



**PAK BRUNEI INVESTMENT COMPANY LTD.**

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

**FOR THE PERIOD / HALF YEAR ENDED  
JUNE 30, 2020**

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

(Audited)		(Audited)	
June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
----- USD in '000 -----		----- Rupees in '000 -----	
<b>ASSETS</b>			
954	797	6	160,301
4,805	1,283	7	807,558
331	27,069	8	55,679
132,255	177,409	9	22,225,569
109,229	122,222	10	18,355,939
769	916	11	129,313
72	37	12	12,172
1,224	1,157	13	205,704
9,070	10,473	14	1,524,169
2,349	2,307	15	394,745
261,058	343,670		43,871,149
			57,753,899
<b>LIABILITIES</b>			
-	-	16	-
186,333	265,944	17	31,313,335
2,975	3,689	17	500,000
-	-		-
-	-		-
-	-		-
7,020	10,419	18	1,180,134
196,328	280,052		32,993,469
64,730	63,618		47,062,958
<b>NET ASSETS</b>			
			10,877,680
			10,690,941
<b>REPRESENTED BY</b>			
35,704	35,704		6,000,000
9,930	8,808		1,668,694
(1,027)	(898)	19	(172,595)
20,108	19,990		(150,898)
			3,379,143
			3,359,371
			Total equity attributable to the equity holders
64,715	63,604		of the holding company
			10,875,241
			10,688,580
15	14		2,439
64,730	63,618		2,361
			10,877,680
			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**

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**Director**

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**Director**

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD / HALF YEAR ENDED JUNE 30, 2020**

<u>Half year ended</u>			<u>Quarter Ended</u>		<u>Half year ended</u>	
<u>June 30,</u>	<u>June 30,</u>		<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 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 -----			
14,575	13,486	Mark-up / return / interest earned	971,195	1,164,759	2,449,333	2,266,363
11,320	10,484	Mark-up / return / interest expensed	705,528	910,756	1,902,260	1,761,894
<u>3,255</u>	<u>3,002</u>	Net mark-up / interest income	<u>265,667</u>	<u>254,003</u>	<u>547,073</u>	<u>504,469</u>
		<b>Non mark-up / interest income</b>				
221	491	Fee and commission income	18,812	62,168	37,156	82,562
81	119	Dividend income	4,143	13,325	13,541	20,044
3,017	(1,395)	(Loss) / gain on securities	409,216	(214,769)	507,001	(234,417)
1	24	Other income	185	3,390	197	4,046
<u>3,320</u>	<u>(761)</u>	Total non-markup / interest income	<u>432,356</u>	<u>(135,886)</u>	<u>557,895</u>	<u>(127,765)</u>
<u>6,575</u>	<u>2,241</u>	Total income	<u>698,023</u>	<u>118,117</u>	<u>1,104,968</u>	<u>376,704</u>
		<b>Non mark-up / interest expenses</b>				
1,494	1,414	Operating expenses	125,419	130,500	251,069	237,698
7	13	Sindh Workers' Welfare Fund	(2,652)	247	1,234	2,194
<u>1,501</u>	<u>1,427</u>	Total non mark-up / interest expenses	<u>122,767</u>	<u>130,747</u>	<u>252,303</u>	<u>239,892</u>
<u>5,073</u>	<u>814</u>	Profit before provisions	<u>575,256</u>	<u>(12,630)</u>	<u>852,665</u>	<u>136,812</u>
850	1,366	Provisions and write offs - net	75,982	184,178	142,890	229,559
-	-	Extraordinary / unusual items	-	-	-	-
<u>4,223</u>	<u>(552)</u>	<b>Profit before taxation</b>	<u>499,274</u>	<u>(196,808)</u>	<u>709,775</u>	<u>(92,747)</u>
1,198	248	Taxation	145,186	14,138	201,339	41,610
<u>3,025</u>	<u>(800)</u>	<b>Profit after taxation</b>	<u>354,088</u>	<u>(210,946)</u>	<u>508,436</u>	<u>(134,357)</u>
		<b>Attributable to:</b>				
3,025	(798)	Equity shareholders of the holding company	354,010	(210,603)	508,358	(134,138)
0.4629	(1.3032)	Non-controlling interest	78	(343)	78	(219)
<u>3,025</u>	<u>(800)</u>		<u>354,088</u>	<u>(210,946)</u>	<u>508,436</u>	<u>(134,357)</u>
----- USD -----			----- Rupees -----			
<u>0.00504</u>	<u>(0.00133)</u>	<b>Basic and diluted earnings per share</b>	<u>0.59</u>	<u>(0.35)</u>	<u>0.85</u>	<u>(0.22)</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

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Director

PAK BRUNEI INVESTMENT COMPANY LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD / HALF YEAR ENDED JUNE 30, 2020

Half year ended			Quarter Ended		Half year ended	
June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----			
3,025	(800)	Profit after taxation for the year	354,088	(210,946)	508,436	(134,357)
		<b>Other comprehensive loss</b>				
		<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
(129)	1,303	Movement in deficit on revaluation of investments - net of tax	(21,697)	218,901	(21,697)	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>2,896</u>	<u>503</u>	<b>Total comprehensive (loss) / income</b>	<u>332,391</u>	<u>7,955</u>	<u>486,739</u>	<u>84,544</u>

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Director

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Director

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD / HALF YEAR ENDED JUNE 30, 2020**

	Share capital	Statutory reserve	General reserve	Deficit on revaluation of investments	Unappropriated profit	Non-controlling interest	Total
	Rupees in '000						
<b>Opening Balance as at January 01, 2019</b>	6,000,000	1,406,995	-	(673,212)	3,328,566	2,226	10,064,575
<b>Comprehensive income for the year</b>							
Profit after taxation for the period ended June 30, 2019	-	-	-	-	(134,138)	(219)	(134,357)
<b>Other comprehensive loss</b>							
- 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	(134,138)	(219)	84,544
Transfer to statutory reserve	-	14,175	-	-	(14,175)	-	-
<b>Opening Balance as at July 01, 2019</b>	6,000,000	1,421,170	-	(454,311)	3,180,253	2,007	10,149,119
<b>Comprehensive income for the year</b>							
Profit after taxation (December 31, 2019)	-	-	-	-	537,021	549	537,570
<b>Other comprehensive loss</b>							
- 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	538,055	549	842,017
Transfer to statutory reserve	-	58,937	-	-	(58,937)	-	-
<b>Transactions with owners, recorded directly in equity</b>							
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)
<b>Opening Balance as at January 01, 2020</b>	6,000,000	1,480,107	-	(150,898)	3,359,371	2,361	10,690,941
<b>Comprehensive income for the year</b>							
Profit after taxation for the period/half year ended June 30, 2020	-	-	-	-	508,358	78	508,436
<b>Other comprehensive loss</b>							
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(21,697)	-	-	(21,697)
	-	-	-	(21,697)	508,358	78	486,739
Transfer to statutory reserve	-	88,587	-	-	(88,587)	-	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-	-
<b>Transactions with owners, recorded directly in equity</b>							
Final cash dividend paid for the year ended December 31, 2019 @ Re. 0.50 per share	-	-	-	-	(300,000)	-	(300,000)
<b>Closing Balance as at June 30, 2020</b>	<b>6,000,000</b>	<b>1,568,694</b>	<b>100,000</b>	<b>(172,595)</b>	<b>3,379,143</b>	<b>2,439</b>	<b>10,877,680</b>

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

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Chief Financial Officer

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Director

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD / HALF YEAR ENDED JUNE 30, 2020**

June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
4,224	(552)	Profit before taxation	709,775	(92,747)
81	119	Less: Dividend income	13,541	20,044
<u>4,143</u>	<u>(671)</u>		<u>696,234</u>	<u>(112,791)</u>
<b>Adjustments:</b>				
138	141	Depreciation	23,161	23,701
20	21	Amortisation	3,310	3,475
7	13	Provision for Sindh Workers' Welfare Fund	1,234	2,194
850	1,366	Provision and write-offs	142,890	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>1,015</u>	<u>1,537</u>		<u>170,548</u>	<u>258,287</u>
<u>5,158</u>	<u>866</u>		<u>866,782</u>	<u>145,496</u>
<b>(Increase) / decrease in operating assets</b>				
26,737	36	Lendings to financial institutions	4,493,200	6,000
-	(55)	Held-for-trading securities	-	(9,216)
12,659	7,707	Advances	2,127,307	1,295,209
1,699	619	Others assets (excluding advance taxation)	285,469	103,985
<u>41,095</u>	<u>8,307</u>		<u>6,905,976</u>	<u>1,395,978</u>
<b>Increase/ (decrease) in operating liabilities</b>				
(79,611)	(1,708)	Borrowings from financial institutions	(13,378,665)	(287,053)
(714)	146	Deposits	(120,000)	24,597
(3,436)	2,524	Other liabilities (excluding current taxation)	(577,343)	424,130
<u>(83,761)</u>	<u>962</u>		<u>(14,076,008)</u>	<u>161,674</u>
<u>(1,686)</u>	<u>(1,002)</u>	Income tax paid	<u>(283,391)</u>	<u>(168,406)</u>
<u>(39,194)</u>	<u>9,133</u>	Net cash flow generated from / (used in) operating activities	<u>(6,586,641)</u>	<u>1,534,742</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
44,589	(4,270)	Net investments in available-for-sale securities	7,493,698	(717,562)
1	-	Net investments in held-to-maturity securities	166	-
81	6	Dividends received	13,541	1,044
(10)	(996)	Investments in operating fixed assets	(1,706)	(167,326)
(3)	-	Investments in operating intangible assets	(830)	-
-	5	Proceeds from sale of fixed assets	47	902
<u>44,658</u>	<u>(5,255)</u>	Net cash flow (used in) / generated from investing activities	<u>7,504,916</u>	<u>(882,942)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(1,785)	(1,785)	Dividend paid	(300,000)	(300,000)
<u>(1,785)</u>	<u>(1,785)</u>	Net cash flow used in financing activities	<u>(300,000)</u>	<u>(300,000)</u>
<u>3,679</u>	<u>2,093</u>	<b>Decrease in cash and cash equivalents</b>	<u>618,275</u>	<u>351,800</u>
2,080	2,635	Cash and cash equivalents at beginning of the year	349,584	442,741
<u>5,759</u>	<u>4,728</u>	<b>Cash and cash equivalents at end of the year</b>	<u>967,859</u>	<u>794,541</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

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Director

**PAK BRUNEI INVESTMENT COMPANY LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD / HALF YEAR ENDED JUNE 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 (June 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. 168.0506 to US Dollars has been used as it was the prevalent rate as on June 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

## **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 investment in listed equity securities classified as available-for-sale, amounts to Rs. 815.454 million as at June 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. Pursuant to the circular, out of the total impairment of Rs 156.993 million, impairment loss amounting to Rs 86.689 million has been recognised as impairment and a portion of the impairment loss, amounting to Rs. 70.304 million, resulting from the valuation of listed equity securities held under the AFS category as of June 30, 2020 has not been recognised in the consolidated condensed interim profit and loss account and has been taken to 'Deficit arising on revaluation of available for sale securities'.

## **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.

		(Audited)	
		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
<b>6</b>	<b>CASH AND BALANCES WITH TREASURY BANKS</b>		
	Cash in hand	-	-
	With State Bank of Pakistan in:		
	Local currency current account	6.1	159,716
	With National Bank of Pakistan in:		
	Local currency current account	6.2	585
		<u>160,301</u>	<u>4,318</u>
		<u>160,301</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 5.00% to 8.00% (2019: 6.15% to 8.00% per annum).

		(Audited)	
		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
<b>7</b>	<b>BALANCES WITH OTHER BANKS</b>		
	In Pakistan		
	In deposit accounts	7.1	800,688
	In current accounts		215,511
		<u>6,870</u>	<u>160</u>
		<u>807,558</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).

		(Audited)	
		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
<b>8</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
	Investments against repurchase agreements	8.1	48,879
	Repurchase agreement lendings (reverse repo)	8.2	6,800
		<u>55,679</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 7.30% to 13.70% (2019: 13.40% to 13.50%) and will mature within 1 month (2019: 1 month).

		(Audited)	
		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
<b>8.3</b>	<b>Particulars of lending</b>		
	In local currency	55,679	4,548,879
	In foreign currencies	-	-
		<u>55,679</u>	<u>4,548,879</u>

**9 INVESTMENTS**

**9.1 Investments by type:**

		Audited							
		June 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 -----									
<b>Held-for-trading securities</b>									
Ordinary shares		-	-	-	-	-	-	-	-
<b>Available-for-sale securities</b>									
Federal government securities		18,288,904	-	47,087	18,335,991	25,169,133	-	(38,526)	25,130,607
Ordinary shares		1,150,187	(156,714)	(178,019)	815,454	1,647,175	(70,025)	(108,124)	1,469,026
Non-government debt securities		2,850,524	(269,145)	5,793	2,587,172	2,850,083	(269,110)	(18,230)	2,562,743
Units of mutual funds		431,864	-	(69,204)	362,660	548,786	-	(21,995)	526,791
Preference shares		3,250	(3,250)	-	-	3,250	(3,250)	-	-
		22,724,729	(429,109)	(194,343)	22,101,277	30,218,427	(342,385)	(186,875)	29,689,167
<b>Held-to-maturity securities</b>									
Commercial paper		124,292	-	-	124,292	124,458	-	-	124,458
		124,292	-	-	124,292	124,458	-	-	124,458
<b>Total investments</b>		<b>22,849,021</b>	<b>(429,109)</b>	<b>(194,343)</b>	<b>22,225,569</b>	<b>30,342,885</b>	<b>(342,385)</b>	<b>(186,875)</b>	<b>29,813,625</b>

**9.1.1 Investments given as collateral**

		Audited					
		June 30, 2020			December 31, 2019		
		Cost / amortised	Surplus / (deficit)	Carrying value	Cost / amortised	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----							
Market Treasury Bills		5,925,913	35,084	5,960,997	11,020,434	(24,964)	10,995,470
Pakistan Investment Bonds		4,200,208	(22,532)	4,177,676	10,171,890	(9,681)	10,162,209
Term finance / sukuks certificates		739,824	-	739,824	739,824	-	739,824
		10,865,945	12,552	10,878,497	21,932,148	(34,645)	21,897,503

**9.2 Provision for diminution in value of investments**

		(Audited)	
		June 30, 2020	December 31, 2019
----- Rupees in '000 -----			
Opening balance		342,385	439,954
Charge / reversals			
Charge for the year		94,877	292,902
Reversal on disposals		(8,153)	(390,471)
		86,724	(97,569)
Closing balance		429,109	342,385

**Particulars of provision against debt securities**

		Audited			
		June 30, 2020		December 31, 2019	
Category of classification		Non- performing investments	Provision	Non- performing investments	Provision
----- (Rupees in '000) -----					
Domestic		269,145	269,145	269,110	269,110
Loss					

10 ADVANCES

	Performing		Non-performing		Total	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Rupees in '000					
Loans, cash credits, running finances, etc.	17,367,987	19,581,084	639,993	595,472	18,007,980	20,176,556
Islamic financing and related assets	808,191	766,922	-	-	808,191	766,922
Advances - gross	<u>18,176,178</u>	<u>20,348,006</u>	<u>639,993</u>	<u>595,472</u>	<u>18,816,171</u>	<u>20,943,478</u>
Provision against advances						
- Specific	-	-	441,782	394,034	441,782	394,034
- General	18,450	10,032	-	-	18,450	10,032
	<u>18,450</u>	<u>10,032</u>	<u>441,782</u>	<u>394,034</u>	<u>460,232</u>	<u>404,066</u>
Advances - net of provision	<u>18,157,728</u>	<u>20,337,974</u>	<u>198,212</u>	<u>201,438</u>	<u>18,355,939</u>	<u>20,539,412</u>

(Audited)

June 30, 2020      December 31, 2019

----- Rupees in '000 -----

10.1 Particulars of advances (gross)

In local currency	18,816,171	20,943,478
In foreign currencies	-	-
	<u>18,816,171</u>	<u>20,943,478</u>

10.2 Advances include Rs. 639.993 million (2019: Rs. 595.472 million) which have been placed under the non-performing status as detailed below:

Category of classification	Note	(Audited)			
		June 30, 2020		December 31, 2019	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		Rupees in '000			
<b>Domestic</b>					
Other Assets Especially Mentioned	10.2.1	26,765	2,677	8,706	870
Substandard		26,547	6,637	11,459	2,865
Doubtful		14,499	7,249	8,188	4,094
Loss		572,182	425,219	567,119	386,205
Total		<u>639,993</u>	<u>441,782</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)					
	June 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	52,335	8,418	60,753	94,693	4,660	99,353
Reversals	(4,584)	-	(4,584)	(10,343)	-	(10,343)
	47,750	8,418	56,168	84,350	4,660	89,010
Amounts written off	-	-	-	-	-	-
Closing balance	<u>441,784</u>	<u>18,450</u>	<u>460,234</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. 146.963 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)	
		June 30, 2020	December 31, 2019
		----- Rupees in '000 -----	
11	<b>FIXED ASSETS</b>		
	Property and equipment	35,462	41,772
	Capital work-in-progress	240	-
	Right-of-use of asset	93,611	112,159
		<u>129,313</u>	<u>153,931</u>
11.1	<b>Capital work-in-progress</b>		
	Lease hold improvements	<u>240</u>	<u>-</u>
12	<b>INTANGIBLE ASSETS</b>		
	Computer Software	9,819	4,685
	Capital work-in-progress	2,353	1,513
		<u>12,172</u>	<u>6,198</u>
12.1	<b>Capital work-in-progress</b>		
	Software	<u>2,353</u>	<u>1,513</u>
13	<b>DEFERRED TAX ASSETS</b>		
	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
		371,733	356,535
	Taxable temporary differences on		
	- Net investment in finance lease	(52,055)	(3,058)
	- Post retirement employee benefits	-	(31,015)
	- Right-of-use assets	(26,775)	6,819
	- Amortisation of discount on investments	(87,199)	(134,828)
		(166,029)	(162,082)
		<u>205,704</u>	<u>194,453</u>
14	<b>OTHER ASSETS</b>		
	Income/ mark-up accrued in local currency	754,971	977,669
	Advances, deposits, advance rent and other prepayments	14,953	8,820
	Advance taxation (payments less provisions)	599,294	542,728
	Receivable against sale of shares	-	49,002
	Receivable against advisory fee	41,697	66,544
	Lease receivable under IFRS-16	6,331	8,378
	Non-banking asset acquired in satisfaction of claims	106,215	106,215
	Receivable from defined benefit plan	708	716
		<u>1,524,169</u>	<u>1,760,072</u>
	Less: Provision held against other assets	<u>-</u>	<u>-</u>
		<u>1,524,169</u>	<u>1,760,072</u>
14.1	<b>Non-banking asset acquired in satisfaction of claims</b>		
	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>

	Note	June 30, 2020	(Audited) December 31, 2019
----- Rupees in '000 -----			
<b>15 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE</b>			
Non-current assets classified as held-for-sale	15.1	387,745	-
Additions during the period / year	15.2	7,000	387,745
Closing balance		<u>394,745</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 June 30, 2020. The Company has been making efforts to dispose of the property to a third party and it is expected that the process of sale of these properties will be completed in the near future.

15.2 This relates to vehicle repossessed from the customer as per terms of the financing agreement. The vehicle has been subsequently sold on July 24, 2020.

## 16 BORROWINGS

### Secured

Borrowings from State Bank of Pakistan

- Long-Term Finance Facility (LTFF) scheme	16.1	5,057,065	5,078,020
- Power Plants Using Renewable Energy (PPRE) scheme		123,374	152,690
- Finance for Storage of Agriculture Produce (FSAP) scheme		203,942	235,068
- Finance under working capital		88,833	68,000
- Finance under Credit Guarantee		6,325	-
		5,479,539	5,533,778
Repurchase agreement borrowings	16.2	7,014,027	5,333,511
Borrowings from banks	16.3	11,553,920	29,445,521
<b>Total secured</b>		<u>24,047,486</u>	<u>40,312,810</u>

### Unsecured

Letters of placement:	16.4	7,265,849	4,379,190
		<u>31,313,335</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 7.20% to 8.20% per annum (2019: 13.20% to 13.60% per annum). Market Treasury Bills and Pakistan Investment Bonds having a face value of Rs. 3,000 million (2019: Rs. 5,820 million) and Rs. 4,100 million (2019: nil) respectively have been given as collateral against these borrowings.

16.3 These carry mark-up at rates ranging from 7.37% to 13.74% 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, Pakistan Investment Bonds and Market Treasury Bills having a face value of Rs. 740 million (2019: 740 million), Rs Nil (2019: Rs 14,445 million) and Rs: 3,075 million (2019: Rs: 9,225 million).

16.4 These carry mark-up at rates ranging from 7.0% to 14.00% per annum (2019: 9.50% to 14.00% per annum) and are repayable within 3 years (2019: 3 years).

## 17 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020			(Audited) December 31, 2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
- Certificate of investments (COIs)	500,000	-	500,000	620,000	-	620,000
<b>Financial Institutions</b>						
- Certificate of investments (COIs)	-	-	-	-	-	-
	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>620,000</u>	<u>-</u>	<u>620,000</u>

18	OTHER LIABILITIES	Note	(Audited)	
			June 30, 2020	December 31, 2019
			----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency		286,942	782,889
	Unearned commission and income on bills discounted		45,072	22,745
	Accrued expenses		38,234	71,960
	Brokerage / commission payable		2,004	3,170
	Payable against purchase of shares		988	15,758
	Lease liability against right-of-use assets		99,998	94,289
	Security deposits against advances		551,852	604,464
	Provision for Sindh Worker's Welfare Fund		107,952	113,034
	Payable to defined benefit plan - related party		5,581	-
	Sales tax payable on modaraba management fee	18.1	22,113	7,180
	Taxation payable		-	614
	Unclaimed dividend		-	160
	Others		19,398	34,695
			<u>1,180,134</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	June 30, 2020	(Audited) December 2019
----- Rupees in '000 -----			
<b>19 DEFICIT ON REVALUATION OF ASSETS</b>			
Deficit on revaluation of			
- Available-for-sale securities	9.1	(194,343)	(186,875)
Deferred tax on deficit on revaluation of:			
- Available-for-sale securities		21,748	35,977
		<u>(172,595)</u>	<u>(150,898)</u>
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	20.1	1,053,712	1,102,446
- Commitments	20.2	9,343,763	10,957,509
- Other contingent liabilities	20.3	-	-
		<u>10,397,475</u>	<u>12,059,955</u>
<b>20.1 Guarantees</b>			
Financial guarantees		<u>1,053,712</u>	<u>1,102,446</u>
<b>20.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		331,320	331,320
Commitments in respect of:			
- government securities	20.2.1	-	-
- repo transactions	20.2.2	7,036,493	9,877,213
- forward lendings	20.2.3	1,975,950	748,976
		<u>9,343,763</u>	<u>10,957,509</u>
<b>20.2.1 Commitments in respect of government securities</b>			
Sale		<u>-</u>	<u>-</u>
<b>20.2.2 Commitments in respect of repo transactions</b>			
Repurchase of government securities		7,029,674	5,342,579
Reverse repurchase of government securities		6,819	4,534,634
		<u>7,036,493</u>	<u>9,877,213</u>
<b>20.2.3 Commitments in respect of forward lendings</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend		<u>1,975,950</u>	<u>748,976</u>
		<u>1,975,950</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 June 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	June 30, 2020	March 31, 2019
----- Rupees in '000 -----			
<b>21</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On:		
	a) Loans and advances	1,033,022	504,039
	b) Investments	1,292,351	548,166
	c) Lendings to financial institutions	109,806	42,172
	d) Balances with banks	14,153	7,227
		<u>2,449,333</u>	<u>1,101,604</u>
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	Deposits	30,211	37,467
	Interest expense on lease liability	-	-
	Borrowings	1,872,049	813,671
		<u>1,902,260</u>	<u>851,138</u>
<b>23</b>	<b>FEE AND COMMISSION INCOME</b>		
	Advisory / arrangement fee	45	3,514
	Processing fee income	3,119	15
	Commitment fee	5,632	1,873
	Commission on letters of credit	-	-
	Trustee fee	28,044	14,001
	Front end fee	316	991
		<u>37,156</u>	<u>20,394</u>
<b>24</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised	507,001	(19,648)
	Unrealised - held for trading	-	-
		<u>507,001</u>	<u>(19,648)</u>
<b>24.1</b>	Realised (loss) / gain on:		
	Federal government securities	510,798	92
	Shares	(3,652)	(20,380)
	Mutual funds	(189)	
	Commercial paper	44	
	Non-government debt securities	-	640
		<u>507,001</u>	<u>(19,648)</u>
<b>25</b>	<b>OTHER INCOME</b>		
	Rent on property	150	125
	Gain on sale of fixed assets - net	47	518
	Others	-	13
		<u>197</u>	<u>656</u>

26 OPERATING EXPENSES	June 30, 2020	March 31, 2019
	----- Rupees in '000 -----	
<b>Total compensation expense</b>	144,312	66,613
<b>Property expense</b>		
Rent and taxes	1,369	8,762
Insurance	2,482	940
Security	577	401
Utilities cost	2,342	496
Repairs and maintenance (including janitorial charges)	3,225	2,205
Depreciation	18,230	64
	28,225	12,868
<b>Information technology expenses</b>		
Software maintenance	2,474	1,865
Hardware maintenance	1,159	407
Depreciation	1,475	503
Amortisation	3,310	1,695
	8,418	4,470
<b>Other operating expenses</b>		
Directors' fees and allowances	4,479	1,715
Fees and subscription	1,710	847
Legal and professional charges	7,596	1,717
Outsourced services costs	7,843	3,179
Travelling and conveyance	18,513	6,840
Brokerage commission	9,623	1,839
Depreciation	3,456	2,472
Training and development	473	116
Postage and courier charges	320	57
Communication	2,004	1,080
Stationery and printing	654	664
Marketing, advertisement and publicity	265	217
Donation	5,000	
Auditors' remuneration	1,414	310
Others	6,764	2,194
	70,114	23,247
	<u>251,069</u>	<u>107,198</u>

## 27 PROVISION FOR SINDH WORKERS' WELFARE FUND

Provision for Sindh Workers' Welfare Fund	27.1	<u>1,234</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 107.952 million.

	Note	June 30, 2020	March 31, 2019
----- Rupees in '000 -----			
<b>28</b>	<b>PROVISIONS AND WRITE OFFS - NET</b>		
	Provision for diminution in value of investments - net	9.2	95,142
	Provisions against loans and advances	10.3	19,748
	Other provisions / write offs	-	25,633
		<u>142,890</u>	<u>45,381</u>
<b>29</b>	<b>TAXATION</b>		
	Current	226,825	38,494
	Prior years	-	-
	Deferred	<u>(25,486)</u>	<u>(11,022)</u>
		<u>201,339</u>	<u>27,472</u>
<b>30</b>	<b>BASIC EARNINGS PER SHARE</b>		
	Profit for the year	<u>508,436</u>	<u>(134,357)</u>
	Weighted average number of ordinary shares	<u>600,000</u>	<u>600,000</u>
	Basic earnings per share	<u>0.85</u>	<u>(0.22)</u>
<b>30.1</b>	<b>Diluted earnings per share</b>		

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 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal government securities	-	18,335,991	-	18,335,991
Shares	815,454	-	-	815,454
Non-Government debt securities	-	2,587,172	-	2,587,172
Units of mutual funds	362,660	-	-	362,660
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Commitments in respect of repo transactions	-	7,036,493	-	7,036,493
----- Rupees in '000 -----				
<b>Audited</b>				
<b>December 31, 2019</b>				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal government securities	-	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
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Commitments in respect of repo transactions	-	9,877,213	-	9,877,213

	June 30, 2020			
	Corporate finance	Trading and sales	Commercial banking	Total
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	-	276,514	270,559	547,073
Non mark-up / return / interest income	35,015	522,880	-	557,895
Total income	35,015	799,394	270,559	1,104,968
Segment direct expenses	6,434	167,591	78,278	252,303
Total expenses	6,434	167,591	78,278	252,303
Provisions	-	99,356	43,534	142,890
Profit before tax	28,581	532,447	148,747	709,775
<b>Statement of Financial Position</b>				
Cash and bank balances	24,157	854,984	88,718	967,859
Lendings to financial institutions	-	55,679	-	55,679
Investments	-	22,225,569	-	22,225,569
Advances - performing	-	2,467,264	15,690,464	18,157,728
- non-performing	-	4,858	193,354	198,212
Others	1,103	1,883,440	381,560	2,266,103
<b>Total assets</b>	<b>25,260</b>	<b>27,491,794</b>	<b>16,354,096</b>	<b>43,871,150</b>
Borrowings	-	27,291,830	4,021,505	31,313,335
Deposits and other accounts	-	431,616	68,384	500,000
Others	-	729,734	450,399	1,180,133
<b>Total liabilities</b>	<b>-</b>	<b>28,453,180</b>	<b>4,540,288</b>	<b>32,993,468</b>
Equity	-	9,211,345	1,666,337	10,877,682
<b>Total equity and liabilities</b>	<b>-</b>	<b>37,664,525</b>	<b>6,206,625</b>	<b>43,871,150</b>
<b>Contingencies and commitments</b>	<b>-</b>	<b>8,975,433</b>	<b>1,422,042</b>	<b>10,397,475</b>

	June 30, 2019			
	Corporate finance	Trading and sales	Commercial banking	Total
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	-	383,409	121,060	504,469
Non mark-up / return / interest income	82,542	(210,307)	-	(127,765)
Total income	82,542	173,102	121,060	376,704
Segment direct expenses	40,873	147,662	51,357	239,892
Total expenses	40,873	147,662	51,357	239,892
Provisions	-	167,552	62,007	229,559
Profit before tax	41,669	(142,112)	7,696	(92,747)

	December 31, 2019			
	Corporate finance	Trading and sales	Commercial banking	Total
<b>Statement of Financial Position</b>				
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
<b>Total assets</b>	<b>1,009,488</b>	<b>36,374,925</b>	<b>20,369,486</b>	<b>57,753,899</b>
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
<b>Total liabilities</b>	<b>36,672</b>	<b>27,544,489</b>	<b>19,481,797</b>	<b>47,062,958</b>
Equity	972,816	8,830,436	887,689	10,690,941
<b>Total equity and liabilities</b>	<b>1,009,488</b>	<b>36,374,925</b>	<b>20,369,486</b>	<b>57,753,899</b>
<b>Contingencies and commitments</b>	<b>11,800</b>	<b>6,065,020</b>	<b>5,983,135</b>	<b>12,059,955</b>

### 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:

	June 30, 2020			December 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
<b>Advances</b>						
Opening balance	-	80,719	1,512	-	74,920	2,579
Addition during the year	-	4,032	-	-	7,579	(1,067)
Repaid during the year	-	(11,781)	-	-	(32,263)	-
Transfer in / (out) - net	-	-	-	-	30,483	-
Closing balance	-	72,970	1,512	-	80,719	1,512
<b>Other Assets</b>						
Others	-	-	-	-	-	716
	-	-	-	-	-	716
<b>Borrowings</b>						
Opening balance	-	-	66,014	-	-	14,346
Borrowings during the year	-	-	36,671	-	-	398,129
Settled during the year	-	-	(36,671)	-	-	(346,461)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	66,014	-	-	66,014
<b>Other Liabilities</b>						
Interest / mark-up payable	-	-	4,608	-	-	1,379
Other liabilities	-	-	-	-	-	6,596
	-	-	4,608	-	-	7,975

	June 30, 2020			June 30, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
<b>Income</b>						
Mark-up / return / interest earned	-	1,621	-	-	1,790	-
<b>Expense</b>						
Operating expenses	4,478	117,639	4,667	4,539	93,095	1,429
Reimbursement of expenses	-	4,728	-	-	5,189	-

- 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

	June 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	6,000,000	6,000,000
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	9,245,965	8,921,937
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,245,965	8,921,937
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	9,245,965	8,921,937
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	18,466,968	20,795,573
Market Risk	6,211,632	5,276,026
Operational Risk	2,094,736	2,094,736
Total	26,773,336	28,166,335
Common Equity Tier 1 Capital Adequacy ratio	34.53%	31.68%
Tier 1 Capital Adequacy Ratio	34.53%	31.68%
Total Capital Adequacy Ratio	34.53%	31.68%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	9,245,965	8,921,937
Total Exposures	47,433,751	58,256,680
Leverage Ratio - percentage	19.49%	15.31%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	9,339,813	4,538,009
Total Net Cash Outflow	7,340,329	7,136,150
Liquidity Coverage Ratio - percentage	127.24%	63.59%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	22,541,520	25,529,648
Total Required Stable Funding	19,148,868	22,140,524
Net Stable Funding Ratio - percentage	117.72%	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 September 21, 2020 by the Board of Directors of the Holding Company.

\_\_\_\_\_  
**President/Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**