



PAK BRUNEI INVESTMENT COMPANY LTD.

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

FOR THE PERIOD ENDED MARCH 31, 2020

PAK BRUNEI INVESTMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

(Audited)		(Audited)	
March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
----- USD in '000 -----		----- Rupees in '000 -----	
ASSETS			
614	803	6	102,363
3,970	1,293	7	662,023
25,601	27,280	8	4,268,960
121,929	178,792	9	20,331,695
114,747	123,175	10	19,134,084
829	923	11	138,292
83	37	12	13,816
1,348	1,166	13	224,812
8,975	10,555	14	1,496,612
2,330	2,325	15	388,602
280,426	346,349		46,761,258
LIABILITIES			
-	-	16	33,963,471
203,679	268,018	17	500,000
2,999	3,718		-
-	-		-
-	-		-
-	-		-
9,630	10,500	18	1,605,903
216,308	282,236		36,069,374
64,118	64,113		47,062,958
NET ASSETS			
REPRESENTED BY			
35,982	35,982		6,000,000
9,615	8,876		1,603,355
(1,825)	(905)	19	(304,302)
20,332	20,146		3,390,427
64,104	64,099		10,689,480
14	14		2,405
64,118	64,113		10,691,884
CONTINGENCIES AND COMMITMENTS			
		20	2,361
			10,690,941

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 PERIOD ENDED MARCH 31, 2020**

Period Ended			Quarter Ended		Period Ended		
March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
----- USD in '000 -----			----- Rupees in '000 -----				
8,864	6,606	Mark-up / return / interest earned	21	1,478,138	1,101,604	1,478,138	1,101,604
7,177	5,104	Mark-up / return / interest expensed	22	1,196,732	851,138	1,196,732	851,138
1,687	1,502	Net mark-up / interest income		281,405	250,466	281,405	250,466
		Non mark-up / interest income					
110	122	Fee and commission income	23	18,344	20,394	18,344	20,394
56	40	Dividend income		9,398	6,719	9,398	6,719
586	(118)	(Loss) / gain on securities	24	97,785	(19,648)	97,785	(19,648)
0	4	Other income	25	12	656	12	656
753	48	Total non-markup / interest income		125,539	8,121	125,539	8,121
2,440	1,550	Total income		406,944	258,587	406,944	258,587
		Non mark-up / interest expenses					
754	643	Operating expenses	26	125,650	107,198	125,650	107,198
23	12	Sindh Workers' Welfare Fund	27	3,886	1,947	3,886	1,947
777	655	Total non mark-up / interest expenses		129,536	109,145	129,536	109,145
1,663	895	Profit before provisions		277,409	149,442	277,409	149,442
401	272	Provisions and write offs - net	28	66,908	45,381	66,908	45,381
-	-	Extraordinary / unusual items		-	-	-	-
1,262	623	Profit before taxation		210,501	104,061	210,501	104,061
337	165	Taxation	29	56,153	27,472	56,153	27,472
925	458	Profit after taxation		154,347	76,589	154,347	76,589
		Attributable to:					
925	459	Equity shareholders of the holding company		154,304	76,542	154,304	76,542
0.2610	0.2819	Non-controlling interest		44	47	44	47
925	458			154,347	76,589	154,347	76,589
----- USD -----			----- Rupees -----				
0.00154	0.00077	Basic and diluted earnings per share	30	0.26	0.13	0.26	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 PERIOD ENDED MARCH 31, 2020

Period Ended			Quarter Ended		Period Ended	
March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- USD in '000 -----			----- Rupees in '000 -----			
925	458	Profit after taxation for the year	154,347	76,589	154,347	76,589
		Other comprehensive loss				
		<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
(920)	1,313	Movement in deficit on revaluation of investments - net of tax	(153,404)	218,901	(153,404)	218,901
		<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>5</u>	<u>1,771</u>	Total comprehensive (loss) / income	<u>943</u>	<u>295,490</u>	<u>943</u>	<u>295,490</u>

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 CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 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 March 31, 2019	-	-	-	-	76,542	47	76,589
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	218,901	-	-	218,901
	-	-	-	218,901	76,542	47	295,490
Transfer to statutory reserve	-	14,175	-	-	(14,175)	-	-
Opening Balance as at April 01, 2019	6,000,000	1,421,170	-	(454,311)	3,390,933	2,273	10,360,065
Comprehensive income for the year							
Profit after taxation (December 31, 2019)	-	-	-	-	326,341	283	326,624
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	-	-	-	303,413	-	-	303,413
	-	-	-	303,413	327,375	283	631,071
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 period ended March 31, 2020	-	-	-	-	154,304	44	154,347
Other comprehensive loss							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(153,404)	-	-	(153,404)
	-	-	-	(153,404)	154,304	44	943
Transfer to statutory reserve	-	23,248	-	-	(23,248)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
Closing Balance as at March 31, 2020	6,000,000	1,503,355	100,000	(304,302)	3,390,427	2,405	10,691,884

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 MARCH 31, 2020

March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019
----- USD in '000 -----			----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES				
1,262	624	Profit before taxation	210,501	104,061
56	40	Less: Dividend income	9,398	6,719
<u>1,206</u>	<u>584</u>		<u>201,103</u>	<u>97,342</u>
Adjustments:				
84	18	Depreciation	13,945	3,039
10	10	Amortisation	1,666	1,695
23	12	Provision for Sindh Workers' Welfare Fund	3,886	1,947
401	272	Provision and write-offs	66,908	45,381
-	(3)	Gain on sale of fixed assets	(12)	(518)
-	-	Unrealized gain on revaluation of investments classified as held for trading - net	-	-
<u>518</u>	<u>309</u>		<u>86,393</u>	<u>51,544</u>
<u>1,724</u>	<u>893</u>		<u>287,495</u>	<u>148,886</u>
(Increase) / decrease in operating assets				
1,679	(436)	Lendings to financial institutions	279,919	(72,720)
-	-	Held-for-trading securities	-	-
8,378	6,939	Advances	1,396,961	1,157,016
2,494	4,196	Others assets (excluding advance taxation)	415,875	699,702
<u>12,551</u>	<u>10,699</u>		<u>2,092,755</u>	<u>1,783,998</u>
Increase/ (decrease) in operating liabilities				
(64,339)	(7,258)	Borrowings from financial institutions	(10,728,529)	(1,210,225)
(720)	148	Deposits	(120,000)	24,597
(930)	(453)	Other liabilities (excluding current taxation)	(155,072)	(75,471)
<u>(65,989)</u>	<u>(7,563)</u>		<u>(11,003,601)</u>	<u>(1,261,099)</u>
<u>(1,428)</u>	<u>(538)</u>	Income tax paid	(238,097)	(89,696)
<u>(53,142)</u>	<u>3,491</u>	Net cash flow generated from / (used in) operating activities	<u>(8,861,447)</u>	<u>582,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
55,560	(2,967)	Net investments in available-for-sale securities	9,265,079	(494,692)
29	-	Net investments in held-to-maturity securities	4,908	-
51	6	Dividends received	8,562	1,044
(9)	(2)	Investments in operating fixed assets	(1,471)	(291)
(3)	-	Investments in operating intangible assets	(841)	-
-	5	Proceeds from sale of fixed assets	12	902
<u>55,628</u>	<u>(2,958)</u>	Net cash flow (used in) / generated from investing activities	<u>9,276,249</u>	<u>(493,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
-	-	Dividend paid	-	-
-	-	Net cash flow used in financing activities	-	-
<u>2,486</u>	<u>533</u>	Decrease in cash and cash equivalents	<u>414,802</u>	<u>89,052</u>
2,096	2,677	Cash and cash equivalents at beginning of the year	349,584	446,461
<u>4,582</u>	<u>3,210</u>	Cash and cash equivalents at end of the year	<u>764,386</u>	<u>535,513</u>

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 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 (March 31, 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. 166.75 to US Dollars has been used as it was the prevalent rate as on March 31, 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

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 .

5.1 Risk management in the current economic scenario

The COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include:

- reducing the capital conservation buffer by 100 basis points to 1.5 percent;
- 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 percent to 60 percent;
- allowing banks/DFIs to defer clients' payment of principal on loan obligations by one year;
- relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year; and
- allowed to recognize impairment loss, if any, resulting from the valuation of listed equity securities held as "Available for Sale", in phased manner equally on quarterly basis during calendar year ending on 31-Dec-2020.

COVID 19 has impacted the banks/DFIs in Pakistan from various facets which includes increase in overall credit risk pertaining to loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as operations of Branches, managing cyber security threat and managing investment banking activities including arrangement of syndicate loans, debt and capital advisory services e.t.c. We have discussed below the major aspects of COVID 19 on the Company's risk management policies:

Assets quality and credit risk

The Credit Risk Management Department of the Company is regularly conducting assessments to identify borrowers operating in various sectors which are most likely to get affected. The Company has further strengthened its credit review procedures in the light of COVID 19. Company's Credit Committee has increase meeting frequencies to discuss impact on various sectors as well as clients.

Liquidity management

PBIC has received applications for deferral of principal amounting to Rs 1,654 million till April 15, 2020 and is expected to receive further such applications. These applications are being reviewed by the Credit Committee of the Company. The above will have an impact on the maturity profile of the Company as estimated previously. The Asset and Liability Committee (ALCO) of the Company is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Company has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Company is sufficient to cater any adverse movement in cash flow maturity profile.

Equity investments

The Company has investment in listed equity securities amounting to Rs 976 million as at March 31, 2020. The Pakistan Stock Exchange closed at 29,232 points as at March 31, 2020, triggering an impairment of Rs 234 million under the significant criteria pertaining to the equity portfolio of the Company. The Company has only recorded an impairment of Rs 58.5 million in the financial statements of the current period, and has deferred the recognition of impairment amounting to Rs 175.5 million to the subsequent periods as allowed by the SBP.

Operations

The Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to our customers. The senior management of the Company is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for majority of the staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

The Company has taken necessary measures to keep business as usual and meet expectations of all the stakeholders. The Company has ensured that it remains resilient to the existing situation in the country and meet economic challenges that may result because of the current lockdown.

Capital adequacy ratio

Under the current scenario, the Banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Company from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Senior Management of the Company is continuously monitoring the impacts of various decisions on its CAR and taking further lending decisions based on the overall impacts on RWA. The Company also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

6	CASH AND BALANCES WITH TREASURY BANKS	Note	(Audited)	
			March 31, 2020	December 31, 2019
			----- Rupees in '000 -----	
	Cash in hand		55	-
	With State Bank of Pakistan in:			
	Local currency current account	6.1	102,308	129,595
	With National Bank of Pakistan in:			
	Local currency current account	6.2	-	4,318
			<u>102,363</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.

6.2 This carry mark-up at rates ranging from nil (2019: 6.15% to 8.00% per annum).

7	BALANCES WITH OTHER BANKS	Note	(Audited)	
			March 31, 2020	December 31, 2019
			----- Rupees in '000 -----	
	In Pakistan			
	In deposit accounts	7.1	661,864	215,511
	In current accounts		159	160
			<u>662,023</u>	<u>215,671</u>

7.1 These carry mark-up at rates ranging from 4.10% to 12.25% per annum (2019: 4.10% to 9.50% per annum).

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Audited)	
			March 31, 2020	December 31, 2019
			----- Rupees in '000 -----	
	Investments against repurchase agreements	8.1	48,879	4,548,879
	Repurchase agreement lendings (reverse repo)	8.2	4,220,081	-
			<u>4,268,960</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 10.50% to 12.70% (2019: 13.40% to 13.50%) and will mature within 1 month (2019: 1 month).

8.3	Particulars of lending	(Audited)	
		March 31, 2020	December 31, 2019
		----- Rupees in '000 -----	
	In local currency	4,268,960	4,548,879
	In foreign currencies	-	-
		<u>4,268,960</u>	<u>4,548,879</u>

8.4 Securities held as collateral against lendings to financial institutions

	(Audited)					
	March 31, 2020		December 31, 2019			
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
----- Rupees in '000 -----						
Market Treasury Bills	220,081	-	220,081	4,500,000	(4,500,000)	-
Pakistan Investment Bonds	4,000,000	(4,000,000)	-			
Total	<u>4,220,081</u>	<u>(4,000,000)</u>	<u>220,081</u>	<u>4,500,000</u>	<u>(4,500,000)</u>	<u>-</u>

9 INVESTMENTS

9.1 Investments by type:

	March 31, 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	16,194,507	-	133,335	16,327,842	25,169,133	-	(38,526)	25,130,607
Ordinary shares	1,473,405	(128,551)	(369,060)	975,794	1,647,175	(70,025)	(108,124)	1,469,026
Non-government debt securities	2,850,322	(269,125)	3,028	2,584,225	2,850,083	(269,110)	(18,230)	2,562,743
Units of mutual funds	431,864	-	(107,580)	324,284	548,786	-	(21,995)	526,791
Preference shares	3,250	(3,250)	-	-	3,250	(3,250)	-	-
	20,953,348	(400,926)	(340,277)	20,212,145	30,218,427	(342,385)	(186,875)	29,689,167
Held-to-maturity securities								
Commercial paper	119,550	-	-	119,550	124,458	-	-	124,458
	119,550	-	-	119,550	124,458	-	-	124,458
Total investments	21,072,898	(400,926)	(340,277)	20,331,695	30,342,885	(342,385)	(186,875)	29,813,625

9.1.1 Investments given as collateral

	March 31, 2020			December 31, 2019		
	Cost / amortised cost	Surplus / (deficit)	Carrying value	Cost / amortised cost	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----						
Market Treasury Bills	5,264,792	30,494	5,295,286	11,020,434	(24,964)	10,995,470
Pakistan Investment Bonds	-	-	-	10,171,890	(9,681)	10,162,209
Term finance / sukuku certificates	739,824	-	739,824	739,824	-	739,824
	6,004,616	30,494	6,035,110	21,932,148	(34,645)	21,897,503

9.2 Provision for diminution in value of investments

	(Audited)	
	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Opening balance	342,385	439,954
Charge / reversals		
Charge for the year	58,541	292,902
Reversal on disposals	-	(390,471)
	58,541	(97,569)
Closing balance	400,926	342,385

Particulars of provision against debt securities

Category of classification	Audited			
	March 31, 2020		December 31, 2019	
	Non-performing investments	Provision	Non-performing investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	269,116	269,116	269,110	269,110

10 ADVANCES

	Performing		Non-performing		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	18,915,746	19,581,084	630,771	595,472	19,546,517	20,176,556
Islamic financing and related assets	-	766,922	-	-	-	766,922
Advances - gross	18,915,746	20,348,006	630,771	595,472	19,546,517	20,943,478
Provision against advances						
- Specific	-	-	401,462	394,034	401,462	394,034
- General	10,971	10,032	-	-	10,971	10,032
	10,971	10,032	401,462	394,034	412,433	404,066
Advances - net of provision	18,904,775	20,337,974	229,309	201,438	19,134,084	20,539,412

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

10.1 Particulars of advances (gross)

In local currency	19,546,517	20,943,478
In foreign currencies	-	-
	19,546,517	20,943,478

10.2 Advances include Rs. 630.771 million (2019: Rs. 595.472 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	(Audited)			
		March 31, 2020		December 31, 2019	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	10.2.1	27,066	2,707	8,706	870
Substandard		17,068	4,267	11,459	2,865
Doubtful		22,468	11,234	8,188	4,094
Loss		564,169	383,254	567,119	386,205
Total		630,771	401,462	595,472	394,034

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

10.3 Particulars of provision against advances

	(Audited)					
	March 31, 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	11,380	939	12,319	94,693	4,660	99,353
Reversals	(3,952)	-	(3,952)	(10,343)	-	(10,343)
	7,428	939	8,367	84,350	4,660	89,010
Amounts written off	-	-	-	-	-	-
Closing balance	401,462	10,971	412,433	394,034	10,032	404,066

10.3.2 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. 180.915 million (December 31, 2019: Rs. 180.915 million). The FSV benefit availed - net of tax is not available for the distribution as either cash or stock dividend to the shareholders.

		(Audited)	
		March 31,	December 31,
		2020	2019
		----- Rupees in '000 -----	
11	FIXED ASSETS		
	Property and equipment	39,526	153,931
	Right-of-use of asset	98,766	
		<u>138,292</u>	<u>153,931</u>
12	INTANGIBLE ASSETS		
	Computer Software	11,463	4,685
	Capital work-in-progress	2,353	1,513
		<u>13,816</u>	<u>6,198</u>
12.1	Capital work-in-progress		
	Software	<u>2,353</u>	<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	99,256	90,473
	- Provision against advances, other assets, etc.	116,424	115,828
	- Deficit on revaluation of investments	31,952	35,977
	- Tax losses carried forward	-	1,058
	- Preliminary expenses	-	1,369
	- Lease liability against right-of-use asset	30,624	36,553
	- Capital loss on on investments	-	5,746
	- Excess of minimum tax and ACT over corporate tax	49,910	62,001
	- Provision for bonus	2,612	7,281
		331,027	356,535
	Taxable temporary differences on		
	- Accelerated tax depreciation	(1,533)	(3,058)
	- Right-of-use assets	(30,560)	(31,015)
	- Net investment in finance lease	(35,350)	6,819
	- Amortization of discount on investments	(38,772)	(134,828)
		(106,215)	(162,082)
		<u>224,812</u>	<u>194,453</u>
14	OTHER ASSETS		
	Income/ mark-up accrued in local currency	558,693	977,669
	Advances, deposits, advance rent and other prepayments	75,642	8,820
	Advance taxation (payments less provisions)	694,307	542,728
	Receivable against sale of shares	7,344	49,002
	Receivable against advisory fee	45,191	66,544
	Lease receivable under IFRS-16	8,384	8,378
	Non-banking asset acquired in satisfaction of claims	106,215	106,215
	Dividend receivable	836	-
	Receivable from defined benefit plan	-	716
		<u>1,496,612</u>	<u>1,760,072</u>
	Less: Provision held against other assets	-	-
		<u>1,496,612</u>	<u>1,760,072</u>
14.1	Non-banking asset acquired in satisfaction of claims		
	Opening balance	106,215	28,525
	Additions during the year	-	77,690
	Disposals during the year	-	-
	Closing balance	<u>106,215</u>	<u>106,215</u>
15	NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE		
	Non-current assets classified as held-for-sale	<u>388,602</u>	<u>387,745</u>

This relates to land, building and machinery which have been classified as 'Non-current assets held for sale' as at March 31, 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	Note	(Audited)	
			March 31, 2020	December 31, 2019
			---- Rupees in '000 ----	
	Secured			
	Borrowings from State Bank of Pakistan			
	- Long-Term Finance Facility (LTFF) scheme	16.1	4,993,588	5,078,020
	- Power Plants Using Renewable Energy (PPRE) scheme		137,713	152,690
	- Finance for Storage of Agriculture Produce (FSAP) scheme		213,523	235,068
	- Finance under working capital		88,833	68,000
	- Finance under Credit Guarantee		6,710	-
			5,440,367	5,533,778
	Repurchase agreement borrowings	16.2	6,348,173	5,333,511
	Borrowings from banks	16.3	12,883,087	29,445,521
	Total secured		24,671,627	40,312,810
	Unsecured			
	Letters of placement:	16.4	9,291,844	4,379,190
			33,963,471	44,692,000

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 11.20% to 11.25% per annum (2019: 13.20% to 13.60% per annum). Market Treasury Bills and Pakistan Investment Bonds having a face value of Rs. 2,500 million (2019: Rs. 5,820 million) and Rs. 4,000 million (2019: nil) respectively have been given as collateral against these borrowings.

16.3 These carry mark-up at rates ranging from 11.41% to 14.08% per annum (2019: 11% to 14% per annum) and are repayable within 3 year (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 12.40% 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

	March 31, 2020			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)	500,000	-	500,000	620,000	-	620,000
Financial Institutions						
- Certificate of investments (COIs)	-	-	-	-	-	-
	500,000	-	500,000	620,000	-	620,000

18	OTHER LIABILITIES	Note	(Audited)	
			March 31, 2020	December 31, 2019
			---- Rupees in '000 ----	
	Mark-up / return / interest payable in local currency		583,272	782,889
	Unearned commission and income on bills discounted		25,953	22,745
	Accrued expenses		70,632	71,960
	Brokerage / commission payable		4,868	3,170
	Payable against purchase of shares		27,835	15,758
	Lease liability against right-of-use assets		98,562	94,289
	Security deposits against advances		627,104	604,464
	Provision for Sindh Worker's Welfare Fund		116,765	113,034
	Payable to defined benefit plan - related party		10,460	-
	Sales tax payable on modaraba management fee	18.1	-	7,180
	Taxation payable		-	614
	Unclaimed dividend		159	160
	Others		40,293	34,695
			1,605,903	1,750,958

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	March 31, 2020	(Audited) December 2019
----- Rupees in '000 -----			
19 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Available-for-sale securities	9.1	(340,277)	(186,875)
Deferred tax on deficit on revaluation of:			
- Available-for-sale securities		35,975	35,977
		<u>(304,302)</u>	<u>(150,898)</u>
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	655,364	1,102,446
- Commitments	20.2	13,986,401	10,957,509
- Other contingent liabilities	20.3	-	-
		<u>14,641,765</u>	<u>12,059,955</u>
20.1 Guarantees			
Financial guarantees		<u>655,364</u>	<u>1,102,446</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		729,668	331,320
Commitments in respect of:			
- government securities	20.2.1	-	-
- repo transactions	20.2.2	7,102,878	9,877,213
- forward lendings	20.2.3	6,153,855	748,976
		<u>13,986,401</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		7,102,878	5,342,579
Reverse repurchase of government securities		-	4,534,634
		<u>7,102,878</u>	<u>9,877,213</u>
20.2.3 Commitments in respect of forward lendings			
Forward repurchase agreement lending		4,270,061	-
Undrawn formal standby facilities, credit lines and other commitments to lend		1,883,794	748,976
		<u>6,153,855</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 March 31, 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 (note 14). 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.

	Note	March 31, 2020	March 31, 2019
----- Rupees in '000 -----			
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	558,525	504,039
	b) Investments	852,002	548,166
	c) Lendings to financial institutions	61,807	42,172
	d) Balances with banks	5,804	7,227
		<u>1,478,138</u>	<u>1,101,604</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	17,707	37,467
	Borrowings	1,179,025	813,671
		<u>1,196,732</u>	<u>851,138</u>
23	FEE AND COMMISSION INCOME		
	Advisory / arrangement fee	-	3,514
	Processing fee income	965	15
	Commitment fee	2,770	1,873
	Commission on letters of credit	-	-
	Trustee fee	14,293	14,001
	Front end fee	316	991
		<u>18,344</u>	<u>20,394</u>
24	(LOSS) / GAIN ON SECURITIES		
	Realised	97,785	(19,648)
	Unrealised - held for trading	-	-
		<u>97,785</u>	<u>(19,648)</u>
24.1	Realised (loss) / gain on:		
	Federal government securities	82,204	92
	Shares	15,770	(20,380)
	Mutual funds	(189)	-
	Non-government debt securities	-	640
		<u>97,785</u>	<u>(19,648)</u>
25	OTHER INCOME		
	Rent on property	-	125
	Gain on sale of fixed assets - net	12	518
	Others	-	13
		<u>12</u>	<u>656</u>

26 OPERATING EXPENSES	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----	
Total compensation expense	73,820	66,613
Property expense		
Rent and taxes	641	8,762
Insurance	980	940
Security	421	401
Utilities cost	1,349	496
Repairs and maintenance (including janitorial charges)	1,779	2,205
Depreciation	10,428	64
	15,598	12,868
Information technology expenses		
Software maintenance	1,052	1,865
Hardware maintenance	212	407
Depreciation	872	503
Amortisation	1,666	1,695
	3,802	4,470
Other operating expenses		
Directors' fees and allowances	3,137	1,715
Fees and subscription	1,086	847
Legal and professional charges	2,327	1,717
Outsourced services costs	3,859	3,179
Travelling and conveyance	8,486	6,840
Brokerage commission	5,279	1,839
Depreciation	2,645	2,472
Training and development	473	116
Postage and courier charges	246	57
Communication	1,040	1,080
Stationery and printing	363	664
Marketing, advertisement and publicity	207	217
Auditors' remuneration	603	310
Others	2,678	2,194
	32,429	23,247
	<u>125,650</u>	<u>107,198</u>

27 PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers' Welfare Fund	27.1	<u>3,886</u>	<u>1,947</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 105.053 million which includes a provision of Rs 3.886 million for the current period.

	Note	March 31, 2020	March 31, 2019
----- Rupees in '000 -----			
28	PROVISIONS AND WRITE OFFS - NET		
	Provision for diminution in value of investments - net	9.2	58,541
	Provisions against loans and advances	10.3	8,367
	Other provisions / write offs	-	-
		<u>66,908</u>	<u>45,381</u>
29	TAXATION		
	Current	86,518	38,494
	Prior years	-	-
	Deferred	(30,365)	(11,022)
		<u>56,153</u>	<u>27,472</u>
30	BASIC EARNINGS PER SHARE		
	Profit for the year	<u>154,347</u>	<u>76,589</u>
	Weighted average number of ordinary shares	<u>600,000</u>	<u>600,000</u>
	Basic earnings per share	<u>0.26</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 / sukuks certificates	Investments in listed debt securities (comprising term finance certificates, bonds, sukuk 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:

	March 31, 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	-	16,327,842	-	16,327,842
Shares	975,794	-	-	975,794
Non-Government debt securities	-	2,584,225	-	2,584,225
Units of mutual funds	324,284	-	-	324,284
Off-balance sheet financial instruments - measured at fair value				
Commitments in respect of repo transactions	-	7,102,878	-	7,102,878
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

	March 31, 2020			
	Corporate finance	Trading and sales	Commercial banking	Total
Profit and Loss Account				
Net mark-up / return / profit	-	158,401	123,004	281,405
Non mark-up / return / interest income	17,668	107,871	-	125,539
Total income	17,668	266,272	123,004	406,944
Segment direct expenses	5,087	81,761	42,688	129,536
Total expenses	5,087	81,761	42,688	129,536
Provisions	-	67,050	(142)	66,908
Profit before tax	12,581	117,461	80,459	210,501
Statement of Financial Position				
Cash and bank balances	34,554	632,577	97,255	764,386
Lendings to financial institutions	-	4,268,960	-	4,268,960
Investments	-	20,331,695	-	20,331,695
Advances - performing	-	347,302	18,557,473	18,904,775
- non-performing	-	38,670	190,639	229,309
Others	1,828	1,868,329	391,976	2,262,133
Total assets	36,382	27,487,533	19,237,343	46,761,258
Borrowings	-	25,919,749	8,043,722	33,963,471
Deposits and other accounts	-	409,419	90,581	500,000
Others	-	1,379,610	226,293	1,605,903
Total liabilities	-	27,708,778	8,360,596	36,069,374
Equity	36,382	(221,245)	10,876,747	10,691,884
Total equity and liabilities	36,382	27,487,533	19,237,343	46,761,258
Contingencies and commitments	-	11,372,940	3,268,825	14,641,765

	March 31, 2019			
	Corporate finance	Trading and sales	Commercial banking	Total
Profit and Loss Account				
Net mark-up / return / profit	-	614,193	487,411	1,101,604
Non mark-up / return / interest income	20,343	(12,222)	-	8,121
Total income	20,343	601,971	487,411	1,109,725
Segment direct expenses	3,527	478,200	478,556	960,283
Total expenses	3,527	478,200	478,556	960,283
Provisions	-	19,933	25,448	45,381
Profit before tax	16,816	103,838	(16,593)	104,061

	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:

	March 31, 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	-	2,032	-	-	7,579	(1,067)
Repaid during the year	-	(4,746)	-	-	(32,263)	-
Transfer in / (out) - net	-	-	-	-	30,483	-
Closing balance	-	78,005	1,512	-	80,719	1,512
Other Assets						
Others	-	-	-	-	-	716
	-	-	-	-	-	716
Borrowings						
Opening balance	-	-	66,014	-	-	14,346
Borrowings during the year	-	-	29,635	-	-	398,129
Settled during the year	-	-	(29,635)	-	-	(346,461)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	66,014	-	-	66,014
Other Liabilities						
Interest / mark-up payable	-	-	2,304	-	-	1,379
Other liabilities	-	-	1,781	-	-	6,596
	-	-	4,085	-	-	7,975
	March 31, 2020			March 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Income						
Mark-up / return / interest earned	-	964	-	-	991	-
Expense						
Operating expenses	2,537	52,857	-	1,409	21,338	-
Reimbursement of expenses		2,862			1,910	

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

	March 31, 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	8,974,019	8,921,937
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	8,974,019	8,921,937
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	8,974,019	8,921,937
Risk Weighted Assets (RWAs):		
Credit Risk	20,220,318	20,795,573
Market Risk	4,054,532	5,276,026
Operational Risk	1,756,822	2,094,736
Total	26,031,672	28,166,335
Common Equity Tier 1 Capital Adequacy ratio	34.47%	31.68%
Tier 1 Capital Adequacy Ratio	34.47%	31.68%
Total Capital Adequacy Ratio	34.47%	31.68%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,974,019	8,921,937
Total Exposures	49,868,405	58,256,680
Leverage Ratio - percentage	18.00%	15.31%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	10,233,661	4,538,009
Total Net Cash Outflow	8,308,901	7,136,150
Liquidity Coverage Ratio - percentage	123.17%	63.59%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,518,062	25,529,648
Total Required Stable Funding	19,652,787	22,140,524
Net Stable Funding Ratio - percentage	114.58%	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 **April 30, 2020** by the Board of Directors of the Holding Company.

President/Chief Executive

Chief Financial Officer

Director

Director

Director