



PAK BRUNEI INVESTMENT COMPANY LTD.

FINANCIAL STATEMENTS

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

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

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

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

ASSETS			ASSETS	
629	780		104,520	129,571
901	986		149,816	163,909
5,976	27,076		993,204	4,500,000
131,626	191,438		21,876,224	31,816,997
99,729	112,944		16,574,877	18,771,370
710	818		117,925	136,022
25	26		4,217	4,275
1,432	1,258		238,024	209,112
8,999	9,955		1,495,663	1,654,466
2,364	2,333		392,917	387,745
<u>252,391</u>	<u>347,614</u>		<u>41,947,387</u>	<u>57,773,467</u>
LIABILITIES			LIABILITIES	
-	-		-	-
178,460	271,673		29,660,074	45,152,000
4,994	3,730		830,000	620,000
-	-		-	-
-	-		-	-
-	-		-	-
5,334	8,737		886,573	1,452,073
<u>188,788</u>	<u>284,140</u>		<u>31,376,647</u>	<u>47,224,073</u>
<u>63,603</u>	<u>63,474</u>		<u>10,570,740</u>	<u>10,549,394</u>
NET ASSETS			NET ASSETS	
REPRESENTED BY			REPRESENTED BY	
36,101	36,101		6,000,000	6,000,000
10,330	8,906		1,716,765	1,480,107
(3,086)	(908)		(512,844)	(150,898)
20,258	19,375		3,366,819	3,220,185
<u>63,603</u>	<u>63,474</u>		<u>10,570,740</u>	<u>10,549,394</u>
CONTINGENCIES AND COMMITMENTS			CONTINGENCIES AND COMMITMENTS	

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
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2020

Period ended			Quarter Ended		Period ended	
September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----			
4,110	134	Profit after taxation for the year	240,359	247,064	683,292	22,306
		Other comprehensive loss				
		<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
(2,178)	870	Movement in deficit on revaluation of investments - net of tax	(340,249)	144,671	(361,946)	144,671
		<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>1,933</u>	<u>1,004</u>	Total comprehensive (loss) / income	<u>(99,890)</u>	<u>391,735</u>	<u>321,346</u>	<u>166,977</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
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Reserves		Deficit on revaluation of investments	Unappropriated profit	Total
		Statutory reserve	General reserve			
----- Rupees in '000 -----						
Opening Balance as at January 01, 2019	6,000,000	1,406,995	-	(673,212)	3,226,702	9,960,485
Comprehensive income for the year						
Profit after taxation for the period ended September 30, 2019	-	-	-	-	22,306	22,306
Other comprehensive loss						
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	144,671	-	144,671
	-	-	-	144,671	22,306	166,977
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)
Opening Balance as at October 01, 2019	6,000,000	1,406,995	-	(528,541)	2,949,008	9,827,462
Comprehensive income for the year						
Profit after taxation (December 31, 2019)	-	-	-	-	343,255	343,255
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	-	-	-	377,643	-	377,643
	-	-	-	377,643	344,289	721,932
Transfer to statutory reserve	-	73,112	-	-	(73,112)	-
Opening Balance as at January 01, 2020	6,000,000	1,480,107	-	(150,898)	3,220,185	10,549,394
Comprehensive income for the year						
Profit after taxation for the period ended September 30, 2020	-	-	-	-	683,292	683,292
Other comprehensive loss						
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-
- Movement in deficit on revaluation of investments - net of tax	-	-	-	(361,946)	-	(361,946)
	-	-	-	(361,946)	683,292	321,346
Transactions with owners, recorded directly in equity						
Final cash dividend paid for the year ended December 31, 2019 @ Re. 0.50 per share	-	-	-	-	(300,000)	(300,000)
Transfer to statutory reserve	-	136,658	-	-	(136,658)	-
Transfer to general reserve	-	-	100,000	-	(100,000)	-
Closing Balance as at September 30, 2020	6,000,000	1,616,765	100,000	(512,844)	3,366,819	10,570,740

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
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019
----- USD in '000 -----			----- Rupees in '000 -----	
		CASH FLOWS FROM OPERATING ACTIVITIES		
5,675	466	Profit before taxation	943,137	77,387
<u>572</u>	<u>651</u>	Less: Dividend income	<u>95,082</u>	<u>108,243</u>
5,103	(185)		848,055	(30,856)
		Adjustments:		
131	169	Depreciation	21,767	28,051
5	5	Amortisation	889	852
-	7	Provision for Sindh Workers' Welfare Fund	-	1,104
384	(220)	Provision and write-offs	63,901	(36,574)
-	(11)	Gain on sale of fixed assets	(47)	(1,790)
-	(37)	Unrealized loss/(gain) on revaluation of investments classified as held for trading - net	-	(6,098)
<u>520</u>	<u>(87)</u>		<u>86,510</u>	<u>(14,455)</u>
5,623	(272)		934,565	(45,311)
		(Increase) / decrease in operating assets		
21,100	(54,249)	Lendings to financial institutions	3,506,796	(9,016,220)
-	(52,987)	Held-for-trading securities	-	(8,806,432)
12,894	12,226	Advances	2,143,043	2,032,004
2,093	1,623	Others assets (excluding advance taxation)	347,878	269,726
36,087	(93,387)		5,997,717	(15,520,922)
		Increase/ (decrease) in operating liabilities		
(93,213)	69,900	Borrowings from financial institutions	(15,491,926)	11,617,454
1,264	(3,763)	Deposits	210,000	(625,403)
(3,403)	3,237	Other liabilities (excluding current taxation)	(565,500)	538,058
(95,352)	69,374		(15,847,426)	11,530,109
<u>(2,469)</u>	<u>(2,005)</u>	Income tax paid	<u>(410,323)</u>	<u>(333,247)</u>
(56,111)	(26,290)	Net cash flow generated from / (used in) operating activities	(9,325,467)	(4,369,371)
		CASH FLOWS FROM INVESTING ACTIVITIES		
57,066	30,560	Net investments in available-for-sale securities	9,484,841	5,078,990
497	(1,759)	Net investments in held-to-maturity securities	82,683	(292,396)
140	610	Dividends received	23,258	101,427
(27)	(1,003)	Investments in operating fixed assets	(4,506)	(166,705)
-	-	Investments in operating intangible assets	-	-
-	20	Proceeds from sale of fixed assets	47	3,314
57,676	28,428	Net cash flow (used in) / generated from investing activities	9,586,323	4,724,630
		CASH FLOWS FROM FINANCING ACTIVITIES		
(1,805)	(1,805)	Dividend paid	(300,000)	(300,000)
<u>(1,805)</u>	<u>(1,805)</u>	Net cash flow used in financing activities	<u>(300,000)</u>	<u>(300,000)</u>
(240)	333	Decrease in cash and cash equivalents	(39,144)	55,259
1,766	1,250	Cash and cash equivalents at beginning of the year	293,480	207,694
<u>1,526</u>	<u>1,583</u>	Cash and cash equivalents at end of the year	<u>254,336</u>	<u>262,953</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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2020

1 STATUS AND NATURE OF BUSINESS

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 General Reserve

As per the applicable provisions of Companies Act, 2017, the Board of Directors approved the creation of general reserve during the year 2020.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2019 except for impacts of COVID-19 as mentioned below. These risk management policies continue to remain robust and the Company 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.

Operational Risk Management

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

Credit Risk Management

The Risk Management function of the Company 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 Company has further strengthened its credit review procedures in the light of COVID-19. The Company is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak. Further, as per SBP Circular 13 dated March 26, 2020, the Company has deferred and restructured the loans amounting to Rs 2,063 million and Rs 113.76 million relating to 39 and 10 borrowers respectively.

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 Company. 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.

Equity Risk Management

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

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

6 CASH AND BALANCES WITH TREASURY BANKS

With State Bank of Pakistan in:
Local currency current account

Note	6.1	<u>104,520</u>	<u>129,571</u>
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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.

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

7 BALANCES WITH OTHER BANKS

In Pakistan
In deposit accounts

Note	7.1	<u>149,816</u>	<u>163,909</u>
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7.1 These carry mark-up at rate of 5.50% per annum (2019: 8.00% to 11.25% per annum).

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

8 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (reverse repo)
Term deposit receipts (TDRs)

Note	8.1	993,204	4,500,000
		-	-
		<u>993,204</u>	<u>4,500,000</u>

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

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

8.2 Particulars of lending

In local currency	993,204	4,500,000
In foreign currencies	-	-
	<u>993,204</u>	<u>4,500,000</u>

8.3 Securities held as collateral against lendings to financial institutions

		(Audited)					
		September 30, 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	990,354	(990,354)	-	-	-	-	-
Pakistan Investment Bonds	2,850	-	2,850	4,500,000	(4,500,000)	-	-
Total	<u>993,204</u>	<u>(990,354)</u>	<u>2,850</u>	<u>4,500,000</u>	<u>(4,500,000)</u>	<u>-</u>	<u>-</u>

9 INVESTMENTS

9.1 Investments by type:

	September 30, 2020				December 31, 2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
Held-for-trading securities								
Ordinary shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal government securities	16,884,833	-	(471,193)	16,413,640	25,169,133	-	(38,526)	25,130,607
Ordinary shares	779,602	(80,435)	(76,626)	622,541	1,647,175	(70,025)	(108,124)	1,469,026
Non-government debt securities	2,850,881	(269,155)	13,494	2,595,220	2,850,083	(269,110)	(18,230)	2,562,743
Units of mutual funds	215,020	-	(15,344)	199,676	548,786	-	(21,995)	526,791
Preference shares	3,250	(3,250)	-	-	3,250	(3,250)	-	-
	20,733,586	(352,840)	(549,669)	19,831,077	30,218,427	(342,385)	(186,875)	29,689,167
Held-to-maturity securities								
Commercial paper	41,775	-	-	41,775	124,458	-	-	124,458
	41,775	-	-	41,775	124,458	-	-	124,458
Subsidiaries	2,003,372	-	-	2,003,372	2,003,372	-	-	2,003,372
Total investments	22,778,733	(352,840)	(549,669)	21,876,224	32,346,257	(342,385)	(186,875)	31,816,997

9.1.1 Investments given as collateral

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

9.2 Provision for diminution in value of investments

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

Particulars of provision against debt securities

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

10 ADVANCES

	Performing		Non-performing		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	----- Rupees in '000 -----					
Loans, cash credits, running finances, etc.	16,376,357	18,569,932	646,004	595,472	17,022,361	19,165,404
Advances - gross	16,376,357	18,569,932	646,004	595,472	17,022,361	19,165,404
Provision against advances						
- Specific	-	-	447,484	394,034	447,484	394,034
- General	-	-	-	-	-	-
	-	-	447,484	394,034	447,484	394,034
Advances - net of provision	16,376,357	18,569,932	198,520	201,438	16,574,877	18,771,370

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

10.1 Particulars of advances (gross)

In local currency	17,022,361	19,165,404
In foreign currencies	-	-
	17,022,361	19,165,404

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

Category of classification	Note	(Audited)			
		September 30, 2020		December 31, 2019	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	10.2.1	14,722	1,462	8,706	870
Substandard		42,826	10,708	11,459	2,865
Doubtful		12,365	6,183	8,188	4,094
Loss		576,092	429,132	567,119	386,205
Total		646,004	447,484	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)					
	September 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	394,034	-	394,034	309,684	-	309,684
Charge for the year	59,285	-	59,285	94,693	-	94,693
Reversals	(5,839)	-	(5,839)	(10,343)	-	(10,343)
	53,446	-	53,446	84,350	-	84,350
Amounts written off	-	-	-	-	-	-
Closing balance	447,480	-	447,480	394,034	-	394,034

10.3.1 The Company has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken, the specific provision against non-performing advances would have been higher by Rs. 146.960 million (December 31, 2019: Rs. 180.915 million). The FSV benefit availed - net of tax is not available for the distribution as either cash or stock dividend to the shareholders.

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

11 FIXED ASSETS

Property and equipment	25,277	29,853
Capital work-in-progress	319	-
Right-of-use of asset	92,329	106,169
	117,925	136,022

11.1 Capital work-in-progress

Lease hold improvements	319	-
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12 INTANGIBLE ASSETS

Computer Software		1,879	2,777
Capital work-in-progress	12.1	2,338	1,498
		<u>4,217</u>	<u>4,275</u>

12.1 Capital work-in-progress

Software		<u>2,338</u>	<u>1,498</u>
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13 DEFERRED TAX ASSETS

Deductible temporary differences on			
- Post retirement employee benefits		249	671
- Provision for diminution in the value of investments		102,998	90,473
- Provision against advances, other assets, etc.		128,117	114,270
- Deficit on revaluation of investments		21,748	35,977
- Lease liability against right-of-use asset		28,595	36,315
- Carry forward of alternate corporate tax		49,910	49,910
- Capital loss on investments		-	5,746
- Carry forward of minimum tax		35,162	
- Accelerated tax depreciation		3,108	3,560
- Provision for bonus		1,846	7,250
		<u>371,733</u>	<u>344,172</u>
Taxable temporary differences on			
- Net investment in finance lease		(34,819)	(24,401)
- Post retirement employee benefits		-	(422)
- Right-of-use assets		(26,775)	(30,789)
- Amortization of discount on investments		(72,115)	(79,448)
		<u>(133,709)</u>	<u>(135,060)</u>
		<u>238,024</u>	<u>209,112</u>

14 OTHER ASSETS

Income/ mark-up accrued in local currency		633,864	928,777
Advances, deposits, advance rent and other prepayments		7,959	5,396
Advance taxation (payments less provisions)		655,288	532,867
Receivable against sale of shares		-	49,002
Receivable from related parties	14.1	113,996	23,115
Non-banking asset acquired in satisfaction of claims	14.2	77,690	106,215
Lease receivable under IFRS-16		6,866	8,378
Dividend receivable		-	-
Receivable from defined benefit plan		-	716
		<u>1,495,663</u>	<u>1,654,466</u>
Less: Provision held against other assets		-	-
		<u>1,495,663</u>	<u>1,654,466</u>

14.1 Receivable from related parties

Receivable from Awwal Modaraba Management Limited (subsidiary)		39,587	19,892
Receivable from Awwal Modaraba (subsidiary)		73,686	1,502
Receivable from Primus Leasing Company Limited (subsidiary)		723	1,721
		<u>113,996</u>	<u>23,115</u>

14.2 Non-banking asset acquired in satisfaction of claims

Opening balance		106,215	28,525
Additions during the year		5,462	77,690
Disposals during the year		(33,987)	-
Closing balance		<u>77,690</u>	<u>106,215</u>

15 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-current assets classified as held-for-sale		<u>392,917</u>	<u>387,745</u>
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This relates to land, building and machinery which have been classified as 'Non-current assets held for sale' as at September 30, 2020. The Company has entered into an agreement with a buyer to dispose of these properties. It is expected that the process of sale of these properties will be completed in the near future.

16 BORROWINGS

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

Secured

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

Unsecured

Letters of placement:			
- Primus Leasing Limited (subsidiary)	16.4	322,708	260,000
- Awwal Modaraba (subsidiary)	16.5	200,000	200,000
- Others	16.6	7,527,431	4,379,190
		<u>29,660,074</u>	<u>45,152,000</u>

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

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

16.3 These carry mark-up at rates ranging from 7.40% to 8.21% per annum (2019: 11% to 14% per annum) and are repayable within 3 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 the rate of 7.00% per annum (2019: 12.75% per annum) and are repayable within 3 months (2019: 1 month).

16.5 These carry mark-up at the rate of 6.50% (2019: 12%) and are repauable within 1 year (2019: 7 months).

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

17 DEPOSITS AND OTHER ACCOUNTS

	(Audited)			(Audited)		
	June 30, 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)	830,000	-	830,000	620,000	-	620,000
Financial Institutions						
- Certificate of investments (COIs)	-	-	-	-	-	-
	<u>830,000</u>	<u>-</u>	<u>830,000</u>	<u>620,000</u>	<u>-</u>	<u>620,000</u>

18 OTHER LIABILITIES

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

Mark-up / return / interest payable in local currency	333,607	795,366
Unearned commission and income on bills discounted	24,304	22,745
Accrued expenses	38,874	39,767
Brokerage / commission payable	1,857	3,170
Payable against purchase of shares	-	15,758
Lease liability against right-of-use assets	98,302	92,888
Security deposits against advances	261,893	353,372
Provision for Sindh Worker's Welfare Fund	100,908	100,908
Payable to defined benefit plan - related party	2,692	-
Others	24,136	28,099
	<u>886,573</u>	<u>1,452,073</u>

	Note	September 2020	(Audited) December 2019
----- Rupees in '000 -----			
19 DEFICIT ON REVALUATION OF ASSETS			
Deficit on revaluation of			
- Available-for-sale securities	9.1	(549,669)	(186,875)
Deferred tax on deficit on revaluation of:			
- Available-for-sale securities		36,825	35,977
		<u>(512,844)</u>	<u>(150,898)</u>
20 CONTINGENCIES AND COMMITMENTS			
- Guarantees	20.1	513,353	1,102,446
- Commitments	20.2	12,831,850	10,945,709
- Other contingent liabilities	20.3	-	-
		<u>13,345,203</u>	<u>12,048,155</u>
20.1 Guarantees			
Financial guarantees		<u>513,353</u>	<u>1,102,446</u>
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		825,618	331,320
Commitments in respect of:			
- government securities	20.2.1	-	-
- repo transactions	20.2.2	8,416,342	9,877,213
- forward lendings	20.2.3	3,589,890	737,176
		<u>12,831,850</u>	<u>10,945,709</u>
20.2.1 Commitments in respect of government securities			
Sale		<u>-</u>	<u>-</u>
20.2.2 Commitments in respect of repo transactions			
Repurchase of government securities		8,416,342	5,342,579
Reverse repurchase of government securities		-	4,534,634
		<u>8,416,342</u>	<u>9,877,213</u>
20.2.3 Commitments in respect of forward lendings			
Forward repurchase agreement lending		1,013,968	-
Undrawn formal standby facilities, credit lines and other commitments to lend		2,575,922	737,176
		<u>3,589,890</u>	<u>737,176</u>

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

20.3 Other contingent liabilities

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

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

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

		September 30, September 30	
		2020	2019
		----- Rupees in '000 -----	
21	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	a) Loans and advances	1,217,276	1,438,508
	b) Investments	1,752,188	1,915,367
	c) Lendings to financial institutions	129,675	153,561
	d) Sub-lease of premises	-	1,036
	e) Balances with banks	8,211	3,987
		<u>3,107,350</u>	<u>3,512,459</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	44,925	108,004
	Interest expense on lease liability		8,229
	Borrowings	2,411,930	2,837,701
		<u>2,456,855</u>	<u>2,953,934</u>
23	FEE AND COMMISSION INCOME		
	Advisory / arrangement fee	89	638
	Processing fee income	1,595	400
	Commitment fee	8,570	10,778
	Trustee fee	41,800	38,514
	Front end fee	128	499
		<u>52,182</u>	<u>50,829</u>
24	(LOSS) / GAIN ON SECURITIES		
	Realised	468,974	(466,803)
	Unrealised - held for trading	-	6,098
		<u>468,974</u>	<u>(460,705)</u>
24.1	Realised (loss) / gain on:		
	Federal government securities	546,972	63,336
	Shares	(87,348)	(530,779)
	Mutual funds	4,307	-
	Commercial paper	44	-
	Non-government debt securities	-	640
	Immovable property	4,999	-
		<u>468,974</u>	<u>(466,803)</u>
25	OTHER INCOME		
	Rent on property	150	4,925
	Gain on sale of fixed assets - net	47	1,790
	Others	-	1,336
		<u>197</u>	<u>8,051</u>

	Note	September 30, 2020	September 30, 2019
----- Rupees in '000 -----			
28	PROVISIONS AND WRITE OFFS - NET		
	Provision for diminution in value of investments - net	9.2 10,455	(97,603)
	Provisions against loans and advances	10.3 53,446	61,029
	Other provisions / write offs	-	-
		<u>63,901</u>	<u>(36,574)</u>
29	TAXATION		
	Current	262,902	162,604
	Prior years	25,000	-
	Deferred	<u>(28,057)</u>	<u>(107,523)</u>
		<u>259,845</u>	<u>55,081</u>
----- Rupees in '000 -----			
30	BASIC EARNINGS PER SHARE		
	Profit for the year	<u>683,292</u>	<u>22,306</u>
---No. of shares in '000s---			
	Weighted average number of ordinary shares	<u>600,000</u>	<u>600,000</u>
----- Rupees -----			
	Basic earnings per share	<u>1.14</u>	<u>0.04</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 / sukuk 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:

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

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 and its key management personnel.

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. 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. The details of transactions with related parties during the year and balances with them as at year end, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	September 30, 2020				December 31, 2019			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000)								
Investments								
Opening balance	-	-	2,003,372	-	-	-	2,003,372	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Transfer to available-for-sale securities on recharacterisation of investment	-	-	-	-	-	-	-	-
Transfer in / (out)	-	-	-	-	-	-	-	-
Classified as held-for-sale	-	-	-	-	-	-	-	-
Closing balance	-	-	2,003,372	-	-	-	2,003,372	-
Advances								
Opening balance	-	81,077	-	-	-	75,591	-	-
Addition during the year	-	22,032	-	-	-	6,859	-	-
Repaid during the year	-	(14,025)	-	-	-	(31,856)	-	-
Transfer in / (out) - net	-	5,652	-	-	-	30,483	-	-
Closing balance	-	94,736	-	-	-	81,077	-	-
Other assets								
Interest / mark-up accrued	-	-	2,609	-	-	-	372	-
Lease receivable under IFRS-16	-	-	488	-	-	-	2,983	-
Receivable from defined benefit plan	-	-	-	-	-	-	-	716
Others	-	-	42,171	-	-	-	19,760	-
	-	-	45,268	-	-	-	23,115	716
Borrowings								
Opening balance	-	-	460,000	66,014	-	-	583,174	14,346
Borrowings during the year	-	-	1,570,987	80,108	-	-	4,409,462	398,129
Settled during the year	-	-	(1,508,279)	(76,722)	-	-	(4,532,636)	(346,461)
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	522,708	69,400	-	-	480,000	66,014
Deposits and other accounts								
Opening balance	-	-	-	-	-	-	-	-
Received during the year	-	-	-	-	-	-	-	-
Withdrawn during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-
Other Liabilities								
Interest / mark-up payable	-	-	3,913	8,318	-	-	12,478	1,379
Other liabilities	-	-	-	2,114	-	-	-	261
	-	-	3,913	10,432	-	-	12,478	1,640

	September 30, 2020				September 30, 2019			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	-	2,999	2,236	-	-	2,852	1,309	-
Dividend income	-	71,824	-	-	-	-	79,905	-
Net gain on sale of securities	-	-	-	-	-	-	-	-
Gain on sale of intangibles	-	-	-	-	-	-	-	-
Expense								
Mark-up / return / interest paid	-	-	26,093	9,806	-	-	44,460	1,783
Operating expenses	3,600	95,495	-	-	3,516	78,587	-	-
Reimbursement of expenses	-	6,257	-	-	-	5,821	-	-
Expenses charged	33.1	-	19,524	-	-	-	19,648	-

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

34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	September 30, 2020	(Audited) December 31, 2019
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	7,855,276	7,805,912
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,855,276	7,805,912
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	7,855,276	7,805,912
Risk Weighted Assets (RWAs):		
Credit Risk	18,965,776	21,592,476
Market Risk	6,034,465	5,274,038
Operational Risk	1,756,822	1,756,822
Total	26,757,063	28,623,336
Common Equity Tier 1 Capital Adequacy ratio	29.36%	27.27%
Tier 1 Capital Adequacy Ratio	29.36%	27.27%
Total Capital Adequacy Ratio	29.36%	27.27%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	7,855,276	7,805,912
Total Exposures	42,938,723	57,136,948
Leverage Ratio - percentage	18.29%	13.66%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,968,951	4,538,009
Total Net Cash Outflow	8,219,560	7,136,150
Liquidity Coverage Ratio - percentage	121.28%	63.59%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	21,410,522	25,529,648
Total Required Stable Funding	17,903,511	22,140,524
Net Stable Funding Ratio - percentage	119.59%	115.31%

35 GENERAL

- 35.1** Figures in these unconsolidated 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 unconsolidated financial statements were authorised for issue on **October 28, 2020** by the Board of Directors of the Company.

President/Chief Executive

Chief Financial Officer

Director

Director

Director