02, dated February 09, 2023 and IAS 34. 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 31,2022.

These unconsolidated 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 August 26, 2002 till further instructions.

These unconsolidated 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 unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated 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.285.9903 = 1 US dollar for the half year ended June 30, 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, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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 and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual 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 January 01, 2023, the 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 Labilities in accordance with IFRS 9 have been presented in note 35 to the Financial Statements.

The adoption of IFRS 9 resulted in following:

	(Rupees in '000)
Equity	
As at December 31, 2022	8,699,678
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	8,078,783
Balances with other banks	
As at December 31, 2022	1,624,409
IFRS 9 impact	
Credit loss allowances	(1,185)
As at January 01, 2023 - restated	1,623,224

	(Rupees in '000)
Investments	
As at December 31, 2022	125,710,845
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	125,940,683
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	2,575,687
IFRS 9 impact	
Credit loss allowances	4,744
As at January 01, 2023 - restated	2,580,431

4 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 audited annual unconsolidated financial statements for the year ended December 31, 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	-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	-Loans and advances -Debt securities
Hold to collect and sell	Business objective met through both hold to collect and by selling financial assets	-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	All other business All other business and managing financial assets on a fair value	-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 fair value through other comprehensive income

Company may elects to classify irrevocably its non-trading equity instrument 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 providing 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.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		121	120
foreign currency		408	324
		529	444
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		-	-
		339,944	346,449

8.1 This represent the amount required to be maintained by the Company in accordance with the SBP's Regulations.

	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	

9 BALANCES WITH OTHER BANKS

	Note	June 30, 2023	December 31, 2022
In Pakistan:			
In current accounts		2,803	11,729
In deposit accounts	9.1	1,417	1,601,434
		4,220	1,613,163
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)	-
		20,552	1,624,409

9.1 These include term deposit receipts (TDRs) of Rs. Nil (2022: Rs. 1,600 million) maturing from (2022: January 2023 to February 2023). These carry mark-up rates ranging from (2022: 16.50% to 17.75%) per annum.

10 LENDINGS TO FINANCIAL INSTITUTIONS

	June 30, 2023	December 31, 2022
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	-	-
	301,174	5,135,762

11 INVESTMENTS

11.1 Investments by types

	(Un-audited) June 30, 2023 Cost / Amortised Cost	Credit loss allowances	Surplus / (deficit)	Reclassification of mark up receivable from other assets on adoption of IFRS 9	Carrying Value	(Audited) December 31, 2022 Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)								
FVTPL									
Federal Government securities	9,238,218	-	(7,605)	85,888	9,316,501	18,481,922	-	4,039	18,485,961
Shares	-	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	-	-	-	-	-
	9,238,218	-	(7,605)	85,888	9,316,501	18,481,922	-	4,039	18,485,961
FVOCI									
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	683,458	(70,726)	-	-	612,732	699,347	(70,726)	-	628,621
Subsidiary	601,995	(286,622)	-	-	315,373	601,995	(286,622)	-	315,373
Total Investments	521,273,170	(892,670)	(1,522,099)	3,519,829	522,378,230	127,100,456	(868,319)	(521,292)	125,710,845

11.1.1 Investments given as collateral

	(Un-audited) June 30, 2023 Cost / Amortised Cost	Credit loss allowances	Surplus / (deficit)	Carrying Value	(Audited) December 31, 2022 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
Ijara Sukuk	-	-	-	-	-	-	-	-
Market Treasury Bills	432,493,742	-	(595,114)	431,898,628	53,312,305	-	13,850	53,326,155
	503,484,603	-	(1,729,509)	501,755,094	103,737,535	-	(387,705)	103,349,830
Shares								
Listed companies	-	-	-	-	-	-	-	-
Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
Associates								
Japan Power Generation Limited	70,726	(70,726)	-	-	70,726	(70,726)	-	-
Total investments	503,781,329	(70,726)	(1,729,509)	501,981,094	104,034,261	(70,726)	(387,705)	103,575,830

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	
11.2	**Credit loss allowances for diminution in value of investments**		
11.2.1	**Opening balance**	868,319	808,674
	Impact of adopting IFRS 9	20,072	-
	Charge / (reversal)		
	Charge for the period / year	11,179	76,644
	Reversals for the period / year	(6,900)	(10,091)
		4,279	66,553
	Transfers - net	-	(6,908)
	Closing balance	892,670	868,319

11.2.2 Particulars of credit loss allowances against debt securities

Category of classification		(Un-audited) June 30, 2023 Outstanding amount	(Un-audited) June 30, 2023 Credit loss allowance held	(Audited) December 31, 2022 NPI	(Audited) December 31, 2022 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	399,354	444,971	399,254
Total		3,630,390	423,605	444,971	399,254

This does not includes 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 June 30, 2023, the Company has availed total accumulated FSV benefit amounting to Rs. NIL (2022: Rs. 25 million, net of tax of Rs. 17 million). Accordingly, accumulated profit Rs. 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 Company as required by the aforementioned SBP directives.

11.2.4 The Company does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

12 ADVANCES

	Performing		Non-performing		Total	
	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(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 IFRS 9	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)

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	
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 status as detailed below:

Category of Classification		(Un-audited) June 30, 2023 Non Performing Loans	(Un-audited) June 30, 2023 Credit loss allowance	(Audited) December 31, 2022 Non Performing Loans	(Audited) December 31, 2022 Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	Stage 3	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

	(Un-audited) June 30, 2023				(Audited) December 31, 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	-	-	-
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 26 June 2014 issued by the SBP, as of June 30, 2023 the Company has availed total accumulated FSV benefit amounting to Rs. 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 Company as required by the aforementioned SBP directives.

12.5 Particulars of credit loss allowance

	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
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**

		(Un-audited) June 30, 2023		(Audited) December 31, 2022	
		Outstanding amount	Credit loss allowance held	Outstanding amount	Provision
		(Rupees in '000)			
Domestic					
Performing	Stage 1	14,223,740	27,711	-	-
Underperforming	Stage 2	4,108,915	251,278	-	-
Non-performing	Stage 3				
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) June 30, 2023	(Audited) December 31, 2022
		(Rupees in '000)	

13 PROPERTY AND EQUIPMENT

Capital work-in-progress	-	-
Office premises	689,444	708,245
Vehicles, equipment and furniture and fixtures	166,210	57,065
	855,654	765,310

13.1 Additions to property and equipment

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

Capital work-in-progress	-	5,100
Vehicles, equipment and furniture and		
Improvements	3,801	-
Office equipments	575	-
Computer equipments	1,707	830
Furniture and fixture	1,050	200
Vehicles	119,316	-
	126,449	1,030
Total	126,449	6,130

13.2 Disposal of property and equipment

The net book value of property and equipment disposed off during the period is as follows:

Furniture and fixture	80	38
Improvements	3,046	-
Vehicles	1,840	-
Total	4,966	38

14 RIGHT-OF-USE ASSETS

As at January 01, 2023		
Cost	156,112	156,112
Accumulated depreciation	(61,176)	(43,730)
Net carrying amount at January 01, 2023	94,936	112,382
Additions during the year	7,753	-
Deletions during the year	(7,594)	-
Depreciation charge for the year	(8,987)	(17,446)
Net carrying amount	86,108	94,936

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	

15 DEFERRED TAX ASSETS

Deductible Temporary Differences on		
Credit loss allowance against investments	320,558	263,205
Assets subject to finance leases	(106)	(136)
Amortisation of premium on Federal Government	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 Financial Institutions	-	-
Revaluation on investments classified as Fair value through OCI	590,652	173,359
Revaluation on investments classified as Fair value through P/L	2,966	(1,333)
Net investment in finance leases	57,145	45,130
	1,761,546	766,247
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)
	1,609,479	647,217

16 OTHER ASSETS

Income / mark-up accrued in local currency - net of	-	2,194,746
Dividend income receivable	77,565	-
Mark-up / profit receivable on purchase of securities	-	363,277
Security deposits	3,686	3,486
Prepayments	50,873	30,645
Taxation - net	2,331,853	1,340,308
Non-banking assets acquired in satisfaction of claims	-	-
Defined contribution plan	-	-
Defined benefit plan	-	-
Others	4,542	21,990
	2,468,519	3,954,452
Less: Provision held against other assets	-	-
Other assets (net of provisions)	2,468,519	3,954,452
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
	2,468,519	3,954,452

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	

17 BORROWINGS

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 running finance	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

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) June 30, 2023		(Audited) December 31, 2022	
	In local currency	Total	In local currency	Total
	(Rupees in '000)			
Certificates of investment				
Financial institutions	2,142,000	2,142,000	3,154,000	3,154,000
Others	10,731,876	10,731,876	10,366,897	10,366,897
	12,873,876	12,873,876	13,520,897	13,520,897
Reclassification of mark up payable from other liabilities on adoption of IFRS 9	453,446	453,446	-	-
	13,327,322	13,327,322	13,520,897	13,520,897

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	(Rupees in '000)	

19 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
Exchange difference	-	-
Outstanding amount at the end of the year	2,720	3,139

19.1 Liabilities Outstanding

Not later than one year	913	872
Later than one year and upto five years	1,807	2,267
Total at the year end	2,720	3,139

19.2 The 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 Company has option to acquire the assets, subject to adjustment of security deposit.

20 OTHER LIABILITIES

Mark-up/ Return/ Interest payable in local currency	-	2,164,548
Accrued expenses	128,098	75,778
Dividend payable	153,750	-
Staff gratuity	-	13,643
Security deposits against investment in finance leases	112,982	125,544
Lease liability against right-of-use assets	110,065	127,954
Withholding tax and sales tax payable	8,557	12,263
Credit loss allowances against off-balance sheet obligations	4,914	-
Others	29,931	55,957
	548,296	2,575,687

21 SHARE CAPITAL

21.1 Authorized Capital

(Unaudited) June 30, 2023	(Audited) December 31, 2022		(Unaudited) June 30, 2023	(Audited) December 31, 2022
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10 each	10,000,000	10,000,000

21.2 Issued, subscribed and paid-up

30-June-23	December 31, 2022		June 30, 2023	December 31, 2022
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each		
600,000,000	600,000,000	- Fully paid in cash	6,000,000	6,000,000
15,000,000	15,000,000	- Issued as bonus shares	150,000	150,000
615,000,000	615,000,000		6,150,000	6,150,000

21.3 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.

22 SURPLUS/ (DEFICIT) ON REVALUATION OF ASSETS

	(Un-audited) June 30, 2023	(Audited) December 31 2022
	(Rupees in '000)	
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	688,118	173,359
Securities measured at FVOCI-Equity	(97,465)	-
Property and equipment	(189,510)	(164,041)
Non-banking assets acquired in satisfaction of claims	-	-
	401,143	9,318
	(627,429)	(18,918)

23 CONTINGENCIES AND COMMITMENTS

	Note	(Un-audited) June 30 2023	(Audited) December 31 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	23.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited	23.2	226,000	226,000
Commitments for:			
Purchase of Government securities		253,000	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	23.3	161,471	161,471

23.1 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).

23.2 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.

23.3 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.

	Note	(Un-audited) Half year ended	
		June 30 2023	December 31 2022
		(Rupees in '000)	

24 MARK-UP / RETURN / INTEREST EARNED

On:			
- Loans and advances		1,592,199	926,296
- Investments		22,259,970	5,796,008
- Lendings to financial institutions		810,941	249,960
- Balances with banks		71,111	75,815
		24,734,220	7,048,079

25 MARK-UP / RETURN / INTEREST EXPENSED

On:			
- Deposits		1,064,791	635,125
- Borrowings		22,515,605	6,163,756
- Lease liability against right-of-use assets		6,442	6,877
		23,586,838	6,805,758

26 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
		26,852	53,730

27 GAIN ON SECURITIES - NET

Realised	27.1	40,828	95,307
Unrealised - held for trading		(11,644)	(4,925)
		29,184	90,382

27.1 Realised gain on:

Federal Government Securities		37,747	51,811
Non Government debt securities		1,599	320
Mutual Funds		1,482	14,865
Shares		-	28,311
		40,828	95,307

		(Un-audited) Half Year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
28	**OTHER INCOME**		
	Gain on sale of fixed assets - net	4,571	974
	Rent on property	11,107	3,831
		15,678	4,805
29	**OPERATING EXPENSES**		
	Total compensation expense	294,907	210,679
	Property expense		
	Utilities cost	3,981	2,415
	Security (including guards)	518	350
	Repair & maintenance (including janitorial charges)	6,233	4,472
	Depreciation on right-of-use assets & improvements	10,649	10,420
	Depreciation	18,803	1,053
		40,184	18,710
	Information technology expenses		
	Software maintenance	693	421
	Hardware maintenance	677	287
	Depreciation	1,537	883
	Network charges	1,386	1,622
	Others	483	734
		4,776	3,947
	Other operating expenses		
	Directors' fees and allowances	13,050	13,875
	Legal & professional charges	6,438	5,811
	Travelling & conveyance	4,090	12,124
	Depreciation	9,137	18,600
	Training & development	399	501
	Postage & courier charges	294	419
	Communication	5,044	4,158
	Stationery & printing	753	861
	Marketing, advertisement & publicity	1,016	1,495
	Donations	30	130
	Auditors' remuneration	1,550	1,216
	Membership and subscriptions	1,435	994
	Transportation	2,210	1,993
	Insurance	1,352	1,456
	Finance charges on leased assets	496	251
	Entertainment and canteen expenses	2,027	2,991
	Maintenance charges - Non-banking assets	-	1,011
	Others	2,670	3,882
		51,991	71,768
	Total operating expenses	391,858	305,104

		(Un-audited) Half Year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan		-	-
Fee, commission and others		37,231	16,426
		37,231	16,426

31 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) / reversal allowance against balances with other banks		115	-
Credit (loss) / reversal allowance against lendings to FIs		-	-
Credit (loss) / reversal allowance against off-balance sheet items		(170)	-
		(14,291)	(40,703)

32 TAXATION

Current		332,408	179,676
Prior years	32.2	71,080	30,076
Deferred		(188,270)	(178,104)
		215,218	31,648

32.1 Tax contingencies

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 further provision is required.

32.2 Taxation - prior

This represents super tax on the taxable income for the tax year 2023 imposed through Finance Act 2023.

33 BASIC AND DILUTED EARNINGS PER SHARE

		(Un-audited) Half year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
Profit after taxation	Rupees in '000	638,063	25,752
Weighted average number of ordinary shares issued	Numbers in '000	615,000	615,000
Basic and diluted earnings per share	Rupees	1.04	0.04

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

34 CASH AND CASH EQUIVALENTS

	Note	Half Year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
Cash and balances with treasury banks		339,944	175,415
Balances with other banks		21,622	1,010,710
		361,566	1,186,125

35 FINANCIAL ASSETS AND LIABILITIES

35.1 FINANCIAL ASSETS

	(Un-audited) June 30, 2023	January 01, 2023
	(Rupees in '000)	
Amortised Cost		
Cash and balances with treasury banks	339,944	346,449
Balances with other banks	20,552	1,623,224
Lendings to financial institutions	301,174	5,135,762
Advances	19,356,081	18,270,378
Other assets	85,793	2,583,499

	(Un-audited) June 30, 2023	January 01, 2023
	(Rupees in '000)	
Fair value through profit or loss		
Investments		
Federal Government securities	9,316,501	18,485,961
Shares	-	-
Non-Government debt securities	-	-
Fair value through other comprehensive income		
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	612,732	628,621
Subsidiary		
Investments	315,373	315,373
	542,481,774	153,899,995

35.2 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	548,296	2,566,788
	539,777,290	148,991,799

36 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 unconsolidated condensed interim financial statement.

36.1 Fair value of financial assets

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

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

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

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

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:

	(Un-audited) As at June 30, 2023			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
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	-	612,732	-	612,732
Financial assets - disclosed but not measured at fair value				
Investments	-	-	799,832	799,832

	(Audited) As at December 31, 2022			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
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	-	628,621	-	628,621
Financial assets - disclosed but not measured at fair value				
Investments	-	-	549,922	549,922

37 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	(Un-audited)			
	Half year ended June 30, 2023			
	Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Profit & loss account				
Net mark-up / return / profit	510,676	(91,468)	728,174	1,147,382
Non mark-up / return / interest income	15,978	101,028	32,273	149,279
Total income	526,654	9,560	760,447	1,296,661
Segment direct expenses	229,935	29,858	169,296	429,089
(Provisions) / Reversals	(10,127)	-	(4,164)	(14,291)
Profit before tax	286,592	(20,298)	586,987	853,281

	(Un-audited)			
	As at June 30, 2023			
	Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Statement of financial position				
Cash & Bank balances	-	-	360,496	360,496
Investments	-	1,412,564	520,965,666	522,378,230
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	46,991	4,000,806	5,019,760
Total assets	19,789,449	1,459,555	526,166,737	547,415,741
Borrowings	19,119,983	1,401,886	505,377,083	525,898,952
Subordinated debt	-	-	-	-
Deposits & other accounts	481,792	35,534	12,809,996	13,327,322
Others	128,817	1,168	421,031	551,016
Total liabilities	19,730,592	1,438,588	518,608,110	539,777,290
Equity	58,857	20,967	7,558,627	7,638,451
Total equity & liabilities	19,789,449	1,459,555	526,166,737	547,415,741
Contingencies & commitments	1,956,823	301,005	2,086,783	4,344,611

	(Un-audited)			
	Half year ended June 30, 2022			
	Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Profit & loss account				
Net mark-up / return / profit	103,663	(53,045)	191,703	242,321
Non mark-up / return / interest income	28,671	85,223	74,579	188,473
Total income	132,334	32,178	266,282	430,794
Segment direct expenses	179,117	17,864	135,710	332,691
Reversals	(50,794)	-	10,091	(40,703)
Profit before tax	(97,577)	14,314	140,663	57,400

	(Audited)			
	As at December 31, 2022			
	Corporate Banking	Investment Banking	Treasury	Total
	(Rupees in '000)			
Statement of financial position				
Cash & Bank balances	-	-	1,970,858	1,970,858
Investments	-	1,178,543	124,532,302	125,710,845
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	136,357	4,239,935	5,461,915
Total assets	20,277,692	1,314,900	136,107,784	157,700,376
Borrowings	17,524,277	1,103,958	114,272,740	132,900,975
Subordinated debt	-	-	-	-
Deposits & other accounts	1,738,566	112,737	11,669,594	13,520,897
Others	440,996	20,455	2,117,375	2,578,826
Total liabilities	19,703,839	1,237,150	128,059,709	149,000,698
Equity	573,853	77,750	8,048,075	8,699,678
Total equity & liabilities	20,277,692	1,314,900	136,107,784	157,700,376
Contingencies & commitments	2,002,600	301,005	89,736	2,393,341

38 RELATED PARTY TRANSACTIONS

The Company has related party relationship with various parties, including its directors, key management personnel (including their associates), associates, subsidiary company, 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 Company 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 unconsolidated financial statements are as follows:

Subsidiary

Pak Oman Asset Management Company Limited

Associates

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

Retirement benefit fund
Defined benefit plan
Defined contribution plan

Other related party
Orient Power Company (Private) Limited

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

	As at June 30, 2023 (Un-audited)						As at December 31, 2022 (Audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	---------- (Rupees in '000) ----------											
Balances with other banks												
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	601,995	699,347	-	226,000	-	-	600,745	1,260,832	-	226,000
Investment made during the year	-	-	-	163,678	-	-	-	-	1,250	547,598	-	-
Investment redeemed / disposed off during the year	-	-	-	(179,567)	-	-	-	-	-	(724,375)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	(384,708)	-	-
Closing balance	-	-	601,995	683,458	-	226,000	-	-	601,995	699,347	-	226,000
Provision for diminution in value of investments	-	-	286,622	70,726	-	-	-	-	286,622	70,726	-	-
Advances												
Opening balance	-	43,028	-	68,200	-	-	-	45,005	-	68,200	-	-
Addition during the year	-	34,729	-	-	-	-	-	8,950	-	-	-	-
Repaid during the year	-	(25,906)	-	-	-	-	-	(10,927)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	51,851	-	68,200	-	-	-	43,028	-	68,200	-	-
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	-	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid fee for services	-	-	20,250	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	77,565	2,239	-	-	-	-	-	-	-
	-	-	20,250	77,565	2,239	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	20,600	-	-	-	-	-	3,377	-	-	-	-
Received during the year	-	75,200	-	-	-	-	-	112,390	-	-	-	-
Withdrawn during the year	-	(89,261)	-	-	-	-	-	(95,167)	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	6,539	-	-	-	-	-	20,600	-	-	-	-
Other Liabilities												
Interest / mark-up payable	-	106	-	-	-	-	-	155	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	13,643	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	-	106	-	-	-	-	-	155	-	-	13,643	-
Outright sale of Securities	-	-	-	-	3,213,750	-	-	-	-	3,017,486	10,530,225	
Outright purchase of Securities	-	-	-	-	3,151,012	-	-	-	-	587,132	10,574,364	-
Contingencies and Commitments												
Other contingencies	-	-	-	70,726	-	226,000	-	-	-	70,726	-	226,000

38.2 Related party transactions

	Half year ended June 30, 2023 (Un-audited)						Half year ended June 30, 2022 (Un-audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	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	-	-	-	-	-	-	-	-	-	38,246	-	-
Net gain on sale of securities	-	-	-	1,482	(8)	-	-	-	-	35,357	1	-
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	-	123,242	-	-	-	-	-	201,997	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	9,447	-	-	-	-	-	10,346	-
Charge for defined benefit plan	-	-	-	-	9,093	-	-	-	-	-	10,400	-

	(Un-audited) 30 June, 2023	(Audited) 31 December, 2022
	(Rupees in '000)	

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	30 June, 2023	31 December, 2022
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,150,000	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	5,244,702	7,164,149
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,244,702	7,164,149
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	5,244,702	7,164,149
Risk Weighted Assets (RWAs):		
Credit Risk	21,546,717	25,699,246
Market Risk	12,816,562	4,064,453
Operational Risk	2,918,559	2,918,559
Total	37,281,838	32,682,258
Common Equity Tier 1 Capital Adequacy ratio	14.07%	21.92%
Tier 1 Capital Adequacy Ratio	14.07%	21.92%
Total Capital Adequacy Ratio	14.07%	21.92%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	5,244,702	7,164,149
Total Exposures	384,882,747	160,045,303
Leverage Ratio	1.36%	4.48%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	19,228,137	9,368,544
Total Net Cash Outflow	28,823,484	11,730,333
Liquidity Coverage Ratio	66.71%	79.87%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,791,372	22,645,526
Total Required Stable Funding	20,938,866	21,709,665
Net Stable Funding Ratio	104.07%	104.31%

40 TRANSITION TO IFRS 9 FINANCIAL INSTRUMENTS

	(Un-audited)			
	December 31, 2022	Expected Credit Loss Allowances	Reclassification adjustments in relation to adopting IFRS 9	January 01, 2023
	(Rupees in '000)			
ASSETS				
Cash and balances with treasury banks	346,449	-	-	346,449
Balances with other banks	1,624,409	(1,185)	-	1,623,224
Lendings to financial institutions	5,135,762	-	-	5,135,762
Investments	125,710,845	(20,072)	249,910	125,940,683
Advances	19,420,996	(1,150,618)	-	18,270,378
Property and equipment	765,310	-	-	765,310
Right-of-use assets	94,936	-	-	94,936
Intangible assets	-	-	-	-
Deferred tax assets	647,217	388,284	(82,470)	953,031
Other assets	3,954,452	-	-	3,954,452
Assets held-for-sale	-	-	-	-
	157,700,376	(783,591)	167,440	157,084,225
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	2,575,687	4,744	-	2,580,431
	149,000,698	4,744	-	149,005,442
NET ASSETS	8,699,678	(788,335)	167,440	8,078,783
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)	-	167,440	148,522
Unappropriated profit	646,307	(788,335)	-	(142,028)
	8,699,678	(788,335)	167,440	8,078,783

41 CREDIT RATING

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

42 GENERAL

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

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

43 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 17 AUG 2023 by the Board of Directors of the Company.

Managing Director/ Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**