



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 30 September 2021 together with Directors' review thereon.

Performance review

The Company generated profit before tax of PKR 93.67 million during the period under review as compared to PKR 720.28 million in the corresponding period last year.

Gross mark-up income during the period was PKR 2,230.29 million compared to PKR 2,520.90 million in corresponding period. The decline in interest income was due to sharp decline in policy rate to dampen the impact of COVID-19 pandemic on economy; however, net interest income (NII) has not impacted significantly as it stood at PKR 525.50 million compared to PKR 549.52 million.

The Company, due to delay in signing of 1st Power Purchase Agreement (PPA) made provision of PKR 364.72 million against its power plant assets has a significant impact on current year profitability.

During the period, the Company (utilised)/generated net cash flows of PKR (814.49) million from its operations as compared to PKR 3,485.02 million in corresponding period mainly due to decrease in borrowing. The total assets of the Company have increased to PKR 37,819.29 million – an increase of around PKR 808.81 million (compared to financial yearend 2020) mainly in credit and investment portfolios.

The summarised financial results for the period are as follows:

Description	Nine months ended 30 September 2021 (9ME21)	Nine months ended 30 September 2020 (9ME20)
	PKR '000	
Profit/(loss) before taxation	93,760	720,276
Taxation	27,876	152,018
Profit/(loss) after taxation	65,794	568,258
Earnings/(loss) per share (Rupees)	81.33	828.25

Future prospects

The economic disruption resulting from the ongoing pandemic caused great uncertainties for businesses around the Country. After the 3rd wave of Covid-19, the economy has been facing critical challenges including increased inflation, oil and energy prices, continuous currency devaluation and current account deficit which was positive in the first six months of FY21.

The mitigating measures to address above factors may trigger interest rate upward trajectory while tough overall business conditions will increase volatility in capital market.

Consequently, these factors will impact overall business environment of the Company.



After attaining the minimum capital requirement (MCR) compliant status, the management and teams have been putting their all-out efforts to improve profitability of the Company while focusing on core business activities for sustainable growth.

The realisation proceeds from the disposal/utilisation of KEL assets will have a direct impact on the financial health of the Company. The PPA and related terms sheet have not been signed yet, therefore, the final outcome is still not materialised. However, despite such uncertainties, the Company has shown great resilience by achieving its certain strategic objectives.

In terms of recoverability of investment in TFCs amounting to PKR 398.58 million, the management has evaluated overall situation vis-à-vis issuer 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 its minimum capital requirements. In this regard, SBP has given its final approval for the period till 27 October 2020 however the issuer Bank requested a separate in-principal approval (similar to prior year) for the period covering till 27 October 2021.

Therefore, management has not provided any impairment on the said TFCs on subjective basis due to the recent developments & negotiations, and has been following up for the amicable resolution of the matter and complete recovery.

Moreover, new long-term credit lines are being negotiated to fill in the liquidity gaps and to ensure availability of funds as per contingency funding plan. The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets which are a source of potential earnings.

In view of the efforts being made by the management, we are optimistic about our Company's future growth, profitability and sustainability.

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

s/d
Khalid Joma Ezarzor
Deputy Managing Director

s/d
Khurram Hussain
Managing Director & CEO

28 October 2021

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	(Un-audited)	(Audited)
	30 September	31 December
Note	2021	2020
	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	6 106,330	63,155
Balances with other banks	7 103,632	82,159
Lendings to financial institutions	8 4,100,000	3,400,000
Investments	9 24,795,380	24,912,515
Advances	10 6,325,999	5,674,009
Fixed assets	11 102,316	97,813
Intangible assets	12 1,190	1,964
Deferred tax asset - net	13 264,962	189,306
Non-banking assets acquired in satisfaction of claim - held for sale	14 814,645	1,179,360
Other assets	14.1 1,204,814	1,410,178
	37,819,268	37,010,459
LIABILITIES		
Bills payable	15 -	-
Borrowings	17 26,383,745	26,391,955
Deposits and other accounts	18 4,988,793	4,042,892
Liabilities against assets subject to finance lease	19 -	-
Sub-ordinated loans	20 -	-
Deferred tax liabilities	21 -	-
Other liabilities	22 510,477	612,551
	31,883,015	31,047,398
NET ASSETS	5,936,253	5,963,061
REPRESENTED BY		
Share capital	8,141,780	7,871,780
Reserves	385,636	372,477
(Deficit) on revaluation of assets - net of tax	23 (507,876)	(281,624)
Unappropriated / unremitted (loss)	(2,083,287)	(2,134,572)
Advance against shares subscription	-	135,000
	5,936,253	5,963,061
CONTINGENCIES AND COMMITMENTS	24	

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

s/d
Chief Financial Officer

s/d
Managing Director & CEO

s/d
Director

s/d
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Quarter ended		Nine months ended	
		September	September	September	September
		2021	2020	2021	2020
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	762,452	738,613	2,230,294	2,520,896
Mark-up / return / interest expensed	27	587,504	492,767	1,704,796	1,971,374
Net mark-up / interest income		174,948	245,846	525,498	549,522
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	4,801	3,835	10,009	12,184
Dividend income		18,735	12,450	61,842	37,938
Foreign exchange income / (loss)		9	(29)	(12)	95
Income / (loss) from derivatives		-	-	-	-
(Loss) / Gain on securities - net	29	(8,562)	(13,685)	(84,932)	424,690
Other income	30	10,295	556	11,405	2,840
Total non mark-up / interest income		25,278	3,127	(1,688)	477,747
Total Income		200,226	248,973	523,810	1,027,269
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	31	126,001	120,533	370,432	340,070
Workers welfare fund	24.3.9	-	-	-	-
Other charges	32	5,082	4,200	12,273	12,970
Total non mark-up / interest expenses		131,083	124,733	382,705	353,040
Profit / (loss) before provisions		69,143	124,240	141,105	674,229
Provisions / (reversal) and write offs - net	33	169,073	(34,431)	47,435	(46,047)
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		(99,930)	158,671	93,670	720,276
Taxation	34	7,012	11,250	27,876	152,018
PROFIT AFTER TAXATION		(106,942)	147,421	65,794	568,258
		----- (Rupees) -----		----- (Rupees) -----	
Basic earnings / (loss) per share	35	(132.19)	214.87	81.33	828.25
Diluted earnings / (loss) per share	36	(132.19)	214.87	81.33	828.25

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

s/d
Chief Financial Officer

s/d
Managing Director & CEO

s/d
Director

s/d
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Quarter ended		Nine months ended	
	September 2021	September 2020	September 2021	September 2020
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Profit after taxation	(106,942)	147,421	65,794	568,258
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*	(206,966)	(234,946)	(226,252)	(202,965)
Others	-	-	-	-
	(206,966)	(234,946)	(226,252)	(202,965)
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	<u>(313,908)</u>	<u>(87,526)</u>	<u>(160,458)</u>	<u>365,293</u>

*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.

s/d
Chief Financial Officer

s/d
Managing Director & CEO

s/d
Director

s/d
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Share capital/ Head office capital account	Statutory reserve*	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 (September 2020)	-	-	-	-	568,258	568,258
Other comprehensive income - net of tax	-	-	(202,965)	-	-	(202,965)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	113,652	-	-	(113,652)	-
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	1,400,000	-	-	-	-	1,400,000
Stamp duty on shares issuance	-	-	-	-	(18,019)	(18,019)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 October 2020	7,541,780	425,302	(239,301)	-	(1,926,989)	5,800,792
(Loss) for the period	-	-	-	-	(264,123)	(264,123)
Other comprehensive income / (loss) - net of tax	-	-	(42,322)	-	-	(42,322)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	(52,825)	-	-	52,825	-
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	330,000	-	-	-	-	330,000
Stamp duty on shares issuance	-	-	-	-	(1,651)	(1,651)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2021	7,871,780	372,477	(281,624)	-	(2,134,572)	5,828,061
Profit after taxation (September 2021)	-	-	-	-	65,794	65,794
Other comprehensive income - net of tax	-	-	(226,253)	-	-	(226,252)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	13,159	-	-	(13,159)	-
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 30 Sept 2021	8,141,780	385,636	(507,876)	-	(2,083,287)	5,936,253

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

s/d
Chief Financial Officer

s/d
Managing Director & CEO

s/d
Director

s/d
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Nine months ended	
		September 2021	September 2020
----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		93,670	720,276
Less: Dividend income		(61,842)	(37,938)
		31,828	682,338
Adjustments:			
Depreciation		25,666	22,232
Amortization		858	919
(Reversal) / provision and write-offs	10.3	(20,152)	(52,755)
Unrealised loss on revaluation of investments classified as 'held-for trading'	9.1	-	1,719
Reversal of provision against lendings to financial institutions	7.2	(2,497)	-
Provision / (reversal) of provision / provision against other assets		387,174	-
(Reversal) / provision against contingencies		(172,000)	6,708
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1	(145,090)	-
(Gain) on sale of operating fixed assets	30	(10,295)	(418)
		63,664	(21,594)
		95,492	660,744
(Increase) / decrease in operating assets			
Lendings to financial institutions		(1,447,500)	(750,000)
Held-for-trading securities		14,803	(977,546)
Advances		(631,839)	(441,752)
Others assets (excluding advance taxation)		424,227	520,738
		(1,640,308)	(1,648,560)
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		(8,210)	4,146,547
Deposits		945,901	746,627
Other liabilities		69,926	(79,532)
		1,007,617	4,813,642
		(537,199)	3,825,826
Income tax paid		(277,289)	(340,809)
Net cash (used) / generated from operating activities		(814,488)	3,485,017
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		39,514	(5,244,867)
Investments in 'held-to-maturity' securities - net		(77,528)	131,971
Dividend received		53,458	35,638
Investments in operating fixed assets - net		(30,253)	(41,345)
Proceeds from sale of operating fixed assets		10,295	2,322
Net cash flow (used) in investing activities		(4,515)	(5,116,281)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Issue of share capital		270,000	1,400,000
Advance against share subscription		(135,000)	(900,000)
Stamp duty on shares issuance		(1,350)	(18,019)
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from financing activities		133,650	481,981
Net increase in cash and cash equivalents		(685,353)	(1,149,283)
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	1,809,962	717,746

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

s/d

 Chief Financial Officer

s/d

 Managing Director & CEO

s/d

 Director

s/d

 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 interalia 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.

Consequent to the approval of revised business strategy including 5 year plan by the BoD together with projections, the management of the Company has taken various steps to improve the financial position of the Company which is evident in the results.

During the period under review, 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 30 September 2021 amounted to Rs. 6.058 billion (31 December 2020: Rs. 5.737 billion).

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim 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 (IAS 34 - Interim Financial Reporting) 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.

The disclosures provided in these condensed interim financial statements are limited based on the format prescribed by SBP vide BPRD circular letter no. 05 of 2019 dated 22 March 2019 & IAS 34.

- 2.2** 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 31 December 2020.

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 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)	01 January 2020
IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	01 January 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)	01 January 2020
Annual improvements to IFRSs 2015 - 2017 Cycle	01 January 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	01 June 2020
IFRS 16 COVID-19 Rent Related Concessions	01 June 2020
IFRS 9, IAS 39, IFRS7, IFRS4, and IFRS16 Interest Rate Benchmark Reform Phase 2	01 January 2021
IFRS 17 Insurance Contracts	01 January 2022
IFRS 17 and IFRS 4 Ammenment to IFRS 17 Insurance Contracts	01 January 2022
IFRS 3 References to Conceptual Framework	01 January 2022
IFRS 1, IFRS 9, IFRS 16 and Annual Improvements to IFRS Standards 2018-2020 cycle	01 January 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'	01 January 2022
IFRS 9 (ECL model on the financial assets due from Government)	01 July 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) 30 September 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		5,807	5,749
		5,813	5,755
With State Bank of Pakistan in			
Local currency current account	6.1	99,535	56,448
		99,535	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		982	952
Local currency deposit account		-	-
		982	952
Prize bonds		-	-
		106,330	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) 30 September 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		20,289	29,992
In deposit accounts	7.1	83,343	52,167
		103,632	82,159
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		103,632	82,159

7.1 The return on these balances is 5.50 (2020: 5.50 to 11.30) percent per annum.

		(Un-audited) 30 September 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----			
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	8.1.1	4,130,567	3,433,064
		4,130,567	3,433,064
Less: provision held against lending to financial institutions	8.2	(30,567)	(33,064)
Lending to financial institutions - net of provision		4,100,000	3,400,000
		4,100,000	3,400,000
8.1 Particulars of lending			
In local currency		4,100,000	3,400,000
In foreign currencies		-	-
		4,100,000	3,400,000

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 8.30 to 9.00 (31 December 2020: 7.65 to 9.50) percent per annum. These are due to mature between 25 October 2021 and 13 June 2022.

8.2 Category of classification

	Rupees in '000			
	(Un-audited) 30 September 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 period ended September 2021 (31 December 2020 : Nil).

9 INVESTMENTS	Note	(Un-audited) 30 September 2021				(Audited) 31 December 2020			
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
9.1 Investments by type:		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Held-for-trading securities									
Federal government securities		-	-	-	-	-	-	-	-
Shares		-	-	-	-	15,214	-	(412)	14,803
Available-for-sale securities									
Federal government securities		22,003,938	-	(525,467)	21,478,472	22,033,674	-	(367,698)	21,665,976
Shares		1,185,324	(228,076)	(166,828)	790,420	1,227,537	(373,166)	(35,798)	818,573
Non government debt securities	9.1.5	2,723,181	(343,758)	(339)	2,379,085	2,690,746	(343,758)	(3,701)	2,343,287
		25,912,443	(571,834)	(692,633)	24,647,976	25,951,957	(716,924)	(407,197)	24,827,836
Held-to-maturity securities									
Non government debt securities		152,270	(6,366)	-	145,904	74,742	(6,366)	-	68,376
		152,270	(6,366)	-	145,904	74,742	(6,366)	-	68,376
Associates	9.1.1, 9.1.2, 9.1.3 & 9.1.4	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		26,771,080	(1,283,067)	(692,633)	24,795,380	26,748,280	(1,428,157)	(407,609)	24,912,515

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. In 2020, the Company has disposed off its major shareholding and transferred management control.

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 its latest available financial statements.

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-à-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 its 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)
		September 2021	December 2020
Cost			
----- (Rupees in '000) -----			
Market treasury bills		-	-
Pakistan investment bonds		20,118,000	17,885,000
		<u>20,118,000</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 period / year	-	77,339
	Reversals for the period / year	-	-
	(Reversal) / charge on disposals	(145,090)	(59,528)
		9.1	17,811
	Transfers / Mark-to-market - net	-	-
	Amounts written off	-	-
	Closing balance	<u>1,283,067</u>	<u>1,428,156</u>

9.2.2 Particulars of provision against debt securities

Category of classification	(Unaudited) September 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>

Overseas

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

10 ADVANCES

	Note	Performing		Non Performing		Total	
		(Un-audited) 30 September 2021	(Audited) 31 December 2020	(Un-audited) 30 September 2021	(Audited) 31 December 2020	(Un-audited) 30 September 2021	(Audited) 31 December 2020
----- (Rupees in '000) -----							
Loans		4,916,865	4,259,574	965,673	1,266,807	5,882,537	5,526,381
Net investment in finance lease		241,285	322,717	146,938	146,938	388,223	469,655
Staff loans		143,680	145,087	-	-	143,680	145,087
Consumer loans and advances		5,016	2,309	33,263	38,014	38,279	40,323
Long-term financing of export oriented projects (LTF-EOP)		-	-	60,179	60,180	60,179	60,180
Long-term financing facility (LTFF)		284,255	318,830	-	-	284,255	318,830
Refinance scheme for payment of wages & salaries		364,521	506,666	-	-	364,521	506,666
Temporary economic relief facility (TERF)		311,909	56,816	-	-	311,909	56,816
Advances - gross		6,267,531	5,611,999	1,206,053	1,511,939	7,473,584	7,123,939
Provision against advances							
- Specific	10.2	-	-	1,147,510	1,449,884	1,147,510	1,449,884
- General		-	-	75	46	75	46
		-	-	1,147,585	1,449,930	1,147,585	1,449,930
Advances - net of provision		6,267,531	5,611,999	58,468	62,009	6,325,999	5,674,009

10.1 Particulars of advances (Gross)

In local currency
In foreign currency

(Unaudited) September 2021	(Audited) December 2020
---- (Rupees in '000) ----	
7,473,584	7,123,939
-	-
7,473,584	7,123,939

- 10.2 Advances include Rs.1,206.05 million (31 December 2020: Rs.1,511.94 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Unaudited) September 2021		(Audited) December 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	-	-	764	-
Substandard	-	-	3,018	755
Doubtful	23	12	993	497
Loss	1,206,030	1,147,498	1,507,164	1,448,632
Total	1,206,053	1,147,510	1,511,939	1,449,884

Overseas

The Company does not have any overseas advances during the period ended 30 September 2021 (31 December 2020 : Nil).

10.3 Particulars of provision against advances

	(Unaudited) September 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	12	38	50	2,284	-	2,283
Less: Reversal during the period	(20,193)	(9)	(20,201)	(54,743)	(58)	(54,801)
Net (reversal) for the period	(20,181)	29	(20,152)	(52,459)	(58)	(52,518)
Less: Amounts written off	(282,193)	-	(282,193)	-	-	-
Closing balance	1,147,510	75	1,147,585	1,449,884	46	1,449,930

10.3.1 Particulars of provision against advances

In local currency	1,147,510	75	1,147,585	1,449,884	46	1,449,930
In foreign currency	-	-	-	-	-	-
	1,147,510	75	1,147,585	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) 30 September 2021	(Audited) 31 December 2020
11	FIXED ASSETS		
		---- (Rupees in '000) ----	
	Capital work-in-progress	11,350	1,350
	Property and equipment	90,966	96,463
		102,316	97,813
11.1	Capital work-in-progress		
	Civil works	-	-
	Equipment	-	-
	Advances to vendors	-	-
	Renovation	11,350	1,350
		11,350	1,350
		(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
		---- (Rupees in '000) ----	
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	1,736	1,037
	Electrical office and computer equipment	2,428	6,987
	Vehicles	15,404	33,321
	Others	-	-
	Total	19,568	41,345
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	-	1,904
	Others	-	-
	Total	-	1,904
		(Un-audited) 30 September 2021	(Audited) 31 December 2020
		---- (Rupees in '000) ----	
12	INTANGIBLE ASSETS		
	Computer software	1,190	1,964
	Others	-	-
		1,190	1,964
		(Un-audited) 30 September 2021	(Unaudited) 30 September 2020
		---- (Rupees in '000) ----	
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Developed internally	-	-
	Directly purchased	84	-
	Through business combinations	-	-
	Total	84	-
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	-	-

	(Un-audited) 30 September 2021	(Audited) 31 December 2020
---- (Rupees in '000) ----		
13 DEFERRED TAX ASSETS / (LIABILITY)		
Deductible temporary differences on		
- Tax losses carried forward	-	-
- Post retirement employee benefits	6,322	5,828
- Deficit on revaluation of investments	184,757	125,637
- Accelerated tax depreciation	-	-
- Provision against advances, off balance sheet etc.	77,568	77,568
- Others	-	-
	<u>268,647</u>	<u>209,033</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	-	-
- Surplus on revaluation of investments	-	-
- Accelerated tax depreciation	(4,288)	(1,705)
- Net investment in finance lease	603	(18,022)
	<u>(3,685)</u>	<u>(19,727)</u>
	<u>264,962</u>	<u>189,306</u>

13.1 As at 30 September 2021, the Company has available provision for advances, investments and other assets amounting to Rs.1,430.38 million (31 December 2020: Rs.1,731.52 million) and unused tax losses upto 30 September 2021 amounting to Rs. 22.875 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) 30 September 2021	(Audited) 31 December 2020
---- (Rupees in '000) ----			
14 OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		428,724	844,071
Advances, deposit, advance rent and other prepayments		45,629	38,739
Advance taxation (payments less provisions)		779,297	546,357
Staff retirement gratuity - asset / (liability)	22.1	1,246	10,683
Other receivables		8,325	8,514
		<u>1,263,221</u>	<u>1,448,364</u>
Less: provision held against other assets	14.3	(58,407)	(38,186)
Other assets - (net of provision)		<u>1,204,814</u>	<u>1,410,178</u>
14.1 Non-banking assets acquired in satisfaction of claims - held for sale	14.2.1	1,179,360	1,179,360
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Less: provision against non-banking assets	14.3	(364,715)	-
		<u>814,645</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.

	(Un-audited) 30 September 2021	(Audited) 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 said 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.

	(Un-audited) 30 September 2021	(Audited) 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	-	-
	<u>-</u>	<u>-</u>
Gain/loss	<u>-</u>	<u>-</u>

Note	(Un-audited)	(Audited)
	30 September 2021	31 December 2020
---- (Rupees in '000) ----		
14.3 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	58,407	38,186
Non banking assets acquired in satisfaction of claims	364,715	-
Others	-	-
	<u>423,122</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	387,174	-
Reversal	-	-
Amount written off / (recovered)	(2,238)	-
Closing balance	<u>423,122</u>	<u>38,186</u>

14.3.2 In the light of improvement in the financial position of the Company, efforts being made for the materialisation of 1st Power Purchase Agreement (PPA) and unprecedented circumstances caused by the COVID-19 pandemic, Pak-Libya was allowed extension in creation of provision and was advised by SBP to create 25% provision against KEL assets in its half yearly financial statements as of 30 June 2021 and another 25% in its nine months financial statements as of 30 September 2021. However, the Company will be subject to periodic assessment in relation to the ongoing efforts for the sale of KEL assets.

15 Contingent assets

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

16 Bill payable

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

17 BORROWINGS

Note	(Un-audited)	(Audited)
	30 September 2021	31 December 2020
---- (Rupees in '000) ----		
Secured		
Borrowings from State Bank of Pakistan under:		
Long-term financing facility (LTFF)	283,723	318,723
Refinance scheme for payment of wages & salaries	354,047	506,666
Temporary economic relief facility (TERF)	311,152	41,139
Repurchase agreement borrowings - Repo	11,977,938	17,885,000
Borrowings from financial institutions	4,632,333	5,199,000
Bai Muajjal	8,135,551	-
Total secured	<u>25,694,745</u>	<u>23,950,528</u>
Unsecured		
Clean borrowings	689,000	1,596,000
Bai Muajjal	-	845,427
	<u>26,383,745</u>	<u>26,391,955</u>

17.1 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 01 October 2021 (31 December 2020: 18 January 2021). The rate of mark-up on these facilities range from 7.29 to 8.10 (31 December 2020: 6.92 to 7.20) percent per annum.

17.3 This includes borrowings from financial institutions as under:

- (a) Rs.4,433.33 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 30 September 2021, the applicable interest rates were 7.84 to 8.19 (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 secured Bai Muajjal from a financial institution due for maturity on various dates latest by 22 October 2021 (31 December 2020: Nil). The rate of mark-up on this facility range from 7.25 to 7.50 (31 December 2020: Nil) percent per annum.

17.5 This represents financing through un-secured Bai Muajjal from a financial institution due for maturity on various dates latest by nil (31 December 2020: 22 February 2021). The rate of mark-up on this facility was nil (31 December 2020: 7.4) percent per annum.

	(Un-audited) 30 September 2021	(Audited) 31 December 2020
	---- (Rupees in '000) ----	
17.5 Particulars of borrowings with respect to currencies		
In local currency	26,383,745	26,391,955
In foreign currency	-	-
	<u>26,383,745</u>	<u>26,391,955</u>

18 DEPOSITS AND OTHER ACCOUNTS

	(Unaudited) September 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	4,988,793	-	4,988,793	4,042,892	-	4,042,892
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	4,988,793	-	4,988,793	4,042,892	-	4,042,892
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	4,988,793	-	4,988,793	4,042,892	-	4,042,892

The profit rates on these Certificates of Investment (COIs) range from 7.30 to 8.19 (31 December 2020: 7.00 to 13.26) percent per annum. These COIs are due for maturity on various dates latest by 19 May 2022 (31 December 2020: 17 December 2021).

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

20 SUBORDINATED DEBT

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

21 DEFERRED TAX LIABILITIES

The deferred tax liabilities have been considered in note 13, since a net deferred tax asset amount has been disclosed.

22 OTHER LIABILITIES	Note	(Un-audited) 30 September 2021	(Audited) 31 December 2020
		---- (Rupees in '000) ----	
Mark-up/ Return/ Interest payable in local currency		228,049	123,458
Accrued expenses		131,145	148,463
Advance payments		8,524	27,339
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	22.1	21,800	20,095
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	77,682
Provision against contingencies	22.2	43,000	215,000
Other		278	514
		<u>510,477</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 against contingencies

	Note		
Opening balance		215,000	-
Addition during the period		-	215,000
Utilised during the period	22.2.1	<u>(172,000)</u>	-
Closing balance		<u>43,000</u>	<u>215,000</u>

22.2.1 In light of the extraordinary circumstances triggered due to the COVID-19 pandemic, the global economies have been severely affected and Pakistan was no exception. The banking industry thrives on industrial and economic activities, therefore, the impact of the slowdown on business of banks and financial institutions, including Pak Libya, was inevitable.

However, the general market environment remained conducive for Company's business operation despite COVID-19 pandemic. After reduction in policy rate by 625 bps there has been no change in interest rates after June 2020. Consequently, after various developments during last 12 months keeping in view the 2nd and 3rd waves of COVID-19 and expiry of relaxation period allowed by SBP for financial relief under different schemes to various customer, the portfolio remained intact. Therefore, the management after review of loans & advances portfolio considered it appropriate to release a portion of provision in June 2021.

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

(Deficit) on revaluation of

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

Note		
9.1	(692,633)	(407,198)
	-	-
	-	-
	<u>(692,633)</u>	<u>(407,198)</u>

Deferred tax on (deficit) on revaluation of:

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

184,757	125,574
-	-
-	-
<u>184,757</u>	<u>125,574</u>
<u>(507,876)</u>	<u>(281,624)</u>

Note	(Un-audited) 30 September 2021	(Audited) 31 December 2020
------	--------------------------------------	----------------------------------

---- (Rupees in '000) ----

24 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

24.1	872,619	870,743
24.2	2,612,345	2,475,708
24.3	348,141	213,227
	3,833,105	3,559,678

24.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

24.1.1	841,120	841,120
24.1.1	31,499	29,623
	-	-
	872,619	870,743

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) 30 September 2021	(Audited) 31 December 2020
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---- (Rupees in '000) ----

24.2 Commitments:

- Documentary credits and short-term trade-related transactions
- letters of credit

350,000	350,000
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Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- derivatives
- forward lending
- operating leases

-	-
-	-
-	-
-	-
-	-

Commitments for acquisition of:

- operating fixed assets
- intangible assets

537	3,150	
708	708	
24.2.2	2,261,100	2,121,850
	2,612,345	2,475,708

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) 30 September 2021	(Audited) 31 December 2020
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---- (Rupees in '000) ----

24.2.2 Other commitments

- Commitments to extend credit
- Unsettled investment transactions for sale / purchase of listed ordinary shares
- Commitments against other services

2,259,675	2,087,891
-	32,534
1,425	1,425
2,261,100	2,121,850

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 vide 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 vide 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. The appeal has been heard and the order is pending.
- 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 has been heard and the order is pending.
- 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)

	Note	(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
---- (Rupees in '000) ----			
26 MARK-UP/RETURN/INTEREST EARNED			
Loans and advances		376,317	421,739
Investments		1,612,734	1,855,244
Lendings to financial institutions		235,219	241,187
Balance with banks		6,025	2,726
Others		-	-
		<u>2,230,294</u>	<u>2,520,896</u>
27 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		270,856	141,633
Borrowings		1,433,941	1,829,741
Subordinated debt		-	-
Cost of foreign currency swaps against foreign currency deposits/ borrowings		-	-
		<u>1,704,796</u>	<u>1,971,374</u>
28 FEE & COMMISSION INCOME			
Branch banking customer fees		-	-
Consumer finance related fees		-	-
Card related fees (debit and credit cards)		-	-
Credit related fees		7,707	8,427
Investment banking fees		-	-
Commission on trade		-	-
Commission on guarantees		2,301	3,757
Commission on cash management		-	-
Commission on remittances including home remittances		-	-
Commission on bancassurance		-	-
Others		-	-
		<u>10,009</u>	<u>12,184</u>
29 GAIN / (LOSS) ON SECURITIES - NET			
Realised	29.1	(84,932)	426,805
Unrealised-held for trading	9.1	-	(2,116)
		<u>(84,932)</u>	<u>424,689</u>
29.1 Realised gain on:			
Federal government securities		(3,924)	426,290
Shares		(81,420)	945
Non-government debt securities		-	(430)
Associates		-	-
Subsidiaries		-	-
Others		-	-
		<u>(85,344)</u>	<u>426,805</u>
30 OTHER INCOME			
Rent on property		1,104	2,408
Gain on sale of operating fixed assets		10,295	418
Gain on sale of non-banking assets - net		-	-
Bank charges on consumer and SME-RB portfolio		-	14
Others		7	-
		<u>11,405</u>	<u>2,840</u>

	(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
31 OPERATING EXPENSES	---- (Rupees in '000) ----	
Total compensation expense	280,079	249,761
Property expense		
Rent and taxes	235	100
Insurance	2,407	2,892
Utilities cost	4,007	3,330
Security (including guards)	790	800
Repair and maintenance (including janitorial charges)	14,257	12,077
Depreciation	2,089	2,100
Others	-	-
	23,785	21,299
Information technology expenses		
Software maintenance	1,357	1,501
Hardware maintenance	659	719
Depreciation	1,578	1,171
Amortisation	858	919
Network charges	878	828
BCP expense	549	549
	5,879	5,688
Other operating expenses		
Directors' fees and allowances	10,150	12,622
Fees and allowances to Shariah Board	-	-
Legal and professional charges	4,345	8,393
Outsourced services costs	4,312	4,155
Travelling and conveyance	2,762	2,292
NIFT clearing charges	-	-
Depreciation	21,999	18,961
Training and development	45	503
Postage and courier charges	224	166
Communication	3,062	3,321
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
Stationery and printing	1,310	1,107
Marketing, advertisement & publicity	2,262	2,176
Donations	-	-
Auditors' remuneration	1,303	502
Board meeting expenses	6,275	7,061
Meal and business networking expenses	666	224
Canteen expenses	627	459
Liveries and uniform	330	316
Hajj expense	689	791
Bank charges	308	233
Miscellaneous expenses	19	43
	60,688	63,323
	370,432	340,070
32 OTHER CHARGES		
Arrangement fee and documentation charges	4,120	63
Brokerage commission	5,051	6,529
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	3,102	6,095
Penalties imposed by State Bank of Pakistan	-	183
Penalties imposed by other regulatory bodies	-	100
	12,273	12,970

Note	(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
	---- (Rupees in '000) ----	
33 PROVISIONS / (REVERSALS) & WRITE OFFS - NET		
(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	(145,090)	6,708
(Reversal) against loans and advances	(20,152)	(52,755)
Provision / (reversal) against non-banking assets	364,715	
(Reversal) / provision against other receivable	22,459	-
Bad debts written off directly	-	-
Recovery of written off / charged off bad debts	-	-
(Reversal) against contingencies	(172,000)	-
	<u>47,435</u>	<u>(46,047)</u>
34 TAXATION		
Current	44,349	169,179
Prior years	-	-
Deferred	(16,473)	(17,161)
	<u>27,876</u>	<u>152,018</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.

	(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
	---- (Rupees in '000) ----	
35 BASIC EARNINGS PER SHARE		
Profit for the period	<u>65,794</u>	<u>568,258</u>
Weighted average number of ordinary shares	<u>809,014</u>	<u>686,091</u>
Basic earnings per share (Rupees)	<u>81.33</u>	<u>828.25</u>
36 DILUTED EARNINGS PER SHARE		
Profit for the period	<u>65,794</u>	<u>568,258</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>809,014</u>	<u>686,091</u>
Diluted earnings per share (Rupees)	<u>81.33</u>	<u>828.25</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) 30 September 2021			
		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	-	21,478,471	-	21,478,471
Provincial government securities	9.1	-	-	-	-
Shares	9.1	790,420	-	1,500	791,920
Non-government debt securities	9.1	-	859,080	-	859,080
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	9.1	-	-	1,257,431	1,257,431
Cash and balances with treasury banks	6	-	-	106,330	106,330
Balances with other banks	7	-	-	103,632	103,632
Lendings to financial institutions	8	-	-	4,100,000	4,100,000
Advances	10	-	-	6,325,999	6,325,999
Other assets	14	-	-	1,204,814	1,204,814
Financial liabilities - disclosed but not measured at fair value					
Borrowings	17	-	-	(26,383,745)	(26,383,745)
Deposits and other accounts	18	-	-	(4,988,793)	(4,988,793)
Other liabilities	22	-	-	(510,477)	(510,477)
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		-	-	-	-
		790,420	22,337,551	(18,783,309)	4,344,663

		(Audited) 31 December 2020				
Note		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) 30 September 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 2020, 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:

30 September 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	185,329	349,950	-	11,007	(20,788)	525,498
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	(88,583)	(3,936)	79,209	217	11,405	(1,688)
Total Income	96,745	346,014	79,209	11,225	(9,382)	523,810
Segment direct expenses	13,608	18,965	12,319	11,469	117,473	173,835
Inter segment expense allocation	2,984	1,925	1,406	4,795	197,760	208,869
Total expenses	16,593	20,889	13,725	16,264	315,233	382,705
(Reversal) / (recovery) / provision	78,202	(2,497)	(27,060)	(1,210)	-	47,435
Profit / (loss) before tax	1,951	327,622	92,543	(3,829)	(324,615)	93,670

30 September 2021 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
Balance Sheet						
Cash and bank balances	-	209,962	-	-	-	209,962
Investments	3,574,281	21,687,245	816,921	-	-	26,078,447
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	4,130,567	-	-	-	4,130,567
Advances - performing	6,705,004	-	-	624,901	143,680	7,473,584
- non-performing	-	-	-	-	-	-
Others	1,343,702	237,680	8,384	11,588	1,209,696	2,811,050
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,326)	-	(1,147,585)
Less: Provision (Investments)	(1,225,811)	(9,371)	(47,885)	-	-	(1,283,067)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(407,255)	(9,757)	-	-	(6,109)	(423,122)
Total Assets	8,875,662	26,215,757	777,421	603,163	1,347,267	37,819,268
Borrowings	395,508	25,988,237	-	-	-	26,383,745
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	4,385,630	-	-	603,163	-	4,988,793
Net inter segment borrowing	-	-	-	-	-	-
Others	86,205	227,520	874	6,612	189,266	510,477
Total liabilities	4,867,343	26,215,757	874	609,775	189,266	31,883,015
Equity	4,695,574	-	993,496	-	247,185	5,936,253
Total equity and liabilities	9,562,917	26,215,757	994,369	609,775	436,451	37,819,268
Contingencies and commitments	3,120,270	-	-	360,824	352,011	3,833,105

30 September 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	160,908	396,692	-	16,225	(24,303)	549,522
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	11,474	425,956	36,767	724	2,826	477,747
Total Income	172,382	822,648	36,767	16,949	(21,477)	1,027,269
Segment direct expenses	19,302	16,846	11,839	10,222	95,468	153,677
Inter segment expense allocation	2,118	2,217	1,183	4,202	189,643	199,363
Total expenses	21,420	19,063	13,022	14,424	285,112	353,040
(Reversal) / (recovery) / provision	(53,896)	-	6,708	1,141	-	(46,047)
Profit / (loss) before tax	204,858	803,584	17,037	1,384	(306,589)	720,276

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	5,611,999	
- non-performing	1,473,926	-	-	38,013	1,511,939	
Others	1,323,491	684,223	-	9,049	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	37,010,459
Borrowings	4,063,034	21,865,377	-	463,543	-	26,391,955
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	31,047,398
Equity	4,259,810	-	923,272	-	779,979	5,963,061
Total equity and liabilities	8,429,546	26,030,046	923,576	471,479	1,155,812	37,010,459
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:

	30 September 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	-	-	-	-	-	-	100,517	-	-	-	-	-	-	57,400
In deposit accounts	-	-	-	-	-	-	100,517	-	-	-	-	-	-	57,400
	-	-	-	-	-	-	100,517	-	-	-	-	-	-	57,400
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	250,000
Addition during the period / year	-	-	-	-	-	-	3,950,000	-	-	-	-	-	-	1,250,000
Repaid during the period / year	-	-	-	-	-	-	(4,250,000)	-	-	-	-	-	-	(500,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	1,000,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	22,272,681	-	-	-	5,000	500	704,867	15,726,138
Investment made during the period / year	-	-	-	-	-	-	5,637,954	-	-	-	(4,000)	-	-	17,013,578
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	(5,545,802)	-	-	-	(1,000)	1,000	-	(10,467,035)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	1,500	704,867	22,364,833	-	-	-	-	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	-	-	-	-	-	-	(581,338)	-	-	-	-	-	-	(383,585)
Advances														
Opening balance	-	-	48,454	-	-	-	42,825	-	-	49,273	-	-	-	38,835
Addition during the period / year	-	-	14,777	-	-	-	-	-	-	12,588	-	-	-	21,275
Repaid during the period / year	-	-	(10,802)	-	-	-	(2,311)	-	-	(25,442)	-	-	-	(3,496)
Transfer in / (out) - net	-	-	19,502	-	-	-	(19,502)	-	-	12,035	-	-	-	(13,789)
Closing balance	-	-	71,931	-	-	-	21,012	-	-	48,454	-	-	-	42,825
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

30 September 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	-	-	2,105	-	-	141,860	-	-	1,996	-	-	-	603,863
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable (2)	-	5,983	-	-	1,466	-	-	5,983	-	-	1,466	-	-
Other advances	-	6,878	460	-	-	240	-	4,830	350	-	-	-	100
Advance taxation	-	-	-	-	-	779,297	-	-	-	-	-	-	546,392
Provision against other assets	-	(5,983)	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings													
Opening balance	-	-	-	-	-	9,611,528	-	-	-	-	-	-	6,059,105
Borrowings during the period / year	-	-	-	-	-	326,283,674	-	-	-	-	-	-	352,445,482
Settled during the period / year	-	-	-	-	-	(324,066,190)	-	-	-	-	-	-	(348,893,059)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	11,829,012	-	-	-	-	-	-	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	-	-	-	327,500	-	21,324,857	-	-	-	-	360,000	-	14,466,087
Withdrawn during the period / year	-	-	-	(302,500)	-	(20,365,529)	-	-	-	-	(360,000)	-	(12,198,351)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	210,000	-	4,563,084	-	-	-	-	185,000	-	3,603,757
Other Liabilities													
Interest / mark-up payable	-	-	-	4,184	-	63,300	-	-	-	-	150	-	51,533
Payable to staff retirement fund	-	-	-	-	-	1,246	-	-	-	-	-	-	(5,378)
Other liabilities	5,127	3,126	3,345	-	-	2,555	4,808	-	-	-	-	1,008	463
Contingencies and Commitments													
Other contingencies	-	-	-	-	872,712	348,141	-	-	-	-	-	870,743	213,227

	30 September 2021 (Un-audited)						30 September 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	-	-	782	-	-	-	1,537,552	-	-	1,783	-	-	-	1,644,718
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	12,655	-	-	-	-	-	-	5,150
Gain on sale of securities - net	-	-	-	-	-	-	4,023	-	-	-	-	-	-	9,887
Gain on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	11,423	-	834,524	-	-	-	-	15,596	-	541,883
Operating expenses														
Office maintenance and related expenses	-	1,275	-	-	14,868	-	-	-	-	-	-	11,562	-	-
Non-executive directors' remuneration	-	10,150	-	-	-	-	-	-	10,522	-	-	-	-	-
Board meeting expense	-	2,346	1,537	-	-	-	803	-	5,659	1,480	-	-	-	767
Remunerations	-	107,457	70,134	-	-	-	29,702	-	95,155	50,764	-	-	-	28,033
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	1,392	-
Contribution to defined contribution plan	-	3,125	1,521	-	-	-	456	-	3,169	1,370	-	-	-	533
Contribution to defined benefit plan	-	3,330	3,893	-	-	-	924	-	3,193	3,627	-	-	-	1,108
Depreciation	-	16,754	639	-	-	-	155	-	14,671	581	-	-	-	133
Other charges														
Others	-	-	-	-	-	3,102	-	-	-	-	4	-	2,053	-
Insurance premium paid	-	-	-	-	-	1,497	-	-	-	-	-	-	3,388	-
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".

	(Un-audited) 30 September 2021	(Audited) 31 December 2020
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u><u>6,058,493</u></u>	<u><u>5,737,208</u></u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u><u>5,017,115</u></u>	4,565,709
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u><u>5,017,115</u></u>	4,565,709
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>5,017,115</u></u>	4,565,709
Risk Weighted Assets (RWAs):		
Credit Risk	<u><u>13,012,283</u></u>	12,217,871
Market Risk	<u><u>5,198,494</u></u>	5,466,114
Operational Risk	<u><u>803,417</u></u>	803,417
Total	<u><u>19,014,194</u></u>	18,487,402
Common Equity Tier 1 Capital Adequacy ratio	<u><u>26.39%</u></u>	24.70%
Tier 1 Capital Adequacy Ratio	<u><u>26.39%</u></u>	24.70%
Total Capital Adequacy Ratio	<u><u>26.39%</u></u>	24.70%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u><u>5,017,115</u></u>	4,565,709
Total Exposures	<u><u>51,709,628</u></u>	56,743,118
Leverage Ratio	<u><u>9.70%</u></u>	8.05%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u><u>1,603,353</u></u>	3,722,130
Total Net Cash Outflow	<u><u>1,128,970</u></u>	2,065,310
Liquidity Coverage Ratio	<u><u>142%</u></u>	180%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u><u>14,419,000</u></u>	14,459,512
Total Required Stable Funding	<u><u>10,782,110</u></u>	9,832,361
Net Stable Funding Ratio	<u><u>134%</u></u>	147%

41 ISLAMIC BANKING BUSINESS

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

	Note	(Un-audited) 30 September 2021	(Un-audited) 30 September 2020
---- (Rupees in '000) ----			
42 CASH AND CASH EQUIVALENTS			
Term deposit receipts (TDRs)	8.1	1,600,000	650,000
Cash and balance with treasury banks	6	106,330	40,501
Balance with other banks	7	103,632	27,245
Others		-	-
		1,809,962	717,746

42.1 These term deposit receipts (TDRs) are due for maturity on various dates between October 2021 to December 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 condensed interim financial statements.

44 DATE OF AUTHORISATION FOR ISSUE

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

45 GENERAL

45.1 In its latest rating announcement (June 2021), 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 Positive outlook assigned to ratings).

45.2 Amounts in these condensed interim 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.

s/d
Chief Financial Officer

s/d
Managing Director & CEO

s/d
Director

s/d
Director