

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2020**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 31 March 2020

(Unaudited) 31 March 2020 (US Dollar in '000)	(Audited) 31 December 2019		(Unaudited) 31 March 2020 (Rupees in '000)	(Audited) 31 December 2019
		<i>Note</i>		
ASSETS				
1,189	919		198,140	153,272
10,018	11,851	6	1,669,960	1,975,535
9,052	48,784	7	1,508,997	8,132,475
432,796	354,371	8	72,148,716	59,074,973
123,526	120,118	9	20,592,233	20,024,133
1,462	1,396	10	243,705	232,765
1,339	1,339	11	223,276	223,278
452	1,974	12	75,279	329,034
11,728	12,313	13	1,955,116	2,052,573
591,562	553,065	14	98,615,422	92,198,038
LIABILITIES				
-	-		-	-
469,547	442,663	15	78,275,177	73,793,526
60,311	51,447	16	10,054,102	8,576,392
3	4	17	541	610
-	-		-	-
-	-		-	-
10,845	9,703	18	1,807,879	1,617,609
540,706	503,817		90,137,699	83,988,137
50,856	49,248		8,477,723	8,209,901
NET ASSETS				
REPRESENTED BY				
36,892	36,892		6,150,000	6,150,000
7,777	7,591		1,296,389	1,265,504
4,299	970	19	716,586	161,727
1,849	3,758		308,227	626,494
50,817	49,211		8,471,202	8,203,725
39	37		6,521	6,176
50,856	49,248		8,477,723	8,209,901
CONTINGENCIES AND COMMITMENTS				
		20		

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

**Managing Director/
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the first quarter ended 31 March 2020

31 March 2020 (US Dollar in '000)	31 March 2019		Note	31 March 2020 (Rupees in '000)	31 March 2019
16,799	6,905	Mark-up / Return / Interest Earned	21	2,800,446	1,151,011
15,091	5,352	Mark-up / Return / Interest Expensed	22	2,515,729	892,205
<u>1,708</u>	<u>1,553</u>	Net mark-up / interest income		<u>284,717</u>	<u>258,806</u>
NON MARK-UP / INTEREST INCOME					
112	150	Fee and commission income	23	18,693	25,039
-	-	Dividend income		-	-
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
504	68	Gain on securities	24	84,071	11,292
(95)	93	Share of (loss) / profit from associates - net of tax		(15,894)	15,476
82	9	Other income	25	13,709	1,528
<u>603</u>	<u>320</u>	Total non mark-up / interest income		<u>100,579</u>	<u>53,335</u>
<u>2,311</u>	<u>1,873</u>	Total Income		<u>385,296</u>	<u>312,141</u>
NON MARK-UP / INTEREST EXPENSES					
988	986	Operating expenses	26	164,751	164,294
27	15	Workers Welfare Fund		4,581	2,544
46	29	Other charges	27	7,668	4,761
<u>1,061</u>	<u>1,030</u>	Total non mark-up / interest expenses		<u>177,000</u>	<u>171,599</u>
<u>1,250</u>	<u>843</u>	Profit Before Provisions		<u>208,296</u>	<u>140,542</u>
2	163	(Provisions)/reversals and write offs - net	28	295	27,231
-	-	Extra ordinary / unusual items		-	-
<u>1,252</u>	<u>1,006</u>	PROFIT BEFORE TAXATION		<u>208,591</u>	<u>167,773</u>
(395)	(267)	Taxation	29	(65,780)	(44,470)
<u>857</u>	<u>739</u>	PROFIT AFTER TAXATION		<u>142,811</u>	<u>123,303</u>
ATTRIBUTABLE TO:					
855	740	Shareholders of the holding company		142,466	123,478
2	(1)	Non-controlling interest		345	(175)
<u>857</u>	<u>739</u>			<u>142,811</u>	<u>123,303</u>
(US \$)					
<u>0.0014</u>	<u>0.0012</u>	Basic and diluted earnings per share attributable to shareholders of the holding	30	<u>0.23</u>	<u>0.20</u>

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

Managing Director/
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the first quarter ended 31 March 2020

31 March 2020 (US Dollar in '000)	31 March 2019		31 March 2020 (Rupees in '000)	31 March 2019
857	739	Profit after taxation for the period	142,811	123,303
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
3,332	(22)	Movements in deficit on revaluation of investments - net of tax	555,511	(3,748)
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(4)	(4)	Movement in deficit on revaluation of non-banking assets- net of tax	(652)	(661)
(4)	(4)		(652)	(661)
<u>4,185</u>	<u>713</u>	Total comprehensive income	<u>697,670</u>	<u>118,894</u>
		ATTRIBUTABLE TO:		
4,183	714	Shareholders of the holding company	697,325	119,069
2	(1)	Non-controlling interest	345	(175)
<u>4,185</u>	<u>713</u>		<u>697,670</u>	<u>118,894</u>

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

**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 2020

	Share capital	(Reserves)		Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
		Statutory reserve	General reserve	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	690,607	8,044,675	8,318	8,052,993
Total comprehensive income									
Profit after taxation	-	-	-	-	-	123,478	123,478	(175)	123,303
Other comprehensive income / (loss) - net of tax	-	-	-	(3,748)	(661)	-	(4,409)	-	(4,409)
Total comprehensive income for the first quarter ended 31 March 2019	-	-	-	(3,748)	(661)	123,478	119,069	(175)	118,894
Transfer to statutory reserve	-	22,699	-	-	-	(22,699)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	661	661	-	661
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)	-	(430,500)
Opening balance as at 01 April 2019	6,150,000	1,175,712	11,630	(11,250)	46,266	361,547	7,733,905	8,143	7,742,048
Total comprehensive income									
Profit after taxation	-	-	-	-	-	329,353	329,353	(1,967)	327,386
Other comprehensive income / (loss) - net of tax	-	-	-	129,309	(2,598)	11,892	138,603	-	138,603
Total comprehensive income for the nine months ended 31 December 2019	-	-	-	129,309	(2,598)	341,245	467,956	(1,967)	465,989
Transfer to statutory reserve	-	78,162	-	-	-	(78,162)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,864	1,864	-	1,864
Opening balance as at 01 January 2020	6,150,000	1,253,874	11,630	118,059	43,668	626,494	8,203,725	6,176	8,209,901
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)
Closing balance as at 31 March 2020	6,150,000	1,284,759	11,630	673,570	43,016	308,227	8,471,202	6,521	8,477,723

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

 Managing Director/
 Chief Executive Officer

 Chief Financial Officer

 Director

 Director

 Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the first quarter ended 31 March 2020

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-20	31-Dec-19
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.	89.19	91.78
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.	40.72	39.44
Pak Oman Advantage Islamic Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	95.15	88.10
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.	99.67	99.67
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 2019.

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 2020 and the unaudited financial statements of the subsidiary (POAMCL) for the first quarter ended 31 March 2020. 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.166.7037 = 1 US dollar for the first quarter ended 31 March 2020 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 2019.

2.2 Amendments to approved accounting standards that are effective in the current period

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendments to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- IFRS 14 'Regulatory Deferral Accounts' permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required. IFRS 14 was originally issued by IASB in January 2014 with Initial application date for a period beginning on or after 01 January 2016. During November 2019, the SECP modified the effective date for applicability of IFRS 14 for the annual reporting periods beginning on or after 01 July 2019.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.3 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP has notified vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 that the effective date of IFRS 9 for the banks/DFIs would be 01 January 2021. SBP has also directed the Banks/DFIs to conduct an impact assessment as at 31 December 2019 which is due to be submitted to SBP by 30 April 2020. A parallel run of IFRS 9 is also required to be performed by the banks/DFIs from 01 January 2020 to prepare for the smooth transition to the new standard. However, SBP has extended vide its BPRD Circular Letter No. 15 of 2020 dated 26 March 2020 the date of submission of impact assessment as at December 31, 2019 by 31 August 2020 and parallel run of IFRS 9 to be performed w.e.f. 01 July 2020.

Standard

IASB Effective date (annual periods beginning on or after)

IFRS 17 – Insurance Contracts

01 January 2021

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 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2019.

5. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
	Note	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		366	257
foreign currency		221	221
		587	478
With State Bank of Pakistan in			
Local currency current account	6	197,118	151,637
With National Bank of Pakistan in			
Local currency current account		435	1,157
		<u>198,140</u>	<u>153,272</u>
6.1	This represent the amount required to be maintained by the holding company in accordance with the SBP's Regulation		
7. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		45,967	3,072
In deposit accounts	7	1,621,244	1,969,048
		<u>1,667,211</u>	<u>1,972,120</u>
Outside Pakistan:			
In current accounts		2,749	3,415
		<u>1,669,960</u>	<u>1,975,535</u>
7.1	These include term deposit receipts (TDRs) of Rs. 1,600 million (2019: Rs. 1,950 million) maturing between April 2020 to September 2020 (2019: January 2020 to June 2020). These carry mark-up rates ranging from 13.50% to 14.75% (2019: 14.50% to 14.75%) per annum.		
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)		1,508,997	8,132,475
		<u>1,508,997</u>	<u>8,132,475</u>

9 INVESTMENTS

	31 March 2020 (Unaudited)				31 December 2019 (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	6,163,781	-	13,575	6,177,356	14,975,537	-	(25,480)	14,950,057
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	-	-	-	-
	6,163,781	-	13,575	6,177,356	14,975,537	-	(25,480)	14,950,057
Available-for-sale securities								
Federal Government securities	60,309,292	-	982,539	61,291,831	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	3,951,549	(463,477)	(33,850)	3,454,222	3,963,355	(463,477)	(33,142)	3,466,736
	64,607,107	(583,743)	948,689	64,972,053	43,527,178	(583,743)	166,280	43,109,715
Associates	999,307	-	-	999,307	1,015,201	-	-	1,015,201
Total Investments	71,770,195	(583,743)	962,264	72,148,716	59,517,916	(583,743)	140,800	59,074,973

9.1.1 Investments given as collateral

	31 March 2020 (Unaudited)				31 December 2019 (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	15,251,179	-	570,373	15,821,552	16,895,051	-	176,137	17,071,188
- Market treasury bills	46,440,189	-	245,574	46,685,763	32,635,824	-	(8,013)	32,627,811
	61,691,368	-	815,947	62,507,315	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
Total investments	61,917,368	-	815,947	62,733,315	49,756,875	-	168,124	49,924,999

(Un-audited)
First quarter ended
31 March
2020

(Audited)
Year ended
31 December
2019

(Rupees in '000)

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

583,743 589,056

Charges / reversals

Charge for the year

Reversals for the year

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

Transfers - net

Amounts written off

Closing balance

-	-
-	-
583,743	583,743

9.2.2 Particulars of provision against debt securities

Category of classification**Domestic**

Other assets especially mentioned

Substandard

Doubtful

Loss

Total

	31 March 2020		31 December 2019 (Audited)	
	NPI	Provision	NPI	Provision
------(Rupees in '000)-----				
	-	-	-	-
	-	-	-	-
	-	-	-	-
	483,926	463,477	483,926	463,477
	483,926	463,477	483,926	463,477

10 ADVANCES	Performing		Non-performing		Total	
	31-Mar-20 (Rupees in '000)	31-Dec-19	31-Mar-20 (Rupees in '000)	31-Dec-19	31-Mar-20 (Rupees in '000)	31-Dec-19
Loans, cash credits, running finances, etc.	20,394,898	19,619,927	678,034	678,329	21,072,932	20,298,256
Margin trading	70,875	277,746	-	-	70,875	277,746
Advances - Gross	20,465,773	19,897,673	678,034	678,329	21,143,807	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	20,465,560	19,897,460	126,673	126,673	20,592,233	20,024,133

10.1 Particulars of advances (Gross)

	31-Mar-20 (Rupees in '000)	31-Dec-19
In local currency	21,143,807	20,576,002
In foreign currencies	-	-
	21,143,807	20,576,002

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

Category of Classification

	31 March 2020		31 December 2019 (Audited)	
	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	498,034	461,361	496,225	461,656
	678,034	551,361	678,329	551,656

10.3 Particulars of provision against advances

	First quarter ended 31 March 2020 (Unaudited)			Year ended 31 December 2019 (Audited)		
	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 31 March 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 holding Company as required by the aforementioned SBP directives.

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
	----- (Rupees in '000) -----	
11 FIXED ASSETS		
Right of use assets	136,025	142,362
Property and equipments	107,680	90,403
	<u>243,705</u>	<u>232,765</u>
12 INTANGIBLE ASSETS		
Computer Software	3	5
Goodwill	223,273	223,273
	<u>223,276</u>	<u>223,278</u>
13 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
Provision for diminution in the value of investments	169,285	169,285
Assets subject to finance leases	81	72
Amortisation of premium on Federal Government Securities	214	(89)
Provision against non-performing advances	159,956	160,042
Revaluation on investments classified as available-for-sale	(275,119)	(48,221)
Alternative Corporate tax	41,423	-
Revaluation on investments classified as held-for-trading	(3,937)	7,389
Net investment in finance leases	(58,451)	1,659
Accumulated tax losses - POAMCL	36,847	36,847
	<u>70,299</u>	<u>326,984</u>
Taxable Temporary Differences on		
Accelerated tax depreciation allowances	7,269	5,697
Revaluation on Non-banking assets	(2,289)	(3,647)
Dividend receivable	-	-
	<u>4,980</u>	<u>2,050</u>
	<u>75,279</u>	<u>329,034</u>
14 OTHER ASSETS		
Income/ Mark-up accrued in local currency - net of provision	1,144,080	1,073,195
Mark-up / profit receivable on purchase of securities	7,513	314,240
Security deposits	8,962	8,962
Prepayments	18,848	12,302
Taxation	326,527	196,579
Non-banking assets acquired in satisfaction of claims	248,411	252,174
Receivable from funds under management and investment advisory clients	127,428	112,729
Staff Gratuity	11,053	15,447
Others	1,708	5,441
	<u>1,894,530</u>	<u>1,991,069</u>
Less: Provision held against other assets	-	-
Other assets (net of provisions)	<u>1,894,530</u>	<u>1,991,069</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	60,586	61,504
	<u>1,955,116</u>	<u>2,052,573</u>

	(Un-Audited) 31 March 2020	(Audited) 31 December 2019
	(Rupees in '000)	
15 BORROWINGS		
Secured		
Borrowings from the State Bank of Pakistan:		
- Long term financing facility (LTFF)	2,544,489	2,612,588
Repurchase agreement borrowings	44,186,091	48,861,903
Long term borrowings	5,646,380	5,321,380
Short term running finance	-	515,324
Bai Muajjal	7,736,627	8,208,161
Total secured	60,113,587	65,519,356
Unsecured		
Placements	132,000	2,285,013
Murabaha financing	18,029,590	5,989,157
Total unsecured	18,161,590	8,274,170
	78,275,177	73,793,526

16 DEPOSITS AND OTHER ACCOUNTS	31 March 2020 (Unaudited)		31 December 2019 (Audited)	
	In local currency	Total	In local currency	Total
	----- (Rupees in '000) -----			
Certificates of investment				
Financial institutions	2,012,000	2,012,000	12,000	12,000
Others	8,042,102	8,042,102	8,564,392	8,564,392
	10,054,102	10,054,102	8,576,392	8,576,392

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2020 (Unaudited)			31 December 2019 (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	556	15	541	628	18	610
Later than one year and upto five years	-	-	-	-	-	-
	556	15	541	628	18	610

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

		(Un-Audited) 31 March 2020	(Audited) 31 December 2019
18	OTHER LIABILITIES	(Rupees in '000)	
	Mark-up/ Return/ Interest payable in local currency	1,013,890	801,896
	Accrued expenses	192,293	226,853
	Security deposits against investment in finance leases	171,865	253,411
	Sales tax and federal excise duty payable	97,093	93,641
	Lease liability against right-of-use assets	146,015	150,198
	Withholding tax and sales tax payable	30,784	6,702
	Others	155,939	84,908
		1,807,879	1,617,609
19	SURPLUS ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	948,689	166,280
	- Non-banking assets acquired in satisfaction of claims	60,586	61,504
		1,009,275	227,784
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(275,119)	(48,221)
	- Non-banking assets acquired in satisfaction of claims	(17,570)	(17,836)
		(292,689)	(66,057)
		716,586	161,727
20	CONTINGENCIES AND COMMITMENTS		
		(Un-Audited) 31 March 2020	(Audited) 31 December 2019
		(Rupees in '000)	
	Transaction related contingent liability:		
	Standby letter of credit	525,362	532,162
	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	15,254,111	11,774,285
	Sale of Government securities	16,680,563	2,925,786
	Commitments for advances and net investment in finance leases	1,120,750	1,066,750
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	45,000	136,000

Note

- 20.1** Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (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).

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 31 March 2020.

		(Un-Audited)	
		First quarter ended	
		31 March 2020	31 March 2019
		(Rupees in '000)	
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) On loans and advances	680,084	546,636
	b) On investments	1,979,333	447,714
	c) On lendings to financial institutions	76,966	111,015
	d) On balances with banks	64,063	45,646
		2,800,446	1,151,011
22	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	a) Deposits	294,986	187,295
	b) Borrowings	2,216,369	700,827
	c) Lease liability against right-of-use assets	4,374	4,083
		2,515,729	892,205
23	FEE AND COMMISSION INCOME		
	Credit related fees	4,633	6,049
	Investment banking fees	3,000	-
	Commission on guarantees	1,397	917
	Underwriting commission of Government securities auction	-	1,722
	Remuneration from funds under management	9,359	15,617
	Fee from investments advisory services	304	734
		18,693	25,039
24	GAIN ON SECURITIES		
	Realised	45,016	3,195
	Unrealised - held for trading	39,055	8,097
		84,071	11,292
24.1	Realised gain on:		
	Federal Government Securities	39,685	2,385
	Non Government debt securities	5,331	810
		45,016	3,195
25	OTHER INCOME		
	Gain on sale of fixed assets - net	1,332	-
	Rental income	-	1,500
	Utilization of Fixtures	525	-
	Prior year's operational expenses charged to funds under management	10,207	-
	Reversal of liabilities no longer payables	1,645	-
	Others	-	28
		13,709	1,528

26 OPERATING EXPENSES	(Un-Audited)	
	First quarter ended	
	31 March 2020	31 March 2019
	(Rupees in '000)	
Total compensation expense	115,388	116,646
Property expense		
Rent & taxes	223	3,410
Utilities cost	755	682
Security (including guards)	248	228
Repair & maintenance (including janitorial charges)	2,113	1,843
Depreciation on right-of-use assets	7,060	6,105
Depreciation	527	527
	10,926	12,795
Information technology expenses		
Software maintenance	422	271
Hardware maintenance	332	-
Depreciation	319	320
Amortisation	3	117
Network charges	663	224
Others	285	77
	2,024	1,009
Other operating expenses		
Directors' fees and allowances	6,814	6,002
Directors' fees and allowances - Subsidiary	1,476	1,703
Legal & professional charges	2,504	3,496
Travelling & conveyance	4,257	2,431
Depreciation	9,776	10,030
Training & development	84	62
Postage & courier charges	247	96
Communication	1,726	1,475
Stationery & printing	450	427
Marketing, advertisement & publicity	283	262
Donations	300	300
Auditors' remuneration	772	508
Membership and subscriptions	443	1,170
Transportation	2,356	2,002
Insurance	1,597	1,154
Finance charges on leased assets	37	51
Entertainment and canteen expenses	1,439	1,241
Shahriah advisor fee	-	75
Distribution commission	273	396
Others	1,579	963
	36,413	33,844
Total operating expenses	164,751	164,294

		(Un-Audited)	
		First quarter ended	
		31 March 2020	31 March 2019
		(Rupees in '000)	
27	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	-	-
	Fees, commission and others	7,668	4,761
		<u>7,668</u>	<u>4,761</u>
28	(PROVISIONS) / REVERSALS & WRITE OFFS - NET		
	Reversals of provisions for diminution in value of investments	-	(4,246)
	Reversals of provisions against loans & advances	(295)	(22,985)
		<u>(295)</u>	<u>(27,231)</u>
29	TAXATION		
	Current	38,923	34,475
	Prior years	-	-
	Deferred	26,857	9,995
		<u>65,780</u>	<u>44,470</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 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.

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 2020.

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), tax on dividend income under section 5 and tax on capital gain under section 37A of the Income Tax Ordinance, 2001 (the ordinance). The income tax assessments of the company have been finalized up to the tax year ended 31 December 2019.

The Company has been selected for audit under section 214-C of the Ordinance for the tax year 2012. Tax authorities have passed orders under section 122(1) of the ordinance making certain additional amount to Rs. 17.3 million to the loss declared in the return filed by the Company. Further Taxation Officer has charged capital gain tax amounting to Rs. 1.514 million at 10%. As a result total tax payable for tax year 2012 increased by Rs. 1.05 million. Tax officer has also disallowed the total tax credit in respect of advance tax paid / collected during the tax year 2012 except for the tax collected under section 153 of the Ordinance amounted to Rs. 2.092 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the orders passed by the tax officer and the hearing on the case has been done. However based on the opinion of the tax advisor management is confident that the matter would be decided in favor of the Company.

30 BASIC AND DILUTED EARNINGS PER SHARE

Profit attributable to shareholders of the holding company	<i>Rupees in '000</i>	<u>142,466</u>	<u>123,478</u>
Weighted average number of ordinary shares in issue	<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>0.23</u>	<u>0.20</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	198,140	159,185
Balances with other banks	1,669,960	1,968,133
Placements	-	-
	<u>1,868,100</u>	<u>2,127,318</u>

33 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	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	(295)	-	-	-	(295)
Profit before tax	58,977	(72,967)	217,427	5,154	208,591
Balance Sheet					
Cash & Bank balances	-	-	1,852,570	15,530	1,868,100
Investments	-	1,225,297	70,923,409	10	72,148,716
Lendings to financial institutions	-	-	1,508,997	-	1,508,997
Advances - performing	20,394,685	-	70,875	-	20,465,560
non- performing	126,673	-	-	-	126,673
Others	900,795	351,200	765,892	479,489	2,497,376
Total Assets	21,422,153	1,576,497	75,121,743	495,029	98,615,422
Borrowings	17,495,021	1,248,537	59,494,119	37,500	78,275,177
Subordinated debt	-	-	-	-	-
Deposits & other accounts	2,195,064	161,539	7,697,499	-	10,054,102
Others	496,371	23,881	1,137,955	150,213	1,808,420
Total liabilities	20,186,456	1,433,957	68,329,573	187,713	90,137,699
Equity	1,235,697	142,540	6,792,170	307,316	8,477,723
Total Equity & liabilities	21,422,153	1,576,497	75,121,743	495,029	98,615,422
Contingencies & Commitments	1,646,112	341,726	31,934,674	-	33,922,512

	First quarter ended 31 March 2019 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	158,105	(18,510)	120,030	(819)	258,806
Non mark-up / return / interest income	6,966	15,476	13,534	17,359	53,335
Total Income	165,071	(3,034)	133,564	16,540	312,141
Segment direct expenses	82,980	23,802	42,608	22,209	171,599
(Reversals) / Provisions	(22,985)	(4,246)	-	-	(27,231)
Profit before tax	105,076	(22,590)	90,956	(5,669)	167,773

	Year ended 31 December 2019				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	----- (Rupees in '000) -----				
Balance Sheet					
Cash & Bank balances	-	-	2,128,067	740	2,128,807
Investments	-	3,374,754	55,700,209	10	59,074,973
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	504,842	1,043,789	461,072	2,837,650
Total Assets	20,574,334	3,879,596	67,282,286	461,822	92,198,038
Borrowings	16,880,052	3,356,971	53,444,003	112,500	73,793,526
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,916,249	393,618	6,266,525	-	8,576,392
Others	525,669	55,925	890,341	146,284	1,618,219
Total liabilities	19,321,970	3,806,514	60,600,869	258,784	83,988,137
Equity	1,252,364	73,082	6,681,417	203,038	8,209,901
Total Equity & liabilities	20,574,334	3,879,596	67,282,286	461,822	92,198,038
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
- Oman LNG, Sultanate of Oman
- Diamond Textile Mills (Pvt.) Limited
- Civil Aviation Authority
- Pakistan LNG Limited
- Public Private Partnership Authority

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 2020 (Unaudited)					Year ended 31 December 2019 (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)									
Investments										
Opening balance	-	-	1,015,201	-	226,000	-	-	996,898	-	226,000
Investment made during the year	-	-	(15,894)	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	18,303	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	999,307	-	226,000	-	-	1,015,201	-	226,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
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	-	(4,751)	-	-	(27,737)	-	(20,539)	-	-	(47,023)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	38,983	68,200	-	537,722	-	38,487	68,200	-	565,459
Provision held against advances	-	-	68,200	-	-	-	-	68,200	-	-
	First quarter ended 31 March 2020 (Unaudited)					Year ended 31 December 2019 (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	-	-	-	-	4,898	-	-	-	-	3,241
Receivable from staff retirement fund	-	-	-	11,053	-	-	-	-	15,447	-
Other receivable	-	-	127,428	-	-	-	-	112,729	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	4,082	-	-	-	-	909	-	5,492	-
Received during the year	-	21,862	-	8,326	-	-	64,629	-	102,997	-
Withdrawn during the year	-	(12,878)	-	(2,398)	-	-	(61,456)	-	(108,489)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	13,066	-	5,928	-	-	4,082	-	-	-
Other Liabilities										
Interest / mark-up payable	-	80	-	35	-	-	33	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Outright sale of Securities	-	-	555,161	389,507	-	-	-	1,385,342	909,630	-
Outright purchase of Securities	-	-	307,531	389,618	-	-	-	243,315	720,365	-
Contingencies and Commitments										
Other contingencies	-	-	70,726	-	226,000	-	-	70,726	-	226,000

34.5 Related party transactions

	First quarter ended 31 March 2020 (Unaudited)					First quarter ended 31 March 2019 (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	-	412	-	-	6,056	-	549	-	-	2,195
Fee and commission income	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	59	5	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Expense										
Mark-up / return / interest paid	-	226	-	60	-	-	105	-	287	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors' fees and allowances	6,814	-	-	-	-	6,002	-	-	-	-
Compensation expenses	-	104,530	-	-	-	-	102,793	-	-	-
Contribution to defined contribution plan	-	-	-	4,143	-	-	-	-	4,729	-
Charge for defined benefit plan	-	-	-	4,574	-	-	-	-	3,598	-

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-Audited) 31 March 2020 (Rupees in '000)	(Audited) 31 December 2019
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	6,083,355	5,762,515
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	6,083,355	5,762,515
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,083,355</u>	<u>5,762,515</u>
Risk Weighted Assets (RWAs):		
Credit Risk	30,986,237	27,653,134
Market Risk	9,381,354	8,301,000
Operational Risk	2,131,697	2,131,697
Total	<u>42,499,288</u>	<u>38,085,831</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.31%</u>	15.13%
Tier 1 Capital Adequacy Ratio	<u>14.31%</u>	15.13%
Total Capital Adequacy Ratio	<u>14.31%</u>	15.13%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	6,083,355	5,762,515
Total Exposures	132,537,933	108,929,747
Leverage Ratio	<u>4.59%</u>	<u>5.29%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	6,516,095	6,227,965
Total Net Cash Outflow	13,449,728	9,139,548
Liquidity Coverage Ratio	<u>48%</u>	<u>68%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,189,076	21,887,939
Total Required Stable Funding	20,979,702	21,507,690
Net Stable Funding Ratio	<u>105.76%</u>	<u>101.77%</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 2019.

37. GENERAL

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

38. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on April 09, 2020 by the Board of Directors of the holding company.

**Managing Director /
Chief Executive Officer**

Chief Financial Officer

Director

Director

Chairman