



**Building a better
working world**

**PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2020

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE HALF YEAR
ENDED 30 JUNE 2020**



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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 2020 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 2020 and 30 June 2019 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 2020.

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 Omer Chughtai.

Chartered Accountants

Karachi

Date: 19 August 2020

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Statement of Financial Position
As at 30 June 2020

(Un-audited) 30 June 2020 (US Dollar in '000)	(Audited) 31 December 2019		(Un-audited) 30 June 2020 (Rupees in '000)	(Audited) 31 December 2019
		Note		
ASSETS				
1,254	912		210,773	153,271
8,029	11,751	6	1,349,272	1,974,796
28,958	48,393	7	4,866,470	8,132,475
408,904	353,322	8	68,716,555	59,375,922
118,879	119,155	9	19,977,693	20,024,133
1,220	1,197	10	204,994	201,211
-	-	11	-	5
-	2,010	12	-	337,826
12,339	11,206	13	2,073,688	1,883,175
579,583	547,946	14	97,399,445	92,082,814
LIABILITIES				
-	-		-	-
431,450	438,445	15	72,505,453	73,681,026
80,275	51,035	16	13,490,318	8,576,392
2	4	17	408	610
-	-		-	-
352	-	13	59,101	-
12,229	8,755	18	2,055,113	1,471,325
524,308	498,239		88,110,393	83,729,353
55,275	49,707		9,289,052	8,353,461
NET ASSETS				
REPRESENTED BY				
36,596	36,596		6,150,000	6,150,000
8,236	7,530		1,384,027	1,265,504
5,557	962	19	933,901	161,727
4,886	4,619		821,124	776,230
55,275	49,707		9,289,052	8,353,461
CONTINGENCIES AND COMMITMENTS				
		20		

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

Bahauddin Khan
**Managing Director
and Chief Executive**

Mohammad Jamal Nasir
Chief Financial Officer

Omar Hamid
Khan
Director

Sayyid Juland Jaifar
Salim Al Said
Director

Yahya Bin Said
Bin Abdullah Al-
Jabri
Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended 30 June 2020

Half year ended		Quarter ended		Half year ended	
30 June	30 June	30 June	30 June	30 June	30 June
2020	2019	2020	2019	2020	2019
(US Dollar in '000)		------(Rupees in '000)-----			
32,759	16,112	2,705,248	1,563,517	5,505,096	2,707,687
27,593	13,206	2,125,520	1,334,688	4,637,080	2,219,233
5,166	2,906	579,728	228,829	868,016	488,454
Net mark-up / return / interest income					
NON MARK-UP / INTEREST INCOME					
67	197	2,238	24,481	11,268	33,169
325	163	54,550	27,314	54,550	27,314
-	-	-	-	-	-
-	-	-	-	-	-
1,351	118	142,979	8,015	227,050	19,827
10	4	326	684	1,658	684
1,753	482	200,093	60,494	294,526	80,994
6,919	3,388	779,821	289,323	1,162,542	569,448
Total income					
NON MARK-UP / INTEREST EXPENSES					
1,829	1,696	155,826	142,862	307,367	284,947
100	21	12,249	1,021	16,725	3,565
114	71	11,529	7,213	19,197	11,974
2,043	1,788	179,604	151,096	343,289	300,486
4,876	1,600	600,217	138,227	819,253	268,962
2	169	-	1,200	295	28,431
-	-	-	-	-	-
4,878	1,769	600,217	139,427	819,548	297,393
(1,350)	(406)	(162,031)	(23,764)	(226,935)	(68,234)
3,528	1,363	438,186	115,663	592,613	229,159
PROFIT BEFORE TAXATION					
PROFIT AFTER TAXATION					
(US \$)		------(Rupees)-----			
0.0057	0.0022	0.71	0.19	0.96	0.37
Basic and diluted earnings per share					

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Sayyid Juland Jaifar Salim Al Said	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	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 2020

Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2020	2019		2020	2019	2020	2019
(US Dollar in '000)			------(Rupees in '000)-----			
3,528	1,363	Profit after taxation for the period	438,186	115,663	592,613	229,159
		Other comprehensive income				
		Items that may be reclassified to profit and loss account in subsequent periods				
4,603	(57)	Movements in surplus / (deficit) on revaluation of investments - net of tax	217,967	(5,799)	773,478	(9,547)
		Items that will not be reclassified to profit and loss account in subsequent periods				
(8)	(12)	Movement in deficit on revaluation of non-banking assets- net of tax	(652)	(1,295)	(1,304)	(1,956)
<u>8,123</u>	<u>1,294</u>	Total comprehensive income	<u>655,501</u>	<u>108,569</u>	<u>1,364,787</u>	<u>217,656</u>

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Sayyid Juland Jaifar Salim Al Said	Yahya Bin Said Bin Abdullah Al-Jabri
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Managing Director and Chief Executive	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 2020

	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 2019	6,150,000	1,153,013	11,630	(7,502)	46,927	788,870	8,142,938
Total comprehensive income							
Profit after taxation	-	-	-	-	-	229,159	229,159
Other comprehensive income / (loss) - net of tax	-	-	-	(9,547)	(1,956)	-	(11,503)
Total comprehensive income for the half year ended 30 June 2019	-	-	-	(9,547)	(1,956)	229,159	217,656
Transfer to statutory reserve	-	45,832	-	-	-	(45,832)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,222	1,222
Transaction with owners recorded directly in equity							
Final cash dividend - 31 December 2018 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)
Opening balance as at 01 July 2019	6,150,000	1,198,845	11,630	(17,049)	44,971	542,919	7,931,316
Total comprehensive income							
Profit after taxation	-	-	-	-	-	275,145	275,145
Other comprehensive income / (loss) - net of tax	-	-	-	135,108	(1,303)	11,892	145,697
Total comprehensive income for the half year ended 31 December 2019	-	-	-	135,108	(1,303)	287,037	420,842
Transfer to statutory reserve	-	55,029	-	-	-	(55,029)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,303	1,303
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)
Closing balance as at 30 June 2020	6,150,000	1,372,397	11,630	891,537	42,364	821,124	9,289,052

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

Bahauddin Khan	Mohammad Jamal Nasir	Omar Hamid Khan	Sayyid Juland Jaifar Salim Al Said	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	Chief Financial Officer	Director	Director	Chairman

Pak Oman Investment Company Limited
Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended 30 June 2020

30 June 2020 (US Dollar in '000)	30 June 2019		Note	30 June 2020 (Rupees in '000)	30 June 2019
		CASH FLOW FROM OPERATING ACTIVITIES			
4,878	1,769	Profit before taxation		819,548	297,393
(325)	(163)	Less: Dividend income		(54,550)	(27,314)
4,553	1,606			764,998	270,079
		Adjustments:			
118	123	Depreciation		19,904	20,724
73	73	Depreciation on right-of-use assets		12,209	12,184
-	1	Amortization		5	235
(2)	(169)	(Reversals) and write offs - net	28	(295)	(28,431)
(10)	(4)	Gain on sale of fixed assets		(1,658)	(684)
46	48	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		7,660	8,119
1	1	Finance charges on leased assets		127	109
(221)	(29)	Unrealised (gain) on revaluation of investments classified as held-for-trading		(37,083)	(4,909)
5	44			869	7,347
4,558	1,650			765,867	277,426
		(Increase) / Decrease in operating assets			
19,435	(13,569)	Lendings to financial institutions		3,266,005	(2,280,344)
20,866	46,774	Held-for-trading securities		3,506,464	7,860,337
278	(2,153)	Advances		46,735	(361,823)
(321)	(2,278)	Other assets (excluding advance taxation)		(53,727)	(382,703)
40,258	28,774			6,765,477	4,835,467
		Increase / (decrease) in operating liabilities			
-	-	Bills payable		-	-
(6,995)	142,089	Borrowings		(1,175,573)	23,878,102
29,241	(12,735)	Deposits		4,913,926	(2,140,189)
3,491	(444)	Other liabilities (excluding current taxation)		586,896	(74,588)
25,737	128,910			4,325,249	21,663,325
70,553	159,334			11,856,593	26,776,218
(1,413)	(830)	Income tax paid		(237,538)	(139,513)
69,140	158,504	Net cash flow generated from operating activities		11,619,055	26,636,705
		CASH FLOW FROM INVESTING ACTIVITIES			
(69,149)	(159,140)	Net investments in available-for-sale securities		(11,620,608)	(26,743,635)
(595)	-	Investment in subsidiary		(100,000)	-
-	-	Dividend received		-	-
(162)	(17)	Investments in operating fixed assets		(27,265)	(2,839)
14	4	Proceeds from sale of fixed assets		2,393	736
(69,892)	(159,153)	Net cash flow (used in) / generated from investing activities		(11,745,480)	(26,745,738)
		CASH FLOW FROM FINANCING ACTIVITIES			
(2)	(2)	Payments of lease obligations		(329)	(296)
(64)	(154)	Payments of lease liability against right-of-use assets		(10,768)	(25,937)
(2,562)	(2,562)	Dividend paid		(430,500)	(430,500)
(2,628)	(2,718)	Net cash flow (used in) financing activities		(441,597)	(456,733)
(3,380)	(3,367)	(Decrease) in cash and cash equivalents		(568,022)	(565,766)
12,663	14,271	Cash and cash equivalents at beginning of the period		2,128,067	2,398,193
9,283	10,904	Cash and cash equivalents at end of the period	31	1,560,045	1,832,427

Bahauddin Khan

**Managing Director
and Chief Executive**

Muhammad Jamal Nasir

Chief Financial Officer

Omar Hamid Khan

Director

Seyyid Juland Jafar Salim Al Said

Director

Yahya Bin Said Bin Abdullah Al-Jabri

Chairman

Pak Oman Investment Company Limited
Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended 30 June 2020

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 2019.

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the all banks / DFIs in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 includes revised guidelines on the classification and measurement of financial instruments, a new expected credit loss approach for calculating impairment losses on financial assets, and certain new general hedge accounting requirements. The standard also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Accordingly, the requirements of this standard have not been considered in the preparation of these unconsolidated condensed interim financial statements.

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.

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.168.0506 = 1 US dollar for the half year ended 30 June 2020 and the corresponding period.

The unconsolidated 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 financial statements for the financial year ended 31 December 2019.

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 2020 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.

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

There are various standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current year. These are not likely to have material effect on the Company's financial statements except for the following:

Standard, Interpretation or Amendment	IASB Effective date (annual periods beginning on or after)
• Amendment to IFRS 16 'Leases': Covid-19-Related Rent Concessions	June 01, 2020
• Amendments to IAS 1 'Presentation of Financial Statements': Classification of Liabilities as Current or Non-current	January 01, 2022
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	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.

Standards	IASB Effective date (annual periods beginning on or after)
• IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2014
• IFRS 17 – Insurance Contracts	January 01, 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 2019.

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 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the company are consistent with those disclosed in the audited annual unconsolidated financial statements for the year ended 31 December 2019.

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. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Allowing banks / DFIs to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history;
- Introduction of refinancing schemes for payment of wages and salaries.
- Announcement of Temporary Economic Refinance Facility (TERF) for setting up of new industrial units; and
- Introduction of refinance facility for hospitals and medical centers to develop capacity for treatment of infected patients of COVID – 19.

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 June 30, 2020. 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.
- An entire premise 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
- 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 June 30, 2020, the Company's CAR stood at 18.24% which is well above the revised requirement of 11.50%.

5.6 Suspension of dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315-2/20 dated April 22, 2020 has advised that Banks/ DFIs which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Note	(Rupees in '000)	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		316	256
foreign currency		221	221
		537	477
With State Bank of Pakistan in			
Local currency current account	6.1	209,916	151,637
With National Bank of Pakistan in			
Local currency current account		320	1,157
		<u>210,773</u>	<u>153,271</u>

6.1 This represent the amount required to be maintained by the Company in accordance with the SBP's

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Note	(Rupees in '000)	
7 BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		35,872	3,072
In deposit accounts	7.1	1,312,407	1,968,309
		1,348,279	1,971,381
Outside Pakistan:			
In current accounts		993	3,415
		<u>1,349,272</u>	<u>1,974,796</u>

7.1 These include term deposit receipts (TDRs) of Rs. 1,300 million (2019: Rs. 1,950 million) maturing between July 2020 to December 2020 (2019: January 2020 to June 2020). These carry mark-up rates ranging from 10% to 14% (2019: 14.50% to 14.75%) per annum.

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
		(Rupees in '000)	
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Placements		250,000	-
Repurchase agreement lendings (Reverse Repo)		4,616,470	8,132,475
		<u>4,866,470</u>	<u>8,132,475</u>

9 INVESTMENTS

(Un-audited)				(Audited)			
30 June 2020				31 December 2019			
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	11,469,073	-	11,603	11,480,676	14,975,537	-	(25,480)	14,950,057
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	-	-	-	-
	11,469,073	-	11,603	11,480,676	14,975,537	-	(25,480)	14,950,057

Available-for-sale securities

Federal Government securities	51,021,353	-	1,337,497	52,358,850	39,217,557	-	199,422	39,416,979
Shares	346,266	(120,266)	-	226,000	346,266	(120,266)	-	226,000
Non-Government debt securities	3,780,167	(463,477)	(81,811)	3,234,879	3,963,355	(463,477)	(33,142)	3,466,736
	55,147,786	(583,743)	1,255,686	55,819,729	43,527,178	(583,743)	166,280	43,109,715

Associates	1,045,951	(70,726)	-	975,225	1,045,951	(70,726)	-	975,225
-------------------	------------------	-----------------	----------	----------------	------------------	-----------------	----------	----------------

Subsidiary	598,300	(157,375)	-	440,925	498,300	(157,375)	-	340,925
-------------------	----------------	------------------	----------	----------------	----------------	------------------	----------	----------------

Total Investments	68,261,110	(811,844)	1,267,289	68,716,555	60,046,966	(811,844)	140,800	59,375,922
--------------------------	-------------------	------------------	------------------	-------------------	-------------------	------------------	----------------	-------------------

9.1.1 Investments given as collateral

	(Un-audited)				(Audited)			
	30 June 2020				31 December 2019			
	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	17,250,851	-	859,352	18,110,203	16,895,051	-	176,137	17,071,188
- Market Treasury Bills	35,546,043	-	388,262	35,934,305	32,635,824	-	(8,013)	32,627,811
	52,796,894	-	1,247,614	54,044,508	49,530,875	-	168,124	49,698,999
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	53,093,620	(70,726)	1,247,614	54,270,508	49,827,601	(70,726)	168,124	49,924,999

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

(Un-audited) (Audited)
30 June 2020 31 December 2019
(Rupees in '000)

811,844 817,157

-	-
-	(5,313)
-	(5,313)

-	-
-	-

811,844 811,844

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 2020		31 December 2019	
	NPI	Provision	NPI	Provision
------(Rupees in '000)-----				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	483,926	463,477	483,926	463,477
Total	483,926	463,477	483,926	463,477

9.2.2.1 The Company does not hold overseas classified debt securities.

10 ADVANCES

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	19,855,810	19,619,927	673,457	678,329	20,529,267	20,298,256
Margin trading	-	277,746	-	-	-	277,746
Advances - Gross	19,855,810	19,897,673	673,457	678,329	20,529,267	20,576,002
Provision against advances						
Specific	-	-	551,361	551,656	551,361	551,656
General	213	213	-	-	213	213
	213	213	551,361	551,656	551,574	551,869
Advances - net of provision	19,855,597	19,897,460	122,096	126,673	19,977,693	20,024,133

10.1 Particulars of advances (Gross)

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	
In local currency	20,529,267	20,576,002
In foreign currencies	-	-
	20,529,267	20,576,002

10.2 Advances include Rs. 674 million (2019: Rs 678 million) which have been placed under the non-performing status as detailed below:

Category of Classification	(Un-audited) 30 June 2020		(Audited) 31 December 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	180,000	90,000	182,104	90,000
Loss	493,457	461,361	496,225	461,656
	673,457	551,361	678,329	551,656

10.3 Particulars of provision against advances

	(Un-audited) 30 June 2020			(Audited) 31 December 2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	551,656	213	551,869	580,479	213	580,692
Charge for the year	-	-	-	1,039	-	1,039
Reversals	(295)	-	(295)	(29,862)	-	(29,862)
	(295)	-	(295)	(28,823)	-	(28,823)
Amounts written off	-	-	-	-	-	-
Closing balance	551,361	213	551,574	551,656	213	551,869

- 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 2020, the Company has availed total accumulated FSV benefit amounting to Rs. 15.8 million (net of tax Rs. 11.2 million). Accordingly, accumulated profit of Rs.11.2 million (net of transfer to statutory reserves Rs. 9 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.
- 10.5** The State Bank of Pakistan, vide BPRD circular letter 13 of 2020 dated March 26, 2020, has relaxed certain criteria of classification of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets) to dampen the adverse impact of COVID-19 on the Banks/DFIs and to give relief to the borrowers.

	Note	(Un-audited) 30 June 2020	(Audited) 31 December 2019
(Rupees in '000)			
11 FIXED ASSETS			
Capital work-in-progress	11.1	12,515	-
Property and equipment	11.2 & 11.3	77,718	75,723
Right of use assets	11.2	114,761	125,488
		<u>204,994</u>	<u>201,211</u>

11.1 Capital work-in-progress

Advances to suppliers		<u>12,515</u>	<u>-</u>
-----------------------	--	---------------	----------

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
(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	12,515	-
Property and equipment		
Improvements	908	462
Office equipments	653	2,079
Computer equipments	1,439	148
Furniture and fixture	1,049	150
Vehicles	10,701	-
	14,750	2,839
Right of use assets		
Leasehold buildings	-	147,229
Total	<u>27,265</u>	<u>150,068</u>

11.3 Disposal of fixed assets

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

Vehicles	735	-
Furniture and fixture	-	52
Total	<u>735</u>	<u>52</u>

	Note	(Un-audited) 30 June 2020 (Rupees in '000)	(Audited) 31 December 2019
12 INTANGIBLE ASSETS			
Computer Software	12.1	-	5
		<u>-</u>	<u>5</u>

12.1 There were no additions to or disposals of intangible assets during the period.

	(Un-audited) 30 June 2020 (Rupees in '000)	(Audited) 31 December 2019
13 DEFERRED TAX ASSETS / (LIABILITIES)		

Deductible Temporary Differences on

Provision for diminution in the value of investments	214,924	214,924
Assets subject to finance leases	70	72
Amortisation of premium on Federal Government Securities	401	(89)
Provision against non-performing advances	159,956	160,042
Revaluation on investments classified as available-for-sale	(364,149)	(48,221)
Alternative corporate tax	-	-
Revaluation on investments classified as held-for-trading	(3,365)	7,389
Net investment in finance leases	(61,180)	1,659
	(53,343)	335,776

Taxable Temporary Differences on

Accelerated tax depreciation allowances	8,811	5,697
Revaluation on non-banking assets	(931)	(3,647)
Dividend receivable	(13,638)	-
	(5,758)	2,050
	(59,101)	337,826

14 OTHER ASSETS

Income / mark-up accrued in local currency - net of provision	1,338,896	1,073,195
Dividend income receivable	54,550	-
Mark-up / profit receivable on purchase of securities	94,560	314,240
Security deposits	4,288	4,288
Prepayments	23,640	9,567
Taxation	244,232	152,630
Non-banking assets acquired in satisfaction of claims	244,644	252,174
Staff gratuity	6,819	15,447
Others	2,391	130
	2,014,020	1,821,671
Less: Provision held against other assets	-	-
Other assets (net of provisions)	2,014,020	1,821,671
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	59,668	61,504
	2,073,688	1,883,175

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(Rupees in '000)	
15 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan:		
- Long term financing facility (LTFF)	2,520,996	2,612,588
Repurchase agreement borrowings	40,972,950	48,861,903
Long term borrowings	4,777,587	5,208,880
Short term running finance	-	515,324
Bai Muajjal	15,599,201	8,208,161
Total secured	63,870,734	65,406,856
Unsecured		
Placements	260,000	2,285,013
Murabaha financing	8,374,719	5,989,157
Total unsecured	8,634,719	8,274,170
	72,505,453	73,681,026

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 June 2020		(Audited) 31 December 2019	
	In local currency	Total	In local currency	Total
	(Rupees in '000)			
Certificates of investment				
Financial institutions	1,812,000	1,812,000	12,000	12,000
Others	11,678,318	11,678,318	8,564,392	8,564,392
	13,490,318	13,490,318	8,576,392	8,576,392

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Un-audited) 30 June 2020			(Audited) 31 December 2019		
	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	412	4	408	628	18	610
Later than one year and upto five years	-	-	-	-	-	-
	412	4	408	628	18	610

17.1 The Company has entered into lease agreement with 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 7.90% (2019: 7.90%) per annum. At the end of lease term, the Company has option to acquire the assets, subject to adjustment of security deposits.

	Note	(Un-audited) 30 June 2020	(Audited) 31 December 2019
(Rupees in '000)			
18	OTHER LIABILITIES		
	Mark-up/ Return/ Interest payable in local currency	1,438,144	800,475
	Accrued expenses	216,975	224,816
	Security deposits against investment in finance leases	170,598	253,411
	Lease liability against right-of-use assets	130,805	133,914
	Withholding tax and sales tax payable	2,639	3,778
	Others	95,952	54,931
		2,055,113	1,471,325
19	SURPLUS ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	1,255,686	166,280
	- Non-banking assets acquired in satisfaction of claims	59,668	61,504
		1,315,354	227,784
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(364,149)	(48,221)
	- Non-banking assets acquired in satisfaction of claims	(17,304)	(17,836)
		(381,453)	(66,057)
		933,901	161,727
20	CONTINGENCIES AND COMMITMENTS		
	Transaction related contingent liability:		
	Standby letter of credit	531,330	532,162
	Pledge of shares on behalf of Japan Power Generation Limited	20.1 70,726	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	20.2 226,000	226,000
	Commitments for:		
	Purchase of Government securities	7,994,648	11,774,285
	Sale of Government securities	65,931	2,925,786
	Commitments for advances and net investment in finance leases	1,155,413	1,066,750
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	20.3 45,000	136,000
20.1	Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2019: 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. 45 million (2019: Rs 136 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 2020	30 June 2019
(Rupees in '000)			
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	1,280,490	1,134,571
	b) Investments	3,899,678	1,275,916
	c) Lendings to financial institutions	210,638	209,681
	d) Balances with banks	114,290	87,519
		<u>5,505,096</u>	<u>2,707,687</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	a) Deposits	632,152	371,848
	b) Borrowings	3,997,268	1,839,266
	c) Lease liability against right-of-use assets	7,660	8,119
		<u>4,637,080</u>	<u>2,219,233</u>
23	FEE AND COMMISSION INCOME		
	Credit related fees	5,902	25,249
	Investment banking fees	3,262	2,528
	Commission on guarantees	2,104	1,560
	Underwriting commission of Government securities auction	-	3,832
		<u>11,268</u>	<u>33,169</u>
24	GAIN ON SECURITIES		
	Realised	189,967	14,918
	Unrealised - held for trading	37,083	4,909
		<u>227,050</u>	<u>19,827</u>
24.1	Realised gain/(loss) on:		
	Federal Government Securities	189,327	14,067
	Non Government debt securities	640	851
		<u>189,967</u>	<u>14,918</u>
25	OTHER INCOME		
	Gain on sale of fixed assets - net	<u>1,658</u>	<u>684</u>

	(Un-audited)	
	Half year ended	
	30 June 2020	30 June 2019
	(Rupees in '000)	
26 OPERATING EXPENSES		
Total compensation expense	223,894	207,070
Property expense		
Rent & taxes	442	378
Utilities cost	1,654	1,155
Security (including guards)	291	302
Repair & maintenance (including janitorial charges)	4,276	3,500
Depreciation on right-of-use assets	12,209	12,184
Depreciation	1,053	1,053
	19,925	18,572
Information technology expenses		
Software maintenance	423	550
Hardware maintenance	317	-
Depreciation	592	534
Amortisation	5	235
Network charges	1,273	945
Others	568	551
	3,178	2,815
Other operating expenses		
Directors' fees and allowances	13,414	11,850
Legal & professional charges	2,800	4,507
Travelling & conveyance	3,837	4,163
Depreciation	18,259	19,137
Training & development	84	250
Postage & courier charges	374	193
Communication	3,414	4,148
Stationery & printing	616	691
Marketing, advertisement & publicity	731	532
Donations	400	500
Auditors' remuneration	1,128	716
Membership and subscriptions	915	638
Transportation	4,284	4,136
Insurance	1,550	1,299
Finance charges on leased assets	127	109
Entertainment and canteen expenses	1,709	1,357
Others	6,728	2,264
	60,370	56,490
Total operating expenses	307,367	284,947

		(Un-audited) Half year ended	
		30 June 2020	30 June 2019
		(Rupees in '000)	
27	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	-	600
	Fee, commission and others	19,197	11,374
		<u>19,197</u>	<u>11,974</u>
28	(PROVISION) / REVERSAL & WRITE OFFS - NET		
	Reversal of provision for diminution in value of investments	-	(4,246)
	Reversal of provision against loans & advances	(295)	(24,185)
		<u>(295)</u>	<u>(28,431)</u>
29	TAXATION		
	Current	145,936	45,913
	Prior years	-	-
	Deferred	80,999	22,321
		<u>226,935</u>	<u>68,234</u>

29.1 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 recent 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 2020	30 June 2019
		(Rupees in '000)	
30	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit after taxation	592,613	229,159
	Weighted average number of ordinary shares in issue	615,000	615,000
	Basic and diluted earnings per share	0.96	0.37

30.1 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 2020	30 June 2019
		(Rupees in '000)	
31	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	210,773	319,308
	Balances with other banks	1,349,272	1,513,119
		<u>1,560,045</u>	<u>1,832,427</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 unconsolidated financial statement

32.1 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 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	-	63,839,526	-	63,839,526
Non-Government debt securities	-	3,234,879	-	3,234,879
Mutual funds	606,602	-	-	606,602
Financial assets - disclosed but not measured at fair value				
Investments	-	-	1,051,633	1,051,633
(Audited)				
As at 31 December 2019				
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	-	54,367,036	-	54,367,036
Non-Government debt securities	-	3,466,736	-	3,466,736
Mutual funds	640,864	-	-	640,864
Financial assets - disclosed but not measured at fair value				
Investments	-	-	951,633	951,633

32.2 Fair value of non-financial assets

(Un-audited)				
As at 30 June 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	-	-	375,990	375,990
(Audited)				
As at 31 December 2019				
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	-	-	375,990	375,990

33 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	(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
	(Un-audited)			
	As at 30 June 2020			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Statement of financial position				
Cash & Bank balances	-	-	1,560,045	1,560,045
Investments	-	1,642,150	67,074,405	68,716,555
Lendings to financial institutions	-	-	4,866,470	4,866,470
Advances - performing	19,855,597	-	-	19,855,597
non- performing	122,096	-	-	122,096
Others	789,934	313,549	1,175,199	2,278,682
Total assets	20,767,627	1,955,699	74,676,119	97,399,445
Borrowings	15,980,117	1,442,567	55,082,769	72,505,453
Subordinated debt	-	-	-	-
Deposits & other accounts	2,876,422	270,874	10,343,022	13,490,318
Others	474,643	(41,662)	1,681,641	2,114,622
Total liabilities	19,331,182	1,671,779	67,107,432	88,110,393
Equity	1,436,445	283,920	7,568,687	9,289,052
Total equity & liabilities	20,767,627	1,955,699	74,676,119	97,399,445
Contingencies & commitments	1,686,743	341,726	8,060,579	10,089,048
	(Un-audited)			
	Half year ended 30 June 2019			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Profit & loss account				
Net mark-up / return / profit	275,039	(49,111)	262,526	488,454
Non mark-up / return / interest income	27,128	29,223	24,643	80,994
Total income	302,167	(19,888)	287,169	569,448
Segment direct expenses	167,390	26,387	106,709	300,486
(Reversals) / Provisions	(24,185)	(4,246)	-	(28,431)
Profit before tax	158,962	(42,029)	180,460	297,393
	(Audited)			
	As at 31 December 2019			
	Corporate Banking	Investment Banking	Treasury	Total
	----- (Rupees in '000) -----			
Statement of financial position				
Cash & Bank balances	-	-	2,128,067	2,128,067
Investments	-	3,675,713	55,700,209	59,375,922
Lendings to financial institutions	-	-	8,132,475	8,132,475
Advances - performing	19,619,714	-	277,746	19,897,460
- non-performing	126,673	-	-	126,673
Others	827,947	550,481	1,043,789	2,422,217
Total assets	20,574,334	4,226,194	67,282,286	92,082,814
Borrowings	16,880,052	3,356,972	53,444,002	73,681,026
Subordinated debt	-	-	-	-
Deposits & other accounts	1,916,249	393,618	6,266,525	8,576,392
Others	525,669	55,925	890,341	1,471,935
Total liabilities	19,321,970	3,806,515	60,600,868	83,729,353
Equity	1,252,364	419,679	6,681,418	8,353,461
Total equity & liabilities	20,574,334	4,226,194	67,282,286	92,082,814
Contingencies & commitments	1,598,912	432,726	14,700,071	16,731,709

34 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 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:

34.1 Subsidiary

Pak Oman Asset Management Company Limited

34.2 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
Pak Oman Government Securities Fund

34.3 Retirement benefit fund

Defined benefit plan
Defined contribution plan

34.4 Other related party

Orient Power Company (Private) Limited
Ismail Industries Limited
K- Electric
Oman LNG, Sultanate of Oman
Diamond Textile Mills (Pvt.) Limited
Civil Aviation Authority
Pakistan LNG Limited
Public Private Partnership Authority

34.5 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 2020 (Un-audited)						As at 31 December 2019 (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	-	-	498,300	1,045,951	-	726,000	-	-	498,300	1,045,951	-	226,000
Investment made during the year	-	-	100,000	-	-	-	-	-	-	-	-	500,000
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	598,300	1,045,951	-	726,000	-	-	498,300	1,045,951	-	726,000
Provision for diminution in value of investments	-	-	157,375	70,726	-	-	-	-	157,375	70,726	-	-
Advances												
Opening balance	-	38,487	-	68,200	-	565,459	-	43,626	-	68,200	-	72,916
Addition during the year	-	5,247	-	-	-	-	-	15,400	-	-	-	539,566
Repaid during the year	-	(6,204)	-	-	-	(40,893)	-	(20,539)	-	-	-	(47,023)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	37,530	-	68,200	-	524,566	-	38,487	-	68,200	-	565,459
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-
(Rupees in '000)												
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	7,190	-	-	-	-	-	3,241
Receivable from staff retirement fund	-	-	-	-	6,819	-	-	-	-	-	15,447	-
Other receivable	-	-	-	54,550	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	4,082	-	-	-	-	-	909	-	-	5,492	-
Received during the year	-	51,761	-	-	11,326	-	-	64,629	-	-	102,997	-
Withdrawn during the year	-	(45,664)	-	-	(9,026)	-	-	(61,456)	-	-	(108,489)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	10,179	-	-	2,300	-	-	4,082	-	-	-	-
Other Liabilities												
Interest / mark-up payable	-	46	-	-	78	-	-	33	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Outright sale of Securities	-	-	-	1,090,752	859,585	-	-	-	14,537	1,385,342	909,630	-
Outright purchase of Securities	-	-	-	406,109	863,800	-	-	-	69,576	243,315	720,365	-
Contingencies and Commitments												
Other contingencies	-	-	45,000	70,726	-	226,000	-	-	136,000	70,726	-	226,000

34.6 Related party transactions

	Half year ended 30 June 2020 (Un-audited)						Half year ended 30 June 2019 (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	-	812	-	-	-	65,773	-	1,123	-	-	-	4,288
Fee and commission income	-	-	-	-	-	2,500	-	-	-	-	-	-
Dividend income	-	-	-	54,550	-	-	-	-	27,314	-	-	-
Net gain on sale of securities	-	-	-	96	6	-	-	-	(2)	(1)	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Expense												
Mark-up / return / interest paid	-	515	-	-	176	-	-	363	-	-	829	-
Operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Non- Executive Directors' fees and allowances	13,414	-	-	-	-	-	11,850	-	-	-	-	-
Compensation expenses	-	161,552	-	-	-	-	-	146,256	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	7,820	-	-	-	-	8,599	-	-
Charge for defined benefit plan	-	-	-	-	9,240	-	-	-	-	7,196	-	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	(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>7,070,908</u>	5,907,186
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>7,070,908</u>	5,907,186
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>7,070,908</u>	5,907,186
Risk Weighted Assets (RWAs):		
Credit Risk	<u>27,114,842</u>	27,604,147
Market Risk	<u>9,602,098</u>	8,301,000
Operational Risk	<u>2,039,196</u>	2,039,196
Total	<u>38,756,136</u>	37,944,343
Common Equity Tier 1 Capital Adequacy ratio	<u>18.24%</u>	15.57%
Tier 1 Capital Adequacy Ratio	<u>18.24%</u>	15.57%
Total Capital Adequacy Ratio	<u>18.24%</u>	15.57%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>7,070,908</u>	5,907,186
Total Exposures	<u>107,027,555</u>	91,226,753
Leverage Ratio	<u>6.61%</u>	6.48%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>6,294,566</u>	6,227,965
Total Net Cash Outflow	<u>12,732,298</u>	9,139,548
Liquidity Coverage Ratio	<u>49.44%</u>	68.14%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>22,086,772</u>	21,887,939
Total Required Stable Funding	<u>21,662,326</u>	21,507,690
Net Stable Funding Ratio	<u>101.96%</u>	101.77%

36 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.

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 unconsolidated financial statements were authorised for issue on 12 August 2020 by the Board of Directors of the Company.

Bahauddin Khan

**Managing Director
and Chief Executive**

Mohammad Jamal Nasir

Chief Financial Officer

Omar Hamid
Khan

Director

Sayyid Juland Jaifar
Salim Al Said

Director

Yahya Bin Said
Bin Abdullah Al-
Jabri

Chairman