



PAK BRUNEI INVESTMENT COMPANY LTD.

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

**FOR THE QUARTER / PERIOD ENDED
SEPTEMBER 30, 2020**

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

(Audited)
September 30, 2020 December 31, 2019
----- USD in '000 -----

(Audited)
September 30, 2020 December 31, 2019
Note ----- Rupees in '000 -----

ASSETS			ASSETS	
630	806		6	104,627
1,795	1,298	Cash and balances with treasury banks	7	298,292
5,969	27,370	Balances with other banks	8	992,083
119,572	179,384	Lendings to financial institutions	9	19,872,852
110,643	123,583	Investments	10	18,388,851
763	926	Advances	11	126,792
63	37	Fixed assets	12	10,523
1,365	1,170	Intangible assets	13	226,822
9,089	10,590	Deferred tax assets	14	1,510,617
2,364	2,333	Other assets	15	392,917
252,253	347,497	Non-current assets classified as held-for-sale		41,924,376
				57,753,899
LIABILITIES				
-	-	Bills payable	16	29,137,366
175,315	268,905	Borrowings	17	830,000
4,994	3,730	Deposits and other accounts		-
-	-	Liabilities against assets subject to finance lease		-
-	-	Subordinated debt		-
-	-	Deferred tax liabilities		-
7,417	10,536	Other liabilities	18	1,232,621
187,726	283,171			31,199,987
64,527	64,326	NET ASSETS		47,062,958
				10,724,389
REPRESENTED BY				10,690,941
36,101	36,101	Share capital		6,000,000
10,330	8,906	Reserves		1,716,765
(3,086)	(908)	Deficit on revaluation of assets	19	(512,844)
21,167	20,213	Unappropriated profit		(150,898)
		Total equity attributable to the equity holders of the holding company		3,518,006
64,512	64,312			3,359,371
		Non-controlling interest		10,721,927
15	14			10,688,580
64,527	64,326			2,462
				2,361
				10,724,389
				10,690,941

CONTINGENCIES AND COMMITMENTS 20

The annexed notes 1 to 36 forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER / PERIOD ENDED SEPTEMBER 30, 2020

<u>Period ended</u>			<u>Quarter Ended</u>		<u>Period ended</u>		
<u>September 30,</u>	<u>September 30,</u>		<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	
<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
----- USD in '000 -----			----- Rupees in '000 -----				
19,856	22,100	Mark-up / return / interest earned	21	850,708	1,406,675	3,300,041	3,673,038
14,619	17,498	Mark-up / return / interest expensed	22	527,430	1,146,271	2,429,690	2,908,165
5,237	4,602	Net mark-up / interest income		323,278	260,404	870,351	764,873
Non mark-up / interest income							
331	728	Fee and commission income	23	17,932	38,465	55,088	121,027
140	171	Dividend income		9,717	8,294	23,258	28,338
2,822	(2,772)	(Loss) / gain on securities	24	(38,027)	(226,288)	468,974	(460,705)
1	48	Other income	25	-	4,005	197	8,051
3,294	(1,825)	Total non-markup / interest income		(10,378)	(175,524)	547,517	(303,289)
8,531	2,777	Total income		312,900	84,880	1,417,868	461,584
Non mark-up / interest expenses							
2,218	2,020	Operating expenses	26	117,559	97,954	368,628	335,652
14	28	Sindh Workers' Welfare Fund	27	1,174	2,442	2,408	4,636
2,232	2,048	Total non mark-up / interest expenses		118,733	100,396	371,036	340,288
6,299	729	Profit before provisions		194,167	(15,516)	1,046,832	121,296
435	(200)	Provisions and write offs - net	28	(70,571)	(262,834)	72,319	(33,275)
-	-	Extraordinary / unusual items		-	-	-	-
5,864	929	Profit before taxation		264,738	247,318	974,513	154,571
1,679	468	Taxation	29	77,780	36,127	279,119	77,737
4,184	461	Profit after taxation		186,958	211,191	695,394	76,834
Attributable to:							
4,183	460	Equity shareholders of the holding company		186,935	210,847	695,293	76,615
0.6057	1.3177	Non-controlling interest		23	344	101	219
4,184	461			186,958	211,191	695,394	76,834
----- USD -----			----- Rupees -----				
0.00697	0.00077	Basic and diluted earnings per share	30	0.31	0.35	1.16	0.13

The annexed notes 1 to 36 forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER / PERIOD ENDED SEPTEMBER 30, 2020

Period ended			Quarter Ended		Period ended	
September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----			
4,184	461	Profit after taxation for the year	186,958	211,191	695,394	76,834
		Other comprehensive loss				
		<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
(2,178)	1,452	Movement in deficit on revaluation of investments - net of tax	(340,249)	96,621	(361,946)	241,282
		<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
-	-	Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-
<u>2,007</u>	<u>1,913</u>	Total comprehensive (loss) / income	<u>(153,291)</u>	<u>307,812</u>	<u>333,448</u>	<u>318,116</u>

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President/Chief Executive

Chief Financial Officer

Director

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PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER / PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Statutory reserve	General reserve	Deficit on revaluation of investments	Unappropriated profit	Non-controlling interest	Total
	Rupees in '000						
Opening Balance as at January 01, 2019	6,000,000	1,406,995	-	(673,212)	3,328,566	2,226	10,064,575
Comprehensive income for the year							
Profit after taxation for the period ended September 30, 2019	-	-	-	-	76,615	219	76,834
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	96,621	-	-	96,621
	-	-	-	96,621	76,615	219	173,455
Transfer to statutory reserve	-	14,175	-	-	(14,175)	-	-
Opening Balance as at October 01, 2019	6,000,000	1,421,170	-	(576,591)	3,391,006	2,445	10,238,030
Comprehensive income for the year							
Profit after taxation (December 31, 2019)	-	-	-	-	326,268	111	326,379
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	1,034	-	1,034
- Movement in deficit on revaluation of investments - net of tax	-	-	-	425,693	-	-	425,693
	-	-	-	425,693	327,302	111	753,106
Transfer to statutory reserve	-	58,937	-	-	(58,937)	-	-
Transactions with owners, recorded directly in equity							
Final cash dividend paid for the year ended December 31, 2018 @ Re. 0.50 per share	-	-	-	-	(300,000)	-	(300,000)
Dividend payout by Awwal Modaraba @ Rs. 1.48 per certificate	-	-	-	-	-	(195)	(195)
Opening Balance as at January 01, 2020	6,000,000	1,480,107	-	(150,898)	3,359,371	2,361	10,690,941
Comprehensive income for the year							
Profit after taxation for the quarter/period ended September 30, 2020	-	-	-	-	695,293	101	695,394
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(361,946)	-	-	(361,946)
	-	-	-	(361,946)	695,293	101	333,448
Transfer to statutory reserve	-	136,658	-	-	(136,658)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
Transactions with owners, recorded directly in equity							
Final cash dividend paid for the year ended December 31, 2019 @ Re. 0.50 per share	-	-	-	-	(300,000)	-	(300,000)
Closing Balance as at September 30, 2020	6,000,000	1,616,765	100,000	(512,844)	3,518,006	2,462	10,724,389

The annexed notes 1 to 36 forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

Director

Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----	
		CASH FLOWS FROM OPERATING ACTIVITIES		
5,863	930	Profit before taxation	974,513	154,571
140	121	Less: Dividend income	23,258	20,044
<u>5,723</u>	<u>809</u>		<u>951,255</u>	<u>134,527</u>
		Adjustments:		
164	143	Depreciation	27,207	23,701
30	21	Amortisation	4,937	3,475
14	13	Provision for Sindh Workers' Welfare Fund	2,408	2,194
435	1,381	Provision and write-offs	72,319	229,559
-	(3)	Gain on sale of fixed assets	(47)	(518)
-	(1)	Unrealized gain on revaluation of investments classified as held for trading - net	-	(124)
<u>643</u>	<u>1,554</u>		<u>106,824</u>	<u>258,287</u>
<u>6,366</u>	<u>2,363</u>		<u>1,058,079</u>	<u>392,814</u>
		(Increase) / decrease in operating assets		
21,401	36	Lendings to financial institutions	3,556,796	6,000
-	(55)	Held-for-trading securities	-	(9,216)
12,567	7,793	Advances	2,088,694	1,295,209
2,103	626	Others assets (excluding advance taxation)	349,473	103,985
<u>36,071</u>	<u>8,400</u>		<u>5,994,963</u>	<u>1,395,978</u>
		Increase/ (decrease) in operating liabilities		
(93,590)	(1,727)	Borrowings from financial institutions	(15,554,634)	(287,053)
1,264	148	Deposits	210,000	24,597
(3,059)	2,552	Other liabilities (excluding current taxation)	(508,488)	424,130
(95,385)	973		(15,853,122)	161,674
(2,605)	(1,013)	Income tax paid	(432,900)	(168,406)
<u>(55,553)</u>	<u>10,723</u>	Net cash flow generated from / (used in) operating activities	<u>(9,232,980)</u>	<u>1,782,060</u>
		CASH FLOWS FROM INVESTING ACTIVITIES		
57,066	(4,317)	Net investments in available-for-sale securities	9,484,841	(717,562)
497	-	Net investments in held-to-maturity securities	82,683	-
140	6	Dividends received	23,258	1,044
(27)	(1,007)	Investments in operating fixed assets	(4,514)	(167,326)
2	-	Investments in operating intangible assets	-	-
-	5	Proceeds from sale of fixed assets	47	902
<u>57,678</u>	<u>(5,313)</u>	Net cash flow (used in) / generated from investing activities	<u>9,586,315</u>	<u>(882,942)</u>
		CASH FLOWS FROM FINANCING ACTIVITIES		
(1,805)	(1,805)	Dividend paid	(300,000)	(300,000)
<u>(1,805)</u>	<u>(1,805)</u>	Net cash flow used in financing activities	<u>(300,000)</u>	<u>(300,000)</u>
320	3,605	Decrease in cash and cash equivalents	53,335	599,118
2,103	2,664	Cash and cash equivalents at beginning of the year	349,584	442,741
<u>2,423</u>	<u>6,269</u>	Cash and cash equivalents at end of the year	<u>402,919</u>	<u>1,041,859</u>

The annexed notes 1 to 36 forms an integral part of these financial statements.

President/Chief Executive

Chief Financial Officer

Director

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Director

PAK BRUNEI INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER / PERIOD ENDED SEPTEMBER 30, 2020

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company

Pak Brunei Investment Company Limited (the Company) is a Development Finance Institution (DFI) which was incorporated in Pakistan as an unlisted public limited company on November 28, 2006 under the (now repealed) Companies Ordinance, 1984. The State Bank of Pakistan (SBP) granted the approval for commencement of business with effect from August 20, 2007. The Company is a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA). The Company's objectives inter alia include making investments in the industrial and agro-based industrial fields in Pakistan on a commercial basis through carrying out industrial and agro-based industrial projects and marketing of their products in Pakistan and abroad and to undertake other feasible business and to establish and acquire companies to conduct various businesses. The registered office of the Company is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. The Company is in operation with 2 offices (September 30, 2019: 2) one located in Karachi and the other in Lahore.

Subsidiaries

- Awwal Modaraba Management Limited (AMML) - 100% holding

Awwal Modaraba Management Limited (the Company) was incorporated in Pakistan on June 05, 2014 as an unlisted public company under the (now repealed) Companies Ordinance, 1984. Subsequently, it was registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The Company is a wholly owned subsidiary of Pak Brunei Investment Company Limited (the Holding Company) with its registered office situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan.

The principal activity of the Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Company within the meaning of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Presently, the Company is managing Awwal Modaraba only the details of which have been provided below.

Subsequent to the year ended December 31, 2019, the Securities and Exchange Commission of Pakistan (SECP) has appointed Awwal Modaraba Management Limited as the Management Company of KASB Modaraba, First Prudential Modaraba and First Pak Modaraba with effect from February 3, 2020 and prescribed certain terms and conditions for Awwal Modaraba Management Limited to fulfill in a period of three to six months from the appointment. The implementation of those terms and conditions is under progress and is expected to be completed by the year ending December 31, 2020.

- Primus Leasing Limited (PLL) - 100% holding

PLL was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of PLL is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan. PLL is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). PLL has 2 offices (2019: 2 offices) one located in Karachi and the other in Lahore.

The principal objective of PLL is to carry on and undertake the business of leasing of assets for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

- Awwal Modaraba (AM) - 99.78% holding

AM has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. AM is managed by the AMML. After receiving certificate of minimum subscription, AM commenced its business operations with effect from February 10, 2016. The registered office is situated at Horizon Vista, Plot no. Commercial 10, Block 4, Scheme 5, Clifton, Karachi, Pakistan.

AM is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing working capital, Term Finance, Ijarah, Musharika, Morabaha and other Shari'ah compliant investments / instruments to credit worthy customers. AM is listed on the Pakistan Stock Exchange Limited.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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 IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 US dollar equivalent

The US dollar amounts shown in the condensed interim consolidated statement of financial position, condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income and condensed interim consolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 166.20 to US Dollars has been used as it was the prevalent rate as on September 30, 2020.

- 2.3** The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended December 31, 2019.

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 financial statements of the Company for the year ended December 31, 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID - 19. These risk management policies continue to remain robust and the Group is reviewing its portfolio in line with emerging risks.

5.1 Regulatory reliefs due to COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a number of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks / DFIs to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 will impact DFI's in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as some of the DFI's staff are working from home.

5.2 Operational Risk Management

The Group is closely monitoring the situation and has invoked required actions to ensure safety and security of staff and uninterrupted service to the customers. The senior management of the Group is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

5.3 Credit Risk Management

The Risk Management function of the Group is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Group has further strengthened its credit review procedures in the light of COVID-19. The Group is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

5.4 Liquidity Risk Management

In view of the relaxation granted by SBP for deferral of principal and mark-up and rescheduling of loans there will be an impact on the maturity profile of the Group. The Asset and Liability Committee (ALCO) of the Company is continuously monitoring the liquidity position and the Company is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.5 Equity Risk Management

The carrying value of the Company's investment in listed equity securities classified as available-for-sale, amounts to Rs. 622.541 million as at September 30, 2020. During the period, SBP via BPRD Circular Letter No. 13 of 2020 Para 4 (c) has provided regulatory relief to Banks / DFIs to recognise impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS), in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. The impairment loss as of September 30, 2020 is Rs. 5.808 million. However, pursuant to the circular, the Company has maintained already recognised impairment loss of Rs. 10.410 million.

5.6 Capital Adequacy Ratio (CAR)

In order to encourage Banks / DFIs to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

	Note	(Audited)	
		September 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
6 CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand		85	-
With State Bank of Pakistan in:			
Local currency current account	6.1	104,445	129,595
With National Bank of Pakistan in:			
Local currency current account		<u>97</u>	<u>4,318</u>
		<u>104,627</u>	<u>133,913</u>

6.1 This includes the minimum cash reserve required to be maintained with the SBP in accordance with the requirement of BSD Circular No. 04 dated May 22, 2004.

	Note	(Audited)	
		September 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	7.1	298,292	215,511
In current accounts		-	160
		<u>298,292</u>	<u>215,671</u>

7.1 These carry mark-up at rates ranging from 3.00% to 6.00% per annum (2019: 4.10% to 9.50% per annum).

	Note	(Audited)	
		September 2020	December 31, 2019
		----- Rupees in '000 -----	
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Investments against repurchase agreements	8.1	48,879	4,548,879
Repurchase agreement lendings (reverse repo)	8.2	<u>943,204</u>	<u>-</u>
		<u>992,083</u>	<u>4,548,879</u>

8.1 Awwal Modaraba has entered into an agreement with a shareholder of a company (the investee company) for the purchase of 2,051,150 shares of the investee company. Concurrently, the Modaraba has entered into a separate agreement with another shareholder of the investee company for the selling of underlying shares transferred in the name of the Modaraba.

8.2 These carried mark-up at rate ranges from 7.10% to 7.15% (2019: 13.40% to 13.50%) and will mature within 1 month (2019: 1 month).

		(Audited)	
		September 2020	December 31, 2019
		----- Rupees in '000 -----	
8.3 Particulars of lending			
In local currency		992,083	4,548,879
In foreign currencies		-	-
		<u>992,083</u>	<u>4,548,879</u>

9 INVESTMENTS

9.1 Investments by type:

	September 30, 2020				December 31, 2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Held-for-trading securities								
Ordinary shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal government securities	16,884,833	-	(471,193)	16,413,640	25,169,133	-	(38,526)	25,130,607
Ordinary shares	779,602	(80,435)	(76,626)	622,541	1,647,175	(70,025)	(108,124)	1,469,026
Non-government debt securities	2,850,881	(269,155)	13,494	2,595,220	2,850,083	(269,110)	(18,230)	2,562,743
Units of mutual funds	215,020	-	(15,344)	199,676	548,786	-	(21,995)	526,791
Preference shares	3,250	(3,250)	-	-	3,250	(3,250)	-	-
	20,733,586	(352,840)	(549,669)	19,831,077	30,218,427	(342,385)	(186,875)	29,689,167
Held-to-maturity securities								
Commercial paper	41,775	-	-	41,775	124,458	-	-	124,458
	41,775	-	-	41,775	124,458	-	-	124,458
Total investments	20,775,361	(352,840)	(549,669)	19,872,852	30,342,885	(342,385)	(186,875)	29,813,625

9.1.1 Investments given as collateral

	September 30, 2020			December 31, 2019		
	Cost / amortised	Surplus / (deficit)	Carrying value	Cost / amortised	Surplus / (deficit)	Carrying value
Rupees in '000						
Market Treasury Bills	3,362,194	3,559	3,365,753	11,020,434	(24,964)	10,995,470
Pakistan Investment Bonds	4,203,566	(230,535)	3,973,031	10,171,890	(9,681)	10,162,209
Term finance / sukuks certificates	741,500	-	741,500	739,824	-	739,824
	8,307,260	(226,976)	8,080,284	21,932,148	(34,645)	21,897,503

9.2 Provision for diminution in value of investments

	(Audited)	
	September 30, 2020	December 31, 2019
Opening balance	342,385	439,954
Charge / reversals		
Charge for the year	91,395	292,902
Reversal on disposals	(80,940)	(390,471)
	10,455	(97,569)
Closing balance	352,840	342,385

Particulars of provision against debt securities

Category of classification	Audited			
	September 30, 2020		December 31, 2019	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- (Rupees in '000) -----			
Domestic Loss	269,155	269,155	269,110	269,110

10 ADVANCES

	Performing		Non-performing		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	17,450,960	19,581,084	646,004	595,472	18,096,964	20,176,556
Islamic financing and related assets	757,820	766,922	-	-	757,820	766,922
Advances - gross	18,208,780	20,348,006	646,004	595,472	18,854,784	20,943,478
Provision against advances						
- Specific	-	-	447,484	394,034	447,484	394,034
- General	18,449	10,032	-	-	18,449	10,032
	18,449	10,032	447,484	394,034	465,933	404,066
Advances - net of provision	18,190,331	20,337,974	198,520	201,438	18,388,851	20,539,412

(Audited)
September 30, 2020 December 31, 2019
----- Rupees in '000 -----

10.1 Particulars of advances (gross)

In local currency	18,854,784	20,943,478
In foreign currencies	-	-
	<u>18,854,784</u>	<u>20,943,478</u>

10.2 Advances include Rs. 646.004 million (2019: Rs. 595.472 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	(Audited)			
		September 30, 2020		December 31, 2019	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	10.2.1	14,722	1,462	8,706	870
Substandard		42,826	10,708	11,459	2,865
Doubtful		12,365	6,183	8,188	4,094
Loss		576,092	429,132	567,119	386,205
Total		<u>646,004</u>	<u>447,484</u>	<u>595,472</u>	<u>394,034</u>

10.2.1 The 'Other Assets Especially Mentioned' category pertains to small enterprise finance.

10.3 Particulars of provision against advances

	(Audited)					
	September 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	394,034	10,032	404,066	309,684	5,372	315,056
Charge for the year	59,289	8,417	67,706	94,693	4,660	99,353
Reversals	(5,839)	-	(5,839)	(10,343)	-	(10,343)
	53,450	8,417	61,867	84,350	4,660	89,010
Amounts written off	-	-	-	-	-	-
Closing balance	<u>447,484</u>	<u>18,449</u>	<u>465,933</u>	<u>394,034</u>	<u>10,032</u>	<u>404,066</u>

10.3.1 The Company has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken, the specific provision against non-performing advances would have been higher by Rs. 146.960 million (December 31, 2019: Rs. 180.914 million). The FSV benefit availed - net of tax is not available for the distribution as either cash or stock dividend to the shareholders.

		(Audited)	
		September 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
11	FIXED ASSETS	Note	
	Property and equipment		34,144
	Capital work-in-progress		319
	Right-of-use of asset		92,329
			<u>126,792</u>
			<u>41,772</u>
			<u>-</u>
			<u>112,159</u>
			<u>153,931</u>
11.1	Capital work-in-progress		
	Lease hold improvements		319
			<u>-</u>
12	INTANGIBLE ASSETS		
	Computer Software		8,185
	Capital work-in-progress	12.1	2,338
			<u>10,523</u>
			<u>4,685</u>
			<u>1,513</u>
12.1	Capital work-in-progress		
	Software		2,338
			<u>1,513</u>
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on		
	- Post retirement employee benefits	249	249
	- Provision for diminution in the value of investments	102,998	90,473
	- Provision against advances, other assets, etc.	128,117	115,828
	- Deficit on revaluation of investments	21,748	35,977
	- Accelerated tax depreciation	3,108	1,058
	- Lease liability against right-of-use asset	28,595	1,369
	- Carry forward of alternate corporate tax	49,910	36,553
	- Carry forward of minimum tax	35,162	5,746
	- Capital loss on investments	-	62,001
	- Provision for bonus	1,846	7,281
		<u>371,733</u>	<u>356,535</u>
	Taxable temporary differences on		
	- Net investment in finance lease	(46,021)	(3,058)
	- Post retirement employee benefits	-	(31,015)
	- Right-of-use assets	(26,775)	6,819
	- Amortisation of discount on investments	(72,115)	(134,828)
		<u>(144,911)</u>	<u>(162,082)</u>
		<u>226,822</u>	<u>194,453</u>
14	OTHER ASSETS		
	Income/ mark-up accrued in local currency		697,020
	Advances, deposits, advance rent and other prepayments		24,325
	Advance taxation (payments less provisions)		665,372
	Receivable against sale of shares		-
	Receivable against advisory fee		39,343
	Lease receivable under IFRS-16		6,866
	Non-banking asset acquired in satisfaction of claims	14.1	77,690
	Receivable from defined benefit plan		-
			<u>716</u>
			<u>1,510,617</u>
			<u>1,760,072</u>
14.1	Non-banking asset acquired in satisfaction of claims		
	Opening balance		106,215
	Additions during the year		5,462
	Disposals during the year		(33,987)
	Closing balance		<u>77,690</u>
			<u>28,525</u>
			<u>77,690</u>
			<u>-</u>
			<u>106,215</u>

	Note	September 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
15	NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE		
	Non-current assets classified as held-for-sale	<u>392,917</u>	<u>387,745</u>

15.1 This relates to land, building and machinery which have been classified as 'Non-current assets held for sale' as at September 30, 2020. The Company has entered into an agreement with a buyer to dispose of these properties. It is expected that the process of sale of these properties will be completed in the near future.

16 BORROWINGS

Secured

Borrowings from State Bank of Pakistan

- Long-Term Finance Facility (LTFF) scheme	16.1	5,003,666	5,078,020
- Power Plants Using Renewable Energy (PPRE) scheme		116,068	152,690
- Finance for Storage of Agriculture Produce (FSAP) scheme		203,942	235,068
- Finance under working capital		184,833	68,000
- Finance under Credit Guarantee		13,039	-
- Finance under BMR		21,602	-
		<u>5,543,150</u>	<u>5,533,778</u>
Repurchase agreement borrowings	16.2	8,325,302	5,333,511
Borrowings from banks	16.3	<u>7,741,483</u>	<u>29,445,521</u>
Total secured		<u>21,609,935</u>	<u>40,312,810</u>

Unsecured

Letters of placement:	16.4	<u>7,527,431</u>	<u>4,379,190</u>
		<u>29,137,366</u>	<u>44,692,000</u>

16.1 The Holding Company has entered into agreements for financing with the SBP for Long-Term Financing under Export Oriented Projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the due date by directly debiting the current account maintained by the Company with SBP. The rate of return ranges from 2.00% to 6.00% per annum (2019: 2.00% to 8.40% per annum). These are secured against demand promissory notes and are repayable within 9 years (2019: 9 years).

16.2 These represent borrowings from various financial institutions at mark-up rates ranging from 7.01% to 7.35% per annum (2019: 13.20% to 13.60% per annum). Market Treasury Bills and Pakistan Investment Bonds having a face value of Rs. 4,400 million (2019: Rs. 5,820 million) and Rs. 4,060 million (2019: nil) respectively have been given as collateral against these borrowings.

16.3 These carry mark-up at rates ranging from 7.40% to 8.21% per annum (2019: 11% to 14% per annum) and are repayable within 3 years (2019: 4 years). These are secured against hypothecation of receivables and floating charge over Term Finance Certificates and Market Treasury Bills.

16.4 These carry mark-up at rates ranging from 6.15% to 14.00% per annum (2019: 9.50% to 14.00% per annum) and are repayable within 2 years (2019: 3 years).

17 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2020			(Audited) December 31, 2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Customers						
- Certificate of investments (COIs)	830,000	-	830,000	620,000	-	620,000
Financial Institutions						
- Certificate of investments (COIs)	-	-	-	-	-	-
	<u>830,000</u>	<u>-</u>	<u>830,000</u>	<u>620,000</u>	<u>-</u>	<u>620,000</u>

18	OTHER LIABILITIES	Note	(Audited)	
			September 30, 2020	December 31, 2019
			----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency		333,607	782,889
	Unearned commission and income on bills discounted		24,304	22,745
	Accrued expenses		77,446	71,960
	Brokerage / commission payable		1,857	3,170
	Payable against purchase of shares		-	15,758
	Lease liability against right-of-use assets		98,790	94,289
	Security deposits against advances		541,801	604,464
	Provision for Sindh Worker's Welfare Fund		103,185	113,034
	Payable to defined benefit plan - related party		16,480	-
	Sales tax payable on modaraba management fee	18.1	-	7,180
	Taxation payable		-	614
	Unclaimed dividend		-	160
	Others		35,151	34,695
			<u>1,232,621</u>	<u>1,750,958</u>

18.1 AMML has recorded a provision in respect of Sindh Sales Tax (SST) on management fee at the rate of 14% per annum from July 1, 2015 to June 30, 2016 and at the rate of 13% subsequently. However, certain other Modaraba Management Companies have filed petitions in the Sindh High Court (SHC) challenging the orders passed by various income tax authorities regarding the applicability of tax on modaraba management company's remuneration which is currently pending adjudication. In view of the pendency of such matter with the SHC, AMML has not recovered from AM and has, hence, not paid / discharged SST on management fee. However, a full provision has been maintained thereagainst in these consolidated financial statements.

	Note	September 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
19 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Available-for-sale securities	9.1	(549,669)	(186,875)
Deferred tax on deficit on revaluation of:			
- Available-for-sale securities		36,825	35,977
		<u>(512,844)</u>	<u>(150,898)</u>
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	513,353	1,102,446
- Commitments	20.2	12,831,850	10,957,509
- Other contingent liabilities	20.3	-	-
		<u>13,345,203</u>	<u>12,059,955</u>
20.1 Guarantees			
Financial guarantees		<u>513,353</u>	<u>1,102,446</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		825,618	331,320
Commitments in respect of:			
- government securities	20.2.1	-	-
- repo transactions	20.2.2	8,416,342	9,877,213
- forward lendings	20.2.3	3,589,890	748,976
		<u>12,831,850</u>	<u>10,957,509</u>
20.2.1 Commitments in respect of government securities			
Sale		<u>-</u>	<u>-</u>
20.2.2 Commitments in respect of repo transactions			
Repurchase of government securities		8,416,342	5,342,579
Reverse repurchase of government securities		-	4,534,634
		<u>8,416,342</u>	<u>9,877,213</u>
20.2.3 Commitments in respect of forward lendings			
Forward repurchase agreement lending		1,013,968	-
Undrawn formal standby facilities, credit lines and other commitments to lend		2,575,922	748,976
		<u>3,589,890</u>	<u>748,976</u>

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Company without the risk of incurring significant penalty or expense.

20.3 Other contingent liabilities

20.3.1 In 2009, Burj Bank Limited (formerly Dawood Islamic Bank Limited) filed a legal suit amounting to Rs 200 million for damages against the Company for alleged non-performance of underwriting commitment in respect of issue of shares at a premium. The legal advisors of the Company are of the opinion that the Company has a strong case and that the matter will most likely be decided in favour of the Company.

20.3.2 The returns of income of the Company from tax years 2008 to 2018 had been filed with the tax authorities. From tax year 2008 upto tax year 2017, these returns have been revised and additional tax demands have been raised of which Rs. 559.245 million are outstanding as at September 30, 2020. The matters which have been raised in these demands mainly included allocation of common expenses to dividend income, taxation of discount income, additions on account of concessional loans to employees and deletion of the charge pertaining to the Workers' Welfare Fund. The Company is contesting these demands and appeals have been filed by the Company against the same which are pending adjudication at various legal and appellate forums. The Company has made partial payments against some of these demands which are being shown as refundable from tax authorities. The management is confident that the matters will eventually be decided in favour of the Company and that the Company will be able to adjust amounts in respect of matters decided against the Company (if any) against the tax refunds currently being claimed by it.

20.3.3 In 2018, the Company signed an agreement with Army Welfare Trust (AWT) which included an indemnity in favour of AWT for a period of 3 years from December 14, 2016 against any financial liability which may arise out of any fraudulent act carried out during the tenure of the Company's management of Primus Investment Management Limited (PIML). The Company had received a notice of demand for indemnification from AWT Investments Limited (AWTIL) under the aforesaid agreement for an amount of Rs. 34.362 million. The Company had also received a notice of demand for indemnification from AWT on December 13, 2019. The Company, through its legal counsel has responded to the said notice on January 28, 2020. As per advice of the legal counsel, the Company has a strong case in this matter and chances of any successful claim against the Company appear to be unlikely.

	Note	September 30, 2020	September 30, 2019
----- Rupees in '000 -----			
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	1,411,656	1,582,765
	b) Investments	1,752,188	1,915,367
	c) Lendings to financial institutions	126,782	152,141
	d) Balances with banks	9,415	22,765
		<u>3,300,041</u>	<u>3,673,038</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	44,925	108,004
	Interest expense on lease liability	-	8,229
	Borrowings	<u>2,384,765</u>	<u>2,791,932</u>
		<u>2,429,690</u>	<u>2,908,165</u>
23	FEE AND COMMISSION INCOME		
	Advisory / arrangement fee	89	66,920
	Processing fee income	4,216	1,105
	Commitment fee	8,570	10,778
	Commission on letters of credit	-	-
	Trustee fee	41,800	40,989
	Front end fee	413	1,235
		<u>55,088</u>	<u>121,027</u>
24	(LOSS) / GAIN ON SECURITIES		
	Realised	468,974	(466,803)
	Unrealised - held for trading	-	6,098
		<u>468,974</u>	<u>(460,705)</u>
24.1	Realised (loss) / gain on:		
	Federal government securities	546,972	63,336
	Shares	(87,348)	(530,779)
	Mutual funds	4,307	-
	Commercial paper	44	-
	Non-government debt securities	-	640
	Immovable property	4,999	-
		<u>468,974</u>	<u>(466,803)</u>
25	OTHER INCOME		
	Rent on property	150	4,925
	Gain on sale of fixed assets - net	47	1,790
	Others	-	1,336
		<u>197</u>	<u>8,051</u>

26 OPERATING EXPENSES	Note	September 30, 2020	September 30, 2019
		----- Rupees in '000 -----	
Total compensation expense		224,105	192,329
Property expense			
Rent and taxes		1,909	1,792
Insurance		3,896	3,363
Security		1,149	1,214
Utilities cost		3,191	2,639
Repairs and maintenance (including janitorial charges)		5,190	4,662
Depreciation		1,990	880
		17,325	14,550
Information technology expenses			
Software maintenance		3,764	6,603
Hardware maintenance		590	2,253
Depreciation		2,958	2,652
Amortisation		4,937	4,957
		12,249	16,465
Other operating expenses			
Directors' fees and allowances		6,445	5,571
Fees and subscription		3,232	2,410
Legal and professional charges		11,083	12,732
Outsourced services costs		11,746	12,049
Travelling and conveyance		27,709	25,069
Brokerage commission		12,932	6,939
Depreciation		22,259	30,573
Training and development		557	512
Postage and courier charges		397	274
Communication		2,914	3,962
Stationery and printing		1,164	1,505
Marketing, advertisement and publicity		283	976
Donation		5,000	-
Auditors' remuneration		2,239	1,772
Others		6,989	7,964
		114,949	112,308
		<u>368,628</u>	<u>335,652</u>

27 PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers' Welfare Fund	27.1	<u>2,408</u>	<u>4,636</u>
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27.1 As a consequence of the 18th amendment to the Constitution of Pakistan, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh in May 2015 as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. Accordingly, as a matter of abundant caution, the management has maintained a provision for SWWF in the unconsolidated financial statements amounting to Rs 103.185 million.

	Note	September 30, 2020	September 30, 2019
28 PROVISIONS AND WRITE OFFS - NET		----- Rupees in '000 -----	
Provision for diminution in value of investments - net	9.2	10,455	(97,603)
Provisions against loans and advances	10.3	61,864	64,328
Other provisions / write offs		-	-
		<u>72,319</u>	<u>(33,275)</u>
29 TAXATION			
Current		285,639	177,288
Prior years		25,000	-
Deferred		<u>(31,520)</u>	<u>(99,551)</u>
		<u>279,119</u>	<u>77,737</u>
30 BASIC EARNINGS PER SHARE		----- Rupees in '000 -----	
Profit for the year		<u>695,394</u>	<u>76,834</u>
		---No. of shares in '000s---	
Weighted average number of ordinary shares		<u>600,000</u>	<u>600,000</u>
		----- Rupees -----	
Basic earnings per share		<u>1.16</u>	<u>0.13</u>

30.1 Diluted earnings per share

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

31 FAIR VALUE MEASUREMENT

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.

31.1 Fair value of financial assets

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

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

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

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

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Term finance / sukuku certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuku certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the prices announced by the Pakistan Stock Exchange Limited.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.

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:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal government securities	-	16,413,640	-	16,413,640
Shares	622,541	-	-	622,541
Non-Government debt securities	-	2,595,220	-	2,595,220
Units of mutual funds	199,676	-	-	199,676
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	8,416,342	-	8,416,342
----- Rupees in '000 -----				
Audited				
December 31, 2019				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal government securities	-	25,130,607	-	25,130,607
Shares	1,469,026	-	-	1,469,026
Non-Government debt securities	-	2,562,743	-	2,562,743
Units of mutual funds	-	526,791	-	526,791
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	9,877,213	-	9,877,213

	September 30, 2020			
	Corporate finance	Trading and sales	Commercial banking	Total
Profit and Loss Account				
Net mark-up / return / profit	-	440,421	429,929	870,350
Non mark-up / return / interest income	52,182	495,335	-	547,517
Total income	52,182	935,756	429,929	1,417,867
Segment direct expenses	10,704	229,715	130,616	371,035
Total expenses	10,704	229,715	130,616	371,035
Provisions	-	27,270	45,049	72,319
Profit before tax	41,478	678,771	254,264	974,513
Statement of Financial Position				
Cash and bank balances	10,475	345,947	46,497	402,919
Lendings to financial institutions	-	992,083	-	992,083
Investments	-	19,872,852	-	19,872,852
Advances - performing	-	1,793,194	16,397,137	18,190,331
- non-performing	-	34,539	163,981	198,520
Others	5,031	1,497,905	764,735	2,267,671
Total assets	15,506	24,536,520	17,372,350	41,924,376
Borrowings	-	17,649,920	11,487,446	29,137,366
Deposits and other accounts	-	508,538	321,462	830,000
Others	-	543,200	689,421	1,232,621
Total liabilities	-	18,701,658	12,498,329	31,199,987
Equity	15,506	5,834,862	4,874,021	10,724,389
Total equity and liabilities	15,506	24,536,520	17,372,350	41,924,376
Contingencies and commitments	-	9,755,928	3,589,275	13,345,203

	September 30, 2019			
	Corporate finance	Trading and sales	Commercial banking	Total
Profit and Loss Account				
Net mark-up / return / profit	-	401,830	363,043	764,873
Non mark-up / return / interest income	142,740	(446,029)	-	(303,289)
Total income	142,740	(44,199)	363,043	461,584
Segment direct expenses	57,058	134,721	148,510	340,289
Total expenses	57,058	134,721	148,510	340,289
Provisions	-	(95,176)	61,900	(33,276)
Profit before tax	85,682	(83,744)	152,633	154,571

	December 31, 2019			
	Corporate finance	Trading and sales	Commercial banking	Total
Statement of Financial Position				
Cash and bank balances	64,179	158,245	127,160	349,584
Investments	-	29,813,625	-	29,813,625
Lendings to financial institutions	48,879	4,500,000	-	4,548,879
Advances - performing	774,891	455,106	19,107,977	20,337,974
- non-performing	-	30,412	171,026	201,438
Others	121,539	1,417,537	963,323	2,502,399
Total assets	1,009,488	36,374,925	20,369,486	57,753,899
Borrowings	-	26,330,469	18,361,531	44,692,000
Deposits and other accounts	-	367,880	252,120	620,000
Others	36,672	846,140	868,146	1,750,958
Total liabilities	36,672	27,544,489	19,481,797	47,062,958
Equity	972,816	8,830,436	887,689	10,690,941
Total equity and liabilities	1,009,488	36,374,925	20,369,486	57,753,899
Contingencies and commitments	11,800	6,065,020	5,983,135	12,059,955

33 RELATED PARTY TRANSACTIONS

The Company has related party relationship with subsidiary companies (namely Primus Leasing Limited, Awwal Modaraba and Awwal Modaraba Management Limited), employees' defined benefit and defined contribution plan, its key management personnel and state controlled entities.

There are no transactions with key management personnel other than those carried out as per their terms of employment. Contributions to approved defined benefit and contribution plans are made in accordance with the actuarial valuations / terms of scheme. Remuneration to executives is disclosed in note 25 to the unconsolidated financial statements. Transactions with owners have been disclosed in 'Unconsolidated Statement of Changes in Equity'. All other transactions between the Company and its related parties are carried out under normal course of business except employee staff loans that are as per terms of employment.

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

	September 30, 2020			December 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Advances						
Opening balance	-	80,719	1,512	-	74,920	2,579
Addition during the year	-	24,730	-	-	7,579	(1,067)
Repaid during the year	-	(16,829)	-	-	(32,263)	-
Transfer in / (out) - net	-	5,652	-	-	30,483	-
Closing balance	-	94,272	1,512	-	80,719	1,512
Other Assets						
Others	-	-	-	-	-	716
	-	-	-	-	-	716
Borrowings						
Opening balance	-	-	66,014	-	-	14,346
Borrowings during the year	-	-	80,108	-	-	398,129
Settled during the year	-	-	(76,722)	-	-	(346,461)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	69,400	-	-	66,014
Other Liabilities						
Interest / mark-up payable	-	-	8,318	-	-	1,379
Other liabilities	-	-	2,114	-	-	6,596
	-	-	10,432	-	-	7,975

	September 30, 2020			September 30, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Income						
Mark-up / return / interest earned	-	1,621	-	-	4,244	-
Expense						
Operating expenses	6,445	139,127	4,667	5,171	127,316	1,783
Reimbursement of expenses	-	6,522	-	-	8,442	-

- 33.1** These denote administrative expenses charged by the Company under the cost sharing agreement entered into between the Company and its subsidiaries (namely Primus Leasing Limited, Awwal Modaraba Management Limited and Awwal Modaraba).

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	September 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,979,113	8,921,937
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,979,113	8,921,937
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	8,979,113	8,921,937
Risk Weighted Assets (RWAs):		
Credit Risk	18,389,649	20,795,573
Market Risk	6,037,013	5,276,026
Operational Risk	2,094,736	2,094,736
Total	26,521,398	28,166,335
Common Equity Tier 1 Capital Adequacy ratio	33.86%	31.68%
Tier 1 Capital Adequacy Ratio	33.86%	31.68%
Total Capital Adequacy Ratio	33.86%	31.68%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,979,113	8,921,937
Total Exposures	44,070,142	58,256,680
Leverage Ratio - percentage	20.37%	15.31%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,968,951	4,538,009
Total Net Cash Outflow	8,219,560	7,136,150
Liquidity Coverage Ratio - percentage	121.28%	63.59%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,410,522	25,529,648
Total Required Stable Funding	17,903,511	22,140,524
Net Stable Funding Ratio - percentage	119.59%	115.31%

35 GENERAL

- 35.1** Figures in these consolidated financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.
- 35.2** Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and better presentation.

36 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **October 28, 2020** by the Board of Directors of the Holding Company.

President/Chief Executive

Chief Financial Officer

Director

Director

Director