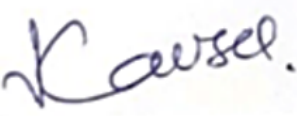


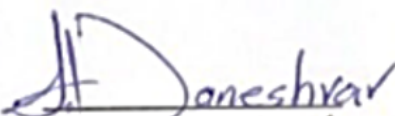
PAIR Investment Company Limited
Statement of Financial Position
As at 31 March 2022

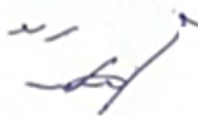


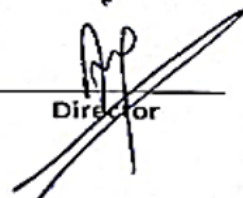
	Note	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
ASSETS			
Cash and balances with treasury banks	6	79,431	75,966
Balances with other banks	7	117,911	162,471
Lendings to financial institutions		-	-
Investments	8	15,936,749	16,975,437
Advances	9	7,381,043	6,516,564
Fixed assets	10	236,792	227,812
Intangible assets	11	4,972	5,000
Deferred tax assets	12	467,660	461,472
Other assets	13	759,820	589,140
		24,984,378	25,013,862
LIABILITIES			
Bills payable		-	-
Borrowings	14	13,553,080	13,658,356
Deposits and other accounts	15	1,169,737	1,132,247
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	650,215	568,117
		15,373,032	15,358,720
NET ASSETS		9,611,346	9,655,142
REPRESENTED BY			
Share capital	17	6,000,000	6,000,000
Reserves	18	1,026,633	1,004,551
Deficit on revaluation of assets	19	(14,620)	(10,662)
Unappropriated profit		2,599,333	2,661,253
		9,611,346	9,655,142
CONTINGENCIES AND COMMITMENTS	20		


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


 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director


 Director

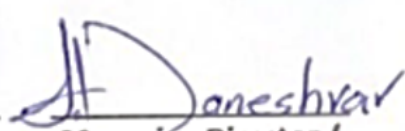
PAIR Investment Company Limited
Profit and Loss Account (Un-audited)
For the three months period ended 31 March 2022



	Note	Three month period ended	
		January - March 2022	January - March 2021
(Rupees in '000)			
Mark-up / return / interest earned	23	547,843	365,872
Mark-up / return / interest expensed	24	326,338	184,629
Net mark-up / interest income		221,505	181,243
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	8,787	8,003
Dividend income		31,905	22,887
Foreign exchange income		429	252
Income / (loss) from derivatives		-	-
Gain on sale of securities	26	10,425	41,894
Total non mark-up / interest income		51,546	73,036
Total Income		273,051	254,279
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	105,754	89,808
Workers Welfare Fund		3,178	2,962
Other charges		-	-
Total non mark-up / interest expenses		108,932	92,770
Profit Before Provisions		164,119	161,509
Provisions and write offs - net	28	14,843	54,322
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		149,276	107,187
Taxation	29	38,864	32,755
PROFIT AFTER TAXATION		110,412	74,432
Basic and diluted earnings per share - (Rupees)	30	0.184	0.124

The annexed notes 1 to 37 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
 Statement of Comprehensive Income (Un-audited)
 For the three months period ended 31 March 2022



	Three month period ended	
	January - March 2022	January - March 2021
	(Rupees in '000)	
Profit after taxation for the period	110,412	74,432
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
Movement in deficit on revaluation of investments - net of tax	(3,879)	(46,452)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(250)	-
Movement in surplus on revaluation of non-banking asset - net of tax	(79)	(600)
Total comprehensive income / (loss)	<u>106,204</u>	<u>27,380</u>

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

Chief Financial Officer

Managing Director /
Chief Executive Officer

Chairman

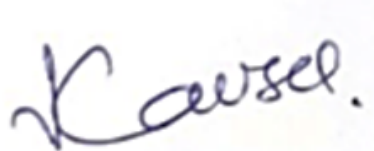
Director

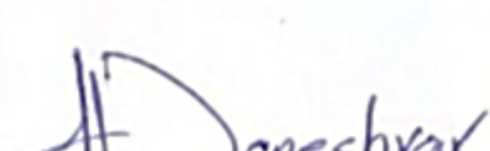
Director

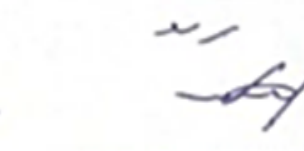


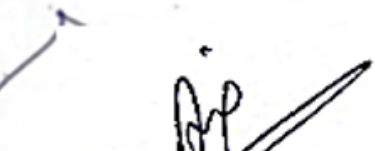
Note	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of		Unappropriated profit	Total
			Investments	Fixed / Non Banking assets		
(Rupees in '000)						
Balance as at 1 January 2021	6,000,000	965,805	(16,923)	32,924	2,680,452	9,662,258
Profit for the period ended 31 March 2021	-	-	-	-	74,432	74,432
Other comprehensive income - net of tax	-	-	(46,452)	(600)	600	(46,452)
	-	-	(46,452)	(600)	75,032	27,980
Transfer to statutory reserve	-	14,886	-	-	(14,886)	-
Final cash dividend - 31 December 2020 declared subsequent to the year end					(180,000)	(180,000)
Balance as at 31 March 2021	6,000,000	980,691	(63,375)	32,324	2,560,598	9,510,238
Profit for the period ended 31 December 2021	-	-	-	-	119,300	119,300
Other comprehensive income						
<i>Movement in (deficit) / surplus on revaluation of investments - net of tax</i>			21,495			
<i>Remeasurement gain / (loss) on defined benefit obligations - net of tax</i>					4,109	
<i>Movement in surplus on revaluation of non-banking asset - net of tax</i>	-	-	-	(1,106)	1,106	-
	-	-	21,495	(1,106)	124,515	144,904
Transfer to statutory reserve	18	23,860	-	-	(23,860)	-
Balance as at 31 December 2021	6,000,000	1,004,551	(41,880)	31,218	2,661,253	9,655,142
Profit for the period ended 31 March 2022	-	-	-	-	110,412	110,412
Other comprehensive income						
<i>Movement in (deficit) / surplus on revaluation of investments - net of tax</i>			(3,879)			(3,879)
<i>Remeasurement gain / (loss) on defined benefit obligations - net of tax</i>					(250)	(250)
<i>Movement in surplus on revaluation of non-banking asset - net of tax</i>	-	-	-	(79)		(79)
	-	-	(3,879)	(79)	110,162	106,204
Transfer to statutory reserve	18	22,082	-	-	(22,082)	-
Transactions with owners recognised directly in equity						
Final cash dividend - 31 December 2021 declared subsequent to the year end					(150,000)	(150,000)
Balance as at 31 March 2022	6,000,000	1,026,633	(45,759)	31,139	2,599,333	9,611,346


The annexed notes 1 to 37 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
Cash Flow Statement (Un-audited)
For the three months period ended 31 March 2022

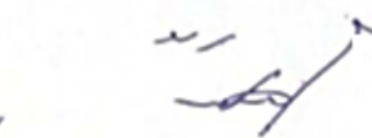


		Three month period ended	
		31 March	31 March
		2022	2021
		(Rupees in '000)	
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	149,026	107,187
	Less: Dividend income	(31,905)	(22,887)
		<u>117,121</u>	<u>84,300</u>
Adjustments:			
	Depreciation	7,564	6,598
	Amortisation	38	20
28	Provision and write-offs	14,843	54,322
	Loss/ (gain) on sale of fixed assets	-	-
	Charge for defined benefit plan	3,082	3,209
26	Unrealised gain on revaluation of held for trading investments	737	4,659
		<u>26,264</u>	<u>68,808</u>
		<u>143,385</u>	<u>153,108</u>
(Increase) / decrease in operating assets			
	Lendings to financial institutions	-	-
	Held-for-trading securities	(49,115)	(24,283)
	Advances	(878,542)	(676,184)
	Others assets (excluding advance taxation)	(166,100)	108,661
		<u>(1,093,757)</u>	<u>(591,806)</u>
Increase / (decrease) in operating liabilities			
	Borrowings from financial institutions	(105,276)	1,448,096
	Deposits	37,490	17,277
	Other liabilities (excluding current taxation)	7,098	33,025
		<u>(60,688)</u>	<u>1,498,398</u>
		<u>(1,011,060)</u>	<u>1,059,700</u>
	Income tax paid	(48,495)	(23,893)
	Defined benefits paid	(3,892)	(1,683)
	Net cash flows used in operating activities	<u>(1,063,447)</u>	<u>1,034,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
	Net investments in available-for-sale securities	1,567,217	(938,256)
	Net investments in held-to-maturity securities	(483,250)	-
	Dividends received	28,599	8,909
	Investments in operating fixed assets	(15,214)	(385)
	Proceeds from sale of fixed assets	-	-
	Net cash flows generated from investing activities	<u>1,097,352</u>	<u>(929,732)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
	Dividend paid	(75,000)	(180,000)
	Net cash flows from financing activities	<u>(75,000)</u>	<u>(180,000)</u>
	Net (decrease) in cash and cash equivalents	<u>(41,095)</u>	<u>(75,608)</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>197,342</u></u>	<u><u>53,900</u></u>

The annexed notes 1 to 37 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 Accounts

For the three months period ended 31 March 2022



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. 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 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 ICCL Building, Clifton, Karachi.

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.

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9, Financial Instruments has been made applicable to banks in Pakistan from January 01, 2022. The impact on the Bank's financial statements is being assessed as final implementation guidelines are awaited.

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 December 31, 2021.

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.

6. CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
In hand			
Local currency		70	51
Foreign currencies		5,674	5,514
		5,744	5,565
With State Bank of Pakistan in			
Local currency current account	6.1	72,974	69,702
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account	6.2	696	682
		713	699
		79,431	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 May 22, 2004.

6.2 This carries mark-up at the rate 8.25% per annum (31 December 2021: 6.75%).

7. BALANCES WITH OTHER BANKS		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
In Pakistan			
In current accounts		6,343	12,161
In deposit accounts	7.1	111,568	150,310
		117,911	162,471

7.1 These deposit accounts carry annual mark-up rate of 4.25% to 8.25% (31 December 2021: 3.50% to 6.75%).

8. INVESTMENTS

8.1 Investments by type

	31 March 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								
Shares	111,383	-	(737)	110,646	63,250	-	(982)	62,268
	<u>111,383</u>	<u>-</u>	<u>(737)</u>	<u>110,646</u>	<u>63,250</u>	<u>-</u>	<u>(982)</u>	<u>62,268</u>
Available-for-sale securities								
Federal Government securities	8,259,878	-	(5,918)	8,253,960	9,974,057	-	(6,431)	9,967,626
Shares	1,213,937	(43,760)	(131,440)	1,038,737	1,231,302	(42,980)	(123,070)	1,065,252
Non Government Debt Securities	5,794,924	(37,322)	103,839	5,861,441	5,629,683	(37,322)	99,215	5,691,576
	<u>15,268,739</u>	<u>(81,082)</u>	<u>(33,519)</u>	<u>15,154,138</u>	<u>16,835,042</u>	<u>(80,302)</u>	<u>(30,286)</u>	<u>16,724,454</u>
Commercial Papers	671,965	-	-	671,965	188,715	-	-	188,715
	<u>671,965</u>	<u>-</u>	<u>-</u>	<u>671,965</u>	<u>188,715</u>	<u>-</u>	<u>-</u>	<u>188,715</u>
Total investments	16,052,087	(81,082)	(34,256)	15,936,749	17,087,007	(80,302)	(31,268)	16,975,437

8.2 Investments by segments

	31 March 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								
- Market treasury bills	1,477,608	-	(1,170)	1,476,438	3,691,787	-	(9,378)	3,682,409
- Pakistan Investment Bonds	6,782,270	-	(4,748)	6,777,522	6,282,270	-	2,947	6,285,217
	<u>8,259,878</u>	<u>-</u>	<u>(5,918)</u>	<u>8,253,960</u>	<u>9,974,057</u>	<u>-</u>	<u>(6,431)</u>	<u>9,967,626</u>
Shares								
- Ordinary Shares of Listed companies	1,297,711	(43,760)	(132,177)	1,121,774	1,266,943	(42,980)	(127,227)	1,096,736
- Preference Shares of Listed companies	27,609	-	-	27,609	27,609	-	3,175	30,784
	<u>1,325,320</u>	<u>(43,760)</u>	<u>(132,177)</u>	<u>1,149,383</u>	<u>1,294,552</u>	<u>(42,980)</u>	<u>(124,052)</u>	<u>1,127,520</u>
Non Government Debt Securities								
- Term Finance Certificates - Listed	1,288,049	(11,245)	36,711	1,313,515	1,249,917	(11,245)	19,380	1,258,052
- Term Finance Certificates - Unlisted	2,922,443	-	53,047	2,975,490	2,759,084	-	65,754	2,824,838
- Sukuk bonds - Listed	581,250	-	8,961	590,211	600,000	-	8,961	608,961
- Sukuk bonds - Unlisted	1,003,182	(26,077)	5,120	982,225	1,020,682	(26,077)	5,120	999,725
	<u>5,794,924</u>	<u>(37,322)</u>	<u>103,839</u>	<u>5,861,441</u>	<u>5,629,683</u>	<u>(37,322)</u>	<u>99,215</u>	<u>5,691,576</u>
Commercial papers	671,965	-	-	671,965	188,715	-	-	188,715
	<u>671,965</u>	<u>-</u>	<u>-</u>	<u>671,965</u>	<u>188,715</u>	<u>-</u>	<u>-</u>	<u>188,715</u>
Total investments	16,052,087	(81,082)	(34,256)	15,936,749	17,087,007	(80,302)	(31,268)	16,975,437

8.3 Investments given as collateral

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)		
Market treasury bills		
Carrying Value	981,494	1,086,421
Surplus	(909)	(3,893)
	<u>933,104</u>	<u>1,082,528</u>
Pakistan Investment Bonds		
Carrying Value	4,774,097	5,911,160
Surplus	(7,585)	(7,360)
	<u>4,422,700</u>	<u>5,903,800</u>
Shares		
Carrying Value	99,097	97,595
Impairment	(17,453)	(17,453)
(Deficit) / Surplus	(7,603)	(3,195)
	<u>74,041</u>	<u>76,947</u>

8.4 Provision for diminution in value of investments

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)		
Opening balance	80,302	77,314
Charge / (reversals)		
Charge for the period / year	841	10,463
Reversals for the period / year	-	-
Reversal on disposals	(61)	(7,475)
	<u>780</u>	<u>2,988</u>
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	81,082	80,302

8.5	Particulars of provision against debt securities Category of classification	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
		NPI	Provision	NPI	Provision
----- (Rupees in '000) -----					
Domestic					
	Other assets especially mentioned	-	-	-	-
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Loss	43,290	(37,322)	43,290	(37,322)
		<u>43,290</u>	<u>(37,322)</u>	<u>43,290</u>	<u>(37,322)</u>

8.6 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 debt securities. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing debt securities would have been higher by Rs. 5.96 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.

9 ADVANCES

Note

	Note	Performing		Non Performing		Total	
		31 March 2022 (Un-audited)	31 December 2021 (Audited)	31 March 2022 (Un-audited)	31 December 2021 (Audited)	31 March 2022 (Un-audited)	31 December 2021 (Audited)
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.	9.2	7,139,834	6,236,305	1,886,624	1,888,940	9,026,458	8,125,245
Islamic financing and related assets		-	-	170,308	173,292	170,308	173,292
Bills discounted and purchased		12,022	31,709	-	-	12,022	31,709
Advances - gross	9.1	<u>7,151,856</u>	<u>6,268,014</u>	<u>2,056,932</u>	<u>2,062,232</u>	<u>9,208,788</u>	<u>8,330,246</u>
Provision against advances							
- Specific		-	-	(1,827,745)	(1,813,682)	(1,827,745)	(1,813,682)
- General		-	-	-	-	-	-
		-	-	(1,827,745)	(1,813,682)	(1,827,745)	(1,813,682)
Advances - net of provision		<u>7,151,856</u>	<u>6,268,014</u>	<u>229,187</u>	<u>248,550</u>	<u>7,381,043</u>	<u>6,516,564</u>

9.1 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 2021: 3% and 5%) respectively.

9.2 Includes net investment in finance lease as disclosed below:

	31 March 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	329,112	502,719	831,831	323,094	548,465	871,559
Residual value	94,851	166,996	261,847	94,851	163,296	258,147
Minimum lease payments	<u>423,963</u>	<u>669,715</u>	<u>1,093,678</u>	<u>417,945</u>	<u>711,761</u>	<u>1,129,706</u>
Financial charges for future periods	(61,559)	(65,444)	(127,003)	(67,050)	(72,920)	(139,970)
Present value of minimum lease payments	<u>362,404</u>	<u>604,271</u>	<u>966,675</u>	<u>350,895</u>	<u>638,841</u>	<u>989,736</u>

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

9.2.2 Lease rentals received during the period aggregate to Rs. 73.8 million (31 December 2021: Rs. 361 million).

9.3	Particulars of advances (Gross)	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	In local currency	9,208,788	8,330,246
	In foreign currencies	-	-
		<u>9,208,788</u>	<u>8,330,246</u>

- 9.4 Advances include Rs. 2,056.9 million (31 December 2021: Rs. 2,062.2 million) which has been placed under non-performing status as detailed below:

Category of Classification	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
OAEM	170,308	-	173,292	-
Substandard	1,296	743	2,763	743
Doubtful	25,156	8,804	26,005	8,804
Loss	1,860,171	1,818,198	1,860,172	1,804,135
	2,056,931	1,827,745	2,062,232	1,813,682

- 9.5 Particulars of provision against advances

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
This represents current account maintained for						
Opening balance	1,813,682	-	1,813,682	1,551,571	-	1,551,571
Charge for the period / year	14,063	-	14,063	273,951	-	273,951
Reversals	-	-	-	(11,840)	-	(11,840)
	14,063	-	14,063	262,111	-	262,111
Amounts written off	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Closing balance	1,827,745	-	1,827,745	1,813,682	-	1,813,682

- 9.5.1 Particulars of provision against advances

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	1,827,745	-	1,827,745	1,813,682	-	1,813,682
In foreign currencies	-	-	-	-	-	-
	1,827,745	-	1,827,745	1,813,682	-	1,813,682

- 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.45.9 million (31 December 2021: Rs. 60.4 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.

10. FIXED ASSETS	Note	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Capital work-in-progress		33,279	20,783
Property and equipment		198,574	198,876
Right of use assets		4,939	8,153
		<u>236,792</u>	<u>227,812</u>
10.1 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Property and equipment			
Furniture and fixtures		-	35,259
Electrical office and computer equipment		2,962	29,197
Vehicles		-	2,675
		<u>2,962</u>	<u>67,131</u>
10.2 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Property and equipment			
Furniture and fixtures		-	-
Electrical office and computer equipment		-	71
Vehicles		-	-
		<u>-</u>	<u>71</u>
11. INTANGIBLE ASSETS			
		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Computer Softwares and Licenses		310	28
Capital Work in Progress		4,972	4,972
		<u>5,282</u>	<u>5,000</u>

12. DEFERRED TAX ASSETS

31 March 2022 (Un-audited)			
At 01 January 2022	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 March 2022
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Provision against advances, off balance sheet, etc.	506,578	-	506,578
- Lease liability against right-of-use assets	1,369	322	1,691
- Others	1,631	(704)	927
	509,578	(382)	509,196
Taxable Temporary Differences on			
- Surplus on revaluation of investments - net	(11,594)	(646)	(12,240)
- Post retirement employee benefits	(1,679)	(250)	(1,929)
- Surplus on revaluation of non-banking asset	(12,893)	174	(12,719)
- Right-of-use assets - net	(2,364)	932	(1,432)
- Accelerated tax depreciation	(8,583)	(911)	(9,494)
- Lease assets	(10,993)	7,271	(3,722)
	(48,106)	7,466	(41,536)
	461,472	(896)	467,660

31 December 2021 (Audited)			
At 01 January 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2021
----- (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	-	(11,594)
- Post retirement employee benefits	2,441	-	(1,679)
- Surplus on revaluation of non-banking asset	(13,590)	-	(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)	(48,106)
	414,100	(18,024)	461,472

13. OTHER ASSETS

	Note	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Income / Mark-up accrued in local currency - net of provision		408,774	271,836
Advances, deposits, advance rent and other prepayments		45,390	16,926
Advance taxation (payments less provisions)		165,606	162,809
Non-banking asset acquired in satisfaction of claims	14.1	79,384	80,471
Receivable from defined benefits plan		6,651	5,788
Dividend receivable		3,456	150
Security deposits		6,701	6,701
		715,962	544,681
Less: Provision held against other assets	14.3	-	-
Other Assets (Net of Provision)		715,962	544,681
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		43,858	44,459
Other Assets - total		759,820	589,140

	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
13.1		
Market value of Non-banking assets acquired in satisfaction of claims	<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.

13.2 Non-banking assets acquired in satisfaction of claims

Opening Balance	122,876	131,683
Revaluation during the year	-	-
Less: Depreciation for the year	(4,244)	(8,807)
Closing Balance	<u>118,632</u>	<u>122,876</u>

13.3 Provision held against other assets

Mark-up suspended amounting to PKR 1,551.66 million (31 December 2021: PKR 1,497.74 million) included in provision against other asset, has been netted off against the markup receivable amount.

14. BORROWINGS		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
In Pakistan (local currency)	14.1	<u>13,553,080</u>	<u>13,658,356</u>
14.1 Details of borrowings secured / unsecured		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Secured			
Borrowings from State Bank of Pakistan- Under financing facility for:			
-Imported & Locally Manufactured Plant & Machinery (LTFF)	14.2	1,933,757	1,989,827
-Renewable Energy Facility (REF)	14.3	565,811	520,431
-Temporary Economic Refinance Facility (TERF)	14.4	705,743	552,381
Repurchase agreement borrowings	14.5	5,764,436	7,012,384
Term borrowings	14.6	<u>4,583,333</u>	<u>3,583,333</u>
Total Secured		<u>13,553,080</u>	<u>13,658,356</u>
Call borrowings		-	-
Total Unsecured		<u>13,553,080</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 1.0% 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 3.0% per annum (31 December 2021: 2.0% to 3.0%). These borrowings will mature by 2034 (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: 1.0%). These borrowings will mature by 2032 (31 December 2021: 2031).			
14.5			
These carry mark-up at the rates ranging from 10.25% to 10.75% per annum (31 December 2021: 10.45% to 10.65% per annum) and are secured against government securities having carrying amount of PKR 5.755 billion (31 December 2021: PKR 6.997 billion). These borrowings will mature up to April 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.			
15. DEPOSITS AND OTHER ACCOUNTS	<i>Note</i>	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Customers			
Term deposits - In Local Currency	15.2	334,540	311,570
Financial Institutions			
Term deposits - In Local Currency	15.3	<u>835,197</u>	<u>820,677</u>
		<u>1,169,737</u>	<u>1,132,247</u>
15.1 Composition of deposits			
- Individuals	15.4	120,307	97,249
- Public Sector Entities		-	-
- Non-Banking Financial Institutions		835,197	820,677
- Private Sector		<u>214,233</u>	<u>214,321</u>
		<u>1,169,737</u>	<u>1,132,247</u>
15.2			
The mark-up rates on these certificate of investments (COI) range between 10.00% to 11.00% per annum (31 December 2021: 7.40% to 10.10% 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 10.10% to 10.25% per annum (31 December 2021:10% to 10.1% per annum). These COIs will mature up to June 2022 (31 December 2021: March 2022).			
15.4			
These includes both interest bearing and non-interest bearing certificate of investments (COI) issued to the employees of the Company maturing up to March 2025 (31 December 2021: November 2024).			

16. OTHER LIABILITIES	31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
Mark-up / Return / Interest payable in local currency	163,978	65,100
Accrued expenses	34,972	42,689
Payable to a financial institution	-	77,745
Provision for compensated absences	485	4,655
Payable to an associated undertaking	8,231	8,129
Government levies payable	2,101	3,013
Provision for audit fee	1,847	1,293
Advance insurance premium on lease	559	544
Security deposits against finance lease	261,847	258,147
Provision for Worker's Welfare Fund	95,365	92,187
Lease liability against right-of-use assets	5,830	4,722
	650,215	568,117

16.1 This amount represents inadvertent transfer to the Company's account by a financial institution. Subsequently the transfer was re-

17. SHARE CAPITAL

17.1 Authorised capital

31 March 2022 (Un-audited) (Number of shares)	31 December 2021 (Audited)		31 March 2022 (Un-audited) (Rupees in '000)	31 December 2021 (Audited)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

17.2 Issued, subscribed and paid-up share capital

600,000,000	600,000,000	Ordinary shares of Rs. 10 each	6,000,000	6,000,000
600,000,000	600,000,000	Fully paid in cash	6,000,000	6,000,000

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

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

18. RESERVES	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
Statutory reserve		
Opening balance	1,004,551	965,805
Transfer during the period / year	22,082	38,746
Closing balance	<u>1,026,633</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.

19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
Surplus / (deficit) on revaluation of		
- Available for sale securities	9.1 (33,519)	(30,286)
- Non-banking assets acquired in satisfaction of claims	48,064	48,064
	14,545	17,778
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	(12,240)	(11,594)
- Non-banking assets acquired in satisfaction of claims	(12,719)	(12,893)
	(24,959)	(24,487)
Incremental depreciation charged during the year	(4,206)	(3,953)
	<u>(14,620)</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.

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 2014 and raised demand of Rs. 53.826 million, including liability of WWF of Rs. 11.508 million which was later revised to Rs. 72.210 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 under protest of Rs. 17.5 million. The ATIR through its order dated 24 November 2016 deleted the demand amounting to Rs. 40 million and directed the department to work out the liability of WWF in the light of Supreme Court's order. Through the said order, the ATIR also remanded back the issue of taxing amortization of TFCs and preference shares and taxing of capital gain on sale of TFC and T-bills under the head business income instead of capital gain for re-adjudication, for both the tax years. Consequently, the tax department filed a reference in High Court, dated 16 February 2017, which is yet to be admitted for hearing whereas the Company filed a request before the CIR(A) in respect of remanded back issues on 05 November 2019 against which no reply has yet been received from the CIR(A). The Company, in consultation with its tax advisor, is confident of a favourable outcome with respect to both, department's appeal before the High Court and the remand back issue.

- 20.6** 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 under protest of Rs. 17.5 million. 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 is confident of a favourable outcome in relation to this matter.
- 20.7** 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.
- 20.8** 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.
- 20.9** 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.

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
20.10 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u>5,764,436</u>	<u>7,012,384</u>
20.11 Direct credit substitutes	<u>100,000</u>	<u>402,000</u>
20.12 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 buy and sell derivative instruments such as equity futures from time to time.

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.

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.

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

23. MARK-UP / RETURN / INTEREST EARNED

	31 March 2022 (Un-audited)	31 March 2021 (Un-audited)
	(Rupees in '000)	
On loans and advances	111,403	107,372
On investments	435,966	258,500
On deposits with financial institutions	50	-
On lendings to financial institutions	424	-
	<u>547,843</u>	<u>365,872</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	28,222	16,197
Securities sold under repurchase agreements	103,454	88,951
On borrowing from State Bank of Pakistan- Under financing facility		
- Imported & Locally Manufactured Plant & Machinery (LTFF)	9,643	8,909
- Temporary Economic Refinance Facility (TERF)	1,556	-
- Renewable Energy (REF)	3,881	2,622
Term Borrowing	111,451	66,841
Unwinding cost of liability against the right-of-use assets	1,109	1,109
Clean Borrowing	67,022	-
	<u>326,338</u>	<u>184,629</u>

25. FEE & COMMISSION INCOME

Investment banking fees	8,262	7,872
Commission on trade	525	131
	<u>8,787</u>	<u>8,003</u>

26. GAIN ON SALE OF SECURITIES

Realised	26.1	11,162	46,553
Unrealised - held for trading		(737)	(4,659)
		<u>10,425</u>	<u>41,894</u>

26.1 Realised gain on: Shares

<u>11,162</u>	<u>46,553</u>
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27. OPERATING EXPENSES		31 March 2022 (Un-audited) (Rupees in '000)	31 March 2021 (Un-audited)
Total compensation expense	27.1	73,401	64,404
Property expense			
Property taxes		-	222
Insurance		809	717
Utilities cost		1,099	940
Security (including guards)		133	133
Repair & maintenance (including janitorial charges)		2,088	3,003
Depreciation on right-of-use assets		3,214	3,360
Depreciation on owned assets		2,231	2,308
		9,574	10,683
Information technology expenses			
Software maintenance		831	295
Hardware maintenance		-	19
Depreciation		1,143	556
Amortisation		38	20
Network charges		1,390	1,209
Others		433	174
		3,835	2,273
Other operating expenses			
Directors' fees and allowances		3,275	3,625
Legal & professional charges		2,963	1,269
Travelling & conveyance		5,856	4,363
Depreciation		976	374
Training & development		94	162
Postage & courier charges		23	29
Communication		409	365
Stationery & printing		109	131
Marketing, advertisement & publicity		1,400	-
Auditors Remuneration		731	416
Commission and brokerage		1,053	523
Others		1,055	1,191
		18,944	12,448
		105,754	89,808
27.1 Total compensation expense			
Fees and Allowances etc		-	-
Employees Remuneration			
i) Fixed		37,704	39,768
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		6,010	-
b) Bonus & Awards in Shares etc.		-	-
Charge for defined benefit plan		3,082	3,209
Contribution to defined contribution Plan		3,016	2,696
Rent & house maintenance		9,861	7,752
Utilities		2,315	1,938
Medical		2,896	2,449
Conveyance		8,517	6,592
Total		73,401	64,404
28 PROVISIONS & WRITE OFFS - NET		31 March 2022 (Un-audited) (Rupees in '000)	31 March 2021 (Un-audited)
Provisions against lending to financial institutions		-	-
Provisions for diminution in value of investments	8.4	780	(6,821)
Provisions against loans and advances	9.5	14,063	61,143
		14,843	54,322

	31 March 2022 (Un-audited) (Rupees in '000)	31 March 2021 (Un-audited) (Rupees in '000)
29. TAXATION		
Current	45,948	40,000
Prior period	-	-
Deferred	(7,084)	(7,245)
	38,864	32,755
30. BASIC & DILUTED EARNINGS PER SHARE		
Profit for the period	110,412	74,432
	(Number of Shares in '000)	
Weighted average number of ordinary shares	600,000	600,000
Basic & diluted earnings per share	0.184	0.124

31. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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 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.

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.

	31 March 2022 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	-	8,253,960	-	8,253,960
Units of mutual funds	-	-	-	-
Shares in listed companies	1,038,737	-	-	1,038,737
Non Government Debt Securities	5,861,441	-	-	5,861,441
	31 December 2021 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	-	9,967,626	-	9,967,626
Units of mutual funds	-	-	-	-
Shares in listed companies	1,127,520	-	-	1,127,520
Non Government Debt Securities	-	5,691,576	-	5,691,576

SEGMENT INFORMATION

Segment Details with respect to Business Activities

	31 March 2022				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
(Rupees in '000)					
Profit & Loss					
Net mark-up/return/profit	166,519	67,265	-	(12,279)	221,505
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	8,787	-	42,330	429	51,546
Total Income	175,306	67,265	42,330	(11,850)	273,051
Segment direct expenses	14,393	8,564	5,227	80,748	108,932
Inter segment expense allocation	-	-	-	-	-
Total expenses	14,393	8,564	5,227	80,748	108,932
Provisions	14,063	-	780	-	14,843
Profit before tax	146,850	58,701	36,323	(92,598)	149,276

	31 March 2022				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
(Rupees in '000)					
Balance Sheet					
Cash & Bank balances	-	-	-	197,342	197,342
Investments	5,251,224	9,591,043	1,094,482	-	15,936,749
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	7,013,124	-	-	138,732	7,151,856
- non-performing	229,187	-	-	-	229,187
Others	880,661	173,518	22,940	392,125	1,469,244
Total Assets	13,374,196	9,764,561	1,117,422	728,199	24,984,378
Borrowings	5,894,025	7,253,052	406,003	-	13,553,080
Subordinated debt	-	-	-	-	-
Deposits & other accounts	686,201	379,919	103,617	-	1,169,737
Net inter segment borrowing	-	-	-	-	-
Others	89,165	76,600	-	484,450	650,215
Total liabilities	6,669,391	7,709,571	509,620	484,450	15,373,032
Equity	6,704,805	2,054,990	607,803	243,748	9,611,346
Total Equity & liabilities	13,374,196	9,764,561	1,117,423	728,198	24,984,378
Contingencies & Commitments	100,000	5,764,436	-	-	5,864,436

	31 March 2021				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
(Rupees in '000)					
Profit & Loss					
Net mark-up/return/profit	120,946	66,238	-	(5,941)	181,243
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	8,003	-	64,783	250	73,036
Total Income	128,949	66,238	64,783	(5,691)	254,279
Segment direct expenses	10,358	5,168	3,782	73,462	92,770
Inter segment expense allocation	-	-	-	-	-
Total expenses	10,358	5,168	3,782	73,462	92,770
Provisions	61,143	-	(6,821)	-	54,322
Profit before tax	57,448	61,070	67,822	(79,153)	107,187

	31 December 2021 (Audited)				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
(Rupees in '000)					
Balance Sheet					
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
Total Assets	12,065,883	11,106,524	1,072,770	768,685	25,013,862
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	568,117
Total liabilities	6,072,961	8,581,772	440,344	263,643	15,358,720
Equity	5,992,922	2,524,752	632,426	505,042	9,655,142
Total Equity & liabilities	12,065,883	11,106,524	1,072,770	768,685	25,013,862
Contingencies & Commitments	402,000	7,012,384	-	-	7,414,384

33 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 year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Advances						
	-	77,960	-	-	90,427	-
Addition during the period / year	-	16,308	-	-	6,958	-
Repaid during the period / year	-	(4,222)	-	-	(20,353)	-
Closing balance	-	90,046	-	-	77,032	-
Other Assets						
Other receivable			11,863			11,492
Receivable / (payable) from defined benefit plan	-	-	6,651	-	-	5,788
Deposits and other accounts						
Opening balance	-	34,127	852,783	-	3,087	691,699
Received during the period / year	-	108,849	884,058	-	128,326	3,295,303
Withdrawn during the period / year	-	(106,768)	(869,478)	-	(97,286)	(3,134,220)
Closing balance	-	36,208	867,362	-	34,127	852,782
Other Liabilities						
Interest / mark-up payable	-	210	17,335	-	497	13,029
Other liabilities				-	-	-
- bonus payable to MD/CEO		2,966		-	1,702	-
- payable to Iran Foreign Investment Company - associate			8,231	-	-	8,129
- director fee payable			3,400	-	-	2,000

	31 March 2022 (Un-audited)			31 March 2021 (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	-	956			1,108	
Expense						
Mark-up / return / interest paid	-	874	21,024		52	12,859
Operating expenses						
Fees for Board & Committee Meeting	3,275			3,625		
Allowance for Board & Committee Meeting	-			-		
Managerial Remuneration		22,724			29,562	
Cash Bonus / Awards		18,354			16,954	
Contribution to defined contribution plan		1,941			2,119	
Rent & house maintenance		5,381			4,102	
Utilities		1,437			1,025	
Medical		1,573			1,282	
Conveyance		3,373			2,963	
Others		174			174	
Contribution to the defined contribution plan			2,914			2,598
Payment to the defined benefit plan			3,082			3,209
Charge for defined benefit plan			3,082			3,209

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	(Rupees in '000)			
Minimum Capital Requirement (MCR):				
Paid-up capital (net of losses)	<u>6,000,000</u>		<u>6,000,000</u>	
Capital Adequacy Ratio (CAR):				
Eligible Common Equity Tier 1 (CET 1) Capital	<u>5,250,381</u>		6,122,373	
Eligible Additional Tier 1 (ADT 1) Capital			-	
Total Eligible Tier 1 Capital	<u>5,250,381</u>		<u>6,122,373</u>	
Eligible Tier 2 Capital	-		-	
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,250,381</u>		<u>6,122,373</u>	
Risk Weighted Assets (RWAs):				
Credit Risk	<u>9,392,458</u>		8,866,790	
Market Risk	<u>1,698,523</u>		1,654,795	
Operational Risk	<u>1,854,382</u>		1,854,382	
Total	<u>12,945,363</u>		<u>12,375,967</u>	
	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	Required	Actual	Required	Actual
Common Equity Tier 1 Capital Adequacy ratio (%)	<u>6.00%</u>	<u>40.56%</u>	6.00%	49.47%
Tier 1 Capital Adequacy Ratio (%)	<u>7.50%</u>	<u>40.56%</u>	7.50%	49.47%
Total Capital Adequacy Ratio (%)	<u>11.5%*</u>	<u>40.56%</u>	12.50%	49.47%
*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):				
Eligible Tier-1 Capital	<u>5,250,381</u>		6,122,373	
Total Exposures	<u>22,254,705</u>		21,781,523	
Leverage Ratio	<u>23.59%</u>		<u>28.11%</u>	
Liquidity Coverage Ratio (LCR):				
Total High Quality Liquid Assets	<u>5,531,967</u>		5,280,683	
Total Net Cash Outflow	<u>2,534,242</u>		2,258,417	
Liquidity Coverage Ratio (%)	<u>2.18</u>		<u>2.34</u>	
Net Stable Funding Ratio (NSFR):				
Total Available Stable Funding	<u>17,019,698</u>		16,052,867	
Total Required Stable Funding	<u>12,797,894</u>		11,831,174	
Net Stable Funding Ratio (%)	<u>133%</u>		<u>136%</u>	

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.

35.3 Corresponding figures

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

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 authorized for issue on 27 April 2022 by the Board of Directors of the Company.

The image shows five handwritten signatures in blue ink, each placed above a horizontal line. Below each line is a printed title. From left to right: 1. Signature 'Kawser.' above 'Chief Financial Officer'. 2. Signature 'A. Dhaneshwar' above 'Managing Director / Chief Executive Officer'. 3. Signature 'M. S.' above 'Chairman'. 4. Signature 'M. P.' above 'Director', with a large diagonal line striking through the signature and the word 'Director'. 5. Signature 'Kawser' above 'Director'.