

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

**FOR THE NINE MONTHS  
ENDED 30 SEPTEMBER 2021**

**Pak Oman Investment Company Limited**  
**Consolidated Condensed Interim Statement of Financial Position**  
**As at 30 September 2021**

(Unaudited) 30 September 2021 (US Dollar in '000)	(Audited) 31 December 2020 (US Dollar in '000)		Note	(Unaudited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020 (Rupees in '000)
<b>ASSETS</b>					
1,003	1,257	Cash and balances with treasury banks	6	171,218	214,467
8,959	7,732	Balances with other banks	7	1,528,886	1,319,582
2,930	21,095	Lendings to financial institutions	8	500,000	3,600,000
499,074	397,108	Investments	9	85,170,818	67,769,494
116,331	122,674	Advances	10	19,852,782	20,935,305
1,350	1,466	Fixed assets	11	230,443	250,195
1,308	1,308	Intangible assets	12	223,273	223,273
1,602	1,270	Deferred tax assets	13	273,424	216,789
13,050	13,195	Other assets	14	2,227,058	2,251,865
<b>645,607</b>	<b>567,105</b>			<b>110,177,902</b>	<b>96,780,970</b>
<b>LIABILITIES</b>					
-	-	Bills payable		-	-
524,552	413,587	Borrowings	15	89,518,865	70,581,769
62,447	92,988	Deposits and other accounts	16	10,657,104	15,869,130
24	1	Liabilities against assets subject to finance lease	17	4,123	197
-	-	Subordinated debt		-	-
-	-	Deferred tax liabilities		-	-
6,952	8,369	Other liabilities	18	1,186,388	1,428,400
<b>593,975</b>	<b>514,945</b>			<b>101,366,480</b>	<b>87,879,496</b>
<b>51,632</b>	<b>52,160</b>	<b>NET ASSETS</b>		<b>8,811,422</b>	<b>8,901,474</b>
<b>REPRESENTED BY</b>					
36,037	36,037	Share capital	19	6,150,000	6,150,000
10,924	10,313	Reserves		1,864,276	1,759,985
1,169	2,042	Surplus on revaluation of assets	20	199,562	348,498
3,479	3,729	Unappropriated profit		593,654	636,372
<b>51,609</b>	<b>52,121</b>	Equity attributable to shareholder of holding company		<b>8,807,492</b>	<b>8,894,855</b>
23	39	Non-Controlling Interest		3,930	6,619
<b>51,632</b>	<b>52,160</b>			<b>8,811,422</b>	<b>8,901,474</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
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The annexed notes from 1 to 39 form an integral part of these consolidated condensed interim financial statements.

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

**Pak Oman Investment Company Limited**  
**Consolidated Condensed Interim Profit and Loss Account (Un-Audited)**  
**For the nine months ended 30 September 2021**

Nine months ended		Quarter ended		Nine months ended	
30 September	30 September	30 September	30 September	30 September	30 September
2021	2020	2021	2020	2021	2020
(US Dollar in '000)		Note -----(Rupees in '000)-----			
33,240	44,723	2,080,730	2,126,132	5,672,661	7,632,279
27,154	36,705	1,745,327	1,621,135	4,634,121	6,264,054
6,086	8,018	335,403	504,997	1,038,540	1,368,225
		<b>Net mark-up / interest income</b>			
<b>NON MARK-UP / INTEREST INCOME</b>					
585	309	24,415	22,898	99,868	52,773
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
542	1,692	43,598	61,785	92,464	288,835
177	(89)	648	(6,760)	30,146	(15,267)
52	67	4,267	3,708	8,799	11,455
1,356	1,979	72,928	81,631	231,277	337,796
7,442	9,997	408,331	586,628	1,269,817	1,706,021
		<b>Total Income</b>			
<b>NON MARK-UP / INTEREST EXPENSES</b>					
3,200	2,989	190,577	172,556	546,029	510,029
87	147	4,004	8,397	14,885	25,122
187	140	11,352	4,685	31,922	23,882
3,474	3,276	205,933	185,638	592,836	559,033
		<b>Total non mark-up / interest expenses</b>			
3,968	6,721	202,398	400,990	676,981	1,146,988
310	2	(6,768)	-	52,836	295
-	-	-	-	-	-
4,278	6,723	195,630	400,990	729,817	1,147,283
(1,226)	(2,043)	(59,490)	(120,174)	(209,232)	(348,726)
3,052	4,680	136,140	280,816	520,585	798,557
		<b>PROFIT BEFORE TAXATION</b>			
		<b>Taxation</b>			
		<b>PROFIT AFTER TAXATION</b>			
<b>ATTRIBUTABLE TO:</b>					
3,053	4,682	136,158	280,892	520,829	798,868
(1)	(2)	(18)	(76)	(244)	(311)
3,052	4,680	136,140	280,816	520,585	798,557
		<b>Shareholders of the holding company</b>			
		<b>Non-controlling interest</b>			
(US \$)		----- (Rupees) -----			
0.0050	0.0076	0.22	0.46	0.85	1.30
		<b>Basic and diluted earnings per share attributable to shareholders of the holding company</b>			

The annexed notes from 1 to 39 form an integral part of these consolidated condensed interim financial statements.

Bahauddin Khan

**Managing Director/  
Chief Executive Officer**

Mohammad Jamal Nasir

**Chief Financial Officer**

Omar Hamid Khan

**Director**

Ayham Abdul Aziz  
Qadar Al Ghassani

**Director**

Sayyid Juland Jaifar Salim Al Said

**Chairman**

**Pak Oman Investment Company Limited**  
**Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
**For the nine months ended 30 September 2021**

Nine months ended			Quarter ended		Nine months ended	
30 September 2021	30 September 2020		30 September 2021	30 September 2020	30 September 2021	30 September 2020
(US Dollar in '000)			------(Rupees in '000)-----			
3,052	4,680	<b>Profit after taxation for the period</b>	136,140	280,816	520,585	798,557
		<b>Other comprehensive income</b>				
		<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
(861)	1,871	Movements in (deficit) / surplus on revaluation of investments - net of tax	(36,522)	(454,238)	(146,942)	319,240
		<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
		Movement in deficit on revaluation of non-banking assets- net of tax	(665)	(652)	(1,994)	(1,956)
(12)	(11)					
<u>2,179</u>	<u>6,540</u>	<b>Total comprehensive income</b>	<u>98,953</u>	<u>(174,074)</u>	<u>371,649</u>	<u>1,115,841</u>
		<b>ATTRIBUTABLE TO:</b>				
2,180	6,542	Shareholders of the holding company	98,971	(173,998)	371,893	1,116,152
(1)	(2)	Non-controlling interest	(18)	(76)	(244)	(311)
<u>2,179</u>	<u>6,540</u>		<u>98,953</u>	<u>(174,074)</u>	<u>371,649</u>	<u>1,115,841</u>

The annexed notes from 1 to 39 form an integral part of these consolidated condensed interim financial statements.

Bahauddin Khan

**Managing Director/  
Chief Executive Officer**

Mohammad Jamal Nasir

**Chief Financial Officer**

Omar Hamid  
Khan

**Director**

Ayham Abdul Aziz  
Qadar Al Ghassani

**Director**

Sayyid Juland Jaifar Salim Al Said

**Chairman**

**Pak Oman Investment Company Limited**  
**Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)**  
**For the nine months ended 30 September 2021**

	Share capital	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
				Investments	Non-banking assets				
(Rupees in '000)									
<b>Opening balance as at 01 January 2020</b>	<b>6,150,000</b>	<b>1,253,874</b>	<b>11,630</b>	<b>118,059</b>	<b>43,668</b>	<b>651,712</b>	<b>8,228,943</b>	<b>6,967</b>	<b>8,235,910</b>
<b>Total comprehensive income</b>									
Profit after taxation	-	-	-	-	-	798,868	798,868	(311)	798,557
Other comprehensive income / (loss) - net of tax	-	-	-	319,240	(1,956)	-	317,284	-	317,284
Total comprehensive income for the nine months ended 30 September 2020	-	-	-	319,240	(1,956)	798,868	1,116,152	(311)	1,115,841
Transfer to statutory reserve	-	176,851	-	-	-	(176,851)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,956	1,956	-	1,956
<b>Transaction with owners recorded directly in equity</b>									
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
<b>Opening balance as at 01 October 2020</b>	<b>6,150,000</b>	<b>1,430,725</b>	<b>11,630</b>	<b>437,299</b>	<b>41,712</b>	<b>845,185</b>	<b>8,916,551</b>	<b>6,656</b>	<b>8,923,207</b>
<b>Total comprehensive income</b>									
Profit after taxation	-	-	-	-	-	109,878	109,878	(37)	109,841
Other comprehensive income / (loss) - net of tax	-	-	-	(187,402)	56,889	(1,712)	(132,225)	-	(132,225)
Total comprehensive income for the quarter ended 31 December 2020	-	-	-	(187,402)	56,889	108,166	(22,347)	(37)	(22,384)
Transfer to statutory reserve	-	17,630	-	-	-	(17,630)	-	-	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	651	651	-	651
<b>Opening balance as at 01 January 2021</b>	<b>6,150,000</b>	<b>1,448,355</b>	<b>311,630</b>	<b>249,897</b>	<b>98,601</b>	<b>636,372</b>	<b>8,894,855</b>	<b>6,619</b>	<b>8,901,474</b>
<b>Total comprehensive income</b>									
Profit after taxation	-	-	-	-	-	520,829	520,829	(244)	520,585
Other comprehensive income / (loss) - net of tax	-	-	-	(146,942)	(1,994)	-	(148,936)	-	(148,936)
Total comprehensive income for the nine months ended 30 September 2021	-	-	-	(146,942)	(1,994)	520,829	371,893	(244)	371,649
Transfer to statutory reserve	-	104,291	-	-	-	(104,291)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	1,994	1,994	-	1,994
Further acquisition in subsidiary	-	-	-	-	-	-	-	(2,445)	(2,445)
<b>Transaction with owners recorded directly in equity</b>									
Final cash dividend - 31 December 2020 declared subsequent to the year end (Rs. 0.75 per share)	-	-	-	-	-	(461,250)	(461,250)	-	(461,250)
<b>Closing balance as at 30 September 2021</b>	<b>6,150,000</b>	<b>1,552,646</b>	<b>311,630</b>	<b>102,955</b>	<b>96,607</b>	<b>593,654</b>	<b>8,807,492</b>	<b>3,930</b>	<b>8,811,422</b>

The annexed notes from 1 to 39 form an integral part of these consolidated condensed interim financial statements.

Bahauddin Khan  
 Managing Director/  
 Chief Executive Officer

Mohammad Jamal Nasir  
 Chief Financial Officer

Omar Hamid Khan  
 Director

Ayham Abdul Aziz  
 Qadar Al Ghassani  
 Director

Sayyid Juland Jaifar Salim Al Said  
 Chairman

**Pak Oman Investment Company Limited**  
**Consolidated Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the nine months ended 30 September 2021**

30 September 2021	30 September 2020		30 September 2021	30 September 2020
(US Dollar in '000)		Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
4,278	6,723		729,817	1,147,283
-	-		-	-
<u>4,278</u>	<u>6,723</u>		<u>729,817</u>	<u>1,147,283</u>
<b>Adjustments:</b>				
203	190		34,653	32,417
110	125		18,822	21,252
-	-		-	5
(310)	(2)		(52,836)	(295)
(40)	(12)	29	(6,763)	(2,065)
(177)	89		(30,146)	15,267
72	76		12,330	12,984
1	1		203	196
29	(108)		4,893	(18,401)
<u>(112)</u>	<u>359</u>		<u>(18,844)</u>	<u>61,360</u>
<u>4,166</u>	<u>7,082</u>		<u>710,973</u>	<u>1,208,643</u>
<b>(Increase) / Decrease in operating assets</b>				
18,165	30,244		3,100,000	5,161,446
85,177	21,431		14,536,154	3,657,422
6,367	(3,807)		1,086,566	(649,716)
872	1,734		148,825	295,861
<u>110,581</u>	<u>49,602</u>		<u>18,871,545</u>	<u>8,465,013</u>
<b>Increase / (decrease) in operating liabilities</b>				
-	-		-	-
110,965	(142,625)		18,937,096	(24,340,017)
(30,541)	83,312		(5,212,026)	14,217,748
(1,378)	506		(235,214)	86,289
<u>79,046</u>	<u>(58,807)</u>		<u>13,489,856</u>	<u>(10,035,980)</u>
<u>193,793</u>	<u>(2,123)</u>		<u>33,072,374</u>	<u>(362,324)</u>
<u>(2,013)</u>	<u>(2,424)</u>		<u>(343,571)</u>	<u>(413,718)</u>
<u>191,780</u>	<u>(4,547)</u>		<u>32,728,803</u>	<u>(776,042)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(189,454)	4,212		(32,331,790)	718,808
1,529	320		260,999	54,550
(14)	-		(2,445)	-
-	-		-	-
(82)	(222)		(14,040)	(37,911)
40	38		6,791	6,450
<u>(187,981)</u>	<u>4,348</u>		<u>(32,080,485)</u>	<u>741,897</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(11)	(3)		(1,885)	(503)
(112)	(141)		(19,128)	(24,012)
(2,703)	(2,523)		(461,250)	(430,500)
<u>(2,826)</u>	<u>(2,667)</u>		<u>(482,263)</u>	<u>(455,015)</u>
973	(2,866)		166,055	(489,160)
<u>8,989</u>	<u>12,474</u>		<u>1,534,049</u>	<u>2,128,807</u>
<u>9,962</u>	<u>9,608</u>	32	<u>1,700,104</u>	<u>1,639,647</u>

The annexed notes from 1 to 39 form an integral part of these consolidated condensed interim financial statements.

Bahauddin Khan

**Managing Director/  
Chief Executive Officer**

Mohammad Jamal Nasir

**Chief Financial Officer**

Omar Hamid Khan

**Director**

Ayham Abdul Aziz  
Qadar Al Ghassani

**Director**

Sayyid Juland Jaifar Salim Al  
Said

**Chairman**

**Pak Oman Investment Company Limited**  
**Notes to the Consolidated Condensed Interim Financial Statements (Un-Audited)**  
**For the nine months ended 30 September 2021**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

**1.1.1 Holding Company**

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding company was converted into a public company. The Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives interalia 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 %	
			30-Sep-21	31-Dec-20
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	19.17	19.15
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	23.82	24.24
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	98.47	98.47
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.39	99.37
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	6.04	10.75
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and under served segment of the society.	16.67	16.67
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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

These consolidated financial statements have been prepared from the information available in the unaudited condensed interim financial statements of the holding company for the nine months ended September 30, 2021 and the unaudited financial statements of the subsidiary (POAMCL) for the nine months ended September 30, 2021. The consolidated condensed interim financial statements used equity accounting for the associates.

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the Banks / DFIs in Pakistan to implement IFRS 9 with effect from 01 January 2021 and subsequently extend the date to January 01, 2022 vide BPRD Circular Letter No. 24 of 2021 dated July 05, 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

These 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.170.6576 = 1 US dollar for the half year ended 30 September 2021 and the corresponding period.

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

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

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

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

## 5. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>	<i>Note</i>		
In hand			
local currency		354	320
foreign currency		225	229
		579	549
With State Bank of Pakistan in Local currency current account	6.1	169,723	213,002
With National Bank of Pakistan in Local currency current account		916	916
		<u>171,218</u>	<u>214,467</u>
<b>6.1</b>	This represent the amount required to be maintained by the holding company in accordance with the SBP's Regulations.		
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
In current accounts		9,983	4,107
In deposit accounts	7.1	1,516,319	1,308,170
		<u>1,526,302</u>	<u>1,312,277</u>
Outside Pakistan:			
In current accounts		2,584	7,305
		<u>1,528,886</u>	<u>1,319,582</u>
<b>7.1</b>	These include term deposit receipts (TDRs) of Rs. 1,500 million (2020: Rs. 1,300 million) maturing from October 2021 to December 2021 (2020: March 2021). These carry mark-up rates ranging from 8.05% to 8.50% (2020: 14.50% to 14.75%) per annum.		
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Placements		500,000	-
Repurchase agreement lendings (Reverse Repo)		-	3,600,000
		<u>500,000</u>	<u>3,600,000</u>

## 9 INVESTMENTS

	30 September 2021 (Unaudited)				31 December 2020 (Audited)			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
----- (Rupees in '000) -----								
<b>9.1 Investments by types</b>								
<b>Held-for-trading securities</b>								
Federal Government securities	8,939,268	-	(1,190)	8,938,078	23,475,422	-	3,703	23,479,125
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	-	-	-	-	-	-	-	-
	<b>8,939,268</b>	<b>-</b>	<b>(1,190)</b>	<b>8,938,078</b>	<b>23,475,422</b>	<b>-</b>	<b>3,703</b>	<b>23,479,125</b>
<b>Available-for-sale securities</b>								
Federal Government securities	71,572,569	-	105,062	71,677,631	39,349,987	-	354,442	39,704,429
Shares	600,958	(110,311)	2,030	492,677	346,266	(110,311)	-	235,955
Non-Government debt securities	3,507,821	(469,550)	37,516	3,075,787	3,653,305	(518,343)	(2,475)	3,132,487
	<b>75,681,348</b>	<b>(579,861)</b>	<b>144,608</b>	<b>75,246,095</b>	<b>43,349,558</b>	<b>(628,654)</b>	<b>351,967</b>	<b>43,072,871</b>
<b>Associates</b>	<b>986,645</b>	<b>-</b>	<b>-</b>	<b>986,645</b>	<b>1,217,498</b>	<b>-</b>	<b>-</b>	<b>1,217,498</b>
<b>Total Investments</b>	<b>85,607,261</b>	<b>(579,861)</b>	<b>143,418</b>	<b>85,170,818</b>	<b>68,042,478</b>	<b>(628,654)</b>	<b>355,670</b>	<b>67,769,494</b>

## 9.1.1 Investments given as collateral

	30 September 2021 (Unaudited)				31 December 2020 (Audited)			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
<b>Federal Government Securities</b>								
- Pakistan Investment Bonds	36,269,683	-	150,338	36,420,021	34,974,450	-	325,567	35,300,017
- Market treasury bills	39,574,061	-	(39,048)	39,535,013	16,932,963	-	22,277	16,955,240
	75,843,744	-	111,290	75,955,034	51,907,413	-	347,844	52,255,257
<b>Shares</b>								
- Listed companies	-	-	-	-	-	-	-	-
- Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
<b>Total investments</b>	<b>76,069,744</b>	<b>-</b>	<b>111,290</b>	<b>76,181,034</b>	<b>52,133,413</b>	<b>-</b>	<b>347,844</b>	<b>52,481,257</b>

(Un-audited)  
Nine months ended  
30 September  
2021

(Audited)  
Year ended  
31 December  
2020

(Rupees in '000)

## 9.2 Provision for diminution in value of investments

## 9.2.1 Opening balance

628,654 583,743

**Charges / reversals**

Charge for the year

5,015 54,866

Reversals for the year

(53,808) (9,955)

(48,793) 44,911

Transfers - net

-

-

Amounts written off

-

-

Closing balance

579,861 628,654

## 9.2.2 Particulars of provision against debt securities

**Category of classification****Domestic**

Other assets especially mentioned

30 September 2021		31 December 2020 (Audited)	
NPI	Provision	NPI	Provision

Substandard

(Rupees in '000)

Doubtful

Loss

Total

-	-	-	-
-	-	75,000	5,015
75,000	10,030	-	-
479,969	459,520	533,777	513,328
554,969	469,550	608,777	518,343

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

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

9.2.5 The Group does not hold overseas classified debt securities.

\* NPI stands for Non-performing investments.

**10 ADVANCES**

	Performing		Non-performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	18,016,112	19,200,645	1,728,232	1,527,219	19,744,344	20,727,864
Margin trading	756,305	859,351	-	-	756,305	859,351
Advances - Gross	<u>18,772,417</u>	<u>20,059,996</u>	<u>1,728,232</u>	<u>1,527,219</u>	<u>20,500,649</u>	<u>21,587,215</u>
Provision against advances						
Specific	-	-	647,651	651,697	647,651	651,697
General	216	213	-	-	216	213
	<u>216</u>	<u>213</u>	<u>647,651</u>	<u>651,697</u>	<u>647,867</u>	<u>651,910</u>
Advances - net of provision	<u>18,772,201</u>	<u>20,059,783</u>	<u>1,080,581</u>	<u>875,522</u>	<u>19,852,782</u>	<u>20,935,305</u>

**10.1 Particulars of advances (Gross)**

	30-Sep-21	31-Dec-20
	(Rupees in '000)	
In local currency	20,500,649	21,587,215
In foreign currencies	-	-
	<u>20,500,649</u>	<u>21,587,215</u>

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

**Category of Classification**

	30 September 2021		31 December 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	-	-
Substandard	750,000	2,424	854,762	3,956
Doubtful	332,857	24,568	-	-
Loss	645,375	620,659	672,457	647,741
	<u>1,728,232</u>	<u>647,651</u>	<u>1,527,219</u>	<u>651,697</u>

**10.3 Particulars of provision against advances**

	Nine months ended 30 September 2021			Year ended 31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	651,697	213	651,910	551,656	213	551,869
Charge for the year	23,036	3	23,039	100,336	-	100,336
Reversals	(27,082)	-	(27,082)	(295)	-	(295)
	(4,046)	3	(4,043)	100,041	-	100,041
Amounts written off	-	-	-	-	-	-
Closing balance	<u>647,651</u>	<u>216</u>	<u>647,867</u>	<u>651,697</u>	<u>213</u>	<u>651,910</u>

10.4 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the holding Company has availed the benefit of FSV against the non-performing advances. As of 30 September 2021, the holding Company has availed total accumulated FSV benefit amounting to Rs. 335 million (net of tax Rs. 238 million). Accordingly, accumulated profit of Rs 238 million (net of transfer to statutory reserves Rs. 190 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.

		<b>(Un-audited)</b> <b>30 September</b> <b>2021</b> ----- (Rupees in '000) -----	<b>(Audited)</b> <b>31 December</b> <b>2020</b> ----- (Rupees in '000) -----
<b>11</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	-	5,505
	Property and equipment	11.1 & 11.2 <b>101,305</b>	98,808
	Right of use assets	<b>129,138</b>	145,882
		<b><u>230,443</u></b>	<b><u>250,195</u></b>

		<b>(Un-Audited)</b> <b>30 September</b> <b>2021</b> ----- (Rupees in '000) -----	<b>(Un-Audited)</b> <b>30 September</b> <b>2020</b> ----- (Rupees in '000) -----
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**11.1 Additions to fixed assets**

The following additions have been made to fixed assets during the period:

<b>Capital work in progress</b>	-	16,334
<b>Property and equipment</b>		
Improvements	1,410	698
Office equipment	469	256
Computer equipment	834	2,972
Furniture and fixture	374	850
Vehicles	16,561	3,567
	<b>19,648</b>	<b>8,343</b>
Total	<b><u>19,648</u></b>	<b><u>24,677</u></b>

**11.2 Disposal of fixed assets**

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

Improvements	28	-
Office equipment	-	-
Furniture and fixture	-	735
Vehicles	-	-
Total	<b><u>28</u></b>	<b><u>735</u></b>

**12 INTANGIBLE ASSETS**

Computer Software	-	-
Goodwill	<b>223,273</b>	<b>223,273</b>
	<b><u>223,273</u></b>	<b><u>223,273</u></b>

	(Un-audited) 30 September 2021	(Audited) 31 December 2020
	----- (Rupees in '000) -----	
<b>13 DEFERRED TAX ASSETS</b>		
<b>Deductible Temporary Differences on</b>		
Provision for diminution in the value of investments	168,160	182,309
Assets subject to finance leases	(214)	57
Amortisation of premium on Federal Government Securities	2,340	1,245
Provision against non-performing advances	187,881	189,054
Revaluation on investments classified as available-for-sale	(41,653)	(102,070)
Revaluation on investments classified as held-for-trading	345	(1,075)
Net investment in finance leases	(73,569)	(75,300)
Accumulated tax losses - POAMCL	35,886	35,886
	<b>279,176</b>	<b>230,106</b>
<b>Taxable Temporary Differences on</b>		
Accelerated tax depreciation allowances	11,877	8,400
Revaluation on Non-banking assets	(17,629)	(21,717)
	<b>(5,752)</b>	<b>(13,317)</b>
	<b>273,424</b>	<b>216,789</b>
<b>14 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency - net of provision	1,143,668	1,079,773
Mark-up / profit receivable on purchase of securities	218,077	443,144
Security deposits	5,534	9,160
Prepayments	21,214	10,054
Taxation	345,794	207,674
Non-banking assets acquired in satisfaction of claims	225,824	237,118
Receivable from funds under management and investment advisory clients	122,562	121,140
Others	8,320	4,929
	<b>2,090,993</b>	<b>2,112,992</b>
Less: Provision held against other assets	-	-
Other assets (net of provisions)	<b>2,090,993</b>	<b>2,112,992</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	136,065	138,873
	<b>2,227,058</b>	<b>2,251,865</b>

	(Un-Audited) 30 September 2021	(Audited) 31 December 2020
	(Rupees in '000)	
<b>15 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from the State Bank of Pakistan:		
- Long term financing facility (LTFF)	2,599,083	2,605,135
- Financing Power Plants Using Renewable Energy (REF)	267,062	139,508
- Financing Facility for Storage of Agricultural Produce (FFSAP)	46,154	50,000
- Temporary Economic Refinance Facility (TERF)	83,612	42,173
Repurchase agreement borrowings	62,918,832	43,334,174
Long term borrowings	3,941,500	3,501,293
Short term running finance	53,509	127,713
Bai Muajjal	13,164,594	12,040,769
<b>Total secured</b>	<b>83,074,346</b>	<b>61,840,765</b>
<b>Unsecured</b>		
Placements	-	-
Murabaha financing	6,444,519	8,741,004
<b>Total unsecured</b>	<b>6,444,519</b>	<b>8,741,004</b>
	<b>89,518,865</b>	<b>70,581,769</b>

**16 DEPOSITS AND OTHER ACCOUNTS**

	30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	In local currency	Total	In local currency	Total
	----- (Rupees in '000) -----			
<b>Certificates of investment</b>				
Financial institutions	-	-	3,012,000	3,012,000
Others	10,657,104	10,657,104	12,857,130	12,857,130
	<b>10,657,104</b>	<b>10,657,104</b>	<b>15,869,130</b>	<b>15,869,130</b>

**17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- (Rupees in '000) -----					
Not later than one year	1,124	346	778	197	-	197
Later than one year and upto five years	3,922	577	3,345	-	-	-
	<b>5,046</b>	<b>923</b>	<b>4,123</b>	<b>197</b>	<b>-</b>	<b>197</b>

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

			<b>(Un-Audited)</b> <b>30 September</b> <b>2021</b> <b>(Rupees in '000)</b>	<b>(Audited)</b> <b>31 December</b> <b>2020</b>
<b>18</b>	<b>OTHER LIABILITIES</b>			
	Mark-up/ Return/ Interest payable in local currency		455,828	543,816
	Accrued expenses		284,086	334,028
	Staff gratuity		-	3,333
	Security deposits against investment in finance leases		147,902	173,883
	Sales tax and federal excise duty payable		92,422	91,851
	Lease liability against right-of-use assets		150,677	161,438
	Withholding tax and sales tax payable		2,644	6,437
	Others		52,829	113,614
			<b>1,186,388</b>	<b>1,428,400</b>
<b>19</b>	<b>SHARE CAPITAL</b>			
<b>19.1</b>	<b>Authorized Capital</b>			
	<b>(Unaudited)</b> <b>30-Sep-21</b> <b>(Number of shares)</b>	<b>(Audited)</b> <b>31-Dec-20</b>	<b>(Unaudited)</b> <b>30-Sep-21</b> <b>(Rupees in '000)</b>	<b>(Audited)</b> <b>31-Dec-20</b>
	<b>1,000,000,000</b>	1,000,000,000	<b>10,000,000</b>	10,000,000
		Ordinary shares of Rs.10 each		
<b>19.2</b>	<b>Issued, subscribed and paid-up</b>			
	<b>30-Sep-21</b>	<b>31-Dec-20</b>	<b>30-Sep-21</b>	<b>31-Dec-20</b>
		Ordinary shares of Rs. 10 each		
	<b>600,000,000</b>	600,000,000	<b>6,000,000</b>	6,000,000
	<b>15,000,000</b>	15,000,000	<b>150,000</b>	150,000
		- Fully paid in cash		
		- Issued as bonus shares		
	<b>615,000,000</b>	615,000,000	<b>6,150,000</b>	6,150,000
<b>19.3</b>	The Ministry of Finance on behalf of the Government of Pakistan and Sultanate of Oman through Oman Investment Authority (2020: through Ministry of Finance) each holds 307,495,900 (2020: 307,495,900) ordinary shares of the Company, while 4,100 (2020: 4,100) ordinary shares each are held by Secretary – Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.			
<b>19.4</b>	Subsequent to the issuance of Royal Degree of Sultanate of Oman for better management of Sultanate assets, 307,495,900 shares in the name of Ministry of Finance, Sultanate of Oman has been transferred in the name of Oman Investment Authority, Sultanate of Oman on October 04, 2021. The shareholding of Pak Oman Investment Company Limited remains equal to 50:50 between Government of Pakistan and Government of the Sultanate of Oman.			
<b>20</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>			
	Surplus on revaluation of			
	- Available for sale securities		144,608	351,967
	- Non-banking assets acquired in satisfaction of claims		136,065	138,873
			<b>280,673</b>	490,840
	Deferred tax on surplus on revaluation of:			
	- Available for sale securities		(41,653)	(102,070)
	- Non-banking assets acquired in satisfaction of claims		(39,458)	(40,272)
			<b>(81,111)</b>	(142,342)
			<b>199,562</b>	348,498

21	CONTINGENCIES AND COMMITMENTS	<i>Note</i>	(Un-Audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
	<b>Transaction related contingent liability:</b>			
	Standby letter of credit		<b>667,080</b>	723,075
	Pledge of shares on behalf of Japan Power Generation Limited	21.1	<b>70,726</b>	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	21.2	<b>226,000</b>	226,000
	Commitments for:			
	Sale of Government securities		<b>78,535</b>	-
	Commitments for advances and net investment in finance leases		<b>1,530,707</b>	808,730
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	21.3	<b>36,000</b>	45,000

**21.1** Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2020: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

**21.2** 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.

**21.3** PIBs having face value amounting to Rs. 36 million (2020: Rs 45 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

**21.4 Pak Oman Asset Management Company Limited**

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.

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 half year ended 30 September 2021.

		<b>(Un-Audited)</b>	
		<b>Nine months ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2021</b>	<b>2020</b>
		<b>(Rupees in '000)</b>	
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On:		
	a) On loans and advances	1,223,285	1,761,908
	b) On investments	4,286,499	5,430,695
	c) On lendings to financial institutions	75,138	286,948
	d) On balances with banks	87,739	152,728
		<u>5,672,661</u>	<u>7,632,279</u>
<b>23</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	On:		
	a) Deposits	665,955	1,052,313
	b) Borrowings	3,955,836	5,198,757
	c) Lease liability against right-of-use assets	12,330	12,984
		<u>4,634,121</u>	<u>6,264,054</u>
<b>24</b>	<b>FEE AND COMMISSION INCOME</b>		
	Credit related fees	41,838	13,498
	Investment banking fees	4,395	6,587
	Commission on guarantees	3,242	2,810
	Underwriting commission of Government securities auction	6,048	-
	Remuneration from funds under management	43,344	29,042
	Fee from investments advisory services	1,001	836
		<u>99,868</u>	<u>52,773</u>
<b>25</b>	<b>GAIN ON SECURITIES</b>		
	Realised	97,357	270,434
	Unrealised - held for trading	(4,893)	18,401
		<u>92,464</u>	<u>288,835</u>
<b>25.1</b>	<b>Realised gain on:</b>		
	Federal Government Securities	96,035	265,072
	Non Government debt securities	1,322	5,362
		<u>97,357</u>	<u>270,434</u>
<b>26</b>	<b>OTHER INCOME</b>		
	Gain on sale of fixed assets - net	6,763	2,065
	Rent on property	958	-
	Utilization of Fixtures	1,050	1,575
	Front end load	28	-
	Reversal of liabilities no longer payables	-	7,815
		<u>8,799</u>	<u>11,455</u>

		<b>(Un-Audited)</b>	
		<b>Nine months ended</b>	
<b>27 OPERATING EXPENSES</b>		<b>30 September 2021</b>	<b>30 September 2020</b>
		<b>(Rupees in '000)</b>	
Total compensation expense		<b>379,208</b>	359,489
<b>Property expense</b>			
Rent & taxes		-	638
Utilities cost		<b>5,027</b>	3,552
Security (including guards)		<b>890</b>	725
Repair & maintenance (including janitorial charges)		<b>10,062</b>	7,106
Depreciation on right-of-use assets		<b>18,822</b>	21,252
Depreciation		<b>1,580</b>	1,580
		<b>36,381</b>	34,853
<b>Information technology expenses</b>			
Software maintenance		<b>1,523</b>	1,900
Hardware maintenance		<b>24</b>	558
Depreciation		<b>1,645</b>	1,280
Amortisation		-	5
Network charges		<b>2,174</b>	2,121
Others		<b>914</b>	791
		<b>6,280</b>	6,655
<b>Other operating expenses</b>			
Directors' fees and allowances		<b>26,550</b>	20,014
Directors' fees and allowances - Subsidiary		<b>2,654</b>	3,846
Legal & professional charges		<b>12,290</b>	9,746
Travelling & conveyance		<b>3,438</b>	4,992
Depreciation		<b>31,428</b>	29,557
Training & development		<b>2,374</b>	177
Postage & courier charges		<b>670</b>	495
Communication		<b>5,720</b>	5,640
Stationery & printing		<b>1,484</b>	1,373
Marketing, advertisement & publicity		<b>3,082</b>	921
Donations		-	400
Auditors' remuneration		<b>2,390</b>	2,579
Membership and subscriptions		<b>2,362</b>	2,113
Transportation		<b>7,398</b>	7,030
Insurance		<b>4,915</b>	4,397
Finance charges on leased assets		<b>203</b>	196
Entertainment and canteen expenses		<b>4,109</b>	2,504
Distribution commission		<b>3,735</b>	2,673
Maintenance charges - Non-banking assets		<b>2,660</b>	5,201
Others		<b>6,698</b>	5,178
		<b>124,160</b>	109,032
Total operating expenses		<b>546,029</b>	510,029

		<b>(Un-Audited)</b>	
		<b>Nine months ended</b>	
		<b>30 September 2021</b>	<b>30 September 2020</b>
		<b>(Rupees in '000)</b>	
<b>28</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	1,601	-
	Fees, commission and others	<u>30,321</u>	<u>23,882</u>
		<u>31,922</u>	<u>23,882</u>
<b>29</b>	<b>REVERSAL / (PROVISIONS) &amp; WRITE OFFS - NET</b>		
	Reversals of provisions for diminution in value of investments - net	48,793	-
	Reversals of provisions against loans & advances - net	<u>4,043</u>	<u>295</u>
		<u>52,836</u>	<u>295</u>
<b>30</b>	<b>TAXATION</b>		
	Current	205,451	272,422
	Prior years	-	-
	Deferred	<u>3,781</u>	<u>76,304</u>
		<u>209,232</u>	<u>348,726</u>

**30.1 Tax contingencies****Pak Oman Investment Company Limited**

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

**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 September 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 30 September 2021.

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

**31 BASIC AND DILUTED EARNINGS PER SHARE**

Profit attributable to shareholders of the holding company	<i>Rupees in '000</i>	<u>520,829</u>	<u>798,868</u>
Weighted average number of ordinary shares issued	<i>Numbers in '000</i>	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share attributable to shareholders of holding company	<i>Rupees</i>	<u>0.85</u>	<u>1.30</u>

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

**32 CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	171,218	280,608
Balances with other banks	<u>1,528,886</u>	<u>1,359,039</u>
	<u>1,700,104</u>	<u>1,639,647</u>

### 33 FAIR VALUE MEASUREMENTS

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

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

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

#### 33.1 Fair Value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

	30 September 2021 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	80,615,709	-	80,615,709
Shares	256,722	-	-	256,722
Non-Government Debt Securities	-	3,075,787	-	3,075,787
Mutual funds	-	625,151	-	625,151
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	-	597,449	597,449
	31 December 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	63,183,554	-	63,183,554
Non-Government Debt Securities	-	3,132,487	-	3,132,487
Mutual funds	-	873,592	-	873,592
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	-	579,861	579,861

#### 33.2 Fair value of non-financial assets

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

## 34 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

Nine months ended 30 September 2021 (Unaudited)					
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
----- (Rupees in '000) -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	302,758	(87,157)	825,915	(2,976)	1,038,540
Non mark-up / return / interest income	45,080	35,499	103,840	46,858	231,277
<b>Total Income</b>	<b>347,838</b>	<b>(51,658)</b>	<b>929,755</b>	<b>43,882</b>	<b>1,269,817</b>
Segment direct expenses	284,799	34,325	226,895	46,817	592,836
Reversals	4,043	-	48,793	-	52,836
<b>Profit before tax</b>	<b>67,082</b>	<b>(85,983)</b>	<b>751,653</b>	<b>(2,935)</b>	<b>729,817</b>
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	1,699,261	843	1,700,104
Investments	-	1,222,589	83,948,218	11	85,170,818
Lendings to financial institutions	-	-	500,000	-	500,000
Advances - performing	18,015,896	-	756,305	-	18,772,201
non- performing	1,080,581	-	-	-	1,080,581
Others	786,157	384,396	1,322,595	461,050	2,954,198
<b>Total Assets</b>	<b>19,882,634</b>	<b>1,606,985</b>	<b>88,226,379</b>	<b>461,904</b>	<b>110,177,902</b>
Borrowings	19,506,452	1,712,674	68,273,239	26,500	89,518,865
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,931,271	156,092	8,569,741	-	10,657,104
Others	313,629	13,395	735,391	128,096	1,190,511
<b>Total liabilities</b>	<b>21,751,352</b>	<b>1,882,161</b>	<b>77,578,371</b>	<b>154,596</b>	<b>101,366,480</b>
Equity	(1,868,718)	(275,176)	10,648,008	307,308	8,811,422
<b>Total Equity &amp; liabilities</b>	<b>19,882,634</b>	<b>1,606,985</b>	<b>88,226,379</b>	<b>461,904</b>	<b>110,177,902</b>
<b>Contingencies &amp; Commitments</b>	<b>2,197,787</b>	<b>332,726</b>	<b>78,535</b>	<b>-</b>	<b>2,609,048</b>

Nine months ended 30 September 2020 (Unaudited)					
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
----- (Rupees in '000) -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	423,137	(120,097)	1,070,865	(5,680)	1,368,225
Non mark-up / return / interest income	16,634	(8,942)	290,836	39,268	337,796
<b>Total Income</b>	<b>439,771</b>	<b>(129,039)</b>	<b>1,361,701</b>	<b>33,588</b>	<b>1,706,021</b>
Segment direct expenses	271,490	37,695	202,908	46,940	559,033
(Reversals) / Provisions	295	-	-	-	295
<b>Profit before tax</b>	<b>168,576</b>	<b>(166,734)</b>	<b>1,158,793</b>	<b>(13,352)</b>	<b>1,147,283</b>

Year ended 31 December 2020					
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
----- (Rupees in '000) -----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	1,532,869	1,180	1,534,049
Investments	-	1,453,442	66,316,041	11	67,769,494
Lendings to financial institutions	-	-	3,600,000	-	3,600,000
Advances - performing	19,200,432	-	859,351	-	20,059,783
non-performing	875,522	-	-	-	875,522
Others	732,358	394,276	1,348,339	467,149	2,942,122
<b>Total Assets</b>	<b>20,808,312</b>	<b>1,847,718</b>	<b>73,656,600</b>	<b>468,340</b>	<b>96,780,970</b>
Borrowings	15,855,574	1,338,508	53,357,687	30,000	70,581,769
Subordinated debt	-	-	-	-	-
Deposits & other accounts	3,411,048	383,780	12,074,302	-	15,869,130
Others	416,401	27,286	858,457	126,453	1,428,597
<b>Total liabilities</b>	<b>19,683,023</b>	<b>1,749,574</b>	<b>66,290,446</b>	<b>156,453</b>	<b>87,879,496</b>
Equity	1,125,289	98,144	7,366,154	311,887	8,901,474
<b>Total Equity &amp; liabilities</b>	<b>20,808,312</b>	<b>1,847,718</b>	<b>73,656,600</b>	<b>468,340</b>	<b>96,780,970</b>
<b>Contingencies &amp; Commitments</b>	<b>1,531,805</b>	<b>341,726</b>	<b>-</b>	<b>-</b>	<b>1,873,531</b>

## **35 RELATED PARTY TRANSACTIONS**

The Group has related party relationship with various parties, including its directors, key management personnel (including their associates), associates, employee benefit plans, and company having common directors. The details of investments in 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:

### **35.1 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

### **35.2 Retirement benefit fund**

Defined benefit plan  
Defined contribution plan

### **35.3 Other related party**

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

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

	Nine months ended 30 September 2021 (Unaudited)					Year ended 31 December 2020 (Audited)				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)									
<b>Balances with other banks</b>	-	-	-	-	-	-	-	-	-	-
In current accounts	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	1,217,498	-	726,000	-	-	1,015,201	-	726,000
Investment made during the year	-	-	995,031	-	-	-	-	395,000	-	-
Investment redeemed / disposed off during the year	-	-	(1,225,884)	-	-	-	-	(192,703)	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	986,645	-	726,000	-	-	1,217,498	-	726,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
<b>Advances</b>										
Opening balance	-	41,535	68,200	-	524,566	-	38,487	68,200	-	565,459
Addition during the year	-	8,297	-	-	-	-	12,577	-	-	-
Repaid during the year	-	(9,408)	-	-	(41,870)	-	(9,529)	-	-	(40,893)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	40,424	68,200	-	482,696	-	41,535	68,200	-	524,566
Provision held against advances	-	-	68,200	-	-	-	-	68,200	-	-
	(Rupees in '000)									
<b>Other Assets</b>										
Interest / mark-up accrued	-	-	-	-	1,472	-	-	-	-	8,725
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	122,562	-	-	-	-	121,140	-	-
	-	-	122,562	-	1,472	-	-	121,140	-	8,725
Provision against other assets	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>										
Opening balance	-	5,532	-	6,871	-	-	4,082	-	-	-
Received during the year	-	32,828	-	3,923	-	-	89,090	-	18,297	-
Withdrawn during the year	-	(34,743)	-	(10,794)	-	-	(87,640)	-	(11,426)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	3,617	-	-	-	-	5,532	-	6,871	-
<b>Other Liabilities</b>										
Interest / mark-up payable	-	2	-	-	-	-	23	-	-	16
Payable to staff retirement fund	-	-	-	-	-	-	-	-	3,333	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	-	2	-	-	-	-	23	-	3,333	16
<b>Outright sale of Securities</b>	-	-	1,455,199	3,633,455	-	-	-	1,090,752	879,049	-
<b>Outright purchase of Securities</b>	-	-	155,884	3,233,167	-	-	-	406,109	906,989	-
<b>Contingencies and Commitments</b>										
Other contingencies	-	-	70,726	-	226,000	-	-	70,726	-	226,000

## 35.5 Related party transactions

	Nine months ended 30 September 2021 (Unaudited)					Nine months ended 30 September 2020 (Unaudited)				
	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Associates	Retirement benefit funds	Other related parties
(Rupees in '000)										
<b>Income</b>										
Mark-up / return / interest earned	-	1,093	1,306	-	52,334	-	1,201	-	-	83,529
Fee and commission income	-	-	-	-	2,373	-	-	-	-	2,500
Dividend income	-	-	-	-	-	-	-	54,550	-	-
Net gain on sale of securities	-	-	-	(195)	-	-	-	602	6	-
Other income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Expense</b>										
Mark-up / return / interest paid	-	283	-	48	-	-	684	-	245	-
Operating expenses	-	-	-	-	-	-	-	-	-	-
Non-Executive Directors' fees and allowances	26,550	-	-	-	-	20,014	-	-	-	-
Compensation expenses	-	295,144	-	-	-	-	214,399	-	-	-
Contribution to defined contribution plan	-	-	-	15,435	-	-	-	-	14,713	-
Charge for defined benefit plan	-	-	-	14,654	-	-	-	-	11,729	-

## 36 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS

	(Un-Audited) 30 September 2021 (Rupees in '000)	(Audited) 31 December 2020
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>6,150,000</u>	<u>6,150,000</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>7,009,359</u>	6,721,210
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>7,009,359</u>	6,721,210
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>7,009,359</u>	6,721,210
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>23,503,926</u>	24,617,484
Market Risk	<u>14,047,291</u>	12,164,424
Operational Risk	<u>2,695,618</u>	2,695,618
Total	<u>40,246,835</u>	39,477,526
Common Equity Tier 1 Capital Adequacy ratio	<u>17.42%</u>	17.03%
Tier 1 Capital Adequacy Ratio	<u>17.42%</u>	17.03%
Total Capital Adequacy Ratio	<u>17.42%</u>	17.03%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>7,009,359</u>	6,721,210
Total Exposures	<u>110,617,361</u>	96,353,990
Leverage Ratio	<u>6.34%</u>	6.98%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>11,618,240</u>	9,163,212
Total Net Cash Outflow	<u>16,655,783</u>	17,443,202
Liquidity Coverage Ratio	<u>69.75%</u>	52.53%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>20,685,887</u>	22,160,134
Total Required Stable Funding	<u>20,337,296</u>	21,830,106
Net Stable Funding Ratio	<u>101.71%</u>	101.51%

**37 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 15 February 2021.

**38. GENERAL**

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

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

**39. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue on October 27, 2021 by the Board of Directors of the holding company.

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