



Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim unconsolidated financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 31 March 2021 together with Directors' review thereon.

Performance review

The Company generated profit before tax of PKR 144.98 million during the period under review as compared to PKR 76.34 million in the corresponding period last year.

Gross mark-up income during the period was PKR 723.40 million compared to PKR 970.52 million whilst total income was PKR 210.35 million as compared to PKR 135.26 million in corresponding period last year. Though, gross mark-up income has declined due to decline in interest rate on period on period basis, however, net interest income (NII) has increased by PKR 86.82 million mainly due to improved spreads and growth in credit and debt investment portfolios.

During the period, the Company generated net cash flows of PKR 1,175.45 million from its operations as compared to PKR 2,237.98 million in corresponding period; the decline was mainly due to increase in credit and investment portfolios. The total assets of the Company have increased to PKR 39,853.24 million – an increase of around PKR 2,842.78 million (compared to financial yearend 2020) mainly in credit and investment portfolios.

The summarised financial results for the period are as follows:

Description	Quarter Ended 31 March 2021 (3ME21)	Quarter Ended 31 March 2020 (3ME20)
	PKR '000	
Profit/(loss) before taxation	144,975	76,336
Taxation	11,112	8,668
Profit/(loss) after taxation	133,863	67,668
Earnings/(loss) per share (Rupees)	165.46	110.18

Future prospects

In relation to minimum capital requirement (MCR), during the period under review, the Company has received final portion of last tranche from Ministry of Finance (GoP) and has issued remaining shares to the shareholders against the equity received in tranches. Therefore, the paid up capital of the Company has increased to PKR 8.141 billion; consequently, at period end, the Company met the requirements of capital free of losses.

Moreover, the Company has been taking various measures to tighten the controls over operating cost and expenses with the aim to attain profit and positive cash flows from operations. The management is taking steps to improve the Company's liquidity, profitability and cash flows via active cost saving and other measures. To further improve the performance, management is focusing on all possible avenues for sustainable profitable operations of the Company with an objective to expand its loan book including SME financing activities. However, a cautious stance is being maintained towards further asset growth.

The management of the Company after critically evaluating its options had finalised the terms of restructuring deal for the disposal of KEL assets (non-banking assets) with a specialised engineering firm. The transaction has been professionally structured and amicably closed between both the parties.



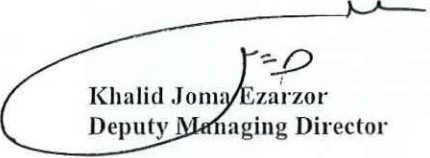
The real objective and success of the deal is to deploy these assets into economic use so that it would contribute many positive benefits into the economy and help generate economic activity e.g., employment, foreign direct investment, revenues and capital.

In view of the overall efforts being made by the management, we are confident of positive business prospects for the Company.

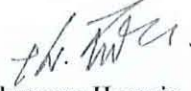
Acknowledgments

On behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust. We are also thankful to employees of the Company for their hard work and dedication.

For and on behalf of the Board


Khalid Joma Ezarzor
Deputy Managing Director

28 April 2021



Khurram Hussain
Managing Director & CEO

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PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	(Un-audited)	(Audited)
Note	31 March 2021	31 December 2020
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	6 77,726	63,155
Balances with other banks	7 106,567	82,159
Lendings to financial institutions	8 4,400,000	3,400,000
Investments	9 26,117,440	24,912,515
Advances	10 6,583,277	5,674,009
Fixed assets	11 94,806	97,813
Intangible assets	12 1,658	1,964
Deferred tax asset - net	13 267,813	189,306
Non-banking assets acquired in satisfaction of claim - held for sale	14 1,179,360	1,179,360
Other assets	14 1,024,590	1,410,178
	39,853,237	37,010,459
LIABILITIES		
Bills payable	15 -	-
Borrowings	17 28,835,020	26,391,955
Deposits and other accounts	17 4,346,181	4,042,892
Liabilities against assets subject to finance lease	18 -	-
Sub-ordinated loans	19 -	-
Deferred tax liabilities	20 -	-
Other liabilities	22 654,498	612,551
	33,835,699	31,047,398
NET ASSETS	6,017,538	5,963,061
REPRESENTED BY		
Share capital	22 8,141,780	7,871,780
Reserves	399,250	372,477
(Deficit) on revaluation of assets - net of tax	23 (494,660)	(281,624)
Unappropriated / unremitted (loss)	(2,028,832)	(2,134,572)
Advance against shares subscription	-	135,000
	6,017,538	5,963,061
CONTINGENCIES AND COMMITMENTS	24	

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Managing Director & CEO


 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Note	Quarter ended	
		March	March
		2021	2020
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	723,403	970,516
Mark-up / return / interest expensed	27	545,896	879,832
Net mark-up / interest income		177,507	90,684
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	3,892	7,017
Dividend income		22,840	10,238
Foreign exchange income		(28)	8
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	5,039	26,252
Other income	30	1,104	1,064
Total non mark-up / interest income		32,847	44,579
Total Income		210,354	135,263
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	109,722	107,286
Workers welfare fund	24.3.9	-	-
Other charges	32	3,397	5,363
Total non mark-up / interest expenses		113,119	112,649
Profit / (loss) before provisions		97,235	22,614
Provisions / (reversal) and write offs - net	33	(47,740)	(53,722)
Extraordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		144,975	76,336
Taxation	34	11,112	8,668
PROFIT / (LOSS) AFTER TAXATION		133,863	67,668
		----- (Rupees) -----	
Basic earnings / (loss) per share	35	165.46	110.18
Diluted earnings / (loss) per share	36	165.46	110.18

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Managing Director & CEO


 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Note	Quarter ended	
	March 2021	March 2020
----- (Rupees in '000) -----		
Profit / (loss) after taxation	133,863	67,668
Other comprehensive income - net		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in (deficit) / surplus on revaluation of investments - net of tax*	(213,037)	39,577
Others	-	-
	(213,037)	39,577
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	-	-
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
Total comprehensive income / (loss)	(79,174)	107,245

*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


 Chief Financial Officer

 Director


 Managing Director & CEO

 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

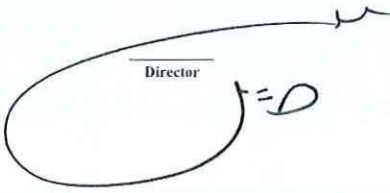
	Share capital/ Head office capital account	Statutory reserve ^a	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit/ (loss)	Total
			Investments	Fixed / Non Banking Assets		
(Rupees in '000)						
Opening balance as at 01 January 2020	6,141,780	311,650	(36,336)	-	(2,363,576)	4,053,518
Profit after taxation (March 2020)	-	-	-	-	67,668	67,668
Other comprehensive income - net of tax	-	-	39,577	-	-	39,577
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	13,534	-	-	(13,534)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Stamp duty on shares issuance	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 April 2020	6,141,780	325,184	3,241	-	(2,309,442)	4,160,763
Profit for the period	-	-	-	-	236,467	236,467
Other comprehensive income - net of tax	-	-	(284,864)	-	-	(284,864)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	47,293	-	-	(47,293)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	5,367	5,367
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	1,730,000	-	-	-	-	1,730,000
Stamp duty on shares issuance	-	-	-	-	(19,670)	(19,670)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2021	7,871,780	372,477	(281,623)	-	(2,134,572)	5,828,062
Profit after taxation (March 2021)	-	-	-	-	133,863	133,863
Other comprehensive income - net of tax	-	-	(213,037)	-	-	(213,037)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	26,773	-	-	(26,773)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	270,000	-	-	-	-	270,000
Stamp duty on shares issuance	-	-	-	-	(1,350)	(1,350)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the period 31 March 2021	8,141,780	399,250	(494,660)	-	(2,028,832)	6,017,539

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Managing Director & CEO



Director


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Note	Quarter ended	
	March 2021	March 2020
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	144,975	76,336
Less: Dividend income	<u>(22,840)</u>	<u>(10,238)</u>
	122,135	66,098
Adjustments:		
Depreciation	8,159	7,513
Amortization	306	306
(Reversal) / provision and write-offs	10.3 (19,661)	(53,721)
Unrealised loss on revaluation of investments classified as 'held-for trading'	9.1 206	-
Reversal of provision against lendings to financial institutions	7.2 (2,497)	-
(Reversal) of provision / provision against other assets	-	-
Provision against contingencies	-	-
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1 (25,582)	-
(Gain) on sale of operating fixed assets	30 -	(47)
	<u>(39,069)</u>	<u>(45,949)</u>
	83,066	(45,949)
(Increase) / decrease in operating assets		
Lendings to financial institutions	252,500	(500,000)
Held-for-trading securities	(1,437,659)	7,901
Advances	(889,608)	41,179
Others assets (excluding advance taxation)	474,570	391,662
	<u>(1,600,197)</u>	<u>(59,258)</u>
Increase / (decrease) in operating liabilities		
Bills payable	-	-
Borrowings from financial institutions	2,443,065	2,434,093
Deposits	303,289	24,205
Other liabilities	41,947	48,219
	<u>2,788,301</u>	<u>2,506,517</u>
	1,271,170	2,401,310
Income tax paid	<u>(95,723)</u>	<u>(163,334)</u>
Net cash generated from operating activities	1,175,447	2,237,976
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in 'available-for-sale' securities - net	(96,102)	(3,414,292)
Investments in 'held-to-maturity' securities - net	68,376	7,133
Dividend received	12,760	5,488
Investments in operating fixed assets - net	(5,153)	(479)
Proceeds from sale of operating fixed assets	-	48
Proceeds from sale of shares of subsidiary company	-	-
Net cash flow (used) in investing activities	<u>(20,119)</u>	<u>(7,343,595)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts/payments of subordinated debt	-	-
Receipts/payments of lease obligations	-	-
Issue of share capital	-	-
Advance against share subscription	135,000	-
Stamp duty on shares issuance	(1,350)	-
Dividend paid	-	-
Remittances made to/received from company	-	-
Net cash flow generated from financing activities	<u>133,650</u>	<u>-</u>
Net increase in cash and cash equivalents	1,288,978	(3,414,292)
Cash and cash equivalents at beginning of the period	2,495,315	1,867,029
Cash and cash equivalents at end of the period	42 <u>3,784,293</u>	<u>769,002</u>

The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Director


Managing Director & CEO


Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1** Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure for further thirty years upto 14 October 2038. The objectives of the Company inter alia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

- 1.2** The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion.

The BoD of the Company approved a 5-year plan, prepared by the management, together with projections. As a result, the management of the Company has taken various steps to improve the financial position of the Company.

During the quarter, the Company has received remaining portion of final tranche of Rs. 135 million from GoP and issued shares amounting to Rs. 270 million (Rs. 135 million each shareholder); therefore, the paid up capital of the Company has increased to Rs. 8.141 billion and its capital free of losses met the minimum capital requirements.

Consequently, the paid-up capital of the Company (free of losses) as of 31 March 2021 amounted to Rs. 6.113 billion (31 December 2020: Rs. 5.737 billion).

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** The condensed interim unconsolidated financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended 31 December 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 New standards, interpretations and amendments

Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

New or Revised Standard or Interpretation

**Effective Date
(Annual periods
beginning
on or after)**

IFRS 3 Definition of a Business (Amendment to IFRS 3)

January 1, 2020

IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2020

The adoption of IFRS does not have any material impact on the Company's financial statements.

Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's financial statements in the period of their initial application.

The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

IFRS 16, IFRS 9 and IAS 21 specific application is now applicable to all companies including those having PPAs signed on or after 01 January 2019	June 1, 2020
IFRS 16 COVID-19 Rent Related Concessions	June 1, 2020
IFRS 9, IAS 39, IFRS7, IFRS4, and IFRS16 Interest Rate Benchmark Reform Phase 2	January 1, 2021
IFRS 17 Insurance Contracts	January 1, 2022
IFRS 17 and IFRS 4 Ammenment to IFRS 17 Insurance Contracts	January 1, 2022
IFRS 3 References to Conceptual Framework	January 1, 2022
IFRS 1, IFRS 9, IFRS 16 and Annual Improvements to IFRS Standards 2018-2020 cycle	January 1, 2022

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 17 'Insurance Contracts'	January 1, 2022
IFRS 9 (ECL model on the financial assets due from Government)	July 1, 2021

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial statements is the same as that applied in the preparation of the financial statements for the year ended 31 December 2020.

5. FINANCIAL RISK MANAGEMENT

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

	Note	(Un-audited) 31 March 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		5,510	5,749
		5,516	5,755
With State Bank of Pakistan in			
Local currency current account	6.1	71,109	56,448
		71,109	56,448
With other central banks in			
Foreign currency current account		-	-
Foreign currency deposit account		-	-
		-	-
With National Bank of Pakistan in			
Local currency current account		1,100	952
Local currency deposit account		-	-
		1,100	952
Prize bonds		-	-
		77,726	63,155

6.1 This includes a balance required to be maintained with the SBP by the Company in accordance with the SBP's regulations for cash reserve requirements.

	Note	(Un-audited) 31 March 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		15,617	29,992
In deposit accounts	7.1	90,950	52,167
		106,567	82,159
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		106,567	82,159

7.1 The return on these balances is 5.50 (2019: 5.00 to 11.30) percent per annum.

	Note	(Un-audited) 31 March 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	8.1.1	4,430,567	3,433,064
		4,430,567	3,433,064
Less: provision held against lending to financial institutions	8.2	(30,567)	(33,064)
Lending to financial institutions - net of provision		4,400,000	3,400,000
8.1 Particulars of lending			
In local currency		4,400,000	3,400,000
In foreign currencies		-	-
		4,400,000	3,400,000

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 7.80 to 9.00 (31 December 2020: 7.65 to 9.50) percent per annum. These are due to mature between 21 April 2021 and 03 September 2021.

8.2 Category of classification

	Rupees in '000			
	(Un-audited) 31 March 2021		(Audited) 31 December 2020	
	Classified Lending	Provision held	Classified Lending	Provision held
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	30,567	30,567	33,064	33,064
Total	30,567	30,567	33,064	33,064

Overseas

The Company does not have any overseas lending during quarter ended March 2021 (2020 : Nil).

9 INVESTMENTS	(Un-audited) 31 March 2021 (Rupees in '000)				(Audited) 31 December 2020 (Rupees in '000)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
9.1 Investments by type:								
Held-for-trading securities								
Federal government securities	1,446,004	-	(174)	1,445,831	-	-	-	-
Shares	6,869	-	(444)	6,426	15,214	-	(412)	14,803
	<u>1,452,874</u>	<u>-</u>	<u>(617)</u>	<u>1,452,256</u>	<u>15,214</u>	<u>-</u>	<u>(412)</u>	<u>14,803</u>
Available-for-sale securities								
Federal government securities	22,023,933	-	(595,753)	21,428,181	22,033,674	-	(367,698)	21,665,976
Shares	1,195,103	(347,584)	(96,254)	751,264	1,227,537	(373,166)	(35,798)	818,573
Non government debt securities	2,829,023	(343,758)	(1,026)	2,484,240	2,690,746	(343,758)	(3,701)	2,343,287
	<u>26,048,059</u>	<u>(691,343)</u>	<u>(693,032)</u>	<u>24,663,684</u>	<u>25,951,957</u>	<u>(716,924)</u>	<u>(407,197)</u>	<u>24,827,836</u>
Held-to-maturity securities								
Non government debt securities	6,366	(6,366)	-	-	74,742	(6,366)	-	68,376
	<u>6,366</u>	<u>(6,366)</u>	<u>-</u>	<u>-</u>	<u>74,742</u>	<u>(6,366)</u>	<u>-</u>	<u>68,376</u>
Associates								
	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
	<u>706,367</u>	<u>(704,867)</u>	<u>-</u>	<u>1,500</u>	<u>706,367</u>	<u>(704,867)</u>	<u>-</u>	<u>1,500</u>
Total	<u>28,213,665</u>	<u>(1,402,575)</u>	<u>(693,650)</u>	<u>26,117,440</u>	<u>26,748,280</u>	<u>(1,428,157)</u>	<u>(407,609)</u>	<u>24,912,515</u>

9.1.1 This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The book value represents cost of investment amounting to Rs. 500 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012. This investment was designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

9.1.2 These include preference shares amounting to Rs.300 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.

9.1.3 It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining building housing offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.

9.1.4 It includes unlisted ordinary shares of Kamoke Powergen (Private) Limited (KPL). It was established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. During the year 2020, the Company has disposed off its major shareholding and transferred management control, therefore, the subsidiary has become an associate.

- 9.1.5 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its mark-up and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause is mandatorily invoked for the time being until proposed merger; however, the pending merger had been called off and the Bank started working to resolve the issue. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms.

Considering the delay in resolution, the TFC holders again agreed to extend the maturity period for another year ending 27 October 2021 so the Bank could finalise new arrangement with the investors for equity injection. The Bank acknowledges the debt and related mark-up as payable on the TFC Issue.

In this regard, SBP has given its final approval for the period till 27 October 2020 and also given a separate in-principal approval for the period covering till 27 October 2021.

The management has evaluated overall situation vis-a-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements. Therefore, management has not provided any impairment on the said TFCs on subjective basis due to above facts and the recent developments & negotiations, in these financial statements.

9.1.6 Investments given as collateral

	Note	(Unaudited)	(Audited)
		March 2021	December 2020
Cost			
----- (Rupees in '000) -----			
Market treasury bills		1,500,000	-
Pakistan investment bonds		19,706,000	17,885,000
		<u>21,206,000</u>	<u>17,885,000</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance		1,428,156	1,410,345
Add: adjustments during the period / year		-	-
Charge / reversals			
Charge for the year		-	77,339
Reversals for the year		-	-
(Reversal) / charge on disposals	9.1	(25,582)	(59,528)
Transfers / Mark-to-market - net		-	-
Amounts written off		-	-
Closing balance		<u>1,402,575</u>	<u>1,428,156</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Unaudited) March 2021		(Audited) December 2020	
	Classified	Provision	Classified	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard*	99,940	11,209	99,940	11,209
Doubtful	-	-	-	-
Loss	338,915	338,915	338,915	338,915
	<u>438,855</u>	<u>350,123</u>	<u>438,855</u>	<u>350,123</u>

* Included herein is subjective provision on a certain exposure.

Overseas

The Company does not have any overseas investment during the period ended March 2021 (2020 - Nil).

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	(Rupees in '000)					
Loans	5,009,907	4,259,574	965,673	1,266,807	5,975,580	5,526,381
Net investment in finance lease	294,919	322,717	146,938	146,938	441,857	469,655
Staff loans	147,666	145,087	-	-	147,666	145,087
Consumer loans and advances	1,384	2,309	37,908	38,014	39,293	40,323
Long-term financing of export oriented projects (LTF-EOP)	-	-	60,180	60,180	60,180	60,180
Long-term financing facility (LTFF)	318,830	318,830	-	-	318,830	318,830
Refinance scheme for payment of wages & salaries	480,606	506,666	-	-	480,606	506,666
Temporary economic relief facility (TERF)	267,342	56,816	-	-	267,342	56,816
Advances - gross	6,520,655	5,611,999	1,210,699	1,511,939	7,731,354	7,123,939
Provision against advances						
- Specific	-	-	1,148,001	1,449,884	1,148,001	1,449,884
- General	-	-	76	46	76	46
	-	-	1,148,076	1,449,930	1,148,076	1,449,930
Advances - net of provision	6,520,655	5,611,999	62,622	62,009	6,583,277	5,674,009

10.1 Particulars of advances (Gross)
In local currency
In foreign currency

(Unaudited) March 2021	(Audited) December 2020
--- (Rupees in '000) ---	
7,731,354	7,123,939
-	-
7,731,354	7,123,939

- 10.2 Advances include Rs.1,209.99 million (31 December 2020: Rs 1,511.94 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Unaudited) March 2021		(Audited) December 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	2,944	-	764	-
Substandard	23	6	3,018	755
Doubtful	992	496	993	497
Loss	1,206,030	1,147,498	1,507,164	1,448,632
Total	1,209,989	1,148,001	1,511,939	1,449,884

Overseas

The Company does not have any overseas advances during the period ended 31 March 2021 (31 December 2020 : Nil).

- 10.3 Particulars of provision against advances

	(Unaudited) March 2021			(Audited) December 2020		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	1,449,884	46	1,449,930	1,502,343	105	1,502,448
Charge for the year	6	30	35	2,284	-	2,283
Less: Reversal during the period	(19,696)	-	(19,696)	(54,743)	(58)	(54,801)
Net (reversal) for the period	(19,690)	30	(19,661)	(52,459)	(58)	(52,518)
Less: Amounts written off	(282,193)	-	(282,193)	-	-	-
Closing balance	1,148,001	76	1,148,077	1,449,884	46	1,449,930

- 10.3.1 Particulars of provision against advances

In local currency	1,148,001	76	1,148,077	1,449,884	46	1,449,930
In foreign currency	-	-	-	-	-	-
	1,148,001	76	1,148,077	1,449,884	46	1,449,930

- 10.3.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2020: Nil) in respect of consumer financing and Rs.58.532 million (31 December 2020: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

- 10.3.3 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP for Consumer Financing.

		(Un-audited) 31 March 2020	(Audited) 31 December 2020
11	FIXED ASSETS		
	Capital work-in-progress	5,850	1,350
	Property and equipment	88,956	96,463
		<u>94,806</u>	<u>97,813</u>
11.1	Capital work-in-progress		
	Civil works	-	-
	Equipment	-	-
	Advances to vendors	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
		(Un-audited) 31 March 2021	(Un-audited) 31 March 2020
11.2	Additions to fixed assets		
	The following additions have been made to operating fixed assets during the period:		
	Capital work-in-progress	-	-
	Property and equipment		
	Freehold land	-	-
	Leasehold land	-	-
	Buidling on freehold land	-	-
	Buidling on leasehold land	-	-
	Furniture and fixture	-	371
	Electrical office and computer equipment	653	29
	Vehicles	-	79
	Others	-	-
	Total	<u>653</u>	<u>479</u>
11.3	Disposal of fixed assets		
	The net book value of operating fixed assets disposed off during the period is as follows:		
	Freehold land	-	-
	Leasehold land	-	-
	Buidling on freehold land	-	-
	Buidling on leasehold land	-	-
	Furniture and fixture	-	-
	Electrical office and computer equipment	-	-
	Vehicles	-	1
	Others	-	-
	Total	<u>-</u>	<u>1</u>
		(Un-audited) 31 March 2021	(Audited) 31 December 2020
12	INTANGIBLE ASSETS		
	Computer software	1,658	1,964
	Others	-	-
		<u>1,658</u>	<u>1,964</u>
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Developed internally	-	-
	Directly purchased	-	-
	Through business combinations	-	-
	Total	<u>-</u>	<u>-</u>
12.2	Disposals of intangible assets		
	The net book value of intangible assets disposed off during the period is as follows:		
	Developed internally	-	-
	Directly purchased	-	-
	Through business combinations	-	-
	Total	<u>-</u>	<u>-</u>

Note	(Un-audited)	(Audited)
	31 March 2021	31 December 2020
---- (Rupees in '000) ----		
13 DEFERRED TAX ASSETS / (LIABILITY)		
Deductible temporary differences on		
- Tax losses carried forward	-	-
- Post retirement employee benefits	5,978	5,828
- Deficit on revaluation of investments	198,439	125,637
- Accelerated tax depreciation	-	-
- Provision against advances, off balance sheet etc.	77,568	77,568
- Others	-	-
	<u>281,985</u>	<u>209,033</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	-	-
- Surplus on revaluation of investments	-	-
- Accelerated tax depreciation	220	(1,705)
- Net investment in finance lease	(14,392)	(18,022)
	<u>(14,172)</u>	<u>(19,727)</u>
	<u>267,813</u>	<u>189,306</u>

13.1 As at 31 March 2021, the Company has available provision for advances, investments and other assets amounting to Rs.1,427.63 million (31 December 2020: Rs.1,731.52 million) and unused tax losses upto 31 March 2021 amounting to Rs. 212.912 million (31 December 2020: Rs. 265.640 million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

Note	(Un-audited)	(Audited)
	31 March 2021	31 December 2020
---- (Rupees in '000) ----		
14 OTHER ASSETS		
Income / mark-up accrued in local currency-net of provision	364,753	844,071
Advances, deposit, advance rent and other prepayments	54,643	38,739
Advance taxation (payments less provisions)	625,258	546,357
Staff retirement gratuity - asset / (liability)	7,537	10,683
Other receivables	8,346	8,514
	<u>1,060,537</u>	<u>1,448,364</u>
Less: provision held against other assets	(35,948)	(38,186)
Other assets - (net of provision)	<u>1,024,590</u>	<u>1,410,178</u>
14.1 Non-banking assets acquired in satisfaction of claims - held for sale		
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	1,179,360	1,179,360
	<u>1,179,360</u>	<u>1,179,360</u>

14.2 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 14.2.1 & note 37.2.

Note	(Un-audited)	(Audited)
	31 March 2021	31 December 2020
---- (Rupees in '000) ----		
14.2.1 Non-banking assets acquired in satisfaction of claims - held for sale		
Opening balance	1,179,360	1,179,360
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
Impairment	-	-
Closing balance	<u>1,179,360</u>	<u>1,179,360</u>

This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at 31 December 2019. As per the new valuation the assessed value of these assets were Rs.2.531 billion whilst forced sale value was Rs.1.570 billion. However, the surplus on revaluation on the non-banking assets has not been recorded in these financial statements on prudent basis.

Note	(Un-audited)	(Audited)
	31 March 2021	31 December 2020
---- (Rupees in '000) ----		
14.2.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	-	-
less		
- Cost	-	-
- Impairment / depreciation	-	-
Gain/loss	<u>-</u>	<u>-</u>

	(Un-audited) 31 March 2021	(Audited) 31 December 2020
---- (Rupees in '000) ----		
14.3 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	35,948	38,186
Non banking assets acquired in satisfaction of claims	-	-
Others	-	-
	<u>35,948</u>	<u>38,186</u>
14.3.1 Movement in provision held against other assets		
Opening balance	38,186	38,186
Charge for the period / year	-	-
Reversal	-	-
Amount written off / (recovered)	(2,238)	-
Closing balance	<u>35,948</u>	<u>38,186</u>

15 Contingent assets

The Company does not have any contingent assets as at period end March 2021 (31 December 2020 : Nil).

16 Bill payable

The Company does not have any bills payable as at period end March 2021 (31 December 2020 : Nil).

17 BORROWINGS

	(Un-audited) 31 March 2021	(Audited) 31 December 2020
---- (Rupees in '000) ----		
<i>Secured</i>		
Borrowings from State Bank of Pakistan under:		
Long-term financing facility (LTFF)	17.1 (a) 318,723	318,723
Refinance scheme for payment of wages & salaries	17.1 (b) 480,606	506,666
Temporary economic relief facility (TERF)	17.1 (c) 56,059	41,139
Repurchase agreement borrowings - Repo	17.2 21,051,632	17,885,000
Borrowings from financial institutions	17.3 5,199,000	5,199,000
Total secured	<u>27,106,020</u>	<u>23,950,528</u>
<i>Unsecured</i>		
Clean borrowings	1,729,000	1,596,000
Bai Muajjal	17.4 -	845,427
	<u>28,835,020</u>	<u>26,391,955</u>

17.1 (a) This includes borrowings from State Bank of Pakistan as under:

- (a) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.0 to 2.5 (31 December 2020: 2.0 to 2.5) percent per annum.
- (b) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for refinance scheme for payment of wages & salaries to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry Nil (31 December 2020: nil) percent per annum interest for all types of eligible borrowers that are on active tax payer list.
- (c) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for temporary economic relief facility (TERF). According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry 1.0 (31 December 2020: 1.0) percent per annum.

17.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 23 April 2021 (31 December 2020: 18 January 2021). The rate of mark-up on these facilities range from 7.10 to 7.90 (31 December 2020: 6.92 to 7.20) percent per annum.

17.3 This includes borrowings from financial institutions as under:

- (a) Rs.5,000.00 million (31 December 2020: Rs.5,000.00 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis (2020: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 31 March 2021, the applicable interest rates were 7.60 to 8.07 (31 December 2020: 7.13 to 7.85) percent per annum. These borrowings are due for maturity latest by July 2024 (31 December 2020: December 2023).
- (b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2020: Rs.199 million) from certain financial institutions for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 0.75 percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

17.4 This represents financing through unsecured Bai Muajjal from a financial institution (December 2020: 22 February 2021). The rate of mark-up on this facility is Nil (31 December 2020: 7.4) percent per annum.

	(Un-audited) 31 March 2021	(Audited) 31 December 2020
16.2 Particulars of borrowings with respect to currencies	---- (Rupees in '000) ----	
In local currency	28,835,020	26,391,955
In foreign currency	-	-
	<u>28,835,020</u>	<u>26,391,955</u>

17 DEPOSITS AND OTHER ACCOUNTS

	(Unaudited) March 2021			(Audited) December 2020		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	-----Rupees in '000-----					
Customers						
Certificate of Investment	4,346,181	-	4,346,181	4,042,892	-	4,042,892
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>4,346,181</u>	<u>-</u>	<u>4,346,181</u>	<u>4,042,892</u>	<u>-</u>	<u>4,042,892</u>
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,346,181</u>	<u>-</u>	<u>4,346,181</u>	<u>4,042,892</u>	<u>-</u>	<u>4,042,892</u>

The profit rates on these Certificates of Investment (COIs) range from 7.25 to 7.85 (31 December 2020: 7.00 to 13.26) percent per annum. These COIs are due for maturity on various dates latest by 17 December 2021 (31 December 2020: 17 December 2021).

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance as at period end March 2021 (31 December 2020: Nil).

19 SUBORDINATED DEBT

The Company does not have any subordinated debt as at period end March 2021 (31 December 2020: Nil).

20 DEFERRED TAX LIABILITIES

The deferred tax liabilities have been considered in note 12, since a net deferred tax asset amount has been disclosed.

22 OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		31 March 2020	31 December 2020
--- (Rupees in '000) ---			
Mark-up/ Return/ Interest payable in local currency		173,712	123,457
Accrued expenses		166,978	148,463
Advance payments		-	27,339
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	21.1	20,613	20,095
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	77,682
Provision against contingencies	22.2	215,000	215,000
Other		514	514
		<u>654,498</u>	<u>612,551</u>

22.1 This is based on actuarial valuation carried out as of 31 December 2020 for regular employees and MD & DMD of the Company.

22.2 Movement in provision held against other assets	(Un-audited)	(Audited)
	31 March 2020	31 December 2020
--- (Rupees in '000) ---		
Opening balance	215,000	215,000
Addition during the year / period	-	-
Utilised during the year / period	-	-
Closing balance	<u>215,000</u>	<u>215,000</u>

22.3 Provision against off-balance sheet obligations

The Company does not have any provision against off-balance sheet obligations.

23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

- Available for sale securities	(693,032)	(407,198)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>(693,032)</u>	<u>(407,198)</u>

Deferred tax on surplus / (deficit) on revaluation of:

- Available for sale securities	198,372	125,574
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>198,372</u>	<u>125,574</u>
	<u>(494,660)</u>	<u>(281,624)</u>

	Note	(Un-audited)	(Audited)
		31 March 2021	31 December 2020
---- (Rupees in '000) ----			
24 CONTINGENCIES AND COMMITMENTS			
- Guarantees	24.1	869,413	870,743
- Commitments	24.2	2,785,622	2,475,708
- Other contingent liabilities	24.3	348,141	213,227
		<u>4,003,176</u>	<u>3,559,678</u>
24.1 Guarantees:			
Financial guarantees	24.1.1	841,120	841,120
Performance guarantees	24.1.1	28,293	29,623
Other guarantees		-	-
		<u>869,413</u>	<u>870,743</u>

24.1.1 This represents the guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Company under the same.

	Note	(Un-audited)	(Audited)
		31 March 2021	31 December 2020
---- (Rupees in '000) ----			
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		350,000	350,000
Commitments in respect of:			
- forward foreign exchange contracts		-	-
- forward government securities transactions		-	-
- derivatives		-	-
- forward lending		-	-
- operating leases		-	-
Commitments for acquisition of:			
- operating fixed assets		4,650	3,150
- intangible assets		708	708
Other commitments	24.2.2	2,430,263	2,121,850
		<u>2,785,622</u>	<u>2,475,708</u>

24.2.1 Commitments in respect of forward foreign exchange contract, government securities transactions, derivatives, forward
The Company does not have any commitment in respect to foreign exchange contract, government securities transactions, derivatives and forward lending at period end (31 December 2020: Nil).

	(Un-audited)	(Audited)
	31 March 2021	31 December 2020
---- (Rupees in '000) ----		
24.2.2 Other commitments		
Commitments to extend credit	2,423,995	2,087,891
Unsettled investment transactions for sale / purchase of listed ordinary shares	4,844	32,534
Commitments against other services	1,425	1,425
	<u>2,430,263</u>	<u>2,121,850</u>

24.3 Other contingent liabilities

- 24.3.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.
- 24.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.3 For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vides his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.4 For the tax year 2014, the ACIR passed an order wherein tax demand of Rs.57.866 million was raised, disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vides his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

- 24.3.5 For the tax year 2015, the ADCIR passed an order wherein tax demand of Rs.46.669 million was raised, disallowing the provision for non-performing advances, write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest various treatments adopted in the above mentioned order issued by ADCIR, has been filed on 16 April 2019.
- 24.3.6 For the tax year 2016, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 102.965 million was raised, disallowing the provision against non performing advances, loss on sale of non-banking assets, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest the various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The Appeal is pending and has not been fixed yet.
- 24.3.7 For the tax year 2017, the DCIR passed an order under section 122(1) (5) of the Ordinance on September 30, 2019. As a result, there is no change in the tax liability, however, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed, DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed board meeting expenses and treated expenditure incurred on privately placed TFCs as capital expenditure. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order was filed. The CIR(A) vide his order No. 29 dated 27-01-2021, confirmed the treatment of the DCIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments of the DCIR upheld by CIR(A) has been filed on 31 March 2021 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR and has not been fixed yet.
- 24.3.8 For the tax year 2018, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 31.948 million was raised disallowing the provision against non performing advances, provision against other assets, other charges-KEL, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. Appeal is pending. Further, rectification application has been filed vide our letter T-1079/2021 dated April 01, 2021. After due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.

No provision has been made in these condensed interim financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters considering the appellate history and tax advisor's opinion.

- 24.3.9 The Company, through its lawyer, has challenged in Sindh High Court (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing. At period end, the outcome was still pending.
- 25 **DERIVATIVE INSTRUMENTS**
The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the period (31 December 2020: Nil)

	(Un-audited) 31 March 2021	(Un-audited) 31 March 2020
	---- (Rupees in '000) ----	
26 MARK-UP/RETURN/INTEREST EARNED		
loans and advances	126,106	163,787
Investments	523,838	714,990
Lendings to financial institutions	68,701	90,788
Balance with banks	4,758	951
Others	-	-
	<u>723,403</u>	<u>970,516</u>
27 MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	78,763	54,548
Borrowings	467,133	825,284
Subordinated debt	-	-
Cost of foreign currency swaps against foreign currency deposits/ borrowings	-	-
	<u>545,896</u>	<u>879,832</u>
28 FEE & COMMISSION INCOME		
Branch banking customer fees	-	-
Consumer finance related fees	-	-
Card related fees (debit and credit cards)	-	-
Credit related fees	2,747	5,601
Investment banking fees	-	-
Commission on trade	-	-
Commission on guarantees	1,145	1,416
Commission on cash management	-	-
Commission on remittances including home remittances	-	-
Commission on bancassurance	-	-
Others	-	-
	<u>3,892</u>	<u>7,017</u>
29 GAIN / (LOSS) ON SECURITIES - NET		
Realised	5,245	26,252
Unrealised-held for trading	(206)	-
	<u>5,039</u>	<u>26,252</u>
29.1 Realised gain on:		
Federal government securities	145	14,214
Shares	5,100	12,039
Non-government debt securities	-	-
Associates	-	-
Subsidiaries	-	-
Others	-	-
	<u>5,245</u>	<u>26,252</u>
30 OTHER INCOME		
Rent on property	1,104	1,003
Gain on sale of operating fixed assets	-	47
Gain on sale of non-banking assets - net	-	-
Bank charges on consumer and SME-RBD portfolio	-	14
Others	-	-
	<u>1,104</u>	<u>1,064</u>

Note	(Un-audited)	(Un-audited)
	31 March 2021	31 March 2020
	---- (Rupees in '000) ----	
31 OPERATING EXPENSES		
Total compensation expense	86,334	75,482
Property expense		
Rent and taxes	139	100
Insurance	758	959
Utilities cost	1,174	1,110
Security (including guards)	260	255
Repair and maintenance (including janitorial charges)	4,448	3,810
Depreciation	699	700
Others	-	-
	7,478	6,933
Information technology expenses		
Software maintenance	439	527
Hardware maintenance	320	165
Depreciation	544	521
Amortisation	306	306
Network charges	286	260
BCP expense	183	183
	2,078	1,962
Other operating expenses		
Directors' fees and allowances	-	2,722
Fees and allowances to Shariah Board	-	-
Legal and professional charges	1,230	2,998
Outsourced services costs	1,282	1,125
Travelling and conveyance	1,003	962
NIFT clearing charges	-	-
Depreciation	6,916	6,291
Training and development	19	-
Postage and courier charges	58	94
Communication	904	1,135
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
Stationery and printing	438	451
Marketing, advertisement & publicity	737	528
Donations	-	-
Auditors' remuneration	27	-
Board meeting expenses	524	5,912
Meal and business networking expenses	102	172
Canteen expenses	271	188
Liveries and uniform	-	-
Hajj expense	230	244
Bank charges	86	59
Miscellaneous expenses	4	28
	13,832	22,909
	109,722	107,286
32 OTHER CHARGES		
Arrangement fee and documentation charges	1,339	60
Brokerage commission	1,355	2,796
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	703	2,507
Penalties imposed by State Bank of Pakistan	-	-
Penalties imposed by other regulatory bodies	-	-
	3,397	5,363

Note	(Un-audited)	(Un-audited)
	31 March 2021	31 March 2020
---- (Rupees in '000) ----		
33 PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
Provision / (reversal) against lending to financial institutions	(2,497)	-
Loss on non-banking assets acquired in satisfaction of claims	-	-
Provisions / (reversal) for diminution in value of investments	9.1 (25,582)	-
(Reversal) / provision against loans and advances	9.4 (19,661)	(53,722)
(Reversal) / provision against other receivable	-	-
Bad debts written off directly	-	-
Recovery of written off / charged off bad debts	-	-
Provision against contingencies	-	-
	<u>(47,740)</u>	<u>(53,722)</u>
34 TAXATION		
Current	16,822	16,938
Prior years	-	-
Deferred	12 (5,709)	(8,270)
	<u>11,112</u>	<u>8,668</u>

Due to minimum tax applicable on the Company at fixed rates, therefore the relationship between tax expense and accounting profit for the period / year has not been presented.

Note	(Un-audited)	(Un-audited)
	31 March 2021	31 March 2020
---- (Rupees in '000) ----		
35 BASIC EARNINGS/ (LOSS) PER SHARE		
Profit / (loss) for the period	<u>133,863</u>	<u>67,668</u>
Weighted average number of ordinary shares	<u>809,014</u>	<u>614,178</u>
Basic earnings per share (Rupees)	<u>165.46</u>	<u>110.18</u>
36 DILUTED EARNINGS/ (LOSS) PER SHARE		
Profit / (loss) for the period	<u>133,863</u>	<u>67,668</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>809,014</u>	<u>614,178</u>
Diluted earnings per share (Rupees)	<u>165.46</u>	<u>110.18</u>

37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. 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.

37.1 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).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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:

Note	(Un-audited) 31 March 2021				
	Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
	9.1	-	22,874,011	-	22,874,011
Federal government securities	9.1	-	-	-	-
Provincial government securities	9.1	757,690	-	1,500	759,190
Shares	9.1	-	859,080	-	859,080
Non-government debt securities		-	-	-	-
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
	9.1	-	-	1,502,561	1,502,561
Investments	6	-	-	77,726	77,726
Cash and balances with treasury banks	7	-	-	106,567	106,567
Balances with other banks	8	-	-	4,400,000	4,400,000
Lendings to financial institutions	10	-	-	6,583,277	6,583,277
Advances	14	-	-	1,024,590	1,024,590
Other assets					
Financial liabilities - disclosed but not measured at fair value					
	17	-	-	(28,835,020)	(28,835,020)
Borrowings	18	-	-	(4,346,181)	(4,346,181)
Deposits and other accounts	22	-	-	(654,498)	(654,498)
Other liabilities					
Off-balance sheet financial instruments - measured at fair value					
		-	-	-	-
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-
		757,690	23,733,091	(20,139,478)	4,351,303

	Note	(Audited) 31 December 2020			
		Level 1	Level 2	Level 3	Total
		-----Rupees in '000-----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal government securities	9.1	-	21,665,975	-	21,665,975
Provincial government securities	9.1	-	-	-	-
Shares	9.1	833,376	-	1,500	834,876
Non-government debt securities	9.1	-	841,212	-	841,212
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	9.1	-	-	1,570,452	1,570,452
Cash and balances with treasury banks	6	-	-	63,155	63,155
Balances with other banks	7	-	-	82,159	82,159
Lendings to financial institutions	8	-	-	3,400,000	3,400,000
Advances	10	-	-	5,674,009	5,674,009
Other assets	14	-	-	1,410,178	1,410,178
Financial liabilities - disclosed but not measured at fair value					
Borrowings	17	-	-	(26,391,955)	(26,391,955)
Deposits and other accounts	18	-	-	(4,042,892)	(4,042,892)
Other liabilities	22	-	-	(612,551)	(612,551)
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-
		833,376	22,507,187	(18,845,945)	4,494,619

37.2 Fair value of non-financial assets

	(Un-audited) 31 March 2021			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
On balance sheet non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
	-	2,530,518	-	2,530,518
	(Audited) 31 December 2020			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
On balance sheet non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
	-	2,530,518	-	2,530,518

Methodology and Valuation Approach

For the purposes of valuation, valuer carried out inspection and survey of the land, building, plant and machinery. They verified the capacity of the Engines and Alternators from their nameplate rating. The plant is mostly second-hand and the engines have run 50/60,000 hours.

Land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.56.500 million (31 December 2020: Rs.56.500 million).

Buildings And Civil Works

All civil works were physically inspected to ascertain the type of construction, finishes and present condition. The structures covered are the owned and developed assets on owned land and long leased land holdings. The verification was also made from the architectural drawings and completion drawings as available. The buildings were checked to ascertain the maintenance standard and construction at site in accordance with the drawings. A suitable depreciation factor depending upon the present condition and life of the buildings was applied to arrive at the present assessed value is Rs.150.570 million (31 December 2020: Rs.150.570 million).

Plant and Machinery including Spares

The machinery at the site (including spares) were physically verified as far as possible, according to their description, specification and location. Purchase invoices were used in order to determine the historical cost.

For the purpose of valuation of plant, machinery and equipment, valuer enquired values of second-hand machinery and checked their own archives, apart from the local market, keeping in view the make, model, capacity & present condition of the plant, which resulted in valuation of Rs.1,363.009 million (31 December 2020: Rs.1,363.009 million).

As the machinery items are also lying at the port and segments are distributed into various containers at the Plant site, this will present some problems in assembling and in absence of comprehensive assembly drawings and technical specification / rusting problems, the realisable value will suffer.

At year end 2018, the Company performed an impairment review to ascertain that the carrying amount of the power plant does not exceed its recoverable amount; the review was based on a financial model with various assumptions, as the power plant has not started its operations yet. Considering the assets being non-operational, the management engaged an external valuation expert to assess the value of these assets. As a result of the assessment, the management considered that no impairment on these assets is required for the year ended 31 December 2019, as the revised market/assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values as at 31 December 2019. Consequently, as per new valuation at year end the assessed value is Rs. 2,530,518 million (31 December 2020: Rs. 2,530,518 million).

Management of the Company, during the year, after critically evaluating its options finalized the terms of restructuring deal for the disposal of these non-banking assets with a specialized engineering firm. Under the arrangement, both the parties agreed to enter into a business venture whereby the assets of KEL would be used for setting up of captive power plants to be used for industrial units through power purchase agreements on 'Build Own Operate' or 'Build Own Operate Transfer' basis.

As per the agreement, the total consideration will be paid from the power plant cashflows to be received time to time and on such dates and with such amounts as mutually agreed by the parties. The parties involved, currently, negotiating the terms of power purchase agreement (PPA) with identified buyers which will become the basis for relevant PPAs expected to be signed in due course accordingly.

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follow:

31 March 2021 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Profit and loss						
Net mark-up/return/profit	52,557	127,566	-	3,811	(6,426)	177,507
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	3,745	(57)	27,908	147	1,104	32,847
Total Income	56,302	127,509	27,908	3,959	(5,323)	210,354
Segment direct expenses	4,974	6,006	3,850	3,164	36,000	53,995
Inter segment expense allocation	584	610	582	1,551	55,797	59,123
Total expenses	5,560	6,614	4,432	4,716	91,797	113,118
(Reversal) / (recovery) / provision	(18,942)	(2,497)	(25,582)	(719)	-	(47,740)
Profit / (loss) before tax	69,685	123,392	49,057	(38)	(97,120)	144,975

31 March 2021 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Balance Sheet						
Cash and bank balances	-	184,293	-	-	-	184,293
Investments	3,670,141	23,082,783	767,091	-	-	27,520,015
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	4,430,567	-	-	-	4,430,567
Advances - performing	5,749,852	-	-	623,847	147,667	6,521,365
- non-performing	1,172,790	-	-	37,199	-	1,209,989
Others	1,324,746	189,457	10,080	13,093	1,066,798	2,604,174
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,817)	-	(1,148,076)
Less: Provision (Investments)	(1,345,319)	(9,371)	(47,885)	-	-	(1,402,575)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(20,081)	(9,757)	-	-	(6,109)	(35,948)
Total Assets	9,437,870	27,837,405	729,286	640,322	1,208,356	39,853,237
Borrowings	5,100,561	23,073,413	-	661,046	-	28,835,020
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,346,181	-	-	-	4,346,181
Net inter segment borrowing	-	-	-	-	-	-
Others	78,347	173,678	190	6,787	395,495	654,498
Total Liabilities	5,178,908	27,593,272	190	667,833	395,495	33,835,699
Equity	4,898,723	-	876,035	-	242,779	6,017,538
Total equity and liabilities	10,077,631	27,593,272	876,226	667,833	638,275	39,853,237
Contingencies and commitments	3,124,866	-	-	518,542	354,924	3,998,332

31 March 2020 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Profit and loss						
Net mark-up/return/profit	23,487	72,824	-	5,662	(11,290)	90,684
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	7,009	14,222	22,276	22	1,050	44,579
Total Income	30,496	87,046	22,276	5,685	(10,239)	135,263
Segment direct expenses	6,249	6,081	3,707	3,238	28,451	47,726
Inter segment expense allocation	560	683	389	1,391	61,899	64,922
Total expenses	6,809	6,764	4,096	4,629	90,352	112,649
(Reversal) / (recovery) / provision	(53,896)	-	-	174	-	(53,722)
Profit / (loss) before tax	77,583	80,282	18,180	881	(100,591)	76,336

31 December 2020 (Audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Balance Sheet						
Cash and bank balances	-	145,314	-	-	-	145,314
Investments	3,590,715	21,874,748	863,998	-	-	26,329,462
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,433,064	-	-	-	3,433,064
Advances - performing	5,041,383	-	-	425,530	145,087	5,611,999
- non-performing	1,473,926	-	-	38,013	-	1,511,939
Others	1,323,491	684,223	-	9,049	900,046	2,916,809
Less: Provision (Loan and advances)	(1,415,394)	-	-	(34,536)	-	(1,449,930)
Less: Provision (Investments)	(1,334,110)	(9,371)	(73,466)	-	-	(1,416,948)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,109)	(38,186)
Total Assets	8,657,691	26,085,157	790,532	438,056	1,039,024	37,010,460
Borrowings	4,063,034	21,865,377	-	463,543	-	26,391,954
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,042,892	-	-	-	4,042,892
Net inter segment borrowing	-	-	-	-	-	-
Others	106,702	121,777	304	7,936	375,833	612,551
Total liabilities	4,169,736	26,030,046	304	471,479	375,833	31,047,397
Equity	4,259,810	-	923,272	-	779,979	5,963,061
Total equity and liabilities	8,429,546	26,030,046	923,577	471,479	1,155,812	37,010,460
Contingencies and commitments	3,001,196	-	32,534	299,668	226,280	3,559,678

39 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its parent, associate, joint venture, subsidiary, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	31 March 2021 (Un-audited)						31 December 2020 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)
	(Rupees in '000)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	72,209	-	-	-	-	-	-	57,400
In deposit accounts	-	-	-	-	-	-	72,209	-	-	-	-	-	-	57,400
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	250,000
Addition during the period / year	-	-	-	-	-	-	2,000,000	-	-	-	-	-	-	1,250,000
Repaid during the period / year	-	-	-	-	-	-	(500,000)	-	-	-	-	-	-	(500,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	2,500,000	-	-	-	-	-	-	1,000,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	22,272,681	-	-	-	5,000	500	704,867	15,720,138
Investment made during the period / year	-	-	-	-	-	-	2,489,188	-	-	-	(4,000)	-	-	17,013,578
Investments redeemed / disposed off during the period / year	-	-	-	-	-	-	(1,116,661)	-	-	-	(1,000)	1,000	-	(10,467,035)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	23,645,208	-	-	-	-	1,500	704,867	22,272,681
Provision for diminution in value of investments	-	-	-	-	-	704,867	83,134	-	-	-	-	-	704,867	72,448
Surplus / (deficit) in value of investments														
	-	-	-	-	-	-	(622,031)	-	-	-	-	-	-	(383,585)
Advances														
Opening balance	-	-	48,454	-	-	-	42,825	-	-	49,273	-	-	-	38,835
Addition during the period / year	-	-	7,600	-	-	-	600	-	-	12,588	-	-	-	21,275
Repaid during the period / year	-	-	(2,730)	-	-	-	(1,108)	-	-	(25,442)	-	-	-	(3,496)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	12,035	-	-	-	(13,789)
Closing balance	-	-	53,324	-	-	-	42,318	-	-	48,454	-	-	-	42,825
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 March 2021 (Un-audited)						31 December 2020 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)
	(Rupees in '000)													
Other Assets														
Interest / mark-up accrued	-	-	2,063	-	-	-	126,641	-	-	1,996	-	-	-	603,863
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable (2)	-	5,983	-	-	1,466	-	-	-	5,983	-	-	1,466	-	-
Other advances	-	2,912	140	-	-	-	1,344	-	4,830	350	-	-	-	100
Advance taxation	-	-	-	-	-	-	625,258	-	-	-	-	-	-	546,392
Provision against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	9,611,528	-	-	-	-	-	-	6,059,105
Borrowings during the period / year	-	-	-	-	-	-	118,631,913	-	-	-	-	-	-	352,445,482
Settled during the period / year	-	-	-	-	-	-	(113,629,382)	-	-	-	-	-	-	(348,893,059)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	14,614,059	-	-	-	-	-	-	9,611,528
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	185,000	-	3,603,757	-	-	-	-	185,000	-	1,336,020
Received during the period / year	-	-	-	-	117,500	-	6,879,540	-	-	-	-	360,000	-	14,466,087
Withdrawn during the period / year	-	-	-	-	(92,500)	-	(6,550,956)	-	-	-	-	(360,000)	-	(12,198,351)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	210,000	-	3,952,341	-	-	-	-	185,000	-	3,603,757
Other Liabilities														
Interest / mark-up payable	-	-	-	-	1,762	-	63,975	-	-	-	-	150	-	51,533
Payable to staff retirement fund	-	-	-	-	-	-	(7,537)	-	-	-	-	-	-	(5,378)
Other liabilities	4,592	-	-	-	-	1,008	1,905	4,808	-	-	-	-	1,008	463
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	869,413	348,141	-	-	-	-	-	870,743	213,227

	31 March 2021 (Un-audited)						31 March 2020 (Un-audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)
	(Rupees in '000)													
Income														
Mark-up / return / interest earned -net	-	-	237	-	-	-	480,001	-	-	842	-	-	-	633,360
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	2,125	-	-	-	-	-	-	750
Gain on sale of securities - net	-	-	-	-	-	-	1,246	-	-	-	-	-	-	2,636
Gain on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	3,383	-	285,382	-	-	-	-	6,322	-	177,113
Operating expenses														
Office maintenance and related expenses	-	425	-	-	4,492	-	-	-	-	-	-	3,951	-	-
Non-executive directors' remuneration	-	-	-	-	-	-	-	-	2,722	-	-	-	-	-
Board meeting expense	-	-	-	-	-	-	-	-	2,922	1,480	-	-	-	767
Remunerations	-	28,325	16,584	-	-	-	8,821	-	27,683	15,347	-	-	-	7,860
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	792	-
Contribution to defined contribution plan	-	1,036	457	-	-	-	179	-	1,008	407	-	-	-	156
Contribution to defined benefit plan	-	1,110	1,237	-	-	-	368	-	1,064	1,209	-	-	-	369
Depreciation	-	5,585	176	-	-	-	96	-	4,652	182	-	-	-	67
Other charges														
Others	-	-	-	-	-	703	-	-	-	-	-	-	658	-
Insurance premium paid	-	-	-	-	-	-	-	-	-	-	-	-	1,057	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) It includes state controlled entities, certain other material risk takers and controllers.

(2) In financial year 2017, Rs. 26.11 million was paid to former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD partly from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off in financial year 2018 against sale proceeds of Rs. 9.11 million in addition to actual cash received amounting to Rs. 11,004 million. The management has been following up for the remaining amount of 5.983 million, which is appearing in other receivables (Note 14).

(3) Executives directors and key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

(4) Transactions with owners have been disclosed in "Statement of changes in equity".

PAK-LIBYA HOLDING COMPANY(PRIVATE) LIMITED

	(Un-audited) 31 March 2021	(Audited) 31 December 2020
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENT:	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,112,948	5,737,208
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	5,088,547	4,565,709
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,088,547	4,565,709
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	5,088,547	4,565,709
Risk Weighted Assets (RWAs):		
Credit Risk	12,761,883	12,217,871
Market Risk	5,679,097	5,466,114
Operational Risk	803,417	803,417
Total	19,244,397	18,487,402
Common Equity Tier 1 Capital Adequacy ratio	26.44%	24.70%
Tier 1 Capital Adequacy Ratio	26.44%	24.70%
Total Capital Adequacy Ratio	26.44%	24.70%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	5,088,547	4,565,709
Total Exposures	63,005,094	56,743,118
Leverage Ratio	8.08%	8.05%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,902,802	3,722,130
Total Net Cash Outflow	620,701	2,065,310
Liquidity Coverage Ratio	307%	180%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	14,778,181	14,459,512
Total Required Stable Funding	10,535,871	9,832,361
Net Stable Funding Ratio	140%	147%

41 ISLAMIC BANKING BUSINESS

The Company, being a conventional financial institution / DFI, does not have any Islamic banking operation / activities.

	Note	(Un-audited)	(Un-audited)
		31 March 2021	31 March 2020
---- (Rupees in '000) ----			
42 CASH AND CASH EQUIVALENTS			
Term deposit receipts (TDRs)	8.1	3,600,000	650,000
Cash and balance with treasury banks	6	77,726	36,462
Balance with other banks	7	106,567	82,540
Others		-	-
		3,784,293	769,002

42.1 These term deposit receipts (TDRs) are due for maturity on various dates between April 2021 to June 2021.

43 NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There is no event subsequent to the statement of financial position date that requires disclosure in these financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 April 2021 by the Board of Directors of the Company.

45 GENERAL

45.1 In its latest rating announcement (June 2020), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term (with Stable outlook assigned to ratings).

45.2 Amounts in these financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

45.3 Certain comparative figures have been reclassified in order to present information on a basis consistent with current year / period.


Chief Financial Officer


Director


Managing Director & CEO


Director