



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PAIR Investment Company Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAIR Investment Company Limited** ("the Company") as at 30 June 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Other Matter

The figures for the quarter ended 30 June 2021 and 30 June 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Aryn Pirani.

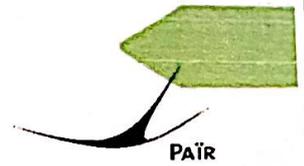
Date: 28 September 2021

Karachi

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KPMG Taseer Hadi & Co.
Chartered Accountants

PAIR Investment Company Limited
Condensed Interim Statement of Financial Position
As at 30 June 2021



	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	70,333	54,919
Balances with other banks	7	91,872	74,589
Lendings to financial institutions		-	-
Investments	8	14,780,040	13,651,952
Advances	9	6,516,941	6,165,043
Fixed assets	10	217,343	219,675
Intangible assets	11	86	146
Deferred tax assets	12	465,954	414,100
Other assets	13	567,366	709,380
		22,709,935	21,289,804
LIABILITIES			
Bills payable		-	-
Borrowings	14	11,673,121	10,223,036
Deposits and other accounts	15	974,275	923,702
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	16	466,395	480,808
		13,113,791	11,627,546
NET ASSETS			
		9,596,144	9,662,258
REPRESENTED BY			
Share capital	17	6,000,000	6,000,000
Reserves	18	988,759	965,805
Surplus on revaluation of assets	19	14,263	16,001
Unappropriated profit		2,593,122	2,680,452
		9,596,144	9,662,258

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

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Managing Director /
Chief Executive Officer

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Chairman

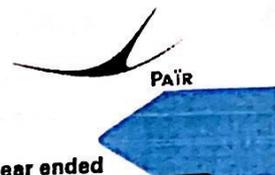
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Director

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Director

PAIR Investment Company Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended 30 June 2021

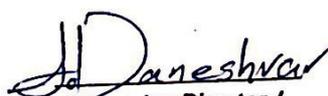


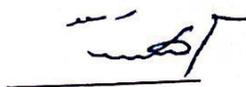
Note	Quarter ended		Half year ended		
	April - June 2021	April - June 2020	January - June 2021	January - June 2020	
	----- (Rupees in '000) -----				
Mark-up / return / interest earned	23	380,503	565,268	748,375	1,135,544
Mark-up / return / interest expensed	24	200,480	271,912	385,109	589,094
Net mark-up / interest income		180,023	293,356	361,266	546,450
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	3,699	131	11,702	5,279
Dividend income		17,483	11,170	40,370	20,435
Foreign exchange income		50	412	302	556
Income / (loss) from derivatives		-	-	-	-
Loss on sale of securities	26	20,511	(1,537)	62,405	(116)
Other income		1,698	-	1,698	-
Total non mark-up / interest income		43,441	10,176	118,477	26,154
Total Income		223,464	303,532	477,743	572,604
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	97,006	77,369	186,814	168,283
Workers Welfare Fund		2,720	3,201	5,682	6,403
Other charges		225	-	225	-
Total non mark-up / interest expenses		99,951	80,570	192,721	174,686
Profit Before Provisions		123,513	222,962	285,022	397,918
Provisions and write offs - net	28	98,698	96,276	153,020	162,178
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		24,815	126,686	132,002	235,740
Taxation	29	(15,524)	34,536	17,231	60,419
PROFIT AFTER TAXATION		40,339	92,150	114,771	175,321
Basic and diluted earnings per share - (Rupees)	30	0.07	0.15	0.19	0.29

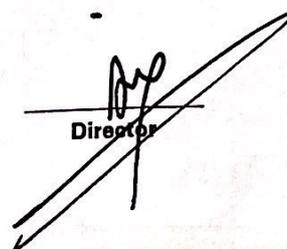
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director

PAIR Investment Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the half year ended 30 June 2021

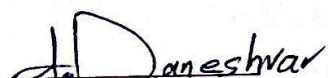


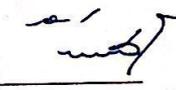
	Quarter ended		Half year ended	
	April - June 2021	April - June 2020	January - June 2021	January - June 2020
	(Rupees in '000)			
Profit after taxation for the period	40,339	92,150	114,771	175,321
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	45,567	94,818	(885)	53,530
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>				
Movement in surplus on revaluation of non-banking asset - net of tax	-	39,730	-	39,730
Total comprehensive income	<u>85,906</u>	<u>226,698</u>	<u>113,886</u>	<u>268,581</u>

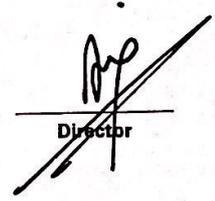
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 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director


 Director

PAIR Investment Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended 30 June 2021

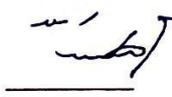


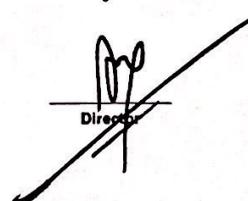
Note	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of		Unappropriated profit	Total
			Investments	Non Banking asset		
(Rupees in '000)						
Balance as at 1 January 2020	6,000,000	888,358	56,305	-	2,526,058	9,470,719
Profit for the period ended 30 June 2020	-	-	-	-	175,321	175,321
Other comprehensive income - net of tax	-	-	53,530	39,730	-	93,260
	-	-	53,530	39,730	175,321	268,581
Transfer to statutory reserve	-	35,064	-	-	(35,064)	-
Transactions with owners recognised directly in equity						
Final cash dividend - 31 December 2019 declared subsequent to the year end	-	-	-	-	(150,000)	(150,000)
Balance as at 30 June 2020	6,000,000	923,420	109,835	39,730	2,516,315	9,589,300
Profit for the period ended 31 December 2020	-	-	-	-	211,924	211,924
Other comprehensive income	-	-	(126,758)	(6,806)	(5,402)	(138,966)
	-	-	(126,758)	(6,806)	208,522	72,958
Transfer to statutory reserve	18	42,385	-	-	(42,385)	-
Balance as at 31 December 2020	6,000,000	965,805	(16,923)	32,924	2,680,452	9,662,258
Profit for the period ended 30 June 2021	-	-	-	-	114,771	114,771
Other comprehensive income	-	-	(885)	-	-	(885)
	-	-	(885)	-	114,771	113,886
Transfer to statutory reserve	18	22,954	-	-	(22,954)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(853)	853	-
Transactions with owners recognised directly in equity						
Final cash dividend - 31 December 2020 declared subsequent to the year end	-	-	-	-	(180,000)	(180,000)
	6,000,000	988,759	(17,808)	32,071	2,593,122	9,596,144

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director

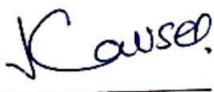
PAIR Investment Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended 30 June 2021



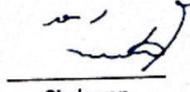
	Note	30 June 2021	30 June 2020
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		132,002	235,740
Less: Dividend income		(40,370)	(20,435)
		<u>91,632</u>	<u>215,305</u>
Adjustments:			
Depreciation		15,510	13,102
Amortisation		60	99
Provision and write-offs	28	153,020	162,178
Gain on sale of fixed assets		(1,698)	-
Charge for defined benefit plan		6,417	5,621
Unrealised loss on revaluation of held for trading investments	26	29	725
		<u>173,338</u>	<u>181,725</u>
		<u>264,970</u>	<u>397,030</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	150,000
Held-for-trading securities		2,337	7,382
Advances		(507,174)	(1,400,447)
Others assets		140,050	37,552
		<u>(364,787)</u>	<u>(1,205,513)</u>
Increase / (decrease) in operating liabilities			
Borrowings from financial institutions		1,450,085	317,750
Deposits		50,573	141,623
Other liabilities		(14,411)	69,629
		<u>1,486,247</u>	<u>529,002</u>
		<u>1,386,430</u>	<u>(279,481)</u>
		<u>(70,429)</u>	<u>(106,688)</u>
		<u>(6,417)</u>	<u>(5,621)</u>
		<u>1,309,584</u>	<u>(391,790)</u>
Income tax paid			
Defined benefits paid			
Net cash flows generated from / (used) in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(1,128,637)	103,305
Net investments in held-to-maturity securities		-	386,981
Dividends received		39,856	20,404
Investments in operating fixed assets		(9,875)	(10,041)
Proceeds from sale of fixed assets		1,769	3,991
Net cash flows (used) in / generated from investing activities		<u>(1,096,887)</u>	<u>504,640</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(180,000)	(150,000)
Net cash flows used in financing activities		<u>(180,000)</u>	<u>(150,000)</u>
Increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		32,697	(37,150)
Cash and cash equivalents at end of the period		<u>129,508</u>	<u>130,134</u>
		<u>162,205</u>	<u>92,984</u>

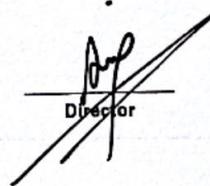
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

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Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director

PAİR Investment Company Limited

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 30 June 2021



1. STATUS AND NATURE OF BUSINESS

PAİR Investment Company Limited, 'the Company' is an unlisted Public Limited Company incorporated in Pakistan on 15 January 2007 under the Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution by the Ministry of Finance, Government of Pakistan.

The Company is a Joint Venture (50:50) between Government of Pakistan and Iran Foreign Investment Company which is owned by the Government of Iran. The Company's objectives inter alia includes financing for industrial and commercial projects, capital and money market operations and other investment banking activities. Its registered and principal office is situated at ICCI Building, Clifton, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 The SBP through its BSD Circular letter No. 11 dated 11 September 2002 has deferred the implementation of IAS 39 'Financial instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial instruments; Disclosures' through SRO 411 (1)/2008. Accordingly, the requirements of these IFRS and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these condensed interim financial statements.

2.3 Further, SBP vide its BPRD Circular Letter no. 24 dated 05 July 2021, has deferred the applicability of IFRS 9 on Banks / DFIs / MFBs to accounting periods beginning on or after 01 January 2022. The impact of the application of IFRS 9 on the Company's financial statements is being assessed and implementation guidelines are awaited. These institutions in the meantime are required to submit to SBP, IFRS 9 compatible pro forma financial statements for the years ending 2020 and 2021 and quarterly IFRS 9 parallel run results.

2.4 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim unconsolidated financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements for the 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.

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3.1 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current period

There are certain other new standards, interpretations of and amendments to existing accounting and reporting standards as applicable in Pakistan that have become applicable to the Company for accounting periods beginning on or after 1 January 2021 but are not considered to be relevant or do not have any significant effect on the Company's operations and therefore are not detailed in these condensed interim financial statements.

3.2 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period

As per State Bank of Pakistan's (SBP) BPRD Circular Letter no. 24 dated July 05, 2021, the applicability of IFRS 9 on Banks / DFIs / MFBs has been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 on the Company's financial statements is being assessed and implementation guidelines are awaited. These institutions in the meantime are required to submit to SBP, IFRS 9 compatible pro forma financial statements for the years ending 2020 and 2021 and quarterly IFRS 9 parallel run results.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2020.

5. FINANCIAL RISK MANAGEMENT

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

6. CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
In hand			
Local currency		10	51
Foreign currencies		3,243	560
		3,253	611
With State Bank of Pakistan in			
Local currency current account	6.1	66,394	53,634
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account		669	657
		686	674
		70,333	54,919

6.1 This represents current account maintained for minimum cash reserve required to be maintained with the State Bank of Pakistan in accordance with its requirements of BSD Circular No. 04 dated May 22, 2004.

7. BALANCES WITH OTHER BANKS		30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
In Pakistan			
In current accounts		4,748	7,505
In deposit accounts	7.1	87,124	67,084
		91,872	74,589

7.1 These deposit accounts carry annual mark-up rate of 2.85% to 5.50% (31 December 2020: 2.85% to 5.50%).



8. INVESTMENTS

8.1 Investments by type

	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / surplus	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Held-for-trading securities								
Shares	40,801	-	(120)	40,681	43,139	-	(92)	43,047
	40,801	-	(120)	40,681	43,139	-	(92)	43,047
Available-for-sale securities								
Federal Government securities	8,721,753	-	27,036	8,748,789	7,668,021	-	40,280	7,708,301
Shares	941,137	(37,734)	(47,102)	856,301	1,081,173	(44,678)	(26,627)	1,009,868
Non Government Debt Securities	5,171,895	(37,323)	(303)	5,134,269	4,956,955	(32,636)	(33,583)	4,890,736
	14,834,785	(75,057)	(20,369)	14,739,359	13,706,149	(77,314)	(19,930)	13,608,905
Total investments	14,875,586	(75,057)	(20,489)	14,780,040	13,749,288	(77,314)	(20,022)	13,651,952

8.2 Investments by segments

	30 June 2021 (Un-audited)				31 December 2020 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government securities								
- Market treasury bills	2,954,977	-	487	2,955,464	1,915,467	-	1,500	1,916,967
- Pakistan Investment Bonds	5,766,776	-	26,549	5,793,325	5,752,554	-	38,780	5,791,334
	8,721,753	-	27,036	8,748,789	7,668,021	-	40,280	7,708,301
Units in mutual funds								
	-	-	-	-	-	-	-	-
Shares								
- Ordinary Shares of Listed companies	954,329	(37,734)	(50,535)	866,060	1,096,703	(44,678)	(26,719)	1,025,306
- Preference Shares of Listed companies	27,609	-	3,313	30,922	27,609	-	-	27,609
	981,938	(37,734)	(47,222)	896,982	1,124,312	(44,678)	(26,719)	1,052,915
Non Government Debt Securities								
- Term Finance Certificates - Listed	560,290	-	-	560,290	1,056,746	-	(1,033)	1,055,713
- Term Finance Certificates - Unlisted	3,396,421	(11,245)	2,333	3,387,509	2,957,162	(11,245)	(23,742)	2,922,175
- Sukuk certificates - Listed	306,130	-	(5,063)	301,067	312,259	-	(9,651)	302,608
- Sukuk certificates - Unlisted	909,054	(26,078)	2,427	885,403	630,788	(21,391)	843	610,240
	5,171,895	(37,323)	(303)	5,134,269	4,956,955	(32,636)	(33,583)	4,890,736
Total investments	14,875,586	(75,057)	(20,489)	14,780,040	13,749,288	(77,314)	(20,022)	13,651,952

8.3 Investments given as collateral

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
----- (Rupees in '000) -----		
Pakistan Investment Bonds		
Carrying Value	4,926,478	4,224,607
Surplus	(7,278)	(4,817)
	4,919,200	4,219,790
Market treasury bills		
Carrying Value	842,680	256,410
(Deficit) / Surplus	(9)	97
	842,671	256,507
Shares		
Carrying Value	102,179	101,540
Impairment	(17,453)	(17,458)
Surplus / (Deficit)	4,728	(7,578)
	89,454	76,504

8.4 Provision for diminution in value of investments

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
Opening balance	77,314	112,144
Charge / reversals		
Charge for the period / year	5,079	86,154
Reversals for the period / year	-	-
Reversal on disposals	(7,335)	(120,984)
	(2,256)	(34,830)
Closing Balance	75,058	77,314

8.5 Particulars of provision against debt securities Category of classification	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	NPI	Provision	NPI	Provision
	----- (Rupees in '000) -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	43,290	(37,323)	44,672	(32,636)
	43,290	(37,323)	44,672	(32,636)

8.6 The Company has availed the benefit of Forced Sales Value (FSV) against the non-performing investment. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing investment would have been higher by Rs. 5.967 million (31 December 2020: Rs. 12.036 million) Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend / bonus to employees.

9 ADVANCES	Note	Performing		Non Performing		Total	
		30 June 2021 (Un-audited)	31 December 2020 (Audited)	30 June 2021 (Un-audited)	31 December 2020 (Audited)	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	9.2	5,947,494	5,368,461	2,088,880	2,081,878	8,036,374	7,450,339
Islamic financing and related assets		174,783	266,275	-	-	174,783	266,275
Bills discounted and purchased		12,631	-	-	-	12,631	-
Advances - gross	9.1	6,134,908	5,634,736	2,088,880	2,081,878	8,223,788	7,716,614
Provision against advances							
- Specific		-	-	(1,706,847)	(1,551,571)	(1,706,847)	(1,551,571)
- General		-	-	-	-	-	-
		-	-	(1,706,847)	(1,551,571)	(1,706,847)	(1,551,571)
Advances - net of provision		6,134,908	5,634,736	382,033	530,307	6,516,941	6,165,043

9.1 These include loans of Rs. 130.907 million (31 December 2020: Rs. 125.976 million) advanced to employees in accordance with their terms of employment. These loans carry mark-up at the rates from 0% to 5% (31 December 2020: 0% to 5%) respectively.

9.2 Includes net investment in finance lease as disclosed below:

	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	----- (Rupees in '000) -----					
Lease rentals receivable	290,780	378,958	669,738	321,633	420,973	742,606
Residual value	66,859	163,197	230,056	89,512	137,696	227,208
Minimum lease payments	357,639	542,155	899,794	411,145	558,669	969,814
Financial charges for future periods	(46,103)	(34,933)	(81,036)	(49,784)	(45,393)	(95,177)
Present value of minimum lease payments	311,536	507,222	818,758	361,361	513,276	874,637

9.2.1 The Company's implicit rate of return on leases ranges between 8.60% to 16.91% (31 December 2020: 8.60% to 19.90%) per annum. These are secured against leased assets and security deposits generally up to 63.8% (31 December 2020: 38%) of the cost of leased assets.

9.3 Particulars of advances (Gross)	30 June 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Rupees in '000) -----
In local currency	8,223,788	7,716,614
In foreign currencies	-	-
	8,223,788	7,716,614

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- 9.4 Advances include Rs. 2,088.88 million (31 December 2020: Rs. 2,081.878 million) which have been placed under non-performing status as detailed below:

Category of Classification	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
OAEM	174,783	-	176,275	-
Substandard	32,308	7,303	21,179	5,446
Doubtful	-	-	-	-
Loss	1,881,789	1,699,544	1,884,424	1,546,125
	2,088,880	1,706,847	2,081,878	1,551,571

9.5 Particulars of provision against advances	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	1,551,571	-	1,551,571	1,259,215	-	1,259,215
Charge for the period / year	155,880	-	155,880	230,870	-	230,870
Reversals	(604)	-	(604)	(5,374)	-	(5,374)
	155,276	-	155,276	225,496	-	225,496
Amounts written off	-	-	-	66,860	-	66,860
Closing balance	1,706,847	-	1,706,847	1,551,571	-	1,551,571

9.5.1 Particulars of provision against advances	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	1,706,847	-	1,706,847	1,551,571	-	1,551,571
In foreign currencies	-	-	-	-	-	-
	1,706,847	-	1,706,847	1,551,571	-	1,551,571

- 9.5.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the SBP, the Company has availed the benefit of Forced Sales Value (FSV) against the non-performing advances. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances would have been higher by Rs. 183.476 million (31 December 2020: Rs. 338.299 million). Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend / bonus to employees.

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10. FIXED ASSETS	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited) (Rupees in '000)
	Property and equipment	202,044
Right-of-use assets	15,299	22,017
	<u>217,343</u>	<u>219,675</u>

10.1 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Property and equipment	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited) (Rupees in '000)
	Electrical, office and computer equipment	2,706
Vehicles	6,941	7,500
Furniture and fixtures	228	403
	<u>9,875</u>	<u>13,804</u>

10.2 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Property and equipment	Note	30 June 2020 (Un-audited) (Rupees in '000)	31 December 2020 (Audited) (Rupees in '000)
		Vehicles	-
Electrical, office and computer equipment	71	-	
Furniture and fixtures	-	19	
	10.3	<u>71</u>	<u>4,010</u>

10.3 The following operating fixed assets were disposed off during the period:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Honda Civic - VTI	2,070	2,070	-	1,670	1,670	Negotiation	Carfirst
Laptop	137	66	71	99	28	Cliam	IGI General Insurance
	<u>2,207</u>	<u>2,136</u>	<u>71</u>	<u>1,769</u>	<u>1,698</u>		

11. INTANGIBLE ASSETS

Software License	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited) (Rupees in '000)
		<u>86</u>



12. DEFERRED TAX ASSETS

30 June 2021 (Un-audited)			
At 01 January 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At 30 June 2021
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Post retirement employee benefits	2,441	-	2,441
- Deficit on revaluation of investments	7,724	4	5,611
- Accelerated tax depreciation	10,225	(10,659)	(434)
- Provision against advances, off balance sheet items, etc.	430,566	45,030	475,596
- Right-of-use assets and related lease liability - net	(222)	426	204
- Others	1,649	466	2,115
	452,383	35,267	485,533
Taxable Temporary Differences on			
- Surplus on revaluation of investments	(4,721)	-	(3,050)
- Surplus on revaluation of non-banking asset	(13,590)	348	(13,242)
- Accelerated tax depreciation	1,518	(1,109)	409
- Lease financing	(21,490)	17,794	(3,696)
	(38,283)	17,033	(19,579)
	414,100	52,300	465,954

31 December 2020 (Audited)			
At 01 January 2020	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2020
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Losses on equity shares carried forward	15,270	(15,270)	-
- Post retirement employee benefits	(516)	-	2,957
- Deficit on revaluation of investments	6,366	150	1,208
- Accelerated tax depreciation	3,194	7,031	-
- Provision against advances, off balance sheet etc.	365,172	65,394	430,566
- Provision against investments	16,822	(16,822)	-
- Right-of-use assets and related lease liability - net	1,607	(1,829)	(222)
- Others	884	765	1,649
	408,799	39,419	452,383
Taxable Temporary Differences on			
- Surplus on revaluation of investments - net	(16,166)	-	11,445
- Surplus on revaluation of non-banking asset	-	-	(13,590)
- Accelerated tax depreciation	(6,874)	8,392	-
- Lease financing	(10,232)	(11,258)	-
- Others	-	-	-
	(33,272)	(2,866)	(2,145)
	375,527	36,553	414,100

12.1 Deferred tax asset on capital losses on equity securities and provision against investments amounting to Rs. 9.382 million (31 December 2020: Rs. 12.412 million) and Rs. 2.343 million (31 December 2020: Rs. 11.597 million), respectively has not been recognised.

13. OTHER ASSETS	Note	30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Rupees in '000)			
Income / Mark-up accrued in local currency - net of provision		279,998	275,824
Advances, deposits and prepayments		32,596	177,290
Advance taxation (payments less provisions)		116,754	115,856
Non-banking asset acquired in satisfaction of claim	13.1	82,646	84,821
Dividend receivable		2,460	1,946
Security deposits		7,251	6,781
		521,705	662,518
Surplus on revaluation of non-banking asset acquired in satisfaction of claim		45,661	46,862
Other Assets - total		567,366	709,380
13.1 Market value of Non-banking asset acquired in satisfaction of claim		135,060	135,060

Non-banking asset acquired in satisfaction of claims was revalued by an independent professional valuer as of 30 June 2020 and subsequently through a desktop valuation as at 31 December 2020. The revaluation was carried out by M/s Joseph Lobo (Private) Limited on the basis of an assessment of present market values and resulted in an increase in surplus by Rs. 48.064 million (in both the cases).

		30 June 2020	31 December 2020
	<i>Note</i>	(Un-audited)	(Audited)
		(Rupees in '000)	
13.2 Non-banking asset acquired in satisfaction of claim			
Opening Balance		131,683	89,632
Revaluation during the period / year		-	48,064
Less: Depreciation for the period / year		(3,376)	(6,013)
Closing Balance		128,307	131,683

14. BORROWINGS

In Pakistan (local currency)	14.1	11,673,121	10,223,036
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14.1 Details of borrowings secured / unsecured

Secured

Borrowings from State Bank of Pakistan- Under financing facility for:

-Imported & Locally Manufactured Plant & Machinery (LTFF)	14.2	1,825,890	1,649,321
-Renewable Energy Facility (REF)	14.3	415,112	478,844
-Temporary Economic Refinance Facility (TERF)	14.4	98,459	-
Repurchase agreement borrowings	14.5	6,233,660	4,478,204
Term borrowings	14.6	3,100,000	3,616,667
Total borrowings		11,673,121	10,223,036

14.2 The Company has entered into agreement with the SBP for extending Long Term Financing Facility (LTFF) for Imported & Locally Manufactured Plant & Machinery. Outstanding principal against these borrowings range from Rs. 34.918 million to Rs. 652.502 million and carry mark-up rate of 2.0% to 2.50% per annum (31 December 2020: 2.0% to 3.0%). These borrowings will mature by 2030 (31 December 2020: 2030).

14.3 The Company has obtained funds from the SBP for extending Long Term Financing Facility (LTFF) for renewable energy. Outstanding principal against these borrowings range from Rs. 3.919 million to Rs. 329.219 million and carry mark-up rate of 2.0% to 3.0% per annum (2020: 2.0% to 2.50%). These borrowings will mature by 2033 (2020: 2029).

14.4 The Company has obtained funds from the SBP for extending Long Term Financing Facility (LTFF) for Temporary Economic Refinance Facility. Outstanding principal against these borrowings range from Rs. 26.860 million to Rs. 71.599 million and carry mark-up rate of 1.0% per annum (2020: Nil). These borrowings will mature by 2031 (2020: Nil).

14.5 These carry mark-up at the rates ranging from 7.30% to 7.80% per annum (31 December 2020: 7.15% to 7.25%) and are secured against government securities having carrying amount of PKR 5.769 billion (31 December 2020: PKR 4.481 billion). These borrowings will mature up to July 2021 (31 December 2020: January 2021).

14.6 These represent finances obtained from Allied Bank Limited to finance regular business operations of the Company. These finances are secured against pledge of all present and future movable assets (excluding investments). Outstanding principal against these borrowings range from Rs. 375 million to Rs. 1,000 million and carry mark-up at the rate of 6 months KIBOR +0.10 to 0.25% per annum. These are repayable in semi annual installments and shall be repaid by 2025.

		30 June 2021	31 December 2020
	<i>Note</i>	(Un-audited)	(Audited)
		(Rupees in '000)	
15. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Term deposits - In local currency	15.2	179,885	239,403
Financial Institutions			
Term deposits - In local currency	15.3	794,390	684,299
	15.1	974,275	923,702
15.1 Composition of deposits			
- Individuals	15.4	65,012	97,927
- Private Sector		114,873	141,476
- Others - Shareholder (IFIC)	15.5	794,390	684,299
		974,275	923,702

- 15.2** The mark-up rates on these certificate of investments (COI) range between 7.10% to 7.40% per annum (31 December 2020: 7.10% to 7.25% per annum). These COIs will mature up to May 2022 (31 December 2020: November 2021).
- 15.3** The mark-up rates on these certificate of investments (COI) is 7.25% per annum (31 December 2020: 7.25% per annum). These COIs will mature up to September 2021 (31 December 2020: February 2021).
- 15.4** These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to May 2022 (31 December 2020: November 2021).
- 15.5** This represents dividend and mark-up earned thereon not remitted to IFIC due to foreign exchange remittance restrictions, that had been invested on IFIC's instructions in the Company's certificates of investment.

16. OTHER LIABILITIES	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rupees in '000)	
Mark-up / Return / Interest payable in local currency	50,673	54,275
Accrued expenses	42,742	37,973
Payable to defined benefit plan	12,150	12,150
Provision for compensated absences	2,955	4,248
Payable to an associated undertaking	7,620	8,068
Government levies payable	8,682	4,059
Provision for audit fee	954	1,320
Advance insurance premium on lease	490	248
Security deposits against finance lease	230,056	227,208
Payable Brokerage / NCCPL	5,118	-
Provision for staff rewards	1,702	28,438
Provision for Worker's Welfare Fund	87,250	81,569
Lease liability against right-of-use assets	16,003	21,252
	466,395	480,808

17. SHARE CAPITAL

17.1 Authorised capital

30 June 2021 (Un-audited)	31 December 2020 (Audited)		30 June 2021 (Un-audited)	31 December 2020 (Audited)
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000

17.2 Issued, subscribed and paid-up share capital

600,000,000	600,000,000	Ordinary shares of Rs. 10 each	6,000,000	6,000,000
600,000,000	600,000,000	Fully paid in cash	6,000,000	6,000,000

17.3 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	30 June 2021 (Un-audited)		31 December 2020 (Audited)	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Government of Pakistan	300,000,000	50%	300,000,000	50%
Iran Foreign Investment Company	300,000,000	50%	300,000,000	50%
	600,000,000	100%	600,000,000	100%

18. RESERVES	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
Statutory reserve		
Opening balance	965,805	888,356
Transfer during the period / year	22,954	77,449
Closing balance	988,759	965,805

- 18.1 According to BPD Circular No. 15 dated 31 May 2004 issued by SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve.

19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	Note	30 June 2021 (Un-audited) (Rupees in '000)	31 December 2020 (Audited)
Surplus / (deficit) on revaluation of			
- Available for sale securities	8.1	(20,369)	(19,930)
- Non-banking asset acquired in satisfaction of claim		46,862	48,064
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(1,201)	(1,202)
		25,292	26,932
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		2,561	3,007
- Non-banking asset acquired in satisfaction of claim		(13,590)	(13,938)
		(11,029)	(10,931)
		14,263	16,001

20 CONTINGENCIES AND COMMITMENTS

- 20.1 The Additional Commissioner Inland Revenue (ACIR) amended the assessment for the tax year 2012 under section 122(5A) of the Ordinance. Income tax demand of PKR 148.747 million was created including liability of Workers' Welfare Fund (WWF) amounting to PKR 16.364 million. The Company filed a rectification application to rectify the errors apparent in the order. Through rectified order under section 221(1) of the Ordinance, short credit of advance tax of PKR 116.595 million paid under section 147 of the Ordinance was allowed and demand of PKR 148.747 million was reduced to PKR 32.152 million. The Company has paid the demand under protest and has challenged the impugned order through appeal under section 127 of the Ordinance with the Commissioner Inland Revenue (Appeals) - CIR(A). However the CIR(A) has confirmed the issues. Thereafter, The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.2 The Additional Commissioner Inland Revenue (ADCIR) amended the assessment for the tax year 2013 under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance). Income tax demand of PKR 51.113 million was created including liability of Workers' Welfare Fund (WWF) amounting to PKR 13.874. The Company filed a rectification application to rectify the errors apparent in order and paid under protest the demand of PKR 45.219 in respect of said demand. The Company also challenged the impugned order through appeal under section 127 of the Ordinance with the Commissioner Inland Revenue (Appeals) - CIR(A). However, CIR(A) has confirmed all the issues except the issue pertaining to premium amortization which has been set aside and against which the Company has been provided a relief. Thereafter, the Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The appeal has been heard and reserved for order. The Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.3 The Additional Commissioner Inland Revenue (ADCIR) amended the assessments for tax year 2014 and raised demand of PKR 53.826 million, including liability of WWF of PKR 11.508 million which was later revised to PKR 72.210 million. The demand was challenged by the Company by filing an appeal with the CIR(A). However, on confirmation of the demand order by CIR(A) the Company filed an appeal before the ATIR and made payment under protest of PKR 17.5 million. The ATIR through its order dated 24 November 2016 deleted the demand amounting to PKR 40 million and directed the department to work out the liability of WWF in the light of Supreme Court's order. Through the said order, the ATIR also remanded back the issue of taxing amortization of TFCs and preference shares and taxing of capital gain on sale of TFC and T-bills under the head business income instead of capital gain for re-adjudication, for both the tax years. Consequently, the tax department filed a reference in High Court, dated 16 February 2017, which is yet to be admitted for hearing whereas the Company filed a request before the CIR(A) in respect of remanded back issues on 05

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November 2019 against which no reply has yet been received from the CIR(A). The Company, in consultation with its tax advisor, is confident of a favourable outcome with respect to both, department's appeal before the High Court and the remand back issue.

- 20.4** The Additional Commissioner Inland Revenue (ADCIR) amended the assessments for tax year 2015 and raised demand of PKR 80.433 million which was later revised to PKR 87.014 million. The demand was challenged by the Company by filing an appeal with the CIR(A). However, on confirmation of the demand order by CIR(A) the Company filed an appeal before the ATIR and made payment under protest of PKR 17.5 million. The ATIR through its order dated 24 November 2016 deleted the demand and directed the department to work out the liability of WWF in the light of Supreme Court's order. Consequently, the tax department filed a reference in High Court, dated 16 February 2017, which is yet to be admitted for hearing. Moreover, certain issues were remanded back by the ATIR under the aforementioned order against which relief has been allowed by the CIR(A) however, appeal effect order is pending. The Company, in consultation with its tax advisor, is confident of a favourable outcome in relation to this matter.
- 20.5** With respect to tax year 2016, ADCIR amended the assessment and demand amounting to PKR 52.049 million was created. The Company admitted tax imposed on commission income amounting to PKR 1.031 Million, which was paid and on other issues filed appeal to CIR(A) against ADCIR order. The CIR(A) passed order and decided the appeal and allowed partial relief. Order to the extent of apportionment of finance cost was confirmed by CIR(A). An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The Company and the department has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) on the issue decided against it. The Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.6** With respect to tax year 2017, ADCIR amended the assessment and demand amounting to PKR 134.499 million was created. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019 and rectified demand to PKR 46.351 Million. The Company paid the demand and paid PKR 18.0 Million while remaining amount of PKR 28.351 Million was adjusted from the refund of tax year 2018. The Company filed appeal against order before CIR(A). The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted contention except on apportionment of markup expenses. An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). Moreover, both the Company and the department have filed appeals before the ATIR on the issues decided against them. The appeal is awaited to be heard. The issue is pending before ATIR and the Company, in consultation with its tax advisor, is confident of a favourable outcome.
- 20.7** With respect to tax year 2018, ADCIR amended the assessment under section 122(5A) of the Ordinance. The ACIR has passed order under section 122(5A) reducing the refund amounting to PKR 17.962 Million. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019. The Company filed an appeal against the order before the CIR(A) on 31 January 2019. The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted our contention except on apportionment of markup expenses. An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). Whereas, the Company has filed an appeal before the ATIR in respect of the issue of apportionment of finance and administration cost and the Company, in consultation with its tax advisor, is confident of a favourable outcome.

	30 June 2021 (Un-audited)	31 December 2020 (Audited)
	(Rupees in '000)	
20.8 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u><u>6,233,660</u></u>	<u><u>4,478,204</u></u>
20.9 Direct credit substitutes	<u><u>100,000</u></u>	<u><u>100,000</u></u>
20.10 Commitments to extend credit		

The Company makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

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21. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments referred to as derivatives, contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in money and foreign exchange markets. The Company's exposure in these instruments represents equity futures. The Company also enters into repo transactions against government securities carrying fixed interest rates and having fixed contractual maturities. The credit risk associated with repo transactions is secured through underlying government securities.

22. DERIVATIVE INSTRUMENTS

The Company at present does not offer structured derivative products such as interest rate swaps, forward rate swaps, forward rate agreements or forward exchange options. However, the Company treasury and investment group may buy and sell derivative instruments such as equity futures.

22.1 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Company uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Company either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of tier 1 capital of the Company, based on prevailing SBP regulations.

	Note	30 June 2021 (Un-audited)	30 June 2020 (Un-audited)
(Rupees in '000)			
23. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		199,193	304,338
On investments		546,150	828,758
On deposits with financial institutions		953	1,341
On lendings to financial institutions		79	1,107
		<u>746,375</u>	<u>1,135,544</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		33,835	51,516
Repurchase agreement borrowings		156,616	261,109
Call borrowings		36,441	17,467
On borrowing from State Bank of Pakistan- Under financing facility for:			
-Imported & Locally Manufactured Plant & Machinery (LTFF)		18,116	16,669
-Renewable Energy Facility (REF)		5,521	664
-Temporary Economic Refinance Facility (TERF)		36	-
Term Borrowing		133,664	239,842
Unwinding cost of liability against the right-of-use assets		880	1,827
		<u>385,109</u>	<u>589,094</u>
25. FEE & COMMISSION INCOME			
Credit related fee		10,148	4,897
Investment banking fees		1,246	-
Commission on guarantees		308	382
		<u>11,702</u>	<u>5,279</u>
26. GAIN ON SALE OF SECURITIES			
Realised	26.1	62,434	609
Unrealised - held for trading		(29)	(725)
		<u>62,405</u>	<u>(116)</u>
26.1 Realised gain on:			
Shares		<u>62,434</u>	<u>609</u>



27. OPERATING EXPENSES	Note	30 June 2021 (Un-audited) (Rupees in '000)	30 June 2020 (Un-audited)
Total compensation expense	27.1	132,715	108,689
Property expense			
Insurance		1,784	1,261
Utilities cost		3,055	2,895
Security (including guards)		261	769
Repair & maintenance (including janitorial charges)		6,060	6,171
Depreciation on right-of-use assets		6,719	8,252
Depreciation on owned assets		5,665	2,636
		23,544	21,984
Information technology expenses			
Software maintenance		701	5,901
Depreciation		1,755	1,034
Amortisation		60	99
Network charges		2,730	2,312
Others		286	377
		5,532	9,723
Other operating expenses			
Directors' fees and allowances		7,250	6,008
Legal & professional charges		3,875	7,271
Travelling & conveyance		5,893	5,694
Depreciation		1,371	1,180
Training & development		543	256
Postage & courier charges		63	109
Communication		730	655
Stationery & printing		682	126
Marketing, advertisement & publicity		45	252
Auditors Remuneration		2,118	3,696
Commission and brokerage		974	1,547
Others		1,479	1,093
		25,023	27,887
		186,814	168,283
27.1 Total compensation expense			
Employees Remuneration		80,381	63,681
Charge for defined benefit plan		6,417	5,621
Contribution to defined contribution Plan		5,393	5,100
Rent & house maintenance		18,044	14,147
Utilities		3,877	3,537
Medical		4,920	4,312
Conveyance		13,133	12,039
Others		550	252
		132,715	108,689



28 PROVISIONS & WRITE OFFS - NET	<i>Note</i>	30 June 2021 (Un-audited) (Rupees in '000)	30 June 2020 (Un-audited)
Provisions for diminution in value of investments	8.4	(2,256)	69,161
Provisions against loans and advances	9.5	155,276	93,017
		153,020	162,178
29. TAXATION			
Current		69,531	95,888
Deferred		(52,300)	(35,469)
		17,231	60,419
30. BASIC & DILUTED EARNINGS PER SHARE			
Profit for the period		114,771	175,321
		(Number of Shares in '000)	
Weighted average number of ordinary shares		600,000	600,000
Basic & diluted earnings per share		0.19	0.29
31. FAIR VALUE MEASUREMENTS			

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market prices. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

31.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair values of financial assets are determined as follows:

Type of security	Valuation based on
Government securities	PKRV / PKFRV rates (MUFAP rates)
Term finance certificates and sukuk bonds (other than government)	MUFAP rates
Listed securities	PSX rates
Non-banking assets acquired in satisfaction of claim	Independent valuer's report

In the opinion of the management, the fair value of the remaining financial assets and liabilities is not significantly different from their carrying values.

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31.2 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 measured is categorised.

On balance sheet financial instruments	Note	Carrying/ Notional value	30 June 2021 (Un-audited)			
			Fair value			
			Level 1	Level 2	Level 3	Total
----- (Rupees in 000) -----						
Financial assets measured at fair value						
Investments						
Federal Government Securities		8,748,789	-	8,748,789	-	8,748,789
Shares in listed companies		896,982	896,982	-	-	896,982
Non-Government Debt Securities		3,685,122	-	3,685,122	-	3,685,122
		<u>13,330,893</u>	<u>896,982</u>	<u>12,433,911</u>	<u>-</u>	<u>13,330,893</u>

Financial assets not measured at fair value

Cash and balances with treasury banks		70,333
Balances with other banks		91,872
Investments		
Non-Government Debt Securities	31.3	1,449,147
Advances		6,516,941
Other assets		311,822
		<u>8,440,115</u>

Financial liabilities not measured at fair value

Borrowings		11,673,121
Deposits and other accounts		974,275
Other liabilities		466,395
		<u>13,113,791</u>

	Note	Carrying/ Notional value	31 December 2020 (Audited)			
			Fair value			
			Level 1	Level 2	Level 3	Total
----- (Rupees in 000) -----						

Financial assets measured at fair value

Investments						
Federal Government Securities		7,708,301	-	7,708,301	-	7,708,301
Shares in listed companies		1,052,915	1,052,915	-	-	1,052,915
Non Government Debt Securities		3,655,169	-	3,655,169	-	3,655,169
		<u>12,416,385</u>	<u>1,052,915</u>	<u>11,363,470</u>	<u>-</u>	<u>12,416,385</u>

Financial assets not measured at fair value

Cash and balances with treasury banks		54,919
Balances with other banks		74,589
Investments		
Non Government Debt Securities	31.3	1,235,567
Advances		6,165,043
Other assets		326,850
		<u>7,856,968</u>

Financial liabilities not measured at fair value

Borrowings		10,223,036
Deposits and other accounts		923,702
Other liabilities		480,808
		<u>11,627,546</u>

31.3 These securities are classified as 'Available for Sale' however, these are un-quoted securities and their fair values are not available hence, in accordance with Regulation R-8 of the Prudential Regulations for Corporate / Commercial Banking these are classified at the reporting date on the basis of default in their repayment in line with the criteria prescribed for classification of medium and long-term facilities.

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32. SEGMENT INFORMATION

Segment Details with respect to Business Activities

	30 June 2021 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	233,736	135,286	-	(7,756)	361,266
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	11,702	-	102,776	1,999	116,477
Total Income	245,438	135,286	102,776	(5,757)	477,743
Segment direct expenses	24,084	12,627	7,794	148,216	192,721
Inter segment expense allocation	-	-	-	-	-
Total expenses	24,084	12,627	7,794	148,216	192,721
Provisions	159,963	-	(6,943)	-	153,020
Profit before tax	61,391	122,659	101,925	(153,973)	132,002

	30 June 2021 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	-	-	162,205	162,205
Investments	4,299,726	9,646,428	833,886	-	14,780,040
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	6,004,003	-	-	130,905	6,134,908
- non-performing	382,033	-	-	-	382,033
Others	767,899	105,706	10,105	367,039	1,250,749
Total Assets	11,453,661	9,752,134	843,991	660,149	22,709,935
Borrowings	4,036,611	7,358,300	278,210	-	11,673,121
Subordinated debt	-	-	-	-	-
Deposits & other accounts	533,384	353,455	87,436	-	974,275
Net inter segment borrowing	-	-	-	-	-
Others	22,575	28,099	-	415,721	466,395
Total liabilities	4,592,570	7,739,854	365,646	415,721	13,113,791
Equity	6,861,091	2,012,280	478,345	244,428	9,596,144
Total Equity & liabilities	11,453,661	9,752,134	843,991	660,149	22,709,935
Contingencies & Commitments	100,000	6,233,660	-	-	6,333,660

	30 June 2020 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	419,665	146,158	-	(19,373)	546,450
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	5,279	-	20,320	555	26,154
Total Income	424,944	146,158	20,320	(18,818)	572,604
Segment direct expenses	21,904	16,178	9,630	126,974	174,686
Inter segment expense allocation	-	-	-	-	-
Total expenses	21,904	16,178	9,630	126,974	174,686
Provisions / (reversals)	93,017	-	69,161	-	162,178
Profit before tax	310,023	129,980	(58,471)	(145,792)	235,740

	31 December 2020 (Audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	-	-	129,508	129,508
Investments	3,661,244	9,045,494	945,214	-	13,651,952
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	5,508,761	-	-	125,975	5,634,736
- non-performing	530,307	-	-	-	530,307
Others	734,458	102,611	5,954	500,278	1,343,301
Total Assets	10,434,770	9,148,105	951,168	755,761	21,289,804
Borrowings	3,731,090	6,146,158	345,788	-	10,223,036
Subordinated debt	-	-	-	-	-
Deposits & other accounts	409,390	425,998	88,314	-	923,702
Net inter segment borrowing	-	-	-	-	-
Others	249,853	30,300	-	200,655	480,808
Total liabilities	4,390,333	6,602,456	434,102	200,655	11,627,546
Equity	6,044,437	2,545,649	517,066	555,106	9,662,258
Total Equity & liabilities	10,434,770	9,148,105	951,168	755,761	21,289,804
Contingencies & Commitments	100,000	4,478,204	-	-	4,578,204

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33. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise retirement benefit plan, major shareholders, directors, key management personnel and their close family members.

Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Other transactions are at agreed rates.

Details of balances and transactions with related parties as at the end and during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	30 June 2021 (Un-audited)			31 December 2020 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Advances						
Opening balance	-	90,427	-	-	75,735	-
Addition during the period / year	-	5,405	-	-	21,200	-
Repaid during the period / year	-	(6,205)	-	-	(6,508)	-
Closing balance	-	89,627	-	-	90,427	-
Other Assets						
Other receivable	-	-	10,238	-	-	10,394
Deposits and other accounts						
Opening balance	-	3,087	691,699	-	3,170	585,356
Received during the period / year	-	39,779	1,606,433	-	28,697	2,113,079
Withdrawn during the period / year	-	(15,492)	(1,494,143)	-	(28,780)	(2,006,738)
Closing balance	-	27,374	803,989	-	3,087	691,697
Other Liabilities						
Interest / mark-up payable	-	419	11,798	-	29	12,083
Bonus payable to MD/CEO	-	1,702	-	-	-	-
Other liabilities	-	-	7,620	-	-	8,068
	-	2,121	19,418	-	29	20,151

	30 June 2021 (Un-audited)			30 June 2020 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
RELATED PARTY TRANSACTIONS						
Income						
Mark-up / return / interest earned		2,184			1,841	
Expense						
Mark-up / return / interest paid		501	27,447		133	36,734
Operating expenses						
Fees for Board & Committee Meeting	7,250	-	-	6,008	-	-
Allowance for Board & Committee Meeting	-	-	-	-	-	-
Managerial Remuneration	-	55,564	-	-	51,403	-
Contribution to defined contribution plan	-	3,467	-	-	8,379	-
Rent & house maintenance	-	9,050	-	-	7,272	-
Utilities	-	2,338	-	-	1,818	-
Medical	-	2,564	-	-	2,272	-
Conveyance	-	5,990	-	-	5,625	-
Others	-	898	-	-	384	-



34. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

30 June 2021 31 December 2020
(Un-audited) (Audited)
(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 6,000,000 6,000,000

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,548,119</u>	6,431,285
Eligible Additional Tier 1 (ADT 1) Capital		-
Total Eligible Tier 1 Capital	<u>6,548,119</u>	6,431,285
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,548,119</u>	6,431,285

Risk Weighted Assets (RWAs):

Credit Risk	<u>9,286,178</u>	8,286,993
Market Risk	<u>1,308,231</u>	1,608,255
Operational Risk	<u>1,622,025</u>	1,621,542
Total	<u>12,216,434</u>	11,516,790

<u>30 June 2021 (Un-audited)</u>		<u>31 December 2020 (Audited)</u>	
<u>Required</u>	<u>Actual</u>	<u>Required</u>	<u>Actual</u>

Common Equity Tier 1 Capital Adequacy ratio (%)	<u>6.00%</u>	<u>53.60%</u>	<u>6.00%</u>	<u>55.84%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>7.50%</u>	<u>53.60%</u>	<u>7.50%</u>	<u>55.84%</u>
Total Capital Adequacy Ratio (%)	<u>11.5%*</u>	<u>53.60%</u>	<u>11.50%</u>	<u>55.84%</u>

**In terms of BPRD Circular Letter No. 12 of 2020 dated 26 March 2020, SBP has reduced Capital Conversion Buffer (CCB) requirement from 2.5% to 1.5% to enable the banks/DFIs to continue funding the real economy during evolving situation of CoVID-19 outbreak.*

Standardized Approach of Basel III is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator approach is used for calculating Capital Adequacy for Operational Risk.

Leverage Ratio (LR):

30 June 2021 31 December 2020
(Un-audited) (Audited)
(Rupees in '000)

Eligible Tier-1 Capital	<u>6,548,119</u>	6,431,285
Total Exposures	<u>21,244,108</u>	17,610,587
Leverage Ratio	<u>30.82%</u>	36.52%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u>4,336,771</u>	4,034,704
Total Net Cash Outflow	<u>1,205,282</u>	1,186,531
Liquidity Coverage Ratio (%)	<u>3.60</u>	3.40

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>14,838,857</u>	15,123,909
Total Required Stable Funding	<u>10,388,788</u>	10,457,783
Net Stable Funding Ratio (%)	<u>143%</u>	145%

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34.1 State Bank of Pakistan issued Green Banking Guidelines vide IH&SMEFD Circular No. 08 of 2017 with a view to safeguarding against environmental risks emerging from banks and DFIs' businesses and operations. In order to align the DFI with regulatory expectations, PICL has put in place a Green Banking Framework focusing on following three areas:

1) Environmental Risk Management

For increasing financial stability through management and mitigation of environmental Risks of Lending portfolio, PICL has in place integration of environmental risk considerations into the credit risk assessment by introducing an Environmental Risk Rating, which is part of the Credit Risk Assessment.

2) Business Facilitation

The DFI is pursuing a green portfolio through soliciting clients for Renewable Energy related Lending by offering the SBP's Renewable Energy Refinance Scheme.

3) Own Impact Reduction

In order to reduce its own impact on environment, the DFI has set targets to lower its energy consumption, paper and waste reduction, bring energy efficient equipments, and plantation of greenery in surroundings.

35. GENERAL

35.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

35.2 The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term entity rating to AA (Double A) and the short term rating at A1+ (A one plus) of the Company.

36. EVENTS AFTER THE REPORTING DATE

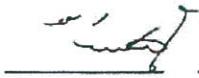
There are no events after the reporting date which could have material effect on these condensed interim financial statements.

37. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on 26th Sept 2021 by the Board of Directors of the Company.


Chief Financial Officer


Managing Director /
Chief Executive Officer


Chairman


Director


Director