

**PAIR Investment Company
Limited**

Condensed Interim Financial
Statements for the Half Year Ended
June 30, 2024

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 June 30, 2024 and the related condensed interim statement of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for condensed 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 condensed 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 condensed 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 figures for the quarter ended June 30, 2024 and June 30, 2023 in the condensed interim statement of profit and loss account 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, 2024.

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


Chartered Accountants

Place: Karachi

Date: August 27, 2024


UDIN: RR202410057myca9EHIS


PAIR Investment Company Limited
Condensed Interim Statement of Financial Position
As at 30 June 2024

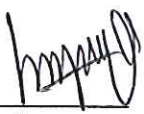



		30 June 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	264,114	158,668
Balances with other banks	8	248,807	296,119
Lendings to financial institutions		-	-
Investments	9	24,167,579	22,650,509
Advances	10	10,920,167	10,651,883
Property and equipment	11	571,607	486,364
Intangible assets	12	12,354	9,223
Deferred tax assets	13	379,570	441,163
Other assets	14	2,003,977	1,747,961
Total Assets		38,568,175	36,441,890
LIABILITIES			
Bills payable		-	-
Borrowings	15	23,032,567	21,789,218
Deposits and other accounts	16	3,685,887	2,724,472
Lease liabilities		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	1,287,723	1,347,042
Total Liabilities		28,006,177	25,860,732
NET ASSETS		10,561,998	10,581,158
REPRESENTED BY			
Share capital	18	6,000,000	6,000,000
Reserves	19	1,317,275	1,247,496
Surplus on revaluation of assets	20	64,104	124,696
Unappropriated profit		3,180,619	3,208,966
		10,561,998	10,581,158
CONTINGENCIES AND COMMITMENTS			
	21		


The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director



 Director

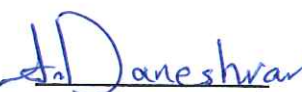
PAIR Investment Company Limited
Condensed Interim Statement of Profit and Loss Account (Un-audited)
For the half year ended 30 June 2024





Note	Quarter ended		Half year ended		
	April - June 2024	April - June 2023	January - June 2024	January - June 2023	
	(Rupees in '000)				
Mark-up / return / interest earned	24	1,650,239	1,439,637	3,277,382	2,593,016
Mark-up / return / interest expensed	25	1,287,350	1,046,916	2,503,492	1,865,938
Net mark-up / interest income		362,889	392,721	773,890	727,078
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	2,537	5,729	15,714	10,283
Dividend income		18,465	34,594	45,859	67,361
Foreign exchange income		273	114	301	2,752
Income / (loss) from derivatives		-	-	-	-
Gain on sale of securities	27	5,169	2,140	8,495	1,688
Other income	28	3,649	18	3,646	18
Total non mark-up / interest income		30,093	42,595	74,015	82,102
Total Income		392,982	435,316	847,905	809,180
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	64,614	162,886	235,960	279,704
Workers Welfare Fund		6,787	3,496	10,982	6,992
Other charges		-	-	-	-
Total non mark-up / interest expenses		71,401	166,382	246,942	286,696
PROFIT BEFORE CREDIT LOSS ALLOWANCE		321,581	268,934	600,963	522,484
Credit loss allowance and write offs - net	31	240,603	(9,054)	(13,581)	23,404
PROFIT BEFORE LEVIES AND TAXATION		80,978	277,988	614,544	499,080
Levies	30	28,903	9,916	28,903	9,916
PROFIT BEFORE INCOME TAX		52,075	268,072	585,641	489,164
Taxation	32	34,028	64,194	236,748	127,537
PROFIT AFTER TAXATION		18,047	203,878	348,893	361,627
Basic and diluted earnings per share - (Rupees)	33	0.03	0.34	0.58	0.60


The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director




 Director

PAIR Investment Company Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended 30 June 2024



	Quarter ended		Half year ended	
	April - June 2024	April - June 2023	January - June 2024	January - June 2023
----- (Rupees in '000) -----				
Profit after taxation for the period	18,047	203,878	348,893	361,627
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	32,313	34,149	(30,681)	(120,772)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments in equity investments - net of tax	(96,491)	86,422	(29,911)	(3,322)
Gain / (loss) on securities classified as FVOCI	120,468	(10,227)	142,539	(10,134)
Total comprehensive income	74,337	314,222	430,840	227,399

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.



Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director

PAIR Investment Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 30 June 2024



	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of Investments (Rupees in '000)	Unappropriated profit	Total
Opening Balance as at 1 January, 2023	6,000,000	1,093,746	(268,497)	2,947,810	9,773,059
Impact of first time adoption of IFRS-9				(179,110)	(179,110)
Profit after tax for the period ended 30 June 2023	-	-	-	361,627	361,627
Other comprehensive Income					
Movement in (deficit) / surplus on revaluation of investments in equity instruments - net of tax	-	-	(3,322)	-	(3,322)
Movement in (deficit) / surplus on revaluation of investments in debts instruments - net of tax	-	-	(120,772)	-	(120,772)
Realised gain on sale of securities classified as FVOCI	-	-	-	(10,134)	(10,134)
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-
Transferred to accumulated profit in respect of incremental depreciation for the year	-	-	-	-	-
Surplus on revaluation of non-banking assets	-	-	-	-	-
Transfer of Surplus to Unappropriated Profit - net of tax	-	-	-	-	-
Total comprehensive income for the year ended 30 June, 2023	-	-	(124,094)	351,493	227,399
Transfer to statutory reserve	-	72,325	-	(72,325)	-
Transactions with owners, recorded directly in equity					
Final cash dividend - 31 December 2022 declared subsequent to the year end				(350,000)	(350,000)
Opening Balance as at 01 July 2023	6,000,000	1,166,071	(392,591)	2,697,868	9,471,348
Profit after tax for the period ended 31 December 2023	-	-	-	407,124	407,124
Other comprehensive income					
Movement in (deficit) / surplus on revaluation of investments in equity instruments - net of tax	-	-	345,237	-	345,237
Movement in (deficit) / surplus on revaluation of investments in debts instruments - net of tax	-	-	172,050	-	172,050
Realised gain on sale of securities classified as FVOCI	-	-	-	174,853	174,853
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	10,546	10,546
Transferred to accumulated profit in respect of incremental depreciation for the year	-	-	-	-	-
Surplus on revaluation of non-banking assets	-	-	-	-	-
Transfer of Surplus to Unappropriated Profit - net of tax	-	-	-	-	-
Total comprehensive income for the year ended 31 December 2023	-	-	517,287	592,523	1,109,810
Transfer to statutory reserve	19	-	81,425	(81,425)	-
Opening Balance as at 01 January 2024	6,000,000	1,247,496	124,696	3,208,966	10,581,158
Profit after tax for the period ended 30 June 2024	-	-	-	348,893	348,893
Other comprehensive Income					
Movement in (deficit) / surplus on revaluation of investments in equity instruments - net of tax	-	-	(29,911)	-	(29,911)
Movement in (deficit) / surplus on revaluation of investments in debts instruments - net of tax	-	-	(30,681)	-	(30,681)
Gain / (Loss) on securities classified as FVOCI	-	-	-	142,539	142,539
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-
Movement in surplus on revaluation of non-banking asset - net of tax	-	-	-	-	-
	-	-	(60,592)	491,432	430,840
Transfer to statutory reserve	19	-	69,779	(69,779)	-
Transactions with owners recognised directly in equity					
Final cash dividend - 31 December 2023 declared subsequent to the year end				(450,000)	(450,000)
Closing Balance as at 30 June 2024	6,000,000	1,317,275	64,104	3,180,819	10,561,998

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director


 Director

PAIR Investment Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended 30 June 2024



Half period ended

Note	Half period ended	
	30 June 2024	30 June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
	614,544	499,080
	(45,859)	(67,361)
	568,685	431,719
Adjustments:		
	24,601	14,327
	119	53
	-	13,726
31	(13,581)	9,678
	(3,646)	(18)
	7,298	8,165
27	187	3,235
	14,978	49,166
	583,663	480,885
(Increase) / decrease in operating assets		
	75,714	(34,710)
	(61,520)	(1,178,433)
	(86,762)	(266,173)
	(72,568)	(1,479,316)
Increase in operating liabilities		
	1,243,349	1,908,254
	961,415	798,302
	(59,319)	458,425
	2,145,445	3,164,981
	2,656,540	2,166,550
	(28,903)	(9,916)
	(344,385)	(313,369)
	(1,152)	(7,667)
	2,282,100	1,835,598
CASH FLOWS FROM INVESTING ACTIVITIES		
	(2,165,905)	(1,317,780)
	455,489	(127,770)
	45,859	67,361
	(110,807)	(10,341)
	(3,250)	-
	4,609	64
	(1,774,005)	(1,388,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
	(450,000)	(350,000)
	(450,000)	(350,000)
	58,095	97,132
	454,921	196,019
	513,016	293,151

The annexed notes 1 to 40 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director

PAIR Investment Company Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended 30 June 2024

1. STATUS AND NATURE OF BUSINESS

PAIR Investment Company Limited, ("the Company") is an unlisted Public Limited Company incorporated in Pakistan on January 15, 2007 under the Companies Ordinance, 1984 (repealed by The Companies Act, 2017). The Company has been notified as a Development Financial Institution 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 which is owned by the Government of Iran. The Company's objectives interalia 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 17th Floor Ocean Tower, Clifton, Karachi. The other regional office is situated at Mezzanine Floor, PACE Tower T-27-H Gulberg 2, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting 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 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 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 Companies Act, 2017 and the said directives shall prevail.

- 2.2** The disclosures made in these condensed interim financial statements have been based on the format prescribed by the SBP vide BPRD Circular No.2 dated February 09, 2023 and IAS 34. SBP prescribed format for condensed interim financial statement of profit and loss account has been amended by showing levies separate line item preceding profit before taxation to comply with requirements of IAS 37, IFRC 21 and guide on IAS 12 issued by Insitute of Chartered Accountants of Pakistan (ICAP). 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 December 31, 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 December 31, 2023 except adoption of new accounting policy as fully described in note 4 of these condensed interim financial statements.

4. ADOPTION OF NEW ACCOUNTING POLICY

4.1 Accounting for minimum taxes and final taxes

As an application resource, a guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide) applicable for reporting period June 30, 2024 and onwards.

In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 previously accounted for and presented as income taxes within the scope of IAS 12 'Income taxes' will now be treated as 'Levies' as defined in para BC4 of IFRIC 21 as taxes whose calculation is based on gross amounts such as revenue.

As per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits which is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable).

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The guide issued by ICAP provides two (2) approaches to account for minimum and final regime taxes, which is a choice of accounting policy of which the Company has chosen the following:

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37. Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid assets'.

The above changes have been accounted for in these condensed interim financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of condensed interim financial statements and the application of this guide did not result any material differences except for reclassifications which are presented as below:

	Current Classification ----- (Rupees in '000) -----	Previous Classification -----
Effect on statement of profit or loss:		
<i>For the period ended June 30, 2023</i>		
Taxation:		
- Current year	132,982	142,898
Levies:		
-Final tax	9,916	-
	<u>142,898</u>	<u>142,898</u>

4.2 Taxation / Revenue Taxes

i. Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

ii. Levies

Levies as per IFRIC 21, final taxes on capital gain and dividend income.

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A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e laws and/or regulations), other than:

- (a) those outflows of resources that are within the scope of other standards.
- (b) fines or other penalties that are imposed for breaches of the legislation.

In these condensed interim financial statements, levy includes minimum taxes differential, if any, final taxes and super taxes which are based on other than taxable profits. The corresponding advance tax paid, except for minimum taxes under section 113, which are treated as levy are recognised in prepaid assets as 'prepaid levies'.

iii. *Deferred*

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax as determined in approach (b) to the guide issued by ICAP.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

5. **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 2023.

6. **FINANCIAL RISK MANAGEMENT**

6.1 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 2023.

7. CASH AND BALANCES WITH TREASURY BANKS	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited)
In hand			
Local currency		2	-
Foreign currencies		3,525	6,138
		3,527	6,138
With State Bank of Pakistan in			
Local currency current account	7.1	259,714	151,715
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account	7.2	856	798
		873	815
		264,114	158,668
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		264,114	158,668

7.1 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 May 22, 2004.

7.2 This carries mark-up at the rate 20.50% per annum (2023: 20.50%).

30 June 2024 (Un-audited) 31 December 2023 (Audited)
 (Rupees in '000)

8. BALANCES WITH OTHER BANKS

	30 June 2024	31 December 2023
In Pakistan		
In current accounts	167,689	119,259
In deposit accounts	81,213	176,994
	248,902	296,253
	(95)	(134)
	248,807	296,119

Note

8.1

Less: Credit loss allowance held against balances with other banks
 Balances with other banks - net of credit loss allowance

8.1 These deposit accounts carry annual mark-up rate of 6.70% to 20.50% (2023: 6.75% to 20.50%).

9. INVESTMENTS

9.1 Investments by type

	30 June 2024		31 December 2023				
	Un-audited	Audited	Un-audited	Audited			
	Cost / amortised cost	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
- Equity instruments							
Classified / Measured at FVTPL							
Shares - listed	2,554	(187)	2,367	74,143	-	4,125	78,268
	2,554	(187)	2,367	74,143	-	4,125	78,268
Classified / Measured at FVOCI							
Shares	231,221	71,409	302,630	643,493	-	114,626	758,119
	231,221	71,409	302,630	643,493	-	114,626	758,119
- Debt Instruments							
Classified / Measured at FVOCI							
Federal Government Securities	17,980,957	(10,075)	17,970,882	15,917,301	-	14,496	15,931,797
Non Government Debt Securities	6,124,281	12,358	5,891,700	5,922,710	(51,717)	11,332	5,882,325
	24,105,238	2,283	23,862,582	21,840,011	(51,717)	25,828	21,814,122
Total investments	24,339,013	73,505	24,167,579	22,557,647	(51,717)	144,579	22,650,509

9.3



9.2 Investments by segments

	30 June 2024				31 December 2023			
	Un-audited				Audited			
	Cost / amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government securities								
- Market treasury bills	1,881,682	-	7,395	1,889,077	1,705,579	-	5,393	1,710,972
- Pakistan Investment Bonds	16,099,275	-	(17,470)	16,081,805	14,211,722	-	9,103	14,220,825
	17,980,957	-	(10,075)	17,970,882	15,917,301	-	14,496	15,931,797
Shares								
- Ordinary Shares of Listed companies	206,166	-	71,222	277,388	700,255	-	103,277	803,532
- Preference Shares of Listed companies	27,609	-	-	27,609	27,609	-	5,246	32,855
	233,775	-	71,222	304,997	727,864	-	108,523	836,387
Non Government Debt Securities								
- Term Finance Certificates - Listed	2,045,832	(12,071)	(3,106)	2,030,655	2,159,676	(12,591)	(6,358)	2,140,727
- Term Finance Certificates - Unlisted	2,097,879	(7,485)	14,502	2,104,896	2,029,841	(6,746)	17,019	2,040,114
- Sukuk bonds - Listed	335,250	(91,939)	878	244,189	372,750	(395)	671	373,026
- Sukuk bonds - Unlisted	1,645,320	(133,444)	84	1,511,960	1,360,443	(31,985)	-	1,328,458
	6,124,281	(244,939)	12,358	5,891,700	5,922,710	(51,717)	11,332	5,882,325
Total investments	24,339,013	(244,939)	73,505	24,167,579	22,567,875	(51,717)	134,351	22,650,509

9.3 This includes Rs. 400 million invested by the Company on various dates in Tier II TFC issued by Khushhali Microfinance Bank Limited (the issuer). Delay in payments is due to "lock in event" that has restricted the issuer to make payment without the approval of the State Bank of Pakistan (SBP) to avoid the issuer's noncompliance of minimum capital requirement and capital adequacy ratio. In view of the fact that the issuer is continuing as a going concern without any restriction on its operations from the regulator and also the company has been actively borrowing from the issuer in the inter market during the period under review, management of the Company believes that no provisions is required to be made in condensed interim financial statements.

	30 June 2024 Un-audited	31 December 2023 Audited
	----- (Rupees in '000) -----	
9.4 Investments given as collateral		
Market treasury bills		
Carrying Value	-	116,362
Surplus	-	44
	<u>-</u>	<u>116,406</u>
Pakistan Investment Bonds		
Carrying Value	7,172,724	10,197,913
Deficit	(1,778)	(15,291)
	<u>7,170,946</u>	<u>10,182,622</u>
Shares		
Carrying Value	21,613	85,670
Impairment	-	-
Surplus	6,914	13,867
	<u>28,527</u>	<u>99,537</u>
9.5 Credit loss allowance for diminution in value of investments		
Opening balance	51,717	39,311
Impact of Adoption of IFRS 9	-	2,641
Charge / (reversals)		
Charge for the period / year	195,321	11,927
Reversals for the period	(2,099)	(2,162)
	<u>193,222</u>	<u>9,765</u>
Closing Balance	<u>244,939</u>	<u>51,717</u>

		30 June 2024		31 December 2023	
		Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held
		----- (Rupees in '000) -----			
Domestic					
Performing	Stage 1	23,631,548	9,975	21,798,888	10,594
Underperforming	Stage 2	-	-	-	-
Non-performing	Stage 3	-	-	-	-
Substandard		434,047	195,321	-	-
Doubtful		-	-	-	-
Loss		39,643	39,643	41,123	41,123
		<u>473,690</u>	<u>234,964</u>	<u>41,123</u>	<u>41,123</u>
Total		<u>24,105,238</u>	<u>244,939</u>	<u>21,840,011</u>	<u>51,717</u>

	Note	Performing		Non Performing		Total	
		30 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
10 ADVANCES							
Loans, cash credits, running finances, etc. Islamic financing and related assets	10.2	10,686,434	10,458,989	1,885,754	2,244,827	12,572,188	12,703,816
Bills discounted and purchased		-	-	157,021	161,358	157,021	161,358
Advances - gross	10.1	10,686,434	10,458,989	2,042,775	2,406,185	12,729,209	12,865,174
Credit loss allowance against advances							
-Stage 1		(39,081)	(172,335)	-	-	(39,081)	(172,335)
-Stage 2		(67,978)	(18,218)	(30,104)	(9,422)	(98,082)	(18,218)
-Stage 3		-	-	(1,671,879)	(2,022,738)	(1,671,879)	(2,022,738)
Advances - net of credit loss allowance		10,579,375	10,268,436	340,792	374,025	10,920,167	10,651,883

10.1 These include personal loans and house loans advanced to employees in accordance with their terms of employment. These personal loans and house loans carry mark-up at the rates of 3% and 5% (31 December 2023: 3% and 5%) respectively.

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
10.2 Particulars of advances (Gross)		
In local currency	12,729,209	12,865,174
In foreign currencies	-	-
	<u>12,729,209</u>	<u>12,865,174</u>

10.3 Advances include Rs. 2,042 million (31 December 2023: Rs. 2,406 million) which have been placed under non-performing / Stage 3 status as detailed below:-

Category of Classification	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Non Performing Loans	Credit Loss Allowance	Non Performing Loans	Credit Loss Allowance
Domestic				
Other Assets Especially Mentioned (OAEM)	157,021	30,104	161,358	9,422
Substandard	-	-	-	-
Doubtful	356,387	164,188	364,387	163,974
Loss	1,529,367	1,507,691	1,880,440	1,858,764
	<u>2,042,775</u>	<u>1,701,983</u>	<u>2,406,185</u>	<u>2,032,160</u>

10.3.1 This includes security deposit against lease assets placed by the customer with the Company therefore no provision is recorded in accordance with prudential regulations and IFRS 9.



10.4 Particulars of credit loss allowance against advances

Note	30 June 2024 (Un-audited)			31 December 2023 (Audited)	
	Stage 3	Stage 2	Stage 1	Total (Rupees in '000)	Total
Opening balance	2,022,738	18,218	172,335	2,213,291	1,878,498
Impact of Adoption of IFRS 9					
Charge for the period / year					1,878,498
Reversals	(153,374)	79,864	-	79,864	176,451
			(133,254)	(286,628)	234,588
Amounts written off	(153,374)	79,864	(133,254)	(206,764)	(76,246)
Closing balance	(197,485)	-	-	(197,485)	158,342
	1,671,879	98,082	39,081	1,809,042	2,213,291

Credit loss allowance for Stage 1 is Rs. 39.0 million and for Stage 2 is Rs. 98.0 million.

10.4.1 This represents write off as a result of scheme of arrangement as approved by court order.

10.5 Particulars of credit loss allowance against advances

	30 June 2024 (Un-audited)			31 December 2023 (Audited)	
	Stage 3	Stage 2	Stage 1	Total (Rupees in '000)	Total
In local currency	1,671,879	98,082	39,081	1,809,042	2,213,291
In foreign currencies	-	-	-	-	-
	1,671,879	98,082	39,081	1,809,042	2,213,291

10.6 Advances - Particulars of credit loss allowance

	30 June 2024			31 December 2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Opening balance	10,087,772	532,575	2,244,827	8,820,929	597,160	1,902,140
New Advances						
Advances derecognised or repaid	2,808,701	-	-	6,632,110	-	-
Transfer to stage 1	(2,449,967)	(135,626)	(161,588)	(4,962,005)	(103,460)	(21,700)
Transfer to stage 2	-	-	-	-	-	-
Transfer to stage 3	(724,146)	724,146	-	(190,319)	190,319	-
	-	-	-	(212,943)	(151,444)	364,387
Amounts written off / charged off	(365,412)	588,520	(161,588)	1,266,843	(64,585)	342,687
Changes in risk parameters	-	-	(197,485)	-	-	-
Closing balance	9,722,360	1,121,095	1,885,754	10,087,772	532,575	2,244,827

10.6.2 Advances - Category of classification

Domestic	30 June 2024		31 December 2023	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
----- (Rupees in '000) -----				
Performing	9,722,360	(39,081)	10,087,772	(172,335)
Underperforming	1,121,095	(98,082)	532,575	(18,218)
Non-Performing				
Substandard	-	-	-	-
Doubtful	356,387	(164,188)	364,387	(163,974)
Loss	1,529,367	(1,507,691)	1,880,440	(1,858,764)
	<u>1,885,754</u>	<u>(1,671,879)</u>	<u>2,244,827</u>	<u>(2,022,738)</u>
	<u>12,729,209</u>	<u>(1,809,042)</u>	<u>12,865,174</u>	<u>(2,213,291)</u>

30 June 2024 (Un-audited) 31 December 2023 (Audited)
----- (Rupees in '000) -----

Note

11. PROPERTY AND EQUIPMENT

Property and equipment

571,607 486,364

11.1 Additions to property and equipment

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

Property and equipment

Leasehold improvements	-	35,831
Furniture and fixtures	-	169
Electrical office and computer equipment	3,929	7,026
Vehicles	106,878	-
	<u>110,807</u>	<u>43,026</u>

11.2 Disposal of property and equipment

The net book value of fixed assets disposed off during the period is as follows:

Property and equipment

Electrical office and computer equipment	95	83
Vehicles	868	-
	<u>963</u>	<u>83</u>

12. INTANGIBLE ASSETS

Computer Softwares and Licenses

346 465

Capital Work in Progress

12,008 8,758

12,354 9,223

30 June 2024

13. DEFERRED TAX ASSETS

	At 01 January 2024	Recognised in profit and loss account	Recognised in other comprehensive income	At 30 June 2024
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
- Provision against advances, off balance sheet, etc.	407,482	(100,411)	-	307,071
- Lease assets	51,301	31,863	-	83,164
- Deficit on revaluation of investments - net	-	-	-	-
- Accelerated tax depreciation	(1,512)	4,623	-	3,111
	457,271	(63,925)	-	393,346
Taxable Temporary Differences on				
- Surplus on revaluation of investments - net	(16,279)	521	6,170	(9,588)
- Post retirement employee benefits	(2,644)	(1,352)	-	(3,996)
- Others	2,815	(3,007)	-	(192)
	(16,108)	(3,838)	6,170	(13,776)
	441,163	(67,763)	6,170	379,570

13.1 Deferred tax asset of Rs. 217.9 million has not been recorded, which pertains to provision for non-performing loans & impairment provision, due to uncertainty of reversal of provision to recover the benefit. Further, the company has charged deferred tax at the rate of 29% instead of 39% due to its realisability that deferred tax would be recovered in future.

31 December 2023

Deductible Temporary Differences on

- Provision against advances, off balance sheet, etc.
- Lease assets
- Deficit on revaluation of investments - net
- Others

	At 01 January 2023	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2023
----- (Rupees in '000) -----				
	513,833	(106,351)	-	407,482
	(9,906)	61,207	-	51,301
	2,710	-	(2,710)	-
	81	2,734	-	2,815
	506,718	(42,410)	(2,710)	461,598

Taxable Temporary Differences on

- Surplus on revaluation of investments - net
- Post retirement employee benefits
- Accelerated tax depreciation

	-	-	(16,279)	(16,279)
	1,142	-	(3,786)	(2,644)
	(49,367)	47,855	-	(1,512)
	(48,225)	47,855	(20,065)	(20,435)
	458,493	5,445	(22,775)	441,163

14. OTHER ASSETS

Income / Mark-up accrued in local currency - net of provision
Advances, deposits, prepayments and other receivables
Advance taxation (payments less provisions)
Receivable from defined benefits plan
Dividend receivable
Security deposits

Note
30 June
2024
(Un-audited)
31 December
2023
(Audited)
----- (Rupees in '000) -----

Less: Provision held against other assets
Other Assets - total

14.1	1,134,841	1,063,613
	38,988	30,752
	814,634	639,234
	13,781	12,629
	150	150
	1,583	1,583
	2,003,977	1,747,961
	-	-
	2,003,977	1,747,961

- 14.1 Mark-up suspended amounting to Rs. 1,903 Million (2023: Rs. 2,191.9 Million) included in provision against other assets, has been netted off against the markup receivable amount.

		30 June 2024 (Un-audited)	31 December 2023 (Audited)
----- (Rupees in '000) -----			
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan- Under financing facility for:			
- Imported & Locally Manufactured Plant & Machinery (LTFF)	15.1	1,360,109	1,527,954
- Renewable Energy Facility (REF)	15.2	545,341	581,999
- Temporary Economic Refinance Facility (TERF)	15.3	1,139,865	1,201,748
- Financing Facility for Storage of Agriculture Produce (FFSAP)	15.4	403,366	427,302
		3,448,681	3,739,003
Borrowings from State Bank of Pakistan - open market operation	15.5	6,800,000	8,900,000
Total Borrowings from State Bank of Pakistan		10,248,681	12,639,003
Repurchase agreement borrowings	15.5	453,330	1,572,437
Term borrowings	15.6	3,930,556	3,577,778
Total Secured		14,632,567	17,789,218
Unsecured			
Call borrowings	15.7	8,400,000	4,000,000
Total Unsecured		8,400,000	4,000,000
		23,032,567	21,789,218

- 15.1 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 15.0% per annum (31 December 2023: 2.0% to 15.0%). These borrowings will mature by 2033 (31 December 2023: 2033).
- 15.2 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 2023: 2.0% to 3.0%). These borrowings will mature by 2034 (31 December 2023: 2034).
- 15.3 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 2023: 1%). These borrowings will mature by 2032 (31 December 2023: 2032).
- 15.4 The Company has obtained funds from the SBP for extending Financing Facility for Storage of Agricultural Produce (FFSAP) for economic relief. These borrowings carry mark-up rate of 2.50% per annum (31 December 2023: 2.0% to 2.50%). These borrowings will mature by 2030 (31 December 2023: 2030).
- 15.5 These carry mark-up at the rates ranging from 20.60% to 21.00% per annum (31 December 2023: 22.10% to 22.30% per annum) and are secured against government securities having carrying amount of Rs. 7.173 billion & market value of Rs. 7.171 billion (31 December 2023: carrying value Rs. 10.314 billion & market value of Rs. 10.299 billion). These borrowings will mature up to July 2024 (31 December 2023: January 2024).
- 15.6 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 2027. Total available facility is Rs. 6 billion.

15.7 These represent clean finances obtained by the Company, These carry mark up at the rates ranging from 20.40% to 21.00% per annum (31 December 2023: 22.10% per annum. These borrowings will mature up to July 2024 (31 December 2023: January 2024).

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
Note	----- (Rupees in '000) -----	

16. DEPOSITS AND OTHER ACCOUNTS

Customers

Term deposits

16.2	1,836,045	1,383,726
------	-----------	-----------

Financial Institutions

Term deposits

16.3	1,849,842	1,340,746
------	-----------	-----------

3,685,887	2,724,472
------------------	------------------

16.1 Composition of deposits

- Individuals

16.4	695,911	535,704
------	---------	---------

- Public Sector Entities

150,000

- Non-Banking Financial Institutions

1,849,842	1,340,746
-----------	-----------

- Private Sector

990,134	848,022
---------	---------

3,685,887	2,724,472
------------------	------------------

16.2 The mark-up rates on these certificate of investments (COI) range between 19.00% to 22.50% per annum (31 December 2023: 20.00% to 22.50% per annum). These COIs will mature up to June 2025 (31 December 2023: December 2024).

16.3 The mark-up rates on these certificate of investments (COI) is 19.80% to 21.30% per annum (31 December 2023: 21.30% to 22.35% per annum). These COIs will mature up to September 2024 (31 December 2023: March 2024).

16.4 These includes both interest bearing and non-interest bearing certificate of investments (COI) issued to the employees of the Company maturing up to November 2026 (31 December 2023: November 2026). The interest bearing deposits carry interest rates ranging between 19.00% to 22.50% per annum (31 December 2023: 20.0% to 22.50% per annum).

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
17. OTHER LIABILITIES	----- (Rupees in '000) -----	

Mark-up / Return / Interest payable in local currency

501,569	442,759
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Accrued expenses

29,645	63,971
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Provision for compensated absences

-	4,804
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Payable to an associated undertaking

12,102	12,713
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Government levies payable

85,327	53,074
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Provision for audit fee

1,346	2,019
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Advance insurance premium on lease

797	758
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Security deposits against finance lease

656,937	642,615
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Payable Brokerage

-	3,873
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Provision for staff rewards

-	120,456
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1,287,723	1,347,042
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18. SHARE CAPITAL

18.1 Authorised capital

30 June 2024 (Un-audited) (Number of shares)	31 December 2023 (Audited) (Number of shares)		30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited) ----- (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>

18.2 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>

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

Name of shareholder	30 June 2024 (Un-audited)		31 December 2023 (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>

19. RESERVES

Statutory reserve

	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited) ----- (Rupees in '000) -----
Opening balance	1,247,496	1,093,746
Transfer during the period / year	69,779	153,750
Closing balance	<u>1,317,275</u>	<u>1,247,496</u>

19.1 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.

20. SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

	Note	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	31 December 2023 (Audited) ----- (Rupees in '000) -----
- Securities measured at FVOCI - Debt	8.1	2,283	25,828
- Securities measured at FVOCI - Equity		71,409	114,626
		<u>73,692</u>	<u>140,454</u>

Deferred tax on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - Debt	(662)	6,474
- Securities measured at FVOCI - Equity	(8,926)	(22,232)
	<u>(9,588)</u>	<u>(15,758)</u>
	<u>64,104</u>	<u>124,696</u>

30/11

30 June 2024 (Un-audited)	31 December 2023 (Audited)
----- (Rupees in '000) -----	

21. CONTINGENCIES AND COMMITMENTS

- Commitments	21.1 - 21.4	8,148,562	12,142,437
- Other contingent liabilities	21.5	245,280	245,280
		<u>8,393,842</u>	<u>12,387,717</u>

21.1 Commitments in respect of repo transactions

Repurchase agreement borrowings		<u>7,253,330</u>	<u>10,472,437</u>
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21.2 Direct credit substitutes

		<u>300,000</u>	<u>985,000</u>
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The amount represents Standby Letter of Credit and Letter of Comfort facilities issued to the Company's clients in its normal course of business.

21.3 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.

21.4 Capital commitments

At the period end capital commitments amounted to Rs. 595 million (31 December 2023: 685 million).

21.5 Other contingent liabilities

21.5.1 The status of the tax contingencies remain unchanged as disclosed in the note 19.5 of annual audited Financial Statements for the year ended 31 December 2023 except for:

"With respect to super tax in tax year 2023, whereby the notice under section 4C of the Income Tax Ordinance, 2001 was issued in Feb 2024 demanding super tax of Rs. 73.103m against declared super tax of Rs. 23.266m. The notice was challenged before the Islamabad High Court(IHC) and IHC has decided the issue in favor of the company. The department has challenged the Judgment of IHC in intra Court Appeal (ICA). The case is pending with ICA. The Company, in consultation with its tax advisor, is confident of a favorable outcome."

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments includes 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.

23. 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 buys and sells derivative instruments such as equity futures.

23.1 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 uses 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.

		30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
	Note	----- (Rupees in '000) -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		795,111	636,082
On investments		2,472,976	1,956,410
On deposits with financial institutions		9,295	379
On lendings to financial institutions		-	145
		<u>3,277,382</u>	<u>2,593,016</u>
24.1 Interest income (calculated using effective interest rate method) recognised on:			
Financial assets measured at amortised cost;		795,111	636,606
Financial assets measured at fair value through OCI.		2,482,271	1,956,410
		<u>3,277,382</u>	<u>2,593,016</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		353,266	199,829
Securities sold under repurchase agreements		144,358	99,171
On borrowing from State Bank of Pakistan- Under financing facility			
- Imported & Locally Manufactured Plant & Machinery (LTFF)		18,688	20,702
- Temporary Economic Refinance Facility (TERF)		5,780	5,887
- Renewable Energy (REF)		8,150	8,997
- Financing Facility for Storage of Agriculture Produce (FFSAP)		4,183	1,718
Borrowings from State Bank of Pakistan - open market operation		622,764	841,846
Term Borrowing		473,000	430,009
Clean Borrowing		873,303	257,779
		<u>2,503,492</u>	<u>1,865,938</u>
26. FEE & COMMISSION INCOME			
Credit related fees		14,424	9,273
Commission on guarantees		1,290	1,010
		<u>15,714</u>	<u>10,283</u>
27. GAIN ON SALE OF SECURITIES - NET			
Realised	27.1	8,682	4,923
Unrealised loss - Measured at FVPL		(187)	(3,235)
		<u>8,495</u>	<u>1,688</u>
27.1 Realised gain on:			
Shares		<u>8,682</u>	<u>4,923</u>

	30 June 2024 (Un-audited) ----- (Rupees in '000) -----	30 June 2023 (Un-audited)
27.2 Net gain / loss on financial assets / liabilities measured at FVPL:		
Mandatorily measured at FVPL	8,682	4,923
Net gain / (loss) on investments in equity instruments designated at FVOCI	142,539	(10,134)
	<u>151,221</u>	<u>(5,211)</u>
28. OTHER INCOME		
Gain on sale of property and equipment - net	<u>3,646</u>	<u>18</u>
29. OPERATING EXPENSES		
Total compensation expense	128,583	213,372
Property expense		
Property taxes	387	351
Insurance	3,516	2,953
Utilities cost	7,399	6,275
Security (including guards)	924	711
Repair & maintenance (including janitorial charges)	5,104	5,004
Depreciation on owned assets	20,803	8,652
	<u>38,133</u>	<u>23,946</u>
Information technology expenses		
Software maintenance	3,312	1,734
Hardware maintenance	1,785	1,171
Depreciation	3,798	3,787
Amortisation	119	53
Network charges	5,249	5,010
Others	492	258
	<u>14,755</u>	<u>12,013</u>
Other operating expenses		
Directors' fees and allowances	8,375	5,675
Legal & professional charges	12,321	4,582
Travelling & conveyance	22,984	10,505
Depreciation	-	1,888
Training & development	177	601
Postage & courier charges	154	90
Communication	851	855
Stationery & printing	658	987
Marketing, advertisement & publicity	847	325
Auditors Remuneration	1,667	1,461
Commission and brokerage	2,338	1,238
Others	4,117	2,166
	<u>54,489</u>	<u>30,373</u>
	<u>235,960</u>	<u>279,704</u>
30. Levies		
Final tax	30.1 <u>28,903</u>	<u>9,916</u>

30.1 This represents final tax on dividend income and capital gains under section 5 and 37A respectively of the Income Tax Ordinance, 2001. These has been recognised as levies in these condensed interim financial statements as per the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
--	---------------------------------	---------------------------------

----- (Rupees in '000) -----

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

Credit loss allowance reversal against balances with other banks		(39)	-
Credit loss allowance for diminution in value of investments	9.5	193,222	13,726
Credit loss allowance reversal against loans & advances	10.4	(404,249)	9,678
Other credit loss allowance / write offs	10.4.1	197,485	-
		<u>(13,581)</u>	<u>23,404</u>

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
--	---------------------------------	---------------------------------

(Rupees in '000)

32. TAXATION

Current		182,516	132,982
Prior period		(13,531)	-
Deferred		67,763	(5,445)
		<u>236,748</u>	<u>127,537</u>

33. BASIC & DILUTED EARNINGS PER SHARE

Profit for the period		<u>348,893</u>	<u>361,627</u>
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(Number of Shares in '000)

Weighted average number of ordinary shares		<u>600,000</u>	<u>600,000</u>
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Basic & diluted earnings per share		<u>0.58</u>	<u>0.60</u>
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34. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as amortised cost, is based on quoted market price. Quoted securities classified under held to collect model are carried at amortised cost.

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.

34.1 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 value of financial instruments is based on:

Government securities	PKRV / PKFRV rates (MUFAP rates)
Term finance certificates and sukuk bonds (other than government)	MUFAP rates
Listed securities	PSX rates

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

34.2 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

	30 June 2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	13,923,122	4,047,760	-	17,970,882
Shares in listed companies	304,997	-	-	304,997
Non Government Debt Securities	2,274,844	3,616,856	-	5,891,700
	16,502,963	7,664,616	-	24,167,579

	31 December 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	12,956,862	2,974,935	-	15,931,797
Shares in listed companies	836,387	-	-	836,387
Non Government Debt Securities	2,513,753	3,368,572	-	5,882,325
	16,307,002	6,343,507	-	22,650,509

35. SEGMENT INFORMATION

Segment Details with respect to Business Activities	30 June 2024				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
(Rupees in '000)					
Profit & Loss					
Net mark-up/return/profit	587,424	201,781	-	(15,315)	773,890
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	15,714	-	54,354	3,947	74,015
Total Income	603,138	201,781	54,354	(11,368)	847,905
Segment direct expenses	35,051	15,168	13,031	183,692	246,942
Inter segment expense allocation	-	-	-	-	-
Total expenses	35,051	15,168	13,031	183,692	246,942
Provisions	(13,708)	88	-	39	(13,581)
Profit before levies and taxation	581,795	186,525	41,323	(195,099)	614,544

Balance Sheet	30 June 2024				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
(Rupees in '000)					
Cash & Bank balances	-	-	-	512,921	512,921
Investments	4,252,726	19,637,465	277,388	-	24,167,579
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	10,475,737	-	-	103,638	10,579,375
Advances - non-performing	340,792	-	-	-	340,792
Others	438,581	696,260	150	1,832,517	2,967,508
Total Assets	15,507,836	20,333,725	277,538	2,449,076	38,568,175
Borrowings	6,252,890	16,682,804	96,873	-	23,032,567
Subordinated debt	-	-	-	-	-
Deposits & other accounts	2,629,653	965,392	90,842	-	3,685,887
Net inter segment borrowing	-	-	-	-	-
Others	199,689	301,882	-	786,152	1,287,723
Total liabilities	9,082,232	17,950,078	187,715	786,152	28,006,177
Equity	6,425,604	2,383,647	89,823	1,662,924	10,561,998
Total Equity & liabilities	15,507,836	20,333,725	277,538	2,449,076	38,568,175
Contingencies & Commitments	895,232	7,253,330	-	245,280	8,393,842

30 June 2023

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
(Rupees in '000)					
Profit & Loss					
Net mark-up/return/profit	673,783	109,263	-	(55,968)	727,078
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	10,283	-	69,049	2,770	82,102
Total Income	684,066	109,263	69,049	(53,198)	809,180
Segment direct expenses	34,293	16,540	10,544	225,319	286,696
Inter segment expense allocation	-	-	-	-	-
Total expenses	34,293	16,540	10,544	225,319	286,696
Provisions	22,076	1,328	-	-	23,404
Profit before levies and taxation	627,697	91,395	58,505	(278,517)	499,080

31 December 2023 (Audited)

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
(Rupees in '000)					
Balance Sheet					
Cash & Bank balances	-	-	-	454,787	454,787
Investments	4,428,346	17,418,753	803,410	-	22,650,509
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	10,166,941	-	-	101,495	10,268,436
Advances - non-performing	383,447	-	-	-	383,447
Others	421,110	640,636	147	1,622,818	2,684,711
Total Assets	15,399,844	18,059,389	803,557	2,179,100	36,441,890
Borrowings	6,052,634	15,560,416	176,168	-	21,789,218
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,761,827	828,494	134,151	-	2,724,472
Net inter segment borrowing	-	-	-	-	-
Others	142,129	300,628	-	904,285	1,347,042
Total liabilities	7,956,590	16,689,538	310,319	904,285	25,860,732
Equity	7,443,254	1,369,851	493,238	1,274,815	10,581,158
Total Equity & liabilities	15,399,844	18,059,389	803,557	2,179,100	36,441,890
Contingencies & Commitments	1,670,000	10,472,437	-	245,280	12,387,717

36. RELATED PARTY TRANSACTIONS

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

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Advances						
Opening balance	-	47,991	-	-	79,776	-
Addition during the period / year	-	-	-	-	6,827	-
Repaid during the period / year	-	(4,131)	-	-	(38,612)	-
Closing balance	-	43,860	-	-	47,991	-
Other Assets						
Other receivable	-	-	18,051	-	-	18,298
Deposits and other accounts						
Opening balance	-	73,835	1,551,712	-	89,441	1,132,111
Received during the period / year	-	550,015	3,332,041	-	1,028,340	5,521,882
Withdrawn during the period / year	-	(490,762)	(2,963,890)	-	(1,043,946)	(5,102,281)
Closing balance	-	133,088	1,919,863	-	73,835	1,551,712
Other Liabilities						
Interest / mark-up payable	-	1,406	88,174	-	758	61,819
Other liabilities	-	-	-	-	-	-
- bonus payable to Key Management	-	8,871	-	-	10,902	-
- payable to Iran Foreign Investment Company - associate	-	-	12,102	-	-	12,713
- director fee payable	-	-	1,800	-	-	1,500
----- (Rupees in '000) -----						
	30 June 2024 (Un-audited)			30 June 2023 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
RELATED PARTY TRANSACTIONS						
Income						
Mark-up / return / interest earned	-	1,074	-	-	1,834	-
Expense						
Mark-up / return / interest paid	-	10,454	187,936	-	9,152	115,752
Operating expenses						
Fees for Board & Committee Meeting	8,375	-	-	5,675	-	-
Managerial Remuneration	-	117,194	-	-	107,958	-
Contribution to defined contribution plan	-	5,496	-	-	4,226	-
Rent & house maintenance	-	11,937	-	-	11,406	-
Utilities	-	2,722	-	-	3,267	-
Medical	-	7,480	-	-	3,062	-
Conveyance	-	11,273	-	-	10,455	-
Others	-	282	-	-	329	-
Contribution to the defined contribution plan	-	-	7,991	-	-	6,916
Payment to the defined benefit plan	-	-	7,587	-	-	6,804
Charge for defined benefit plan	-	-	7,298	-	-	8,165

37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

30 June 31 December
2024 2023
(Un-audited) (Audited)
----- (Rupees in '000) -----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

	6,000,000	6,000,000
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

	6,263,418	6,137,654
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Eligible Additional Tier 1 (ADT 1) Capital

	-	-
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Total Eligible Tier 1 Capital

	6,263,418	6,137,654
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Eligible Tier 2 Capital

	-	-
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Total Eligible Capital (Tier 1 + Tier 2)

	6,263,418	6,137,654
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Risk Weighted Assets (RWAs):

Credit Risk

	12,986,048	12,543,324
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Market Risk

	609,994	1,672,774
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Operational Risk

	2,558,700	2,558,700
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Total

	16,154,742	16,774,798
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30 June 2024

31 December 2023

	Required	Actual		Required	Actual
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Common Equity Tier 1 Capital

Adequacy ratio (%)

	6.00%	38.77%		6.00%	36.59%
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Tier 1 Capital Adequacy Ratio (%)

	7.50%	38.77%		7.50%	36.59%
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Total Capital Adequacy Ratio (%)

	11.5%*	38.77%		11.50%	36.59%
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*In terms of BPRD Circular Letter No. 12 of 2020 dated March 26, 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.

Leverage Ratio (LR):

30 June 31 December
2024 2023
(Un-audited) (Audited)
----- (Rupees in '000) -----

Eligible Tier-1 Capital

	6,263,418	6,137,654
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Total Exposures

	39,725,050	36,821,894
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Leverage Ratio

	15.77%	16.67%
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	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	----- (Rupees in '000) -----	
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	11,597,000	4,721,000
Total Net Cash Outflow	<u>8,563,000</u>	<u>2,488,417</u>
Liquidity Coverage Ratio (%)	<u>1.35</u>	<u>1.90</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	17,732,000	18,129,032
Total Required Stable Funding	<u>15,162,000</u>	<u>15,611,204</u>
Net Stable Funding Ratio (%)	<u>117%</u>	<u>116%</u>

37.1 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.

38. **GENERAL**

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

38.2 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.


38.3 Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements wherever necessary to facilitate comparison and better presentation.


39. **EVENTS AFTER THE REPORTING DATE**

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

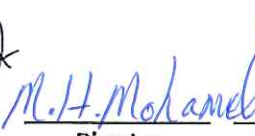
40. **DATE OF AUTHORISATION**


These condensed interim financial statements were authorised for issue on 25th August 2024 by the Board of Directors of the Company.


 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director


 Director