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PAK OMAN INVESTMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

EY Ford Rhodes
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TO THE MEMBERS OF PAK OMAN INVESTMENT COMPANY LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pak Oman Investment Company Limited** (the Company) as at **30 June 2021** and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement and notes to the financial statements for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months ended 30 June 2021 and 30 June 2020 have not been subject to limited scope review by us as we are required to review only the cumulative figures for the six month's period ended 30 June 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.

Chartered Accountants

Karachi

Date: 26 August 2021

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Statement of Financial Position
As at 30 June 2021

(Un-audited) 30 June 2021 (US Dollar in '000)	(Audited) 31 December 2020		(Un-audited) 30 June 2021 (Rupees in '000)	(Audited) 31 December 2020
		Note		
ASSETS				
1,433	1,361		225,745	214,433
16,408	8,369	6	2,584,970	1,318,436
-	22,851	7	-	3,600,000
594,694	433,006	8	93,690,229	68,217,290
126,414	132,886	9	19,915,756	20,935,305
1,375	1,392	10	216,605	219,239
-	-	11	-	-
1,621	1,438	12	255,318	226,542
13,632	13,167	13	2,147,589	2,074,831
755,577	614,470		119,036,212	96,806,076
LIABILITIES				
-	-		-	-
611,101	447,823	14	96,275,082	70,551,769
81,065	100,728	15	12,771,214	15,869,130
27	1	16	4,307	197
-	-		-	-
-	-	12	-	-
6,916	8,264	17	1,089,623	1,301,947
699,109	556,816		110,140,226	87,723,043
56,468	57,654		8,895,986	9,083,033
NET ASSETS				
REPRESENTED BY				
39,037	39,037		6,150,000	6,150,000
11,660	11,171		1,836,910	1,759,985
1,503	2,212	18	236,749	348,498
4,268	5,234		672,327	824,550
56,468	57,654		8,895,986	9,083,033
CONTINGENCIES AND COMMITMENTS				
		19		

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

Bahauddin Khan

**Managing Director/
Chief Executive Officer**

Mohammad Jamal Nasir

Chief Financial Officer

Omar Hamid
Khan

Director

Ayham Abdul Aziz
Qadar Al Ghassani

Director

Sayyid Juland
Jaifar Salim Al
Said

Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended 30 June 2021

Half year ended		Quarter ended		Half year ended	
30 June	30 June	30 June	30 June	30 June	30 June
2021	2020	2021	2020	2021	2020
(US Dollar in '000)		------(Rupees in '000)-----			
22,799	34,943	1,942,045	2,705,248	3,591,836	5,505,096
18,323	29,434	1,605,879	2,125,520	2,886,686	4,637,080
4,476	5,509	336,166	579,728	705,150	868,016
Net mark-up / return / interest income					
NON MARK-UP / INTEREST INCOME					
283	72	25,285	2,238	44,569	11,268
74	346	11,678	54,550	11,678	54,550
-	-	-	-	-	-
-	-	-	-	-	-
406	1,441	47,634	142,979	63,924	227,050
21	11	3,369	326	3,369	1,658
784	1,870	87,966	200,093	123,540	294,526
5,260	7,379	424,132	779,821	828,690	1,162,542
Total income					
NON MARK-UP / INTEREST EXPENSES					
2,055	1,951	165,118	155,826	323,809	307,367
69	106	5,190	12,249	10,881	16,725
130	122	9,285	11,529	20,439	19,197
2,254	2,179	179,593	179,604	355,129	343,289
Total non mark-up / interest expenses					
3,006	5,200	244,539	600,217	473,561	819,253
378	2	9,753	-	59,604	295
-	-	-	-	-	-
3,384	5,202	254,292	600,217	533,165	819,548
(943)	(1,440)	(68,096)	(162,031)	(148,542)	(226,935)
2,441	3,762	186,196	438,186	384,623	592,613
PROFIT BEFORE PROVISIONS					
Reversals / (Provisions) and write offs - net					
Extra ordinary / unusual items					
PROFIT BEFORE TAXATION					
Taxation					
PROFIT AFTER TAXATION					
(US \$)		------(Rupees)-----			
0.0040	0.0061	0.30	0.71	0.63	0.96
Basic and diluted earnings per share					

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
_____ Managing Director/ Chief Executive Officer	_____ Chief Financial Officer	_____ Director	_____ Director	_____ Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended 30 June 2021

Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2021	2020		2021	2020	2021	2020
(US Dollar in '000)			------(Rupees in '000)-----			
2,441	3,762	Profit after taxation for the period	186,196	438,186	384,623	592,613
		Other comprehensive income				
		Items that may be reclassified to profit and loss account in subsequent periods				
(701)	4,910	Movements in (deficit) / surplus on revaluation of investments - net of tax	6,428	217,967	(110,420)	773,478
		Items that will not be reclassified to profit and loss account in subsequent periods				
(8)	(8)	Movement in deficit on revaluation of non-banking assets- net of tax	(664)	(652)	(1,329)	(1,304)
1,732	8,664	Total comprehensive income	191,960	655,501	272,874	1,364,787

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Ayham Abdul Aziz Qadar Al Ghassani	Sayyid Juland Jaifar Salim Al Said
Managing Director/ Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 30 June 2021

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
				Investments	Non-banking assets		
(Rupees in '000)							
Opening balance as at 01 January 2020	6,150,000	1,253,874	11,630	118,059	43,668	776,230	8,353,461
Total comprehensive income							
Profit after taxation	-	-	-	-	-	592,613	592,613
Other comprehensive income / (loss) - net of tax	-	-	-	773,478	(1,304)	-	772,174
Total comprehensive income for the half year ended 30 June 2020	-	-	-	773,478	(1,304)	592,613	1,364,787
Transfer to statutory reserve	-	118,523	-	-	-	(118,523)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,304	1,304
Transaction with owners recorded directly in equity							
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)
Opening balance as at 01 July 2020	6,150,000	1,372,397	11,630	891,537	42,364	821,124	9,289,052
Total comprehensive income							
Profit after taxation	-	-	-	-	-	379,793	379,793
Other comprehensive income / (loss) - net of tax	-	-	-	(641,640)	56,237	(1,712)	(587,115)
Total comprehensive income for the half year months ended 31 December 2020	-	-	-	(641,640)	56,237	378,081	(207,322)
Transfer to statutory reserve	-	75,958	-	-	-	(75,958)	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,303	1,303
Opening balance as at 01 January 2021	6,150,000	1,448,355	311,630	249,897	98,601	824,550	9,083,033
Total comprehensive income							
Profit after taxation	-	-	-	-	-	384,623	384,623
Other comprehensive income / (loss) - net of tax	-	-	-	(110,420)	(1,329)	-	(111,749)
Total comprehensive income for the half year ended 30 June 2021	-	-	-	(110,420)	(1,329)	384,623	272,874
Transfer to statutory reserve	-	76,925	-	-	-	(76,925)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,329	1,329
Transaction with owners recorded directly in equity							
Final cash dividend - 31 December 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)
Closing balance as at 30 June 2021	6,150,000	1,525,280	311,630	139,477	97,272	672,327	8,895,986

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

Bahauddin Khan

**Managing Director/
Chief Executive Officer**

Mohammad Jamal Nasir

Chief Financial Officer

Omar Hamid Khan

Director

Ayham Abdul Aziz Qadar Al
Ghassani

Director

Sayyid Juland Jaifar Salim Al Said

Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended 30 June 2021

30 June 2021 (US Dollar in '000)	30 June 2020		Note	30 June 2021 (Rupees in '000)	30 June 2020
		CASH FLOW FROM OPERATING ACTIVITIES			
3,384	5,202	Profit before taxation		533,165	819,548
(74)	(346)	Less: Dividend income		(11,678)	(54,550)
<u>3,310</u>	<u>4,856</u>			<u>521,487</u>	<u>764,998</u>
		Adjustments:			
133	126	Depreciation		21,024	19,904
68	77	Depreciation on right-of-use assets		10,747	12,209
-	-	Amortization		-	5
(378)	(2)	(Reversals) and write offs - net	27	(59,604)	(295)
(21)	(11)	Gain on sale of fixed assets		(3,369)	(1,658)
		Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		7,294	7,660
46	49	Finance charges on leased assets		97	127
1	1	Unrealised (gain) / loss on revaluation of investments classified as held-for-trading		830	(37,083)
5	(235)			(22,981)	869
<u>(146)</u>	<u>5</u>			<u>498,506</u>	<u>765,867</u>
<u>3,164</u>	<u>4,861</u>				
		(Increase) / Decrease in operating assets			
22,851	20,731	Lendings to financial institutions		3,600,000	3,266,005
19,815	22,257	Held-for-trading securities		3,121,722	3,506,464
6,565	297	Advances		1,034,317	46,735
129	(341)	Other assets (excluding advance taxation)		20,398	(53,727)
<u>49,360</u>	<u>42,944</u>			<u>7,776,437</u>	<u>6,765,477</u>
		Increase / (decrease) in operating liabilities			
-	-	Bills payable		-	-
163,277	(7,462)	Borrowings		25,723,313	(1,175,573)
(19,664)	31,191	Deposits		(3,097,916)	4,913,926
(1,285)	3,725	Other liabilities (excluding current taxation)		(202,574)	586,896
<u>142,328</u>	<u>27,454</u>			<u>22,422,823</u>	<u>4,325,249</u>
<u>194,852</u>	<u>75,259</u>			<u>30,697,766</u>	<u>11,856,593</u>
		Income tax paid		(223,098)	(237,538)
<u>(1,416)</u>	<u>(1,508)</u>	Net cash flow generated from operating activities		<u>30,474,668</u>	<u>11,619,055</u>
<u>193,436</u>	<u>73,751</u>				
		CASH FLOW FROM INVESTING ACTIVITIES			
(183,682)	(73,761)	Net investments in available-for-sale securities		(28,937,993)	(11,620,608)
1,487	-	Investments in associates		234,263	-
(16)	(635)	Investment in subsidiary		(2,445)	(100,000)
-	-	Dividend received		-	-
(90)	(173)	Investments in operating fixed assets		(14,155)	(27,265)
22	15	Proceeds from sale of fixed assets		3,397	2,393
<u>(182,279)</u>	<u>(74,554)</u>	Net cash flow used in investing activities		<u>(28,716,933)</u>	<u>(11,745,480)</u>
		CASH FLOW FROM FINANCING ACTIVITIES			
(10)	(2)	Payments of lease obligations		(1,595)	(329)
(108)	(68)	Payments of lease liability against right-of-use assets		(17,044)	(10,768)
(2,928)	(2,733)	Dividend paid		(461,250)	(430,500)
<u>(3,046)</u>	<u>(2,803)</u>	Net cash flow (used in) financing activities		<u>(479,889)</u>	<u>(441,597)</u>
<u>8,111</u>	<u>(3,606)</u>	Increase in cash and cash equivalents		<u>1,277,846</u>	<u>(568,022)</u>
		Cash and cash equivalents at beginning of the period		1,532,869	2,128,067
<u>9,730</u>	<u>13,508</u>	Cash and cash equivalents at end of the period	30	<u>2,810,715</u>	<u>1,560,045</u>
<u>17,841</u>	<u>9,902</u>				

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

Bahauddin Khan

Mohammad Jamal Nasir

Omar Hamid Khan

Ayham Abdul Aziz
Qadar Al Ghassani

Sayyid Juland Jaifar Salim Al
Said

**Managing Director/
Chief Executive Officer**

Chief Financial Officer

Director

Director

Pak Oman Investment Company Limited
Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended 30 June 2021

1 STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the Company was converted into a public company. The Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives inter alia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October 2003 issued by the State Bank of Pakistan.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated 22 March 2019 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended 31 December 2020.

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

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the Banks / DFIs in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollars at a rate of Rs.157.5437 = 1 US dollar for the half year ended 30 June 2021 and the corresponding period.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated interim financial statements.

2.3 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

IFRS 9 'Financial Instruments'	January 01, 2022
Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	April 01, 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	01 January 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 January 2009
IFRS 17 – Insurance Contracts	01 January 2023

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2020.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the audited annual unconsolidated financial statements for the year ended 31 December 2020.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the company are consistent with those disclosed the audited annual unconsolidated financial statements for the year ended December 31, 2020.

The COVID – 19 pandemic has taken a toll on global economy, including Pakistan. To reduce the impact on businesses and economies in general, governments / regulators across the world have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan has also responded to the crisis by cutting the policy rate by 625 basis points since mid-March to 7% in June 2020. Since then, there have been no further adjustments in the policy rate.

5.1 Credit Risk Management

The Company has further strengthened its credit risk assessment in light of COVID – 19. The risk management function is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. Detailed credit risk assessment is carried out of each borrower who has availed the benefit of principal deferment or restructuring on an ongoing basis.

5.2 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and rescheduling / restructuring of loans, the originally expected cash inflows faced a lag. However, cash flows are being closely monitored by Asset and Liability Committee (ALCO) on a constant basis and the Company is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.3 Equity Risk Management

The Company has Nil carrying value in listed equity securities - classified as available for sale as of 30 June 2021. Therefore, there is no impact of COVID – 19 on the Company's financial position.

5.4 Operational Risk Management

The management is monitoring the situation and has taken various precautionary measures as notified by the Provincial and Federal Government to address the safety of Company's staff and visitors alike and ensure uninterrupted service to the customers. Such measures include:

- All employees / visitors are screened daily for temperature before entering the premises.
- Wearing a face mask is mandatory for all employees / visitors.
- Entire premises is disinfected on daily basis.
- All employees were tested for COVID – 19 with the Company bearing all testing-related medical costs.

Business Continuity Plan (BCP) is in place and has been rigorously tested. Remote work capabilities were enabled for staff, where required and related risk and control measures were assessed to ensure that the Company's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. Despite difficult working conditions due to outbreak of Covid-19, the Company has ensured that service levels are maintained and turnaround times are monitored so that the benefits of SBP's relief measures are timely forwarded to its customers.

5.5 Capital Adequacy Ratio (CAR)

SBP, vide its BPRD Circular Letter No. 12 of 2020, introduced following 2 measures:

- Capital Conversion Buffer (CCB) reduced from 2.50% to 1.50% which reduced CET1 and CAR requirements by 1.00%
- Regulatory retail portfolio limit was enhanced from Rs. 125 million to Rs. 180 million.

These measures were introduced to encourage banks / DFIs to continue lending, particularly to SME sector, despite anticipated pressure on profits and credit risk.

The Company has continued to fund the real economy while managing its risks. As of 30 June 2021, the Company's CAR stood at 15.97% which is well above the revised requirement of 11.50%.

5.6 Based on profitability of 2021, quality of loan book, solid capital base, resilient deposit based funding structure and availability of unutilized bank lines, management has concluded that there are no material implications of COVID – 19 that require specific disclosure in these financial statements.

		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note	(Rupees in '000)	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		317	286
foreign currency		225	229
		542	515
With State Bank of Pakistan in			
Local currency current account	6.1	224,287	213,002
With National Bank of Pakistan in			
Local currency current account		916	916
		225,745	214,433
6.1	This represent the amount required to be maintained by the Company in accordance with the SBP's Regulations.		
7 BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		19,260	4,107
In deposit accounts	7.1	2,563,198	1,307,024
		2,582,458	1,311,131
Outside Pakistan:			
In current accounts		2,512	7,305
		2,584,970	1,318,436
7.1	These include term deposit receipts (TDRs) of Rs. 2,550 million (2020: Rs. 1,300 million) maturing from July 2021 to October 2021 (2020: March 2021). These carry mark-up rates ranging from 8.05% to 8.50% (2020: 14.50% to 14.75%) per annum.		
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)		-	3,600,000
		-	3,600,000

9 INVESTMENTS

(Un-audited)				(Audited)			
30 June 2021				31 December 2020			
Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value

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

9.1 Investments by types

Held-for-trading securities

Federal Government securities	20,353,700	-	2,873	20,356,573	23,475,422	-	3,703	23,479,125
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	-	-	-	-
	20,353,700	-	2,873	20,356,573	23,475,422	-	3,703	23,479,125

Available-for-sale securities

Federal Government securities	68,460,276	-	175,356	68,635,632	39,349,987	-	354,442	39,704,429
Shares	346,266	(110,311)	-	235,955	346,266	(110,311)	-	235,955
Non-Government debt securities	3,481,009	(473,507)	21,091	3,028,593	3,653,305	(518,343)	(2,475)	3,132,487
	72,287,551	(583,818)	196,447	71,900,180	43,349,558	(628,654)	351,967	43,072,871

Associates

	1,060,832	(70,726)	-	990,106	1,295,095	(70,726)	-	1,224,369
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Subsidiary

	600,745	(157,375)	-	443,370	598,300	(157,375)	-	440,925
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Total Investments

	94,302,828	(811,919)	199,320	93,690,229	68,718,375	(856,755)	355,670	68,217,290
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9.1.1 Investments given as collateral

	(Un-audited)				(Audited)			
	30 June 2021				31 December 2020			
	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								
- Pakistan Investment Bonds	43,489,300	-	150,525	43,639,825	34,974,450	-	325,567	35,300,017
- Market Treasury Bills	30,927,509	-	7,856	30,935,365	16,932,963	-	22,277	16,955,240
	74,416,809	-	158,381	74,575,190	51,907,413	-	347,844	52,255,257
Shares								
- Listed companies	-	-	-	-	-	-	-	-
- Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
Associates								
Japan Power Generation Limited	70,726	(70,726)	-	-	70,726	(70,726)	-	-
Total investments	74,713,535	(70,726)	158,381	74,801,190	52,204,139	(70,726)	347,844	52,481,257

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Charge / (reversal)

Charge for the period / year
Reversals for the period / year

Transfers - net
Amounts written off

Closing balance

9.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned
Substandard
Doubtful
Loss
Total

	(Un-audited)		(Audited)	
	30 June 2021		31 December 2020	
	NPI	Provision	NPI	Provision
(Rupees in '000)				
	-	-	-	-
	-	-	75,000	5,015
	75,000	10,030	-	-
	483,926	463,477	533,777	513,328
	558,926	473,507	608,777	518,343

9.2.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Company has availed the benefit of FSV against the non-performing investments. As of 30 June 2021, the Company has availed total accumulated FSV benefit amounting to Rs. 27.47 million (net of tax Rs. 19.50 million). Accordingly, accumulated profit of Rs 19.50 million (net of transfer to statutory reserves Rs. 15.60 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

9.2.4 The Board in its meeting held on 15 July 2021 has approved sale of its entire shareholding in Pak Oman Microfinance Bank Limited to its Majority shareholder LOLC Private Limited subject to regulatory compliance.

9.2.5 The Company does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

10 ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	17,341,894	19,200,645	1,728,232	1,527,219	19,070,126	20,727,864
Margin trading	1,482,772	859,351	-	-	1,482,772	859,351
Advances - Gross	18,824,666	20,059,996	1,728,232	1,527,219	20,552,898	21,587,215
Provision against advances						
Specific	-	-	636,899	651,697	636,899	651,697
General	243	213	-	-	243	213
	243	213	636,899	651,697	637,142	651,910
Advances - net of provision	18,824,423	20,059,783	1,091,333	875,522	19,915,756	20,935,305

10.1 Particulars of advances (Gross)

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
In local currency	20,552,898	21,587,215
In foreign currencies	-	-
	<u>20,552,898</u>	<u>21,587,215</u>

10.2 Advances include Rs. 1,728 million (2020: Rs 1,527 million) which have been placed under the non-performing status as detailed below:

Category of Classification	(Un-audited) 30 June 2021		(Audited) 31 December 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	990,000	13,176	854,762	3,956
Doubtful	92,857	3,064	-	-
Loss	645,375	620,659	672,457	647,741
	<u>1,728,232</u>	<u>636,899</u>	<u>1,527,219</u>	<u>651,697</u>

10.3 Particulars of provision against advances

	(Un-audited) 30 June 2021			(Audited) 31 December 2020		
	Specific	General	Total	Specific	General	Total
		----- (Rupees in '000) -----				
Opening balance	651,697	213	651,910	551,656	213	551,869
Charge for the year	12,284	30	12,314	100,336	-	100,336
Reversals	(27,082)	-	(27,082)	(295)	-	(295)
	(14,798)	30	(14,768)	100,041	-	100,041
Amounts written off	-	-	-	-	-	-
Closing balance	<u>636,899</u>	<u>243</u>	<u>637,142</u>	<u>651,697</u>	<u>213</u>	<u>651,910</u>

- 10.4** In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances. As of 30 June 2021, the Company has availed total accumulated FSV benefit amounting to Rs. 286 million (net of tax Rs. 203 million). Accordingly, accumulated profit of Rs 203 million (net of transfer to statutory reserves Rs. 163 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
(Rupees in '000)			
11 FIXED ASSETS			
Capital work-in-progress	11.1	11,473	5,505
Property and equipment	11.2 & 11.3	84,026	83,540
Right of use assets		121,106	130,194
		<u>216,605</u>	<u>219,239</u>
11.1 Capital work-in-progress			
Advances to suppliers		<u>11,473</u>	<u>-</u>
		(Un-audited) 30 June 2021	(Un-audited) 31 December 2020
(Rupees in '000)			
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		11,473	12,515
Property and equipment			
Improvements		1,410	908
Office equipments		469	653
Computer equipments		653	1,439
Furniture and fixture		250	1,049
Vehicles		5,508	10,701
		8,290	14,750
Total		<u>19,763</u>	<u>27,265</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as			
Office equipment		28	-
Vehicles		-	735
Total		<u>28</u>	<u>735</u>

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
12 DEFERRED TAX ASSETS / (LIABILITIES)		
Deductible Temporary Differences on		
Provision for diminution in the value of investments	214,946	227,948
Assets subject to finance leases	(296)	57
Amortisation of premium on Federal Government Securities	1,699	1,245
Provision against non-performing advances	184,771	189,054
Revaluation on investments classified as available-for-sale	(56,969)	(102,070)
Revaluation on investments classified as held-for-trading	(833)	(1,075)
Net investment in finance leases	(76,853)	(75,300)
	266,465	239,859
Taxable Temporary Differences on		
Accelerated tax depreciation allowances	10,765	8,400
Revaluation on non-banking assets	(18,992)	(21,717)
Dividend receivable	(2,920)	-
	(11,147)	(13,317)
	255,318	226,542
13 OTHER ASSETS		
Income / mark-up accrued in local currency - net of provision	1,111,237	1,079,773
Dividend income receivable	11,678	-
Mark-up / profit receivable on purchase of securities	376,866	443,144
Security deposits	4,100	4,486
Prepayments	24,139	9,528
Taxation	252,444	161,564
Non-banking assets acquired in satisfaction of claims	229,588	237,118
Others	536	345
	2,010,588	1,935,958
Less: Provision held against other assets	-	-
Other assets (net of provisions)	2,010,588	1,935,958
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	137,001	138,873
	2,147,589	2,074,831

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
14 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan:		
- Long term financing facility (LTFF)	2,650,507	2,605,135
- Financing Power Plants Using Renewable Energy (REF)	269,150	139,508
- Financing Facility for Storage of Agricultural Produce (FFSAP)	48,077	50,000
- Temporary Economic Refinance Facility (TERF)	82,225	42,173
Repurchase agreement borrowings	58,926,193	43,334,174
Long term borrowings	3,665,000	3,471,293
Short term running finance	77,550	127,713
Bai Muajjal	15,355,979	12,040,769
Total secured	81,074,681	61,810,765
Unsecured		
Placements	-	-
Murabaha financing	15,200,401	8,741,004
Total unsecured	15,200,401	8,741,004
	96,275,082	70,551,769

15 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 June 2021		(Audited) 31 December 2020	
	In local currency	Total	In local currency	Total
	(Rupees in '000)			
Certificates of investment				
Financial institutions	3,761,500	3,761,500	3,012,000	3,012,000
Others	9,009,714	9,009,714	12,857,130	12,857,130
	12,771,214	12,771,214	15,869,130	15,869,130

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Un-audited) 30 June 2021			(Audited) 31 December 2020		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	(Rupees in '000)					
Not later than one year	1,124	364	760	197	-	197
Later than one year and upto five years	4,203	656	3,547	-	-	-
	5,327	1,020	4,307	197	-	197

16.1 The Company has entered into lease agreement with a financial institution for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 9.17% (2020: 7.90%) per annum. At the end of lease term, the Company has option to acquire the assets, subject to adjustment of security deposit.

	Note	(Un-audited) 30 June 2021	(Audited) 31 December 2020
(Rupees in '000)			
17	OTHER LIABILITIES		
	Mark-up/ Return/ Interest payable in local currency	550,776	543,562
	Accrued expenses	234,443	327,377
	Dividend payable	-	-
	Staff gratuity	-	3,333
	Security deposits against investment in finance leases	150,183	173,883
	Lease liability against right-of-use assets	133,930	144,485
	Withholding tax and sales tax payable	3,057	6,413
	Others	17,234	102,894
		1,089,623	1,301,947
18	SURPLUS ON REVALUATION OF ASSETS		
	Surplus on revaluation of		
	- Available for sale securities	196,447	351,967
	- Non-banking assets acquired in satisfaction of claims	137,001	138,873
		333,448	490,840
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	(56,970)	(102,070)
	- Non-banking assets acquired in satisfaction of claims	(39,729)	(40,272)
		(96,699)	(142,342)
		236,749	348,498
19	CONTINGENCIES AND COMMITMENTS		
	Transaction related contingent liability:		
	Standby letter of credit	692,745	723,075
	Pledge of shares on behalf of Japan Power Generation Limited	19.1	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	19.2	226,000
	Commitments for:		
	Purchase of Government securities	237,163	-
	Sale of Government securities	2,129,135	-
	Commitments for advances and net investment in finance leases	1,703,236	808,730
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	19.3	36,000
19.1	Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2020: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).		
19.2	Investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.		
19.3	PIBs having face value amounting to Rs. 36 million (2020: Rs 45 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).		

		(Un-audited) Half year ended	
Note		30 June 2021	30 June 2020
(Rupees in '000)			
20	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	806,004	1,280,490
	b) Investments	2,685,843	3,899,678
	c) Lendings to financial institutions	47,695	210,638
	d) Balances with banks	52,294	114,290
		<u>3,591,836</u>	<u>5,505,096</u>
21	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	a) Deposits	443,946	632,152
	b) Borrowings	2,435,446	3,997,268
	c) Lease liability against right-of-use assets	7,294	7,660
		<u>2,886,686</u>	<u>4,637,080</u>
22	FEE AND COMMISSION INCOME		
	Credit related fees	32,983	5,902
	Investment banking fees	3,350	3,262
	Commission on guarantees	2,284	2,104
	Underwriting commission of Government securities auction	5,952	-
		<u>44,569</u>	<u>11,268</u>
23	GAIN ON SECURITIES		
	Realised	64,754	189,967
	Unrealised - held for trading	(830)	37,083
		<u>63,924</u>	<u>227,050</u>
23.1	Realised gain/(loss) on:		
	Federal Government Securities	36,965	189,327
	Non Government debt securities	12,731	640
	Mutual Funds	15,058	-
		<u>64,754</u>	<u>189,967</u>
24	OTHER INCOME		
	Gain on sale of fixed assets - net	<u>3,369</u>	<u>1,658</u>

	(Un-audited)	
	Half year ended	
	30 June 2021	30 June 2020
	(Rupees in '000)	
25 OPERATING EXPENSES		
Total compensation expense	231,134	223,894
Property expense		
Rent & taxes	-	442
Utilities cost	2,283	1,654
Security (including guards)	319	291
Repair & maintenance (including janitorial charges)	7,126	4,276
Depreciation on right-of-use assets & improvements	10,747	12,209
Depreciation	1,053	1,053
	21,528	19,925
Information technology expenses		
Software maintenance	665	423
Hardware maintenance	16	317
Depreciation	691	592
Amortisation	-	5
Network charges	1,452	1,273
Others	591	568
	3,415	3,178
Other operating expenses		
Directors' fees and allowances	16,500	13,414
Legal & professional charges	6,126	2,800
Travelling & conveyance	1,651	3,837
Depreciation	19,280	18,259
Training & development	209	84
Postage & courier charges	430	374
Communication	3,680	3,414
Stationery & printing	913	616
Marketing, advertisement & publicity	2,245	731
Donations	-	400
Auditors' remuneration	1,423	1,128
Membership and subscriptions	1,080	915
Transportation	4,624	4,284
Insurance	1,692	1,550
Finance charges on leased assets	97	127
Entertainment and canteen expenses	2,261	1,709
Maintenance charges - Non-banking assets	2,080	4,161
Others	3,441	2,567
	67,732	60,370
Total operating expenses	323,809	307,367

		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
26	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	1,601	-
	Fee, commission and others	18,838	19,197
		<u>20,439</u>	<u>19,197</u>
27	REVERSAL / (PROVISIONS) & WRITE OFFS - NET		
	Reversal of provision for diminution in value of investments	44,836	-
	Reversal of provision against loans & advances	14,768	295
		<u>59,604</u>	<u>295</u>
28	TAXATION		
	Current	132,218	145,936
	Prior years	-	-
	Deferred	16,324	80,999
		<u>148,542</u>	<u>226,935</u>

28.1 Tax contingencies

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
29	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation	Rupees in '000	<u>384,623</u>
			<u>592,613</u>
	Weighted average number of ordinary shares issued	Numbers in '000	<u>615,000</u>
			<u>615,000</u>
	Basic and diluted earnings per share	Rupees	<u>0.63</u>
			<u>0.96</u>

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

		(Un-audited) Half year ended	
		30 June 2021	30 June 2020
		(Rupees in '000)	
30	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	225,745	210,773
	Balances with other banks	2,584,970	1,349,272
		<u>2,810,715</u>	<u>1,560,045</u>

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.

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

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).

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

(Un-audited)				
As at 30 June 2021				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	88,992,205	-	88,992,205
Non-Government debt securities	-	3,028,593	-	3,028,593
Mutual funds	-	633,826	-	633,826
Financial assets - disclosed but not measured at fair value				
Investments	-	-	1,064,033	1,064,033
(Audited)				
As at 31 December 2020				
On balance sheet financial instruments	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	63,183,554	-	63,183,554
Non-Government debt securities	-	3,132,487	-	3,132,487
Mutual funds	-	873,584	-	873,584
Financial assets - disclosed but not measured at fair value				
Investments	-	-	1,061,588	1,061,588

31.2 Fair value of non-financial assets

(Un-audited)				
As at 30 June 2021				
Non-banking assets acquired in satisfaction of claims	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Non-banking assets acquired in satisfaction of claims	-	-	375,991	375,991
(Audited)				
As at 31 December 2020				
Non-banking assets acquired in satisfaction of claims	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Non-banking assets acquired in satisfaction of claims	-	-	375,991	375,991

32 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	(Un-audited)			
	Half year ended 30 June 2021			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Profit & loss account				
Net mark-up / return / profit	196,817	(58,279)	566,612	705,150
Non mark-up / return / interest income	35,267	30,086	58,187	123,540
Total income	232,084	(28,193)	624,799	828,690
Segment direct expenses	184,936	22,784	147,409	355,129
Reversals	14,768	-	44,836	59,604
Profit before tax	61,916	(50,977)	522,226	533,165
	(Un-audited)			
	As at 30 June 2021			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Statement of financial position				
Cash & Bank balances	-	-	2,810,715	2,810,715
Investments	-	1,669,431	92,020,798	93,690,229
Lendings to financial institutions	-	-	-	-
Advances - performing	17,341,651	-	1,482,772	18,824,423
non- performing	1,091,333	-	-	1,091,333
Others	715,389	429,606	1,474,517	2,619,512
Total assets	19,148,373	2,099,037	97,788,802	119,036,212
Borrowings	15,989,222	1,687,122	78,598,738	96,275,082
Subordinated debt	-	-	-	-
Deposits & other accounts	2,054,400	225,202	10,491,612	12,771,214
Others	301,996	16,642	775,292	1,093,930
Total liabilities	18,345,618	1,928,966	89,865,642	110,140,226
Equity	802,755	170,071	7,923,160	8,895,986
Total equity & liabilities	19,148,373	2,099,037	97,788,802	119,036,212
Contingencies & commitments	2,395,981	332,726	2,366,298	5,095,005
	(Un-audited)			
	Half year ended 30 June 2020			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Profit & loss account				
Net mark-up / return / profit	310,288	(86,913)	644,641	868,016
Non mark-up / return / interest income	8,332	57,550	228,644	294,526
Total income	318,620	(29,363)	873,285	1,162,542
Segment direct expenses	179,440	26,918	136,931	343,289
Reversals	295	-	-	295
Profit before tax	139,475	(56,281)	736,354	819,548
	(Audited)			
	As at 31 December 2020			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Statement of financial position				
Cash & Bank balances	-	-	1,532,869	1,532,869
Investments	-	1,901,249	66,316,041	68,217,290
Lendings to financial institutions	-	-	3,600,000	3,600,000
Advances - performing	19,200,432	-	859,351	20,059,783
non-performing	875,522	-	-	875,522
Others	732,382	439,917	1,348,313	2,520,612
Total assets	20,808,336	2,341,166	73,656,574	96,806,076
Borrowings	15,787,228	1,687,062	53,077,479	70,551,769
Subordinated debt	-	-	-	-
Deposits & other accounts	3,411,048	383,780	12,074,302	15,869,130
Others	416,401	27,286	858,457	1,302,144
Total liabilities	19,614,677	2,098,128	66,010,238	87,723,043
Equity	1,193,659	243,038	7,646,336	9,083,033
Total equity & liabilities	20,808,336	2,341,166	73,656,574	96,806,076
Contingencies & commitments	1,531,805	341,726	-	1,873,531

33 RELATED PARTY TRANSACTIONS

The Company has related party relationship with various parties, including its directors, key management personnel (including their associates), associates, subsidiary company, employee benefit plans, and company having common directors. The details of investments in subsidiary company and associates are stated in note 9 to these interim financial statements.

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

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

33.1 Subsidiary

Pak Oman Asset Management Company Limited

33.2 Associates

Japan Power Generation Limited
Pak Oman Microfinance Bank Limited
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation Fund
Pak Oman Advantage Asset Allocation Fund
Askari High Yield Scheme
Pak Oman Government Securities Fund

33.3 Retirement benefit fund

Defined benefit plan
Defined contribution plan

33.4 Other related party

Orient Power Company (Private) Limited
Ismail Industries Limited
K- Electric
Diamond Textile Mills (Pvt.) Limited

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

	As at 30 June 2021 (Un-audited)						As at 31 December 2020 (Audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Investments												
Opening balance	-	-	598,300	1,295,095	-	726,000	-	-	498,300	1,045,951	-	726,000
Investment made during the year	-	-	2,445	995,031	-	-	-	-	100,000	395,000	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,229,294)	-	-	-	-	-	(145,856)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	600,745	1,060,832	-	726,000	-	-	598,300	1,295,095	-	726,000
Provision for diminution in value of investments	-	-	157,375	70,726	-	-	-	-	157,375	70,726	-	-
Advances												
Opening balance	-	41,535	-	68,200	-	524,566	-	38,487	-	68,200	-	565,459
Addition during the year	-	8,297	-	-	-	-	-	12,577	-	-	-	-
Repaid during the year	-	(7,366)	-	-	-	(15,000)	-	(9,529)	-	-	-	(40,893)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	42,466	-	68,200	-	509,566	-	41,535	-	68,200	-	524,566
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-
	As at 30 June 2021 (Un-audited)						As at 31 December 2020 (Audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	8,958	-	-	-	-	-	8,725
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	-	11,678	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	5,532	-	-	6,871	-	-	4,082	-	-	-	-
Received during the year	-	25,225	-	-	3,923	-	-	89,090	-	-	18,297	-
Withdrawn during the year	-	(26,554)	-	-	(10,794)	-	-	(87,640)	-	-	(11,426)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	4,203	-	-	-	-	-	5,532	-	-	6,871	-
Other Liabilities												
Interest / mark-up payable	-	7	-	-	-	-	-	23	-	-	16	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	3,333	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Outright sale of Securities	-	-	-	1,455,199	736,535	-	-	-	-	1,090,752	879,049	-
Outright purchase of Securities	-	-	-	155,884	550,367	-	-	-	-	406,109	906,989	-
Contingencies and Commitments												
Other contingencies	-	-	36,000	70,726	-	226,000	-	-	45,000	70,726	-	226,000

33.6 Related party transactions

	Half year ended 30 June 2021 (Un-audited)					Half year ended 30 June 2020 (Un-audited)						
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
----- (Rupees in '000) -----												
Income												
Mark-up / return / interest earned	-	736	-	1,320	-	35,002	-	812	-	-	-	65,773
Fee and commission income	-	-	-	-	-	2,373	-	-	-	-	-	2,500
Dividend income	-	-	-	11,678	-	-	-	-	-	54,550	-	-
Net gain on sale of securities	-	-	-	15,598	(195)	-	-	-	-	96	6	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	209	-	-	48	-	-	515	-	-	176	-
Operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Non- Executive Directors' fees and allowances	16,500	-	-	-	-	-	13,414	-	-	-	-	-
Compensation expenses	-	231,462	-	-	-	-	-	161,552	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	9,645	-	-	-	-	-	7,820	-
Charge for defined benefit plan	-	-	-	-	9,770	-	-	-	-	-	9,240	-

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2021	(Audited) 31 December 2020
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,150,000</u>	<u>6,150,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,977,164</u>	6,765,747
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>6,977,164</u>	6,765,747
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,977,164</u>	<u>6,765,747</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>24,355,620</u>	24,577,361
Market Risk	<u>16,711,983</u>	12,164,424
Operational Risk	<u>2,615,074</u>	2,615,074
Total	<u>43,682,677</u>	<u>39,356,859</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>15.97%</u>	17.19%
Tier 1 Capital Adequacy Ratio	<u>15.97%</u>	17.19%
Total Capital Adequacy Ratio	<u>15.97%</u>	17.19%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>6,977,164</u>	6,765,747
Total Exposures	<u>112,243,527</u>	90,371,275
Leverage Ratio	<u>6.22%</u>	7.49%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>11,698,005</u>	9,163,212
Total Net Cash Outflow	<u>16,810,664</u>	17,443,202
Liquidity Coverage Ratio	<u>69.59%</u>	52.53%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>21,988,412</u>	22,160,134
Total Required Stable Funding	<u>20,447,790</u>	21,830,106
Net Stable Funding Ratio	<u>107.53%</u>	101.51%

35 CREDIT RATING

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

36 GENERAL

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

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

37 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 26 August 2021 by the Board of Directors of the Company.

Bahauddin Khan

Mohammad Jamal Nasir

Omar Hamid Khan

Ayham Abdul Aziz Qadar
Al GhassaniSayyid Juland Jaifar
Salim Al Said

**Managing Director/
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman