

**PAIR Investment Company  
Limited**

Financial Statements  
for the half year ended  
June 30, 2022

## INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of PAIR Investment Company Limited

### Report on Review of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAIR Investment Company Limited** ("the Company") as at 30 June 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flows statement, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting

#### Other matter

The condensed interim financial statements of the Company for the half year ended June 30, 2021 and the annual financial statements of the Company for the year ended December 31, 2021 were reviewed and audited respectively by another firm of Chartered Accountants who through their reports dated September 28, 2021 and March 11, 2022 expressed an unqualified conclusion and opinion thereon.

The figures for the quarter ended June 30, 2022 and June 30, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended June 30, 2022.

The engagement partner on the review resulting in this independent auditor's review report is **Hena Sadiq**.



Chartered Accountants

Place: Karachi

Date: August 23, 2022

UDIN: RR202210057h2VoR9qHw

PAIR Investment Company Limited  
Condensed Interim Statement of Financial Position  
As at 30 June 2022



		30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	111,516	75,966
Balances with other banks	7	176,088	162,471
Lendings to financial institutions		-	-
Investments	8	17,890,015	16,975,437
Advances	9	7,944,004	6,516,564
Fixed assets	10	263,451	227,812
Intangible assets	11	5,246	5,000
Deferred tax assets	12	477,836	461,472
Other assets	13	737,062	589,140
		<b>27,605,218</b>	<b>25,013,862</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	16,003,046	13,658,356
Deposits and other accounts	15	1,453,714	1,132,247
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	603,229	568,117
		<b>18,059,989</b>	<b>15,358,720</b>
<b>NET ASSETS</b>		<b>9,545,229</b>	<b>9,655,142</b>
<b>REPRESENTED BY</b>			
Share capital	17	6,000,000	6,000,000
Reserves	18	1,042,748	1,004,551
Deficit on revaluation of assets	19	(161,560)	(10,662)
Unappropriated profit		2,664,041	2,661,253
		<b>9,545,229</b>	<b>9,655,142</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

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

Managing Director /  
Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

PAIR Investment Company Limited  
Condensed Interim Profit and Loss Account (Un-audited)  
For the half year ended 30 June 2022



	Note	Quarter ended		Half year ended	
		April - June 2022	April - June 2021	January - June 2022	January - June 2021
----- Rupees in '000 -----					
Mark-up / profit / return / interest earned	23	684,169	380,503	1,232,012	746,375
Mark-up / return / interest expensed	24	424,941	200,480	751,279	385,109
Net mark-up / profit / interest income		259,228	180,023	480,733	361,266
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	25	5,145	3,699	13,932	11,702
Dividend income		17,398	17,483	49,303	40,370
Foreign exchange income		1,453	50	1,882	302
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on sale of securities	26	(8,688)	20,511	1,737	62,405
Other income		49	1,698	49	1,698
Total non mark-up / interest income		15,357	43,441	66,903	116,477
<b>Total Income</b>		<b>274,585</b>	<b>223,464</b>	<b>547,636</b>	<b>477,743</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	114,111	97,006	219,865	186,814
Workers Welfare Fund		3,179	2,720	6,357	5,682
Other charges		-	225	-	225
Total non mark-up / interest expenses		117,290	99,951	226,222	192,721
<b>Profit Before Provisions</b>		<b>157,295</b>	<b>123,513</b>	<b>321,414</b>	<b>285,022</b>
Provisions and write offs - net	28	27,670	98,698	42,513	153,020
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>129,625</b>	<b>24,815</b>	<b>278,901</b>	<b>132,002</b>
Taxation	29	49,052	(15,524)	87,916	17,231
<b>AFTER TAXATION</b>		<b>80,573</b>	<b>40,339</b>	<b>190,985</b>	<b>114,771</b>
Basic and diluted earnings per share - (Rupees)	30	0.13	0.07	0.32	0.19

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

Managing Director /  
Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

PAIR Investment Company Limited  
 Condensed Interim Statement of Comprehensive Income (Un-audited)  
 For the half year ended 30 June 2022



	Quarter ended		Half year ended	
	April - June 2022	April - June 2021	January - June 2022	January - June 2021
	----- Rupees in '000 -----			
Profit after taxation for the period	80,573	40,339	190,985	114,771
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(146,514)	45,567	(150,393)	(885)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of non-banking asset - net of tax	(426)	-	(505)	-
<b>Total comprehensive income</b>	<b>(66,367)</b>	<b>85,906</b>	<b>40,087</b>	<b>113,886</b>

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

Managing Director /  
 Chief Executive Officer

Chief Financial Officer

Chairman

Director

Director

PAIR Investment Company Limited  
Condensed Interim Cash Flow Statement (Un-audited)  
For the half year ended 30 June 2022



	Note	30 June 2022	30 June 2021
----- Rupees in '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		278,901	132,002
Less: Dividend income		(49,303)	(40,370)
		<u>229,598</u>	<u>91,632</u>
<b>Adjustments:</b>			
Depreciation		17,438	15,510
Amortisation		74	60
Provision and write-offs	28	42,513	153,020
Gain on sale of fixed assets		(49)	(1,698)
Charge for defined benefit plan		6,165	6,417
Unrealised loss on revaluation of held for trading investments	26	1,222	29
		<u>67,363</u>	<u>173,338</u>
		<u>296,961</u>	<u>264,970</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		-	-
Held-for-trading securities		29,548	2,337
Advances		(1,468,470)	(507,174)
Others assets		(123,057)	140,050
		<u>(1,561,979)</u>	<u>(364,787)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Borrowings from financial institutions		2,344,690	1,450,085
Deposits		321,467	50,573
Other liabilities		34,479	(14,411)
		<u>2,700,636</u>	<u>1,486,247</u>
		<u>1,435,618</u>	<u>1,386,430</u>
Income tax paid		(127,479)	(70,429)
Defined benefits paid		(7,028)	(6,417)
Net cash flows generated from operating activities		<u>1,301,111</u>	<u>1,309,584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(600,795)	(1,128,637)
Net investments in held-to-maturity securities		(499,278)	-
Dividends received		49,303	39,856
Investments in operating fixed assets		(51,223)	(9,875)
Proceeds from sale of fixed assets		49	1,769
Net cash flows used in investing activities		<u>(1,101,944)</u>	<u>(1,096,887)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(150,000)	(180,000)
Net cash flows used in financing activities		<u>(150,000)</u>	<u>(180,000)</u>
<b>Increase in cash and cash equivalents</b>		<u>49,167</u>	<u>32,697</u>
Cash and cash equivalents at beginning of the period		<u>238,437</u>	<u>129,508</u>
Cash and cash equivalents at end of the period		<u><u>287,604</u></u>	<u><u>162,205</u></u>

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

H. Daneshvari  
Managing Director /  
Chief Executive Officer

Chief Financial Officer

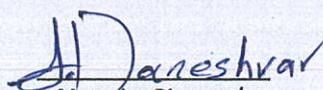
Chairman

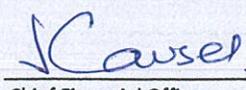
Director

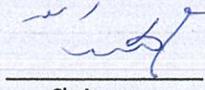
Director

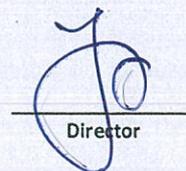
Note	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of		Unappropriated profit	Total
			Investments	Non Banking asset		
Rupees in '000						
Opening Balance as at 01 January, 2021	6,000,000	965,805	(16,923)	32,924	2,680,452	9,662,258
Profit after tax for the period ended 30 June, 2021	-	-	-	-	114,771	114,771
Other comprehensive income - net of tax	-	-	(885)	-	-	(885)
	-	-	(885)	-	114,771	113,886
Transfer to statutory reserve	-	22,954	-	-	(22,954)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(853)	853	-
<b>Transactions with owners recognised directly in equity</b>						
Final cash dividend - 31 December, 2020 declared subsequent to the year end	-	-	-	-	(180,000)	(180,000)
Opening Balance as at 01 July, 2021	6,000,000	988,759	(17,808)	32,071	2,593,122	9,596,144
Profit for the period ended 31 December, 2021	-	-	-	-	78,961	78,961
Other comprehensive income	-	-	(24,072)	(853)	4,962	(19,963)
	-	-	(24,072)	(853)	83,923	58,998
Transfer to statutory reserve	18	15,792	-	-	(15,792)	-
Opening Balance as at 01 January, 2022	6,000,000	1,004,551	(41,880)	31,218	2,661,253	9,655,142
Profit for the period ended 30 June, 2022	-	-	-	-	190,985	190,985
Other comprehensive income	-	-	(150,393)	(505)	-	(150,898)
	-	-	(150,393)	(505)	190,985	40,087
Transfer to statutory reserve	18	38,197	-	-	(38,197)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
<b>Transactions with owners recognised directly in equity</b>						
Final cash dividend - 31 December, 2021 declared subsequent to the year end	-	-	-	-	(150,000)	(150,000)
	6,000,000	1,042,748	(192,273)	30,713	2,664,041	9,545,229

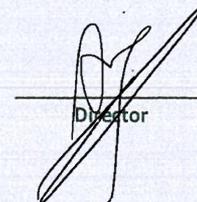
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

  
Managing Director /  
Chief Executive Officer

  
Chief Financial Officer

  
Chairman

  
Director

  
Director

## 1. STATUS AND NATURE OF BUSINESS

PAIR Investment Company Limited, "the Company" is an unlisted Public Limited Company incorporated in Pakistan on 15 January 2007 under the Companies Ordinance, 1984 (repealed), now Companies Act, 2017. The Company has been notified as a Development Financial Institution (DFI) by the Ministry of Finance, Government of Pakistan.

The Company is a Joint Venture (50:50) between Government of Pakistan and Iran Foreign Investment Company (IFIC) which is owned by the Government of Iran. The Company's objectives inter alia includes financing for industrial and commercial projects, capital and money market operations and other investment banking activities. Its registered and principal office is situated at ICCI Building, Clifton, Karachi. The Company operates a branch at Park Lane Tower (Mall of Lahore) 172-Tufail Road, Lahore.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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 IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 The SBP through its BSD Circular letter No. 11 dated 11 September 2002 has deferred the implementation of IAS 39 'Financial instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial instruments; Disclosures' through SRO 411 (1)/2008. Accordingly, the requirements of these IFRS and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these condensed interim financial statements.

2.3 Further, SBP vide its BPRD Circular Letter No.03 dated 05 July 2022, has extended the applicability of IFRS 9 on Banks / DFIs to accounting periods beginning on or after 01 January 2023. During the transition period, the DFIs are required to carry out the parallel run and submit to SBP, IFRS 9 compatible pro-forma annual financial statements, quarterly and half yearly pro-forma financial statements for the year 2022 as per timelines provided.

2.4 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2021.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 31 December 2021.



**3.1 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current period**

There are certain other new standards, interpretations of and amendments to existing accounting and reporting standards as applicable in Pakistan that have become applicable to the Company for accounting periods beginning on or after 1 January 2022 but are not considered to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim financial statements.

**3.2 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period**

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Company's financial statements except as disclosed in note 2.3.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2021.

**5. FINANCIAL RISK MANAGEMENT**

**5.1** The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2021.

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- Rupees in '000 -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		58	51
Foreign currencies		12,683	5,514
		12,741	5,565
With State Bank of Pakistan in			
Local currency current account	6.1	98,062	69,702
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account		696	682
		713	699
		111,516	75,966

**6.1** This represents current account maintained for minimum cash reserve required to be maintained with the State Bank of Pakistan in accordance with its requirements of BSD Circular No. 04 dated 22 May 2004.

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- Rupees in '000 -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		11,447	12,161
In deposit accounts	7.1	164,641	150,310
		176,088	162,471

**7.1** These deposit accounts carry annual mark-up rate of 5.5% to 10.75% (31 December 2021: 3.5% to 6.75%).

8. INVESTMENTS

8.1 Investments by type

30 June 2022 (Un-audited) 31 December 2021 (Audited)

	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Held-for-trading securities	33,702	-	(1,222)	32,480	63,250	-	(982)	62,268
Shares	33,702	-	(1,222)	32,480	63,250	-	(982)	62,268
Available-for-sale securities	9,593,348	-	(16,510)	9,576,838	9,974,057	-	(6,431)	9,967,626
Federal Government securities	1,288,459	(42,474)	(246,618)	999,367	1,231,302	(42,980)	(123,070)	1,065,252
Shares	6,554,030	(39,311)	78,618	6,593,337	5,629,683	(37,322)	99,215	5,691,576
Non Government Debt Securities	17,435,837	(81,785)	(184,510)	17,169,542	16,835,042	(80,302)	(30,286)	16,724,454
Held-to-maturity securities	687,993	-	-	687,993	188,715	-	-	188,715
Commercial Papers	687,993	-	-	687,993	188,715	-	-	188,715
<b>Total investments</b>	<b>18,157,532</b>	<b>(81,785)</b>	<b>(185,732)</b>	<b>17,890,015</b>	<b>17,087,007</b>	<b>(80,302)</b>	<b>(31,268)</b>	<b>16,975,437</b>

8.2 Investments by segments

30 June 2022 (Un-audited) 31 December 2021 (Audited)

	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Federal Government securities	2,802,873	-	(2,943)	2,799,930	3,691,787	-	(9,378)	3,682,409
- Market treasury bills	6,790,475	-	(13,567)	6,776,908	6,282,270	-	2,947	6,285,217
- Pakistan Investment Bonds	9,593,348	-	(16,510)	9,576,838	9,974,057	-	(6,431)	9,967,626
Shares	1,294,552	(42,474)	(251,567)	1,000,511	1,266,943	(42,980)	(127,227)	1,096,736
- Ordinary Shares of Listed companies	27,609	-	3,727	31,336	27,609	-	3,175	30,784
- Preference Shares of Listed companies	1,322,161	(42,474)	(247,840)	1,031,847	1,294,552	(42,980)	(124,052)	1,127,520
Non Government Debt Securities	1,817,472	-	26,374	1,843,846	1,249,917	(11,245)	19,380	1,258,052
- Term Finance Certificates - Listed	3,207,125	(11,245)	32,570	3,228,450	2,759,084	-	65,754	2,824,838
- Term Finance Certificates - Unlisted	543,750	-	19,674	563,424	600,000	-	8,961	608,961
- Sukuk certificates - Listed	985,683	(28,066)	-	957,617	1,020,682	(26,077)	5,120	999,725
- Sukuk certificates - Unlisted	6,554,030	(39,311)	78,618	6,593,337	5,629,683	(37,322)	99,215	5,691,576
Commercial papers	687,993	-	-	687,993	188,715	-	-	188,715
<b>Total investments</b>	<b>18,157,532</b>	<b>(81,785)</b>	<b>(185,732)</b>	<b>17,890,015</b>	<b>17,087,007</b>	<b>(80,302)</b>	<b>(34,443)</b>	<b>16,975,437</b>

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----	
<b>8.3 Investments given as collateral</b>		
<b>Pakistan Investment Bonds</b>		
Carrying value - before revaluation	6,410,549	5,911,160
Deficit	(6,799)	(7,360)
	<u>6,403,750</u>	<u>5,903,800</u>
<b>Market treasury bills</b>		
Carrying value - before revaluation	1,522,768	1,086,421
Deficit	213	(3,893)
	<u>1,522,981</u>	<u>1,082,528</u>
<b>Shares</b>		
Carrying value - before revaluation	98,499	97,595
Impairment	(19,251)	(17,453)
Deficit	(19,280)	(3,195)
	<u>59,968</u>	<u>76,947</u>

**8.4 Provision for diminution in value of investments**

Opening balance	80,302	77,314
<b>Charge / reversals</b>		
Charge for the period / year	4,854	10,463
Reversals for the period / year	(3,310)	-
Reversal on disposals	(61)	(7,475)
	<u>1,483</u>	<u>2,988</u>
<b>Closing Balance</b>	<u>81,785</u>	<u>80,302</u>

**8.5 Particulars of provision against debt securities**

Category of classification	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	NPI	Provision	NPI	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	43,290	(39,311)	43,290	37,322
	<u>43,290</u>	<u>(39,311)</u>	<u>43,290</u>	<u>37,322</u>

8.6 The Company has availed the benefit of Forced Sales Value (FSV) against the non-performing investment. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing investment would have been higher by Rs. 3.979 million (31 December 2021: Rs. 5.96 million) Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend / bonus to employees.

9 ADVANCES

	Performing		Non Performing		Total	
	30 June 2022 (Un-audited)	31 December 2021 (Audited)	30 June 2022 (Un-audited)	31 December 2021 (Audited)	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	7,742,816	6,236,305	1,885,592	1,888,940	9,628,408	8,125,245
Islamic financing and related assets	-	-	170,308	173,292	170,308	173,292
Bills discounted and purchased	-	31,709	-	-	-	31,709
Advances - gross	7,742,816	6,268,014	2,055,900	2,062,232	9,798,716	8,330,246
Provision against advances						
- Specific	-	-	(1,854,712)	(1,813,682)	(1,854,712)	(1,813,682)
- General	-	-	(1,854,712)	(1,813,682)	(1,854,712)	(1,813,682)
Advances - net of provision	7,742,816	6,268,014	201,188	248,550	7,944,004	6,516,564

9.1 These include loans of Rs. 135.839 million (31 December 2021: Rs. 114.982 million) advanced to employees in accordance with their terms of employment. These loans carry mark-up at the rates from 0% to 5% (31 December 2021: 3% to 5%) respectively.

9.2 Includes net investment in finance lease as disclosed below:

	30 June 2022 (Un-audited)		31 December 2021 (Audited)			
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	----- Rupees in '000 -----					
Lease rentals receivable	478,640	742,496	1,221,136	323,094	548,465	871,559
Residual value	144,851	179,043	323,894	94,851	163,296	258,147
Minimum lease payments	623,491	921,539	1,545,030	417,945	711,761	1,129,706
Financial charges for future periods	(112,589)	(116,377)	(228,966)	(67,050)	(72,920)	(139,970)
Present value of minimum lease payments	510,902	805,162	1,316,064	350,895	638,841	989,736

9.2.1 The Company's implicit rate of return on leases ranges between 9.32% to 18.5% (31 December 2021: 9.32% to 16.91%) per annum. These are secured against leased assets and security deposits generally up to 50% (31 December 2021: 50%) of the cost of leased assets.

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----	
<b>9.3 Particulars of advances (Gross)</b>		
In local currency	9,798,716	8,330,246
In foreign currencies	-	-
	<u>9,798,716</u>	<u>8,330,246</u>

9.4 Advances include Rs. 2,055.9 million (31 December 2021: Rs. 2,062.2 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned	170,308	-	173,292	-
Substandard	797	743	2,763	743
Doubtful	24,624	21,708	26,005	8,804
Loss	1,860,171	1,832,261	1,860,172	1,804,135
Total	<u>2,055,900</u>	<u>1,854,712</u>	<u>2,062,232</u>	<u>1,813,682</u>

9.5 Particulars of provision against advances	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	1,813,682	-	1,813,682	1,551,571	-	1,551,571
Charge for the period / year	41,030	-	41,030	273,951	-	273,951
Reversals	-	-	-	(11,840)	-	(11,840)
	41,030	-	41,030	262,111	-	262,111
Amounts written off	-	-	-	-	-	-
Closing balance	<u>1,854,712</u>	-	<u>1,854,712</u>	<u>1,813,682</u>	-	<u>1,813,682</u>

9.5.1 Particulars of provision against advances	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
In local currency	1,854,712	-	1,854,712	1,813,682	-	1,813,682
In foreign currencies	-	-	-	-	-	-
	<u>1,854,712</u>	-	<u>1,854,712</u>	<u>1,813,682</u>	-	<u>1,813,682</u>

9.11

9.5.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the SBP, the Company has availed the benefit of Forced Sales Value (FSV) against the non-performing advances. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances would have been higher by Rs. 25.073 million (31 December 2021: Rs. 60.451 million). Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend / bonus to employees.

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
----- Rupees in '000 -----			
<b>10. FIXED ASSETS</b>			
Property and equipment		200,130	198,876
Capital work in progress	10.1	62,409	20,783
Right-of-use assets		912	8,153
		<b>263,451</b>	<b>227,812</b>

10.1 The amount represents amounts paid to the contractor for building Company's Head Office in Ocean Mall Building at Karachi and for Lahore branch office.

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
----- Rupees in '000 -----			
<b>10.2 Additions to fixed assets</b>			

The following additions have been made to fixed assets during the period:

Capital work in progress		41,626	20,783
Property and equipment			
Electrical, office and computer equipment		9,278	5,741
Vehicles		-	6,941
Furniture and fixtures		-	275
		<b>9,278</b>	<b>12,957</b>
		<b>50,904</b>	<b>33,740</b>

<b>11. INTANGIBLE ASSETS</b>			
Computer Softwares and Licenses		274	28
Capital Work in Progress	11.1	4,972	4,972
		<b>5,246</b>	<b>5,000</b>

11.1 The amount represents payment made to the software vendor for the software being implemented by the Company.

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
----- Rupees in '000 -----			
<b>11.2 Additions to intangible assets</b>			
The following additions have been made to intangible assets during the period:			
Computer Softwares and Licenses		320	-
Capital Work in Progress		-	4,972
		<b>320</b>	<b>4,972</b>

12. DEFERRED TAX ASSETS

30 June 2022 (Un-audited)

At 01 January 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At 30 June 2021
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----- Rupees in '000 -----

**Deductible Temporary Differences on**

- Provision against advances, off balance sheet, etc.	506,578	11,899	-	518,477
- Lease liability against right-of-use assets	1,369	71	-	1,440
	507,947	11,970	-	519,917

**Taxable Temporary Differences on**

- Surplus on revaluation of investments - net	(11,594)	-	3,831	(7,763)
- Post retirement employee benefits	(1,679)	-	-	(1,679)
- Surplus on revaluation of non-banking asset	(12,893)	-	348	(12,545)
- Right-of-use assets - net	(2,364)	2,100	-	(264)
- Accelerated tax depreciation	(8,583)	733	-	(7,850)
- Lease assets	(10,993)	(484)	-	(11,477)
- Others	1,631	(2,134)	-	(503)
	(46,475)	215	4,179	(42,081)
	461,472	12,185	4,179	477,836

31 December 2021 (Audited)

At 01 January 2020	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2020
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----- Rupees in '000 -----

**Deductible Temporary Differences on**

- Provision against advances, off balance sheet, etc.	430,566	76,012	-	506,578
- Lease liability against right-of-use assets	6,163	(4,794)	-	1,369
- Others	1,645	(14)	-	1,631
	438,374	71,204	-	509,578

**Taxable Temporary Differences on**

- Surplus on revaluation of investments - net	3,007	-	(14,601)	(11,594)
- Post retirement employee benefits	2,441	-	(4,120)	(1,679)
- Surplus on revaluation of non-banking asset	(13,590)	-	697	(12,893)
- Right-of-use assets - net	(6,385)	4,021	-	(2,364)
- Accelerated tax depreciation	11,743	(20,326)	-	(8,583)
- Lease assets	(21,490)	10,497	-	(10,993)
	(24,274)	(5,808)	(18,024)	(48,106)
	414,100	65,396	(18,024)	461,472

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- Rupees in '000 -----	
<b>13. OTHER ASSETS</b>			
Income / Mark-up accrued in local currency - net of provision		388,061	271,836
Advances, deposits and prepayments		23,733	16,926
Advance taxation (payments less provisions)		190,187	162,809
Non-banking asset acquired in satisfaction of claim	13.1	78,296	80,471
Receivable from defined benefits plan		6,651	5,788
Dividend receivable		150	150
Security deposits		6,726	6,701
Other assets (net of provision)		<u>693,804</u>	<u>544,681</u>
Surplus on revaluation of non-banking asset acquired in satisfaction of claim		43,258	44,459
Other Assets - total		<u>737,062</u>	<u>589,140</u>
<b>13.1 Market value of Non-banking asset acquired in satisfaction of claim</b>		<u>135,060</u>	<u>135,060</u>

Non-banking asset acquired in satisfaction of claims was revalued by independent professional valuer as of 10 August 2020 (full scope). The revaluation was carried out by M/s Joseph Lobo (Private) Limited on the basis of an assessment of present market values. The Company charged depreciation at the rate of 5%.

		30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- Rupees in '000 -----	
<b>13.2 Non-banking asset acquired in satisfaction of claim</b>			
Opening Balance		124,930	131,683
Revaluation during the period / year		-	-
Less: Depreciation for the period / year		(3,376)	(6,753)
Closing Balance		<u>121,554</u>	<u>124,930</u>
<b>14. BORROWINGS</b>			
In Pakistan (local currency)	14.1	<u>16,003,046</u>	<u>13,658,356</u>
<b>14.1 Details of borrowings secured / unsecured</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan - Under financing facility for:			
-Imported & Locally Manufactured Plant & Machinery (LTFF)	14.2	1,861,791	1,989,827
-Renewable Energy Facility (REF)	14.3	619,885	520,431
-Temporary Economic Refinance Facility (TERF)	14.4	800,610	552,381
		<u>3,282,286</u>	<u>3,062,639</u>
Repurchase agreement borrowings	14.5	7,979,093	7,012,384
Term borrowings	14.6	3,741,667	3,583,333
<b>Total Secured</b>		<u>15,003,046</u>	<u>13,658,356</u>
<b>Unsecured</b>			
Call borrowings	14.7	1,000,000	-
<b>Total Unsecured</b>		<u>1,000,000</u>	<u>-</u>
<b>Total borrowings</b>		<u>16,003,046</u>	<u>13,658,356</u>

- 14.2 The Company has obtained funds from the SBP for extending Long Term Financing Facility (LTFF) for Imported & Locally Manufactured Plant & Machinery. These borrowings carry mark-up rate of 2.0% to 2.5% per annum (31 December 2021: 2.0% to 2.5%). These borrowings will mature by 2031 (31 December 2021: 2031).
- 14.3 The Company has obtained funds from the SBP for extending financing facility for renewable energy facility (REF). These borrowings carry mark-up rate of 2.0% to 3% per annum (31 December 2021: 2.0% to 3%). These borrowings will mature by 2033 (31 December 2021: 2033).
- 14.4 The Company has obtained funds from the SBP for extending Temporary Economic Refinance Facility (TERF) for economic relief. These borrowings carry mark-up rate of 1.0% per annum (31 December 2021: 1%). These borrowings will mature by 2031 (31 December 2021: 2031).
- 14.5 These carry mark-up at the rates ranging from 13.93% to 14.5% per annum (31 December 2021: 10.45% to 10.65% per annum) and are secured against government securities having carrying amount of Rs. 7.933 billion and market value of Rs. 7.926 (31 December 2021: carrying value Rs. 6.997 billion and market value of Rs. 6.986 billion). These borrowings will mature up to August 2022 (31 December 2021: January 2022).
- 14.6 These represent finances obtained from Allied Bank Limited to finance regular business operations of the Company. These finances are secured against pledge of all present and future movable assets (excluding investments). It carries mark up at the rate of 6 months KIBOR +0.10% to 0.25% per annum. These are repayable in semi annual installments and shall be repaid by 2026. Total available facility is Rs. 6 billion.
- 14.7 These represent clean borrowings and carry mark-up at the rate of 16.5% (31 December 2021: Nil). These borrowings will mature up to July 2022 (31 December 2021: Nil).

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
----- Rupees in '000 -----			
<b>15. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Term deposits - In local currency	15.2	528,453	311,570
<b>Financial Institutions</b>			
Term deposits - In local currency	15.3	925,261	820,677
	15.1	<u>1,453,714</u>	<u>1,132,247</u>
<b>15.1 Composition of deposits</b>			
- Individuals	15.4	178,544	97,249
- Private Sector		349,909	214,321
- Non-Banking Financial Institution (related party)	15.5	925,261	820,677
		<u>1,453,714</u>	<u>1,132,247</u>
15.2 The mark-up rates on these certificate of investments (COI) range between 10.25% to 14.55% per annum (31 December 2021: 7.4% to 10.1% per annum). These COIs will mature up to September 2022 (31 December 2021: March 2022).			
15.3 The mark-up rates on these certificate of investments (COI) range between 11.0% to 14.1% per annum (31 December 2021: 10.0% to 10.1% per annum). These COIs will mature up to September 2022 (31 December 2021: March 2022).			
15.4 These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to May 2025 (31 December 2021: November 2024).			
15.5 This represents dividend and mark-up earned thereon not remitted to Iran Foreign Investment Company (IFIC) due to foreign exchange remittance restrictions, that had been invested on IFIC's instructions in the Company's certificates of investment.			

30 June 2022 (Un-audited)      31 December 2021 (Audited)  
----- Rupees in '000 -----

16. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	127,067	65,100
Accrued expenses	32,217	21,706
Payable to a financial institution	-	77,745
Payable to an associated undertaking	8,828	8,129
Government levies payable	3,835	3,013
Provision for audit fee	701	1,293
Advance insurance premium on lease	661	544
Security deposits against finance lease	323,894	258,147
Payable Brokerage / NCCPL	2,510	9,893
Provision for staff rewards	8	25,638
Provision for Worker's Welfare Fund	98,544	92,187
Lease liability against right-of-use assets	4,964	4,722
	<u>603,229</u>	<u>568,117</u>

17. SHARE CAPITAL

17.1 Authorised capital

30 June 2022 (Un-audited)	31 December 2021 (Audited)		30 June 2022 (Un-audited)	31 December 2021 (Audited)
----- Number of shares -----			----- Rupees in '000 -----	

<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>
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17.2 Issued, subscribed and paid-up share capital

<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>6,000,000</u>
<u>600,000,000</u>	<u>600,000,000</u>	Fully paid in cash	<u>6,000,000</u>	<u>6,000,000</u>

17.3 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Government of Pakistan	300,000,000	50%	300,000,000	50%
Iran Foreign Investment Company	300,000,000	50%	300,000,000	50%
	<u>600,000,000</u>	<u>100%</u>	<u>600,000,000</u>	<u>100%</u>

1811

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----	
<b>18. RESERVES</b>		
Statutory reserve		
Opening balance	1,004,551	965,805
Transfer during the period / year	38,197	38,746
Closing balance	<u>1,042,748</u>	<u>1,004,551</u>

18.1 According to BPD Circular No. 15 dated 31 May 2004 issued by SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve.

	Note	30 June 2022 (Un-audited)	31 December 2021 (Audited)
		----- Rupees in '000 -----	
<b>19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	8.1	(184,510)	(30,286)
- Non-banking asset acquired in satisfaction of claim		48,064	48,064
Transferred to unappropriated profit in respect of incremental depreciation charged		(4,806)	(3,953)
		(141,252)	13,825
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(7,763)	(11,594)
- Non-banking asset acquired in satisfaction of claim		(12,545)	(12,893)
		(20,308)	(24,487)
		<u>(161,560)</u>	<u>(10,662)</u>

**20 CONTINGENCIES AND COMMITMENTS**

20.1 With respect to tax year 2009, ADCIR amended assessment under Section 122(5A) of the Ordinance. The ACIR has passed order under Section 122(5A) raising demand amounting to Rs. 23.3 million. The Company filed an appeal against the order before the CIR(A). The CIR(A) upheld the order of ACIR. The Company, then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the order passed by the CIR(A). The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

20.2 With respect to tax year 2011, ADCIR amended the assessment under Section 122(5A) of the Ordinance. The ACIR has passed order under Section 122(5A) raising demand amounting to Rs. 57.6 million. The Company filed an appeal against the order before the CIR(A). The CIR(A) upheld the order of ACIR. The Company, then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the order passed by the CIR(A). The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

20.3 The Additional Commissioner Inland Revenue (ACIR) amended the assessment for the tax year 2012 under Section 122(5A) of the Ordinance. Income tax demand of Rs.148.747 million was created including liability of Workers' Welfare Fund (WWF) amounting to Rs. 16.364 million. The Company filed a rectification application to rectify the errors apparent in the order. Through rectified order under Section 221(1) of the Ordinance, short credit of advance tax of Rs. 116.595 million paid under Section 147 of the Ordinance was allowed and demand of Rs.148.747 million was reduced to Rs. 32.152 million. The Company has paid the demand under protest and has challenged the impugned order through appeal under Section 127 of the Ordinance with the Commissioner Inland Revenue (Appeals) - CIR(A). However the CIRA has confirmed the issues. Thereafter, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA. The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

311

- 20.4 The Additional Commissioner Inland Revenue (ADCIR) amended the assessment for the tax year 2013 under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance). Income tax demand of Rs. 51.113 million was created including liability of Workers' Welfare Fund (WWF) amounting to Rs. 13.874 million. The Company filed a rectification application to rectify the errors apparent in order and paid under protest the demand of Rs. 45.219 million in respect of said demand. The Company also challenged the impugned order through appeal under Section 127 of the Ordinance with the Commissioner Inland Revenue (Appeals) - CIR(A). However, CIR(A) has confirmed all the issues except the issue pertaining to premium amortization which has been set aside and against which the Company has been provided a relief. Thereafter, the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.5 The Additional Commissioner Inland Revenue (ADCIR) amended the assessments for tax year 2015 and raised demand of Rs. 80.433 million which was later revised to Rs. 87.014 million. The demand was challenged by the Company by filing an appeal with the CIR(A). However, on confirmation of the demand order by CIR(A) the Company filed an appeal before the ATIR and made payment of Rs. 17.5 million under protest. The ATIR through its order dated 24 November 2016 deleted the demand and directed the department to work out the liability of WWF in the light of Supreme Court's order. Consequently, the tax department filed a reference in High Court, dated 16 February 2017, which is yet to be admitted for hearing. Moreover, certain issues were remanded back by the ATIR under the aforementioned order against which relief has been allowed by the CIR(A) however, appeal effect order is pending. The Company, in consultation with its tax advisor, is confident of a favourable outcome in relation to this matter.
- 20.6 With respect to tax year 2016, ADCIR amended the assessment and demand amounting to Rs. 52.049 million was created. The Company admitted tax imposed on commission income amounting to Rs. 1.031 million, which was paid and on other issues filed appeal to CIR(A) against ADCIR order. The CIR(A) passed order and decided the appeal and allowed partial relief. Order to the extent of apportionment of finance cost was confirmed by CIR(A). An appeal effect order under Section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The Company and the department has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) on the issue decided against it. The Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.7 With respect to tax year 2017, ADCIR amended the assessment and demand amounting to Rs. 134.499 million was created. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019 and rectified demand to Rs. 46.351 million. The Company paid the demand and paid Rs. 18.0 million while remaining amount of Rs. 28.351 million was adjusted from the refund of tax year 2018. The Company filed appeal against order before CIR(A). The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted contention except on apportionment of markup expenses. An appeal effect order under Section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). Moreover, both the Company and the department have filed appeals before the ATIR on the issues decided against them. The appeal is awaited to be heard. The issue is pending before ATIR and the Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.8 With respect to tax year 2018, ADCIR amended the assessment under Section 122(5A) of the Ordinance. The ACIR has passed order under Section 122(5A) reducing the refund amounting to Rs. 17.962 million. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019. The Company filed an appeal against the order before the CIR(A) on 31 January 2019. The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted our contention except on apportionment of markup expenses. An appeal effect order under Section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). Whereas, the Company has filed an appeal before the ATIR in respect of the issue of apportionment of finance and administration cost and the Company, in consultation with its tax advisor, is confident of a favourable outcome.

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	----- Rupees in '000 -----	
20.9 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u>7,979,093</u>	<u>7,012,384</u>
20.10 Direct credit substitutes	<u>102,000</u>	<u>402,000</u>



## 20.11 Commitments to extend credit

The Company makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

## 21. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments referred to as derivatives, contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in money and foreign exchange markets. The Company's exposure in these instruments represents equity futures. The Company also enters into repo transactions against government securities carrying fixed interest rates and having fixed contractual maturities. The credit risk associated with repo transactions is secured through underlying government securities.

## 22. DERIVATIVE INSTRUMENTS

The Company at present does not offer structured derivative products such as interest rate swaps, forward rate swaps, forward rate agreements or forward exchange options. However, the Company treasury and investment group may buy and sell derivative instruments such as equity futures.

### 22.1 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Company may use equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Company either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of tier 1 capital of the Company, based on prevailing SBP regulations.

	30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
Note	----- Rupees in '000 -----	-----
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	277,185	199,193
On investments	953,990	546,150
On deposits with financial institutions	315	953
On lendings to financial institutions	522	79
	<u>1,232,012</u>	<u>746,375</u>
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	64,798	33,835
Repurchase agreement borrowings	247,880	156,616
Call borrowings	168,565	36,441
On borrowing from State Bank of Pakistan- Under financing facility for:		
- Imported & Locally Manufactured Plant & Machinery (LTFF)	19,054	18,116
- Renewable Energy Facility (REF)	8,090	5,521
- Temporary Economic Refinance Facility (TERF)	3,465	36
Term Borrowing	239,185	133,664
Unwinding cost of liability against the right-of-use assets	242	880
	<u>751,279</u>	<u>385,109</u>

	Note	30 June 2022 (Un-audited) ----- Rupees in '000 -----	30 June 2021 (Un-audited) ----- Rupees in '000 -----
<b>25. FEE &amp; COMMISSION INCOME</b>			
Credit related fee		12,378	10,148
Investment banking fees		1,246	1,246
Commission on guarantees		308	308
		<u>13,932</u>	<u>11,702</u>
<b>26. GAIN ON SALE OF SECURITIES</b>			
Realised	26.1	2,959	62,434
Unrealised - held for trading		(1,222)	(29)
		<u>1,737</u>	<u>62,405</u>
<b>26.1 Realised gain on:</b>			
Shares		<u>2,959</u>	<u>62,434</u>
<b>27. OPERATING EXPENSES</b>			
<b>A Total compensation expense</b>	27.1	151,112	132,715
<b>B Property expense</b>			
Insurance		1,923	1,784
Utilities cost		3,834	3,055
Security (including guards)		265	261
Repair & maintenance (including janitorial charges)		5,667	6,060
Depreciation on right-of-use assets		7,241	6,719
Depreciation on owned assets		4,845	5,665
		<u>23,775</u>	<u>23,544</u>
<b>C Information technology expenses</b>			
Software maintenance		1,767	701
Depreciation		3,075	1,755
Amortisation		74	60
Network charges		1,907	2,730
Others		515	286
		<u>7,338</u>	<u>5,532</u>
<b>D Other operating expenses</b>			
Directors' fees and allowances		8,267	7,250
Legal & professional charges		4,067	3,875
Travelling & conveyance		12,273	5,893
Depreciation		2,277	1,371
Training & development		166	543
Postage & courier charges		84	63
Communication		875	730
Stationery & printing		539	682
Marketing, advertisement & publicity		1,445	45
Donations		1,000	-
Auditors Remuneration		3,369	2,118
Commission and brokerage		1,955	974
Others		1,323	1,479
		<u>37,640</u>	<u>25,023</u>
		<u>219,865</u>	<u>186,814</u>

		30 June 2022 (Un-audited)	30 June 2021 (Un-audited)
	Note	----- Rupees in '000 -----	
<b>27.1 Total compensation expense</b>			
Employees Remuneration		92,702	80,381
Charge for defined benefit plan		6,165	6,417
Contribution to defined contribution Plan		6,024	5,393
Rent and house maintenance		17,448	18,044
Utilities		3,950	3,877
Medical		5,683	4,920
Conveyance		17,867	13,133
Others		1,273	550
		<u>151,112</u>	<u>132,715</u>
<b>28 PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments - net	8.4	1,483	(2,256)
Provisions against loans and advances	9.5	41,030	155,276
		<u>42,513</u>	<u>153,020</u>
<b>29. TAXATION</b>			
Current		78,593	69,531
Prior period		21,508	-
Deferred		(12,185)	(52,300)
		<u>87,916</u>	<u>17,231</u>
<b>30. BASIC &amp; DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<u>190,985</u>	<u>114,771</u>
		(Number of Shares in '000)	
Weighted average number of ordinary shares		<u>600,000</u>	<u>600,000</u>
Basic & diluted earnings per share		<u>0.32</u>	<u>0.19</u>
<b>31. FAIR VALUE MEASUREMENTS</b>			

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market prices. 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.

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### 31.1 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).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair values of financial assets are determined as follows:

Type of security	Valuation based on
Government securities	PKRV / PKFRV rates (MUFAP rates)
Term finance certificates and sukuk bonds (other than government)	MUFAP rates
Listed securities	PSX rates
Non-banking assets acquired in satisfaction of claim	Independent valuer's report

In the opinion of the management, the fair value of the remaining financial assets and liabilities is not significantly different from their carrying values.

31.2 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 measured is categorised.

On balance sheet financial instruments	Carrying value	30 June 2022 (Un-audited)			
		Fair value			Total
		Level 1	Level 2	Level 3	
		Rupees in 000			
<b>Financial assets measured at fair value</b>					
Investments					
Federal Government Securities	9,576,838	-	9,576,838	-	9,576,838
Shares in listed companies	1,031,847	1,031,847	-	-	1,031,847
Non-Government Debt Securities	2,407,270	2,407,270	-	-	2,407,270
	<b>13,015,955</b>	<b>3,439,117</b>	<b>9,576,838</b>	<b>-</b>	<b>13,015,955</b>
<b>Financial assets not measured at fair value</b>					
Cash and balances with treasury banks	111,516				
Balances with other banks	176,088				
Investments					
Non-Government Debt Securities	4,186,067				
Commercial Paper	687,993				
Advances	7,944,004				
Other assets	409,440				
	<b>13,515,108</b>				
<b>Financial liabilities not measured at fair value</b>					
Borrowings	16,003,046				
Deposits and other accounts	1,453,714				
Other liabilities	500,842				
	<b>17,957,602</b>				

Carrying/ Notional value	31 December 2021 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
----- Rupees in 000 -----				
<b>Financial assets measured at fair value</b>				
Investments - other than commercial papers				
Federal Government Securities	9,967,626	-	9,967,626	-
Shares in listed companies	1,127,520	1,127,520	-	-
Non Government Debt Securities	1,867,013	1,867,013	-	-
	12,962,159	2,994,533	9,967,626	-
				12,962,159

**Financial assets not measured at fair value**

Cash and balances with treasury banks	75,966
Balances with other banks	162,471
Investments	
Non Government Debt Securities	3,824,563
Commercial Paper	188,715
Advances	6,516,564
Other assets	321,066
	11,089,345

**Financial liabilities not measured at fair value**

Borrowings	13,658,356
Deposits and other accounts	1,132,247
Other liabilities	447,279
	15,237,882

**32. SEGMENT INFORMATION**

**Segment Details with respect to Business Activities**

	30 June 2022 (Un-audited)				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
----- Rupees in 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	375,654	129,631	(27,710)	3,158	480,733
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	13,932	-	51,039	1,932	66,903
<b>Total Income</b>	<b>389,586</b>	<b>129,631</b>	<b>23,329</b>	<b>5,090</b>	<b>547,636</b>
Segment direct expenses	24,488	13,720	8,365	179,649	226,222
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>24,488</b>	<b>13,720</b>	<b>8,365</b>	<b>179,649</b>	<b>226,222</b>
Provisions	41,030	-	1,483	-	42,513
<b>Profit before tax</b>	<b>324,068</b>	<b>115,911</b>	<b>13,481</b>	<b>(174,559)</b>	<b>278,901</b>

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30 June 2022 (Un-audited)					
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
----- Rupees in 000 -----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	287,604	287,604
Investments	5,188,094	11,724,973	976,948	-	17,890,015
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	7,606,977	-	-	135,839	7,742,816
- non-performing	201,188	-	-	-	201,188
Others	824,288	185,104	150	474,053	1,483,595
<b>Total Assets</b>	<b>13,820,547</b>	<b>11,910,077</b>	<b>977,098</b>	<b>897,496</b>	<b>27,605,218</b>
Borrowings	5,556,694	10,285,577	160,775	-	16,003,046
Subordinated debt	-	-	-	-	-
Deposits & other accounts	883,654	507,596	62,464	-	1,453,714
Net inter segment borrowing	-	-	-	-	-
Others	339,893	71,080	2,510	189,746	603,229
<b>Total liabilities</b>	<b>6,780,241</b>	<b>10,864,253</b>	<b>225,749</b>	<b>189,746</b>	<b>18,059,989</b>
Equity	7,040,306	1,045,824	751,349	707,750	9,545,229
<b>Total Equity &amp; liabilities</b>	<b>13,820,547</b>	<b>11,910,077</b>	<b>977,098</b>	<b>897,496</b>	<b>27,605,218</b>
<b>Contingencies &amp; Commitments</b>	<b>102,000</b>	<b>7,979,093</b>	<b>-</b>	<b>-</b>	<b>8,081,093</b>

30 June 2021 (Un-audited)					
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
----- Rupees in 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	233,736	135,286	-	(7,756)	361,266
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	11,702	-	102,776	1,999	116,477
<b>Total Income</b>	<b>245,438</b>	<b>135,286</b>	<b>102,776</b>	<b>(5,757)</b>	<b>477,743</b>
Segment direct expenses	24,084	12,627	7,794	148,216	192,721
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>24,084</b>	<b>12,627</b>	<b>7,794</b>	<b>148,216</b>	<b>192,721</b>
Provisions / (reversals)	159,963	-	(6,943)	-	153,020
<b>Profit before tax</b>	<b>61,391</b>	<b>122,659</b>	<b>101,925</b>	<b>(153,973)</b>	<b>132,002</b>

211

31 December 2021 (Audited)

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
----- Rupees in 000 -----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	238,437	238,437
Investments	4,903,381	10,999,436	1,072,620	-	16,975,437
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	6,143,380	-	-	124,634	6,268,014
Advances - non-performing	248,550	-	-	-	248,550
Others	770,572	107,088	150	405,614	1,283,424
<b>Total Assets</b>	<b>12,065,883</b>	<b>11,106,524</b>	<b>1,072,770</b>	<b>768,685</b>	<b>25,013,862</b>
Borrowings	5,142,716	8,188,543	327,097	-	13,658,356
Subordinated debt	-	-	-	-	-
Deposits & other accounts	657,255	371,638	103,354	-	1,132,247
Net inter segment borrowing	-	-	-	-	-
Others	272,990	21,591	9,893	263,643	566,117
<b>Total liabilities</b>	<b>6,072,961</b>	<b>8,581,772</b>	<b>440,344</b>	<b>263,643</b>	<b>15,358,720</b>
Equity	5,992,922	2,524,752	632,426	505,042	9,655,142
<b>Total Equity &amp; liabilities</b>	<b>12,065,883</b>	<b>11,106,524</b>	<b>1,072,770</b>	<b>768,685</b>	<b>25,013,862</b>
<b>Contingencies &amp; Commitments</b>	<b>402,000</b>	<b>7,012,384</b>	<b>-</b>	<b>-</b>	<b>7,414,384</b>

### 33. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise retirement benefit plan, major shareholders, directors, key management personnel and their close family members.

Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Other transactions are at agreed rates.

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

	30 June 2022 (Un-audited)			31 December 2021 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- Rupees in '000 -----						
<b>Advances</b>						
Opening balance	-	77,032	-	-	90,427	-
Addition during the period / year	-	17,395	-	-	6,958	-
Repaid during the period / year	-	(6,132)	-	-	(20,353)	-
Closing balance	-	88,295	-	-	77,032	-
<b>Other Assets</b>						
Other receivable	-	-	13,267	-	-	11,492
<b>Deposits and other accounts</b>						
Opening balance	-	34,127	852,782	-	3,087	691,699
Received during the period / year	-	266,060	1,978,779	-	128,326	3,295,303
Withdrawn during the period / year	-	(249,336)	(1,759,355)	-	(97,286)	(3,134,220)
Closing balance	-	50,851	1,072,206	-	34,127	852,782
<b>Other Liabilities</b>						
Interest / mark-up payable	-	406	21,825	-	497	13,029
Other liabilities	-	-	-	-	-	-
- bonus payable to MD/CEO	-	2,966	-	-	1,702	-
- payable to Iran Foreign Investment Company - associate	-	-	8,828	-	-	8,129
- director fee payable	-	-	4,900	-	-	2,000
Receivable from / (payable) to defined benefit plan	-	-	6,651	-	-	5,788
	-	3,372	42,204	-	2,199	28,946

#### RELATED PARTY TRANSACTIONS

	30 June 2022 (Un-audited)			30 June 2021 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- Rupees in '000 -----						
<b>Income</b>						
Mark-up / return / interest earned	-	2,020	-	-	2,184	-
<b>Expense</b>						
Mark-up / return / interest paid	-	2,467	47,381	-	501	27,447
<b>Operating expenses</b>						
Fees for Board & Committee Meeting	8,267	-	-	7,250	-	-
Allowance for Board & Committee Meeting	-	-	-	-	-	-
Managerial Remuneration	-	63,830	-	-	55,564	-
Contribution to defined contribution plan	-	3,883	-	-	3,467	-
Rent & house maintenance	-	10,760	-	-	9,050	-
Utilities	-	3,060	-	-	2,338	-
Medical	-	3,093	-	-	2,564	-
Conveyance	-	6,845	-	-	5,990	-
Others	-	389	-	-	898	-

211

34. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	----- Rupees in '000 -----			
<b>Minimum Capital Requirement (MCR):</b>				
Paid-up capital (net of losses)	6,000,000		6,000,000	
<b>Capital Adequacy Ratio (CAR):</b>				
Eligible Common Equity Tier 1 (CET 1) Capital	4,266,036		6,122,373	
Eligible Additional Tier 1 (ADT 1) Capital	-		-	
Total Eligible Tier 1 Capital	4,266,036		6,122,373	
Eligible Tier 2 Capital	-		-	
Total Eligible Capital (Tier 1 + Tier 2)	4,266,036		6,122,373	
<b>Risk Weighted Assets (RWAs):</b>				
Credit Risk	9,887,092		8,866,790	
Market Risk	1,504,826		1,654,795	
Operational Risk	1,854,382		1,854,382	
Total	13,246,300		12,375,967	
	<b>30 June 2022 (Un-audited)</b>		<b>31 December 2021 (Audited)</b>	
	<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
Common Equity Tier 1 Capital Adequacy ratio (%)	6.00%	32.21%	6.00%	49.47%
Tier 1 Capital Adequacy Ratio (%)	7.50%	32.21%	7.50%	49.47%
Total Capital Adequacy Ratio (%)	11.5%*	32.21%	11.50%	49.47%
*In terms of BPRD Circular Letter No. 12 of 2020 dated 26 March 2020, SBP has reduced Capital Conversion Buffer (CCB) requirement from 2.5% to 1.5% to enable the banks/DFIs to continue funding the real economy during evolving situation of CoVID-19 outbreak.				
Standardized Approach of Basel III is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator Approach is used for calculating Capital Adequacy for Operational Risk.				
	30 June 2022 (Un-audited)		31 December 2021 (Audited)	
	----- Rupees in '000 -----			
<b>Leverage Ratio (LR):</b>				
Eligible Tier-1 Capital	4,266,036		6,122,373	
Total Exposures	23,660,581		21,781,523	
Leverage Ratio	18.03%		28.11%	
<b>Liquidity Coverage Ratio (LCR):</b>				
Total High Quality Liquid Assets	4,757,160		5,280,683	
Total Net Cash Outflow	2,581,602		2,258,417	
Liquidity Coverage Ratio (%)	184.27%		233.82%	
<b>Net Stable Funding Ratio (NSFR):</b>				
Total Available Stable Funding	16,174,483		16,052,867	
Total Required Stable Funding	13,816,282		11,831,174	
Net Stable Funding Ratio (%)	117.07%		135.68%	

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34.1 State Bank of Pakistan issued Green Banking Guidelines vide IH&SMEFD Circular No. 08 of 2017 with a view to safeguarding against environmental risks emerging from banks and DFIs' businesses and operations. In order to align the DFI with regulatory expectations, PICL has put in place a Green Banking Framework focusing on following three areas:

1) **Environmental Risk Management**

For increasing financial stability through management and mitigation of environmental Risks of Lending portfolio, PICL has in place integration of environmental risk considerations into the credit risk assessment by introducing an Environmental Risk Rating, which is part of the Credit Risk Assessment.

2) **Business Facilitation**

The DFI is pursuing a green portfolio through soliciting clients for Renewable Energy related Lending by offering the SBP's Renewable Energy Refinance Scheme.

3) **Own Impact Reduction**

In order to reduce its own impact on environment, the DFI has set targets to lower its energy consumption, paper and waste reduction, bring energy efficient equipments, and plantation of greenery in surroundings.

35. **GENERAL**

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

35.2 The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term entity rating to AA (Double A) and the short term rating at A1+ (A one plus) of the Company dated 25 June 2022.

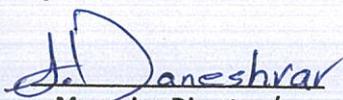
36. **EVENTS AFTER THE REPORTING DATE**

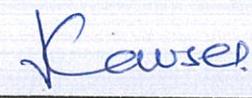
There are no events after the reporting date which could have material effect on these condensed interim financial statements.

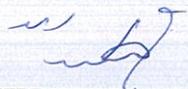
37. **DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 21 August 2022 by the Board of Directors of the Company.

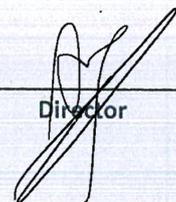
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Managing Director /  
Chief Executive Officer

  
Chief Financial Officer

  
Chairman

  
Director

  
Director