

**PAK OMAN INVESTMENT
COMPANY LIMITED**

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2021**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 31 March 2021

(Unaudited) 31 March 2021 (US Dollar in '000)	(Audited) 31 December 2020		(Unaudited) 31 March 2021 (Rupees in '000)	(Audited) 31 December 2020
		<i>Note</i>		
ASSETS				
1,084	1,404	Cash and balances with treasury banks	165,569	214,467
5,901	8,638	Balances with other banks	901,453	1,319,582
6,772	23,567	Lendings to financial institutions	1,034,503	3,600,000
568,283	443,638	Investments	86,810,050	67,769,494
131,722	137,048	Advances	20,121,669	20,935,305
1,593	1,638	Fixed assets	243,383	250,195
1,462	1,462	Intangible assets	223,273	223,273
1,643	1,419	Deferred tax assets	251,034	216,789
13,347	14,741	Other assets	2,038,797	2,251,865
731,807	633,555		111,789,731	96,780,970
LIABILITIES				
-	-	Bills payable	-	-
590,014	462,048	Borrowings	90,129,670	70,581,769
78,496	103,884	Deposits and other accounts	11,990,891	15,869,130
29	1	Liabilities against assets subject to finance lease	4,486	197
-	-	Subordinated debt	-	-
-	-	Deferred tax liabilities	-	-
7,452	9,351	Other liabilities	1,138,232	1,428,400
675,991	575,284		103,263,279	87,879,496
55,816	58,271	NET ASSETS	8,526,452	8,901,474
REPRESENTED BY				
40,260	40,260	Share capital	6,150,000	6,150,000
11,781	11,521	Reserves	1,799,670	1,759,985
1,512	2,281	Surplus on revaluation of assets	230,985	348,498
2,220	4,166	Unappropriated profit	339,184	636,372
55,773	58,228	Equity attributable to shareholder of holding company	8,519,839	8,894,855
43	43	Non-Controlling Interest	6,613	6,619
55,816	58,271		8,526,452	8,901,474
CONTINGENCIES AND COMMITMENTS				
20				

The annexed notes from 1 to 38 form an integral part of these consolidated 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
Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the first quarter ended 31 March 2021

31 March 2021	31 March 2020		Note	31 March 2021	31 March 2020
(US Dollar in '000)				(Rupees in '000)	
10,800	18,332	Mark-up / Return / Interest Earned	21	1,649,843	2,800,446
8,391	16,469	Mark-up / Return / Interest Expensed	22	1,281,870	2,515,729
<u>2,409</u>	<u>1,863</u>	Net mark-up / interest income		<u>367,973</u>	<u>284,717</u>
NON MARK-UP / INTEREST INCOME					
232	122	Fee and commission income	23	35,442	18,693
-	-	Dividend income		-	-
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
84	550	Gain on securities	24	12,761	84,071
55	(104)	Share of (loss) / profit from associates - net of tax		8,441	(15,894)
4	90	Other income	25	607	13,709
<u>375</u>	<u>658</u>	Total non mark-up / interest income		<u>57,251</u>	<u>100,579</u>
<u>2,784</u>	<u>2,521</u>	Total Income		<u>425,224</u>	<u>385,296</u>
NON MARK-UP / INTEREST EXPENSES					
1,139	1,079	Operating expenses	26	174,024	164,751
37	30	Workers Welfare Fund		5,691	4,581
73	50	Other charges	27	11,206	7,668
<u>1,249</u>	<u>1,159</u>	Total non mark-up / interest expenses		<u>190,921</u>	<u>177,000</u>
<u>1,535</u>	<u>1,362</u>	Profit Before Provisions		<u>234,303</u>	<u>208,296</u>
326	2	Reversals / (Provisions) and write offs - net	28	49,851	295
-	-	Extra ordinary / unusual items		-	-
<u>1,861</u>	<u>1,364</u>	PROFIT BEFORE TAXATION		<u>284,154</u>	<u>208,591</u>
(531)	(431)	Taxation	29	(81,078)	(65,780)
<u>1,330</u>	<u>933</u>	PROFIT AFTER TAXATION		<u>203,076</u>	<u>142,811</u>
ATTRIBUTABLE TO:					
1,330	931	Shareholders of the holding company		203,082	142,466
-	2	Non-controlling interest		(6)	345
<u>1,330</u>	<u>933</u>			<u>203,076</u>	<u>142,811</u>
(US \$)		(Rupees)			
<u>0.0022</u>	<u>0.0015</u>	Basic and diluted earnings per share attributable to shareholders of the holding	30	<u>0.33</u>	<u>0.23</u>

The annexed notes from 1 to 38 form an integral part of these consolidated condensed interim financial statements.

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Chief Executive Officer**

Mohammad Jamal Nasir

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Omar Hamid Khan

Director

Ayham Abdul Aziz
Qadar Al Ghassani

Director

Sayyid Juland
Jaifar Salim Al
Said

Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the first quarter ended 31 March 2021

31 March 2021	31 March 2020		31 March 2021	31 March 2020
(US Dollar in '000)			(Rupees in '000)	
1,330	933	Profit after taxation for the period	203,076	142,811
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(765)	3,637	Movements in (deficit) / surplus on revaluation of investments - net of tax	(116,848)	555,511
		Items that will not be reclassified to profit and loss account in subsequent periods:		
		Movement in deficit on revaluation of non-banking assets- net of tax	(665)	(652)
(4)	(4)			
<u>561</u>	<u>4,566</u>	Total comprehensive income	<u>85,563</u>	<u>697,670</u>
		ATTRIBUTABLE TO:		
561	4,564	Shareholders of the holding company	85,569	697,325
-	2	Non-controlling interest	(6)	345
<u>561</u>	<u>4,566</u>		<u>85,563</u>	<u>697,670</u>

The annexed notes from 1 to 38 form an integral part of these consolidated condensed interim financial statements.

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

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For the first quarter ended 31 March 2021

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	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	651,712	8,228,943	6,967	8,235,910
Total comprehensive income									
Profit after taxation	-	-	-	-	-	142,466	142,466	345	142,811
Other comprehensive income / (loss) - net of tax	-	-	-	555,511	(652)	-	554,859	-	554,859
Total comprehensive income for the first quarter ended 31 March 2020	-	-	-	555,511	(652)	142,466	697,325	345	697,670
Transfer to statutory reserve	-	30,885	-	-	-	(30,885)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	652	652	-	652
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)	-	(430,500)
Opening balance as at 01 April 2020	6,150,000	1,284,759	11,630	673,570	43,016	333,445	8,496,420	7,312	8,503,732
Total comprehensive income									
Profit after taxation	-	-	-	-	-	766,280	766,280	(693)	765,587
Other comprehensive income / (loss) - net of tax	-	-	-	(423,673)	55,585	(1,712)	(369,800)	-	(369,800)
Total comprehensive income for the nine months ended 31 December 2020	-	-	-	(423,673)	55,585	764,568	396,480	(693)	395,787
Transfer to statutory reserve	-	163,596	-	-	-	(163,596)	-	-	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,955	1,955	-	1,955
Opening balance as at 01 January 2021	6,150,000	1,448,355	311,630	249,897	98,601	636,372	8,894,855	6,619	8,901,474
Total comprehensive income									
Profit after taxation	-	-	-	-	-	203,082	203,082	(6)	203,076
Other comprehensive income / (loss) - net of tax	-	-	-	(116,848)	(665)	-	(117,513)	-	(117,513)
Total comprehensive income for the first quarter ended 31 March 2021	-	-	-	(116,848)	(665)	203,082	85,569	(6)	85,563
Transfer to statutory reserve	-	39,685	-	-	-	(39,685)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	665	665	-	665
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)	-	(461,250)
Closing balance as at 31 March 2021	6,150,000	1,488,040	311,630	133,049	97,936	339,184	8,519,839	6,613	8,526,452

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Sayyid Juland Jaifar Salim Al Said
Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the first quarter ended 31 March 2021

31 March 2021	31 March 2020		31 March 2021	31 March 2020
(US Dollar in '000)			(Rupees in '000)	
1,861	1,364	CASH FLOW FROM OPERATING ACTIVITIES	284,154	208,591
-	-	Profit before taxation	-	-
1,861	1,364	Less: Dividend income	284,154	208,591
76	70	Adjustments:	11,670	10,622
43	46	Depreciation	6,638	7,060
-	-	Depreciation on right-of-use assets	-	3
(326)	(2)	Amortization	(49,851)	(295)
(1)	(9)	(Reversals) and write offs - net	(82)	(1,332)
(55)	104	Gain on sale of fixed assets	(8,441)	15,894
27	29	Share of loss / (profit) from associates - net of tax	4,180	4,374
-	-	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	-	37
(38)	(256)	Finance charges on leased assets	(5,769)	(39,055)
(274)	(18)	Unrealised (gain) / loss on revaluation of investments classified as held-for-trading	(41,655)	(2,692)
1,587	1,346		242,499	205,899
16,794	43,359	(Increase) / Decrease in operating assets	2,565,497	6,623,478
(158,505)	57,684	Lendings to financial institutions	(24,212,967)	8,811,756
5,326	(3,717)	Held-for-trading securities	813,636	(567,805)
1,731	1,458	Advances	264,483	222,724
(134,654)	98,784	Other assets (excluding advance taxation)	(20,569,351)	15,090,153
-	-	Increase / (decrease) in operating liabilities	-	-
127,966	29,338	Bills payable	19,547,901	4,481,651
(25,388)	9,673	Borrowings	(3,878,239)	1,477,710
(1,920)	1,274	Deposits	(293,643)	194,327
100,658	40,285	Other liabilities (excluding current taxation)	15,376,019	6,153,688
(32,409)	140,415		(4,950,833)	21,449,740
(810)	(1,105)	Income tax paid	(123,714)	(168,871)
(33,219)	139,310	Net cash flow (used in) / generated from operating activities	(5,074,547)	21,280,869
32,231	(137,995)	CASH FLOW FROM INVESTING ACTIVITIES	4,923,550	(21,079,929)
971	-	Net investments in available-for-sale securities	148,348	-
-	-	Investments in associates	-	-
(8)	(162)	Dividend received	(1,186)	(24,677)
1	14	Investments in operating fixed assets	82	2,067
33,195	(138,143)	Proceeds from sale of fixed assets	5,070,794	(21,102,539)
(9)	(1)	CASH FLOW FROM FINANCING ACTIVITIES	(1,319)	(106)
(5)	(55)	Payments of lease obligations	(705)	(8,431)
(3,019)	(2,818)	Payments of lease liability against right-of-use assets	(461,250)	(430,500)
(3,033)	(2,874)	Dividend paid	(463,274)	(439,037)
(3,057)	(1,707)	Net cash flow (used in) financing activities	(467,027)	(260,707)
10,042	13,936	(Decrease) in cash and cash equivalents	1,534,049	2,128,807
6,985	12,229	Cash and cash equivalents at beginning of the period	1,067,022	1,868,100
		Cash and cash equivalents at end of the period		

The annexed notes from 1 to 38 form an integral part of these consolidated condensed interim financial statements.

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Chief Executive Officer**

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Chief Financial Officer

Omar Hamid Khan

Director

Ayham Abdul Aziz
Qadar Al Ghassani

Director

Sayyid Juland Jaifar Salim Al
Saïd

Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)
For the first quarter ended 31 March 2021

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in 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 bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

1.1.1 Holding Company

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding 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 holding company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The holding 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.

1.1.2 Subsidiary Company

Pak-Oman Asset Management Company Limited (the "subsidiary company" or "POAMCL") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 on 28 July 2006 as an unlisted public limited company having its registered office at Icon House, 83-C, 12th Commercial street Phase- II Extension, DHA Karachi, Pakistan. POAMCL obtained certificate of commencement of business on 31 October 2006. The principal activities of the subsidiary company includes investment advisory and asset management services.

In 2017, the subsidiary company had purchased 100% shares of Askari Investment Management Limited and accordingly four funds of Askari Investment Management Limited are now under the management of the subsidiary company as disclosed in note 34.1.

1.2 The Group's associates are as follows:

Entity	Country of Incorporation	Nature of business	Holding %	
			31-Mar-21	31-Dec-20
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	13.91	19.15
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	24.04	24.24
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	98.47	98.47
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.37	99.37
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	8.99	10.75
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and under served segment of the society.	16.67	16.67
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated 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 consolidated 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 consolidated condensed interim financial statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

These consolidated financial statements have been prepared from the information available in the unaudited condensed interim financial statements of the holding company for the first quarter ended 31 March 2021 and the unaudited financial statements of the subsidiary (POAMCL) for the first quarter ended March 31, 2021. The consolidated condensed interim financial statements used equity accounting for the associates.

These consolidated 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 consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated 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.152.7586 = 1 US dollar for the first quarter ended 31 March 2021 and the corresponding period.

The consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2020.

2.2 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period

There are certain interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 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 condensed interim financial statements other than IFRS 9 for which SBP's necessary guidance and instructions are awaited.

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 accounting periods beginning on or after January 01, 2022:

Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 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	01 January 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 percent' test	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -	Not yet finalized

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 condensed interim financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1 The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of the audited annual consolidated financial statements for the year ended December 31, 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. The detailed credit risk assessment has been carried out against each individual customer applying for principal deferment or rescheduling/restructuring.

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 will face 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 31 March 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.
- All employees are required to maintain safe distance while interacting with others with indicative spacing marks been placed around work terminals.

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 31 March 2021, the Company's CAR stood at 16.93% 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) 31 March 2021 (Rupees in '000)	(Audited) 31 December 2020
6.	CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	
	In hand		
	local currency	350	320
	foreign currency	229	229
		579	549
	With State Bank of Pakistan in Local currency current account	6.1 164,074	213,002
	With National Bank of Pakistan in Local currency current account	916	916
		<u>165,569</u>	<u>214,467</u>
6.1	This represent the amount required to be maintained by the holding company in accordance with the SBP's Regulations.		
7.	BALANCES WITH OTHER BANKS		
	In Pakistan:		
	In current accounts	32,515	4,107
	In deposit accounts	7.1 867,101	1,308,170
		899,616	1,312,277
	Outside Pakistan:		
	In current accounts	1,837	7,305
		<u>901,453</u>	<u>1,319,582</u>
7.1	These include term deposit receipts (TDRs) of Rs. 850 million (2020: Rs. 1,300 million) maturing in June 2021 (2020: March 2021). These carry mark-up rates ranging from 8.50% to 10.59% (2020: 8.25% to 8.85%) per annum.		
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Placements	-	-
	Repurchase agreement lendings (Reverse Repo)	1,034,503	3,600,000
		<u>1,034,503</u>	<u>3,600,000</u>

9 INVESTMENTS

	31 March 2021 (Unaudited)				31 December 2020 (Audited)			
	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	47,314,764	-	9,472	47,324,236	23,475,422	-	3,703	23,479,125
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	373,625	-	-	373,625	-	-	-	-
	47,688,389	-	9,472	47,697,861	23,475,422	-	3,703	23,479,125
Available-for-sale securities								
Federal Government securities	34,694,999	-	190,196	34,885,195	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	3,384,743	(468,492)	(2,803)	2,913,448	3,653,305	(518,343)	(2,475)	3,132,487
	38,426,008	(578,803)	187,393	38,034,598	43,349,558	(628,654)	351,967	43,072,871
Associates	1,077,591	-	-	1,077,591	1,217,498	-	-	1,217,498
Total Investments	87,191,988	(578,803)	196,865	86,810,050	68,042,478	(628,654)	355,670	67,769,494

9.1.1 Investments given as collateral

	31 March 2021 (Unaudited)				31 December 2020 (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								
- Pakistan Investment Bonds	36,335,989	-	175,241	36,511,230	34,974,450	-	325,567	35,300,017
- Market treasury bills	37,563,460	-	(4,281)	37,559,179	16,932,963	-	22,277	16,955,240
	73,899,449	-	170,960	74,070,409	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
Total investments	74,125,449	-	170,960	74,296,409	52,133,413	-	347,844	52,481,257

(Un-audited)
First quarter ended
31 March
2021

(Audited)
Year ended
31 December
2020

(Rupees in '000)

9.2 Provision for diminution in value of investments

9.2.1 Opening balance		628,654	583,743
Charges / reversals			
Charge for the year		-	54,866
Reversals for the year		(49,851)	(9,955)
		(49,851)	44,911
Transfers - net		-	-
Amounts written off		-	-
Closing balance		578,803	628,654

9.2.2 Particulars of provision against debt securities

Category of classification	31 March 2021		31 December 2020 (Audited)	
	NPI	Provision	NPI	Provision
------(Rupees in '000)-----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	75,000	5,015	75,000	5,015
Doubtful	-	-	-	-
Loss	483,926	463,477	533,777	513,328
Total	558,926	468,492	608,777	518,343

9.2.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Group has availed the benefit of FSV against the non-performing investments. As of 31 March 2021, the Group has availed total accumulated FSV benefit amounting to Rs. 13.73 million (net of tax Rs. 9.75 million). Accordingly, accumulated profit of Rs 9.75 million (net of transfer to statutory reserves Rs. 7.80 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Group as required by the aforementioned SBP directives.

9.2.4 The Group 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)
	31-Mar-21	31-Dec-20	31-Mar-21	31-Dec-20	31-Mar-21	31-Dec-20
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	18,326,759	19,200,645	1,515,314	1,527,219	19,842,073	20,727,864
Margin trading	931,506	859,351	-	-	931,506	859,351
Advances - Gross	<u>19,258,265</u>	<u>20,059,996</u>	<u>1,515,314</u>	<u>1,527,219</u>	<u>20,773,579</u>	<u>21,587,215</u>
Provision against advances						
Specific	-	-	651,697	651,697	651,697	651,697
General	213	213	-	-	213	213
	<u>213</u>	<u>213</u>	<u>651,697</u>	<u>651,697</u>	<u>651,910</u>	<u>651,910</u>
Advances - net of provision	<u>19,258,052</u>	<u>20,059,783</u>	<u>863,617</u>	<u>875,522</u>	<u>20,121,669</u>	<u>20,935,305</u>

10.1 Particulars of advances (Gross)

	31-Mar-21	31-Dec-20
	(Rupees in '000)	
In local currency	20,773,579	21,587,215
In foreign currencies	-	-
	<u>20,773,579</u>	<u>21,587,215</u>

10.2 Advances include Rs.1,515 million (2020: Rs 1,527 million) which have been placed under the non-performing status as detailed below:

Category of Classification

	31 March 2021		31 December 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	842,857	3,956	854,762	3,956
Doubtful	-	-	-	-
Loss	672,457	647,741	672,457	647,741
	<u>1,515,314</u>	<u>651,697</u>	<u>1,527,219</u>	<u>651,697</u>

10.3 Particulars of provision against advances

	First quarter ended 31 March 2021 (Unaudited)			Year ended 31 December 2020 (Audited)		
	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	-	-	-	100,336	-	100,336
Reversals	-	-	-	(295)	-	(295)
	-	-	-	100,041	-	100,041
Amounts written off	-	-	-	-	-	-
Closing balance	<u>651,697</u>	<u>213</u>	<u>651,910</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 Group has availed the benefit of FSV against the non-performing advances. As of 31 March 31, 2021, the Group has availed total accumulated FSV benefit amounting to Rs. 215.18 million (net of tax Rs. 152.78 million). Accordingly, accumulated profit of Rs 152.78 million (net of transfer to statutory reserves Rs. 122.22 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Group as required by the aforementioned SBP directives.

		(Un-audited) 31 March 2021 ----- (Rupees in '000) -----	(Audited) 31 December 2020
11	FIXED ASSETS		
	Capital work-in-progress	11.1 418	5,505
	Property and equipment	11.2 & 11.3 102,909	98,808
	Right of use assets	11.2 140,056	145,882
		<u>243,383</u>	<u>250,195</u>

11.1 Capital work-in-progress

Advances to suppliers

<u>418</u>	<u>5,505</u>
------------	--------------

(Un-Audited) 31 March 2021	(Un-Audited) 31 March 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

418

16,334

Property and equipment

Improvements

-

698

Office equipment

-

256

Computer equipment

694

2,972

Furniture and fixture

174

850

Vehicles

5,508

3,567

6,376

8,343

Right of use assets

Leasehold buildings

-

-

Total

6,79424,677**11.3 Disposal of fixed assets**

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

Office equipment

-

-

Furniture and fixture

-

735

Vehicles

-

-

Total

-

735

12 INTANGIBLE ASSETS

Computer Software

-

-

Goodwill

223,273

223,273

223,273223,273

	(Un-audited) 31 March 2021 ----- (Rupees in '000) -----	(Audited) 31 December 2020
13 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Provision for diminution in the value of investments	167,853	182,309
Assets subject to finance leases	(298)	57
Amortisation of premium on Federal Government Securities	1,922	1,245
Provision against non-performing advances	189,054	189,054
Revaluation on investments classified as available-for-sale	(54,344)	(102,070)
Revaluation on investments classified as held-for-trading	(2,747)	(1,075)
Net investment in finance leases	(77,161)	(75,300)
Accumulated tax losses - POAMCL	35,886	35,886
	260,165	230,106
Taxable Temporary Differences on		
Accelerated tax depreciation allowances	11,224	8,400
Revaluation on Non-banking assets	(20,355)	(21,717)
Dividend receivable	-	-
	(9,131)	(13,317)
	251,034	216,789
14 OTHER ASSETS		
Income/ Mark-up accrued in local currency - net of provision	1,066,189	1,079,773
Mark-up / profit receivable on purchase of securities	190,426	443,144
Security deposits	8,774	9,160
Prepayments	16,885	10,054
Taxation	263,790	207,674
Non-banking assets acquired in satisfaction of claims	233,352	237,118
Receivable from funds under management and investment advisory clients	121,206	121,140
Staff Gratuity	-	-
Others	237	4,929
	1,900,859	2,112,992
Less: Provision held against other assets	-	-
Other assets (net of provisions)	1,900,859	2,112,992
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	137,938	138,873
	2,038,797	2,251,865

	(Un-Audited) 31 March 2021	(Audited) 31 December 2020
	(Rupees in '000)	
15 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan:		
- Long term financing facility (LTFF)	2,606,149	2,605,135
- Financing Power Plants Using Renewable Energy (REPP)	220,431	139,508
- Financing Facility for Storage of Agricultural Produce (FFSAP)	50,000	50,000
- Temporary Economic Refinance Facility (TERF)	56,266	42,173
Repurchase agreement borrowings	68,524,576	43,334,174
Long term borrowings	4,359,627	3,501,293
Short term running finance	249,501	127,713
Bai Muajjal	5,870,617	12,040,769
Total secured	81,937,167	61,840,765
Unsecured		
Placements	-	-
Murabaha financing	8,192,503	8,741,004
Total unsecured	8,192,503	8,741,004
	90,129,670	70,581,769

16 DEPOSITS AND OTHER ACCOUNTS	31 March 2021 (Unaudited)		31 December 2020 (Audited)	
	In local currency	Total	In local currency	Total
	----- (Rupees in '000) -----			
Certificates of investment				
Financial institutions	2,323,500	2,323,500	3,012,000	3,012,000
Others	9,667,391	9,667,391	12,857,130	12,857,130
	11,990,891	11,990,891	15,869,130	15,869,130

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	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	381	743	197	-	197
Later than one year and upto five years	4,484	741	3,743	-	-	-
	5,608	1,122	4,486	197	-	197

- 17.1** The holding 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 holding company has option to acquire the assets, subject to adjustment of security deposit.

		(Un-Audited) 31 March 2021	(Audited) 31 December 2020
18	OTHER LIABILITIES	(Rupees in '000)	
	Mark-up/ Return/ Interest payable in local currency	390,219	543,816
	Accrued expenses	226,237	334,028
	Dividend payable	-	-
	Staff gratuity	-	3,333
	Security deposits against investment in finance leases	164,271	173,883
	Sales tax and federal excise duty payable	91,944	91,851
	Lease liability against right-of-use assets	163,758	161,438
	Withholding tax and sales tax payable	3,073	6,437
	Others	98,730	113,614
		<u>1,138,232</u>	<u>1,428,400</u>
19	SURPLUS ON REVALUATION OF ASSETS		
	Surplus on revaluation of		
	- Available for sale securities	187,393	351,967
	- Non-banking assets acquired in satisfaction of claims	137,938	138,873
		325,331	490,840
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	(54,344)	(102,070)
	- Non-banking assets acquired in satisfaction of claims	(40,002)	(40,272)
		(94,346)	(142,342)
		<u>230,985</u>	<u>348,498</u>
20	CONTINGENCIES AND COMMITMENTS	(Un-Audited) 31 March 2021	(Audited) 31 December 2020
		(Rupees in '000)	
	Transaction related contingent liability:		
	Standby letter of credit	704,508	723,075
	Pledge of shares on behalf of Japan Power Generation Limited	70,726	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	226,000	226,000
	Commitments for:		
	Purchase of Government securities	9,614	-
	Sale of Government securities	1,967,673	-
	Commitments for advances and net investment in finance leases	1,433,176	808,730
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	36,000	45,000

Note

- 20.1** 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).
- 20.2** 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.
- 20.3** 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).

20.4 Pak Oman Asset Management Company Limited

- 20.4.1** In year 2007, the Pak Oman Asset Management Company Limited ("POAMCL" or "the Company") had launched POBOP Advantage Plus Fund (the Fund) under the capital subscription and fee sharing agreement with The Bank of Punjab (BOP). BOP had subscribed five million core units and ten million non-core units of the aggregate face value of Rs. 250 million and Rs. 500 million respectively. During year 2011 the management rights of the Fund were transferred to another asset management company.

In 2013, BOP filed a suit against the POAMCL before the Honorable High Court of Sindh claiming damages of Rs. 100.4 million in respect of the alleged losses suffered by BOP due to non-honoring of its redemption requests by POAMCL in year 2009 allegedly violating the NBFC regulations and provisions of the trust deed.

The legal advisor of POAMCL has opined that the suit is based on factual inconsistencies and POAMCL has sound defense on legal grounds. During the year ended 31 December 2015, POAMCL had also lodged a counter claim of Rs. 250 million against BOP for damaging the image and reputation of POAMCL.

- 20.4.2** During the years ended 31 December 2013 and 2014 two former employees of the merged entity served notices to the Company and its former Chief Executive Officer. The employees demanded Rs. 28.5 million for defamation and Rs. 0.723 million against settlement of outstanding dues. Later, the employees also filed cases in the Court of District Judge South at Karachi. The legal advisors of the Company are of the view that although the outcome of the case appears to be favourable, the Company's chances of success cannot currently be determined due to the inherently uncertain nature of the litigation. Furthermore, the management expects that an insignificant amount will be required to settle these cases. Accordingly, provision to the extent of Rs. 0.489 million has been recognised on account of settlement of outstanding dues while no provision has been recognised in respect of defamation claim in the consolidated condensed interim financial statements for the first quarter ended March 31, 2021.

		(Un-Audited)	
		First quarter ended	
		31 March 2021	31 March 2020
		(Rupees in '000)	
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) On loans and advances	426,018	680,084
	b) On investments	1,168,139	1,979,333
	c) On lendings to financial institutions	30,615	76,966
	d) On balances with banks	25,071	64,063
		1,649,843	2,800,446
22	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	a) Deposits	218,432	294,986
	b) Borrowings	1,059,258	2,216,369
	c) Lease liability against right-of-use assets	4,180	4,374
		1,281,870	2,515,729
23	FEE AND COMMISSION INCOME		
	Credit related fees	17,696	4,633
	Investment banking fees	750	3,000
	Commission on guarantees	838	1,397
	Remuneration from funds under management	15,176	9,359
	Fee from investments advisory services	982	304
		35,442	18,693
24	GAIN ON SECURITIES		
	Realised	6,992	45,016
	Unrealised - held for trading	5,769	39,055
		12,761	84,071
24.1	Realised gain on:		
	Federal Government Securities	4,726	39,685
	Non Government debt securities	2,266	5,331
		6,992	45,016
25	OTHER INCOME		
	Gain on sale of fixed assets - net	82	1,332
	Utilization of Fixtures	525	525
	Prior year's operational expenses charged to funds under management	-	10,207
	Reversal of liabilities no longer payables	-	1,645
		607	13,709

26 OPERATING EXPENSES	(Un-Audited)	
	First quarter ended	
	31 March 2021	31 March 2020
	(Rupees in '000)	
Total compensation expense	122,867	115,388
Property expense		
Rent & taxes	-	223
Utilities cost	1,225	755
Security (including guards)	277	248
Repair & maintenance (including janitorial charges)	2,585	2,113
Depreciation on right-of-use assets	6,638	7,060
Depreciation	527	527
	11,252	10,926
Information technology expenses		
Software maintenance	211	422
Hardware maintenance	16	332
Depreciation	563	319
Amortisation	-	3
Network charges	702	663
Others	357	285
	1,849	2,024
Other operating expenses		
Directors' fees and allowances	9,900	6,814
Directors' fees and allowances - Subsidiary	1,105	1,476
Legal & professional charges	1,846	2,504
Travelling & conveyance	638	4,257
Depreciation	10,580	9,776
Training & development	64	84
Postage & courier charges	240	247
Communication	1,832	1,726
Stationery & printing	575	450
Marketing, advertisement & publicity	45	283
Donations	-	300
Auditors' remuneration	1,007	772
Membership and subscriptions	725	443
Transportation	2,593	2,356
Insurance	1,512	1,597
Finance charges on leased assets	-	37
Entertainment and canteen expenses	1,179	1,439
Shahriah advisor fee	-	-
Distribution commission	1,142	273
Maintenance charges - Non-banking assets	1,040	-
Others	2,033	1,579
	38,056	36,413
Total operating expenses	174,024	164,751

		(Un-Audited)	
		First quarter ended	
		31 March 2021	31 March 2020
		(Rupees in '000)	
27	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	1,601	-
	Fees, commission and others	9,605	7,668
		<u>11,206</u>	<u>7,668</u>
28	REVERSAL / (PROVISIONS) & WRITE OFFS - NET		
	Reversals of provisions for diminution in value of investments	49,851	-
	Reversals of provisions against loans & advances	-	295
		<u>49,851</u>	<u>295</u>
29	TAXATION		
	Current	67,598	38,923
	Prior years	-	-
	Deferred	13,480	26,857
		<u>81,078</u>	<u>65,780</u>

29.1 Tax contingencies**29.1.1 Pak Oman Investment Company Limited**

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.

29.1.2 Pak Oman Asset Management Company Limited

As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Management Company has been applied effective from 13 June 2013. The management is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honorable High Court of Sindh has issued stay order against such levy.

During 2016, the Honorable Sindh High Court, in its judgment dated 30 June 2016, on the Constitutional Petition instituted by MUFAP declared that the provisions of the Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from 01 July 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force. However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Management Company is still pending in the Court; therefore, as a matter of prudence, the Company has maintained the accumulated provision against FED amounting to Rs. 78.345 million as of 31 March 2021.

Through Finance Act 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Accordingly, no FED has been charged on the remuneration of the Company for period subsequent to 30 June 2016.

The tax charge for the current year represents minimum tax on gross management and advisory income under section 153(b).

30 BASIC AND DILUTED EARNINGS PER SHARE

Profit attributable to shareholders of the holding company	<i>Rupees in '000</i>	<u>203,082</u>	<u>142,466</u>
Weighted average number of ordinary shares issued	<i>Numbers in '000</i>	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share attributable to shareholders of holding company	<i>Rupees</i>	<u>0.33</u>	<u>0.23</u>

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

31 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	165,569	198,140
Balances with other banks	901,453	1,669,960
	<u>1,067,022</u>	<u>1,868,100</u>

32 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 consolidated financial statement.

32.1 Fair Value of financial assets

The Group 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:

	31 March 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	82,209,431	-	82,209,431
Non-Government Debt Securities	-	3,287,073	-	3,287,073
Mutual funds	730,999	-	-	730,999
Financial assets - disclosed but not measured at fair value				
Investments	-	-	582,547	582,547
	31 December 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
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	873,592	-	-	873,592
Financial assets - disclosed but not measured at fair value				
Investments	-	-	579,861	579,861

32.2 Fair value of non-financial assets

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

33 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	First quarter ended 31 March 2021 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	116,656	(29,792)	282,120	(1,011)	367,973
Non mark-up / return / interest income	18,534	9,191	12,761	16,765	57,251
Total Income	135,190	(20,601)	294,881	15,754	425,224
Segment direct expenses	90,508	11,796	73,232	15,385	190,921
Reversals	-	-	49,851	-	49,851
Profit before tax	44,682	(32,397)	271,500	369	284,154
Balance Sheet					
Cash & Bank balances	-	-	1,066,396	626	1,067,022
Investments	-	1,313,535	85,496,504	11	86,810,050
Lendings to financial institutions	-	-	1,034,503	-	1,034,503
Advances - performing	18,326,546	-	931,506	-	19,258,052
non- performing	863,617	-	-	-	863,617
Others	760,392	390,101	1,136,911	469,083	2,756,487
Total Assets	19,950,555	1,703,636	89,665,820	469,720	111,789,731
Borrowings	19,618,980	1,724,782	68,755,908	30,000	90,129,670
Subordinated debt	-	-	-	-	-
Deposits & other accounts	2,148,984	183,508	9,658,399	-	11,990,891
Others	316,669	13,014	684,939	128,096	1,142,718
Total liabilities	22,084,633	1,921,304	79,099,246	158,096	103,263,279
Equity	(2,134,078)	(217,668)	10,566,574	311,624	8,526,452
Total Equity & liabilities	19,950,555	1,703,636	89,665,820	469,720	111,789,731
Contingencies & Commitments	2,137,684	332,726	1,977,287	-	4,447,697

	First quarter ended 31 March 2020 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	138,691	(47,781)	197,378	(3,571)	284,717
Non mark-up / return / interest income	6,030	(12,894)	85,403	22,040	100,579
Total Income	144,721	(60,675)	282,781	18,469	385,296
Segment direct expenses	86,039	12,292	65,354	13,315	177,000
(Reversals) / Provisions	295	-	-	-	295
Profit before tax	58,977	(72,967)	217,427	5,154	208,591

	Year ended 31 December 2020				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Balance Sheet					
Cash & Bank balances	-	-	1,532,869	1,180	1,534,049
Investments	-	1,453,442	66,316,041	11	67,769,494
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	732,358	394,276	1,348,339	467,149	2,942,122
Total Assets	20,808,312	1,847,718	73,656,600	468,340	96,780,970
Borrowings	15,855,574	1,338,508	53,357,687	30,000	70,581,769
Subordinated debt	-	-	-	-	-
Deposits & other accounts	3,411,048	383,780	12,074,302	-	15,869,130
Others	416,401	27,286	858,457	126,453	1,428,597
Total liabilities	19,683,023	1,749,574	66,290,446	156,453	87,879,496
Equity	1,125,289	98,144	7,366,154	311,887	8,901,474
Total Equity & liabilities	20,808,312	1,847,718	73,656,600	468,340	96,780,970
Contingencies & Commitments	1,598,912	432,726	14,700,071	-	16,731,709

34 RELATED PARTY TRANSACTIONS

The Group 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 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 Group's 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 consolidated financial statements are as follows:

34.1 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
Pak Oman Government Securities Fund
Askari High Yield Scheme
Askari Asset Allocation Fund
Askari Sovereign Yield Enhancer
Askari Sovereign Cash Fund

34.2 Retirement benefit fund

Defined benefit plan
Defined contribution plan

34.3 Other related party

Orient Power Company (Private) Limited
Ismail Industries Limited
K- Electric
Diamond Textile Mills (Pvt.) Limited
Fisheries Development Board
PASSCO Board
Livestock Development Board

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

	First quarter ended 31 March 2021 (Unaudited)					Year ended 31 December 2020 (Audited)				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
Balances with other banks	-	-	-	-	-	-	-	-	-	-
In current accounts	-	-	50,000	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	1,217,498	-	726,000	-	-	1,015,201	-	726,000
Investment made during the year	-	-	984,294	-	-	-	-	395,000	-	-
Investment redeemed / disposed off during the year	-	-	(1,124,201)	-	-	-	-	(192,703)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	1,077,591	-	726,000	-	-	1,217,498	-	726,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	-	41,535	68,200	-	524,566	-	38,487	68,200	-	565,459
Addition during the year	-	7,197	-	-	-	-	12,577	-	-	-
Repaid during the year	-	(5,363)	-	-	-	-	(9,529)	-	-	(40,893)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	43,369	68,200	-	524,566	-	41,535	68,200	-	524,566
Provision held against advances	-	-	68,200	-	-	-	-	68,200	-	-
	First quarter ended 31 March 2021 (Unaudited)					Year ended 31 December 2020 (Audited)				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
Other Assets										
Interest / mark-up accrued	-	-	15	-	9,134	-	-	-	-	8,725
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	121,206	-	-	-	-	121,140	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	5,532	-	6,871	-	-	4,082	-	-	-
Received during the year	-	10,992	-	3,923	-	-	89,090	-	18,297	-
Withdrawn during the year	-	(7,324)	-	(10,794)	-	-	(87,640)	-	(11,426)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	9,200	-	-	-	-	5,532	-	6,871	-
Other Liabilities										
Interest / mark-up payable	-	46	-	-	-	-	23	-	-	16
Payable to staff retirement fund	-	-	-	-	-	-	-	-	3,333	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Outright sale of Securities	-	-	1,455,199	155,764	-	-	-	1,090,752	879,049	-
Outright purchase of Securities	-	-	155,884	4,555	-	-	-	406,109	906,989	-
Contingencies and Commitments										
Other contingencies	-	-	70,726	-	226,000	-	-	70,726	-	226,000

34.5 Related party transactions

First quarter ended 31 March 2021 (Unaudited)

First quarter ended 31 March 2020 (Unaudited)

	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
(Rupees in '000)										
Income										
Mark-up / return / interest earned	-	372	15	-	16,499	-	412	-	-	6,056
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	4,069	(106)	-	-	-	59	5	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	109	-	48	-	-	226	-	60	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors' fees and allowances	9,900	-	-	-	-	6,814	-	-	-	-
Compensation expenses	-	183,487	-	-	-	-	104,530	-	-	-
Contribution to defined contribution plan	-	-	-	5,267	-	-	-	-	4,143	-
Charge for defined benefit plan	-	-	-	4,885	-	-	-	-	4,574	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-Audited) 31 March 2021 (Rupees in '000)	(Audited) 31 December 2020
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	6,620,909	6,721,210
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,620,909	6,721,210
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,620,909</u>	<u>6,721,210</u>
Risk Weighted Assets (RWAs):		
Credit Risk	24,101,963	24,617,484
Market Risk	12,303,625	12,164,424
Operational Risk	2,695,618	2,695,618
Total	<u>39,101,206</u>	<u>39,477,526</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>16.93%</u>	17.03%
Tier 1 Capital Adequacy Ratio	<u>16.93%</u>	17.03%
Total Capital Adequacy Ratio	<u>16.93%</u>	17.03%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	6,620,909	6,721,210
Total Exposures	114,122,556	96,353,990
Leverage Ratio	<u>5.80%</u>	<u>6.98%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,326,529	9,163,212
Total Net Cash Outflow	16,204,370	17,443,202
Liquidity Coverage Ratio	<u>57.56%</u>	<u>52.53%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,822,059	22,160,134
Total Required Stable Funding	20,657,371	21,830,106
Net Stable Funding Ratio	<u>105.64%</u>	<u>101.51%</u>

36 CREDIT RATING

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of AM3+ (Stable) to the subsidiary company in the medium and long term vide its report dated 28 August 2020.

37. GENERAL

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

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

38. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 12 April 2021 by the Board of Directors of the holding company.

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