

**SAUDI PAK INDUSTRIAL AND AGRICULTURAL
INVESTMENT COMPANY LIMITED**

**REVIEW OF THE UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

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



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saudi Pak Industrial and Agricultural Investment Company Limited Report on review of Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) as at June 30, 2020 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and the notes to the financial statements for the half year 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 financial statements based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months ended June 30, 2020 and June 30, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 19.3.1 to interim financial statements, which describes the uncertainty related to the outcome of the tax references filed by the Company before the Islamabad High Court which is pending adjudication. Our conclusion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.



Chartered Accountants
Islamabad
Date: August 31, 2020

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]
AS AT JUNE 30, 2020

	Note	(Unaudited) June 30, 2020	(Audited) December 31, 2019
ASSETS			
Cash and balances with treasury banks	6	84,466,997	36,408,879
Balances with other banks	7	96,742,796	126,036,504
Lendings to financial institutions	8	-	80,000,000
Investments	9	32,811,747,452	23,903,994,963
Advances	10	7,548,197,153	7,869,204,539
Fixed assets	11	3,011,185,226	3,054,741,640
Intangible assets	12	6,662,066	8,488,075
Deferred tax assets		-	-
Other assets	13	2,354,185,409	2,005,708,818
		45,913,187,099	37,084,583,418
LIABILITIES			
Bills payable		-	-
Borrowings	14	31,001,656,091	22,759,019,394
Deposits and other accounts	15	1,412,000,000	510,000,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	16	158,914,292	299,466,049
Other liabilities	17	458,025,966	512,722,650
		33,030,596,349	24,081,208,093
NET ASSETS		12,882,590,750	13,003,375,325
REPRESENTED BY			
Share capital		6,600,000,000	6,600,000,000
Statutory reserve		1,061,615,726	1,061,615,726
Revenue reserve		358,662,940	358,662,940
Surplus on revaluation of assets	18	1,798,417,410	2,187,318,205
Unappropriated / unremitted profit		3,063,894,674	2,795,778,454
		12,882,590,750	13,003,375,325
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

Signature

Signature

GM/Chief Executive

Signature

Chief Financial Officer

Signature

Director

Signature

Director

Signature

Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2020

		Quarter Ended		Period Ended	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
------(Rupees)-----					
Mark-up / Return / Interest Earned	20	1,038,185,614	505,328,898	1,966,640,455	921,204,041
Mark-up / Return / Interest Expensed	21	749,465,293	336,652,844	1,484,194,966	527,827,621
Net Mark-up / Interest Income		288,720,321	168,676,054	482,445,489	393,376,420
NON MARK-UP / INTEREST INCOME					
Fee and Commission Income	22	(1,240,000)	2,864,000	(333,276)	5,182,164
Dividend Income		28,331,844	41,146,548	72,654,475	79,681,769
Foreign Exchange Income		289,390	3,097,725	1,733,504	3,271,575
Income / (loss) from derivatives		-	-	-	-
(Loss) / Gain on securities	23	75,192,529	(8,968,969)	148,549,976	(32,395,834)
Other Income	24	56,303,485	26,119,166	110,327,556	107,971,452
Total Non-markup / Interest Income		158,877,248	64,258,470	332,932,235	163,711,126
Total Income		447,597,569	232,934,524	815,377,724	557,087,546
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	25	105,745,028	111,499,622	201,039,311	210,414,914
Workers Welfare Fund		-	-	-	-
Other charges		-	-	-	-
Total Non-markup / Interest Expenses		105,745,028	111,499,622	201,039,311	210,414,914
PROFIT BEFORE PROVISIONS		341,852,541	121,434,902	614,338,413	346,672,632
Provisions and write offs - net	26	120,243,486	169,488,031	283,419,662	227,407,254
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		221,609,055	(48,053,129)	330,918,751	119,265,378
Taxation	27	71,819,037	(54,191,873)	95,776,083	17,514,646
PROFIT AFTER TAXATION		149,790,018	6,138,744	235,142,668	101,750,732
------(Rupee)-----					
Basic Earnings per share	28	0.227	0.009	0.356	0.154
Diluted Earnings per share	29	0.227	0.009	0.356	0.154

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

Signature

Signature

GM/Chief Executive

Signature

Chief Financial Officer

Signature

Director

Signature

Director

Signature

Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2020

	Quarter Ended		Period Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	------(Rupees)-----			
Profit after taxation for the period	149,790,018	6,138,744	235,142,668	101,750,732
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(84,294,679)	(151,525,919)	(355,927,243)	(141,776,370)
	(84,294,679)	(151,525,919)	(355,927,243)	(141,776,370)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Effect of change in rate	-	(28,454,258)	-	-
	-	(28,454,258)	-	-
Total comprehensive income	65,495,339	(173,841,433)	(120,784,575)	(40,025,638)

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.

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GM/Chief Executive

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Chief Financial Officer

[Signature]

Director

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Director

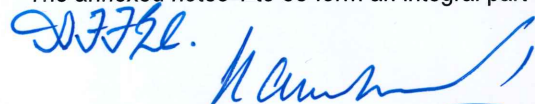
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Director

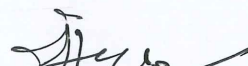
SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2020

	Share capital	Statutory reserve	Revenue reserve	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit	Total
				Investments	Fixed / Non Banking Assets		
				Rupees			
Balance as at January 1, 2019	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	2,843,304,042	12,648,716,270
Profit after taxation for the period ended June 30, 2019	-	-	-	-	-	101,750,732	101,750,732
Other comprehensive income - net of tax	-	-	-	(141,776,370)	-	-	(141,776,370)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(35,260,796)	35,260,796	-
Transactions with owners, recorded directly in equity							
Final dividend 2018: Re 0.5 per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at June 30, 2019	<u>6,600,000,000</u>	<u>1,008,201,270</u>	<u>358,662,940</u>	<u>(333,860,988)</u>	<u>1,995,371,840</u>	<u>2,815,315,570</u>	<u>12,443,690,632</u>
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	165,321,549	165,321,549
Other comprehensive income - net of tax	-	-	-	544,249,796	14,477,555	635,793	559,363,144
Transfer to statutory reserve	-	53,414,456	-	-	-	(53,414,456)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(32,919,998)	32,919,998	-
Transactions with owners, recorded directly in equity							
Final dividend 2018: Re 0.5 per ordinary share	-	-	-	-	-	(165,000,000)	(165,000,000)
Balance as at December 31, 2019	<u>6,600,000,000</u>	<u>1,061,615,726</u>	<u>358,662,940</u>	<u>210,388,808</u>	<u>1,976,929,397</u>	<u>2,795,778,454</u>	<u>13,003,375,325</u>
Profit after taxation for the year ended June 30, 2020	-	-	-	-	-	235,142,668	235,142,668
Other comprehensive income - net of tax	-	-	-	(355,927,243)	-	-	(355,927,243)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(32,973,552)	32,973,552	-
Transactions with owners, recorded directly in equity							
	-	-	-	-	-	-	-
Balance as at June 30, 2020	<u>6,600,000,000</u>	<u>1,061,615,726</u>	<u>358,662,940</u>	<u>(145,538,435)</u>	<u>1,943,955,845</u>	<u>3,063,894,674</u>	<u>12,882,590,750</u>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.


GM/Chief Executive


Chief Financial Officer


Director

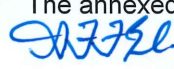

Director


Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2020

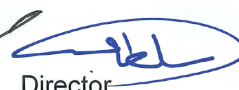
	Note	June 30, 2020	June 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		330,918,751	119,265,378
Less: Dividend income		(72,654,475)	(79,681,769)
		<u>258,264,276</u>	<u>39,583,609</u>
Adjustments:			
Depreciation		75,514,558	68,078,857
Amortization		2,047,583	1,203,834
Provision and write-offs	26	283,419,662	227,407,254
(Gain) / Loss on sale of fixed assets		(1,982,974)	(9,376,861)
Finance charges on leased assets		1,777,895	-
Charge for defined benefit plan		6,922,203	3,619,692
Unrealized loss/ (gain) - held for trading investments		-	-
		<u>367,698,927</u>	<u>290,932,776</u>
		<u>625,963,203</u>	<u>330,516,385</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		80,000,000	2,418,407,389
Held-for-trading securities		-	-
Advances		201,264,655	(23,270,054)
Others assets (excluding advance taxation)		(280,513,273)	(340,847,651)
		<u>751,382</u>	<u>2,054,289,684</u>
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		8,242,636,697	7,562,476,017
Deposits		902,000,000	-
Other liabilities (excluding current taxation)		(56,066,642)	(85,072,459)
		<u>9,088,570,055</u>	<u>7,477,403,558</u>
Payments against off-balance sheet obligations		-	-
Payment to defined benefit plan		(7,330,140)	(11,450,256)
Income tax paid		(238,431,919)	(190,326,228)
Net cash flow generated from operating activities		<u>9,469,522,581</u>	<u>9,660,433,143</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(9,490,255,353)	(9,589,680,654)
Net investments in held-to-maturity securities		88,000	456,705
Dividends received		67,812,419	49,689,350
Investments in operating fixed assets		(31,941,126)	(30,935,702)
Proceeds from sale of fixed assets		3,537,889	22,746,452
Net cash flow (used in) investing activities		<u>(9,450,758,171)</u>	<u>(9,547,723,849)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(165,000,000)
Net cash flow generated from / (used in) financing activities		<u>-</u>	<u>(165,000,000)</u>
Effects of exchange rate changes on cash and cash equivalents		-	-
Increase / (Decrease) in cash and cash equivalents		<u>18,764,410</u>	<u>(52,290,706)</u>
Cash and cash equivalents at beginning of the period		<u>162,445,383</u>	<u>381,235,120</u>
Cash and cash equivalents at end of the period	30	<u>181,209,793</u>	<u>328,944,414</u>

The annexed notes 1 to 35 form an integral part of these condensed interim financial statements.


 GM/Chief Executive


 Chief Financial Officer


 Director


 Director


 Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Government of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company is a Development Financial Institution (DFI) and principally engaged in lendings and investments in the industrial and agro-based industrial companies in Pakistan on commercial basis. The Company was initially setup for a period of fifty years and upon mutual consent of the Government of Kingdom of Saudi Arabia (KSA) and Government of Pakistan the duration of Company has been further extended for another period of fifty years.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating through its offices in Lahore and Karachi.

2 BASIS OF PREPARATION

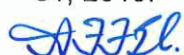
2.1 STATEMENT OF COMPLIANCE

2.2 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the following:

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

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

2.3 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 unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2019.



2.4 Amendments to existing accounting and reporting standards that have become effective in the current period.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.5 Standards, interpretations of and amendments to existing accounting standards that are not yet effective

As per the SBP's BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks/DFIs in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5 FINANCIAL RISK MANAGEMENT

5.1 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2019. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with the emerging risks.

5.2 The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.



The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate by 625 basis points since the beginning of the year to 7% in June 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks/DFIs to defer principle loan payments by one year;
- Relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief of principle repayment exceeding one year and/ or markup; and
- Introduction of refinancing scheme for the payment of wages and salaries.

COVID-19 will impact banks/DFIs in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations.

5.3 Credit risk management

The Risk Management division of the Company is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Company has further strengthened its credit review procedures in the light of COVID-19. The Company is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

5.4 Liquidity risk management

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Company. The Company is continuously monitoring the liquidity position and is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

5.5 Equity risk management

The carrying value of the Company's investment in listed equity securities amounts to Rs 1.852 billion as at June 30, 2020. During the current period the Pakistan Stock Exchange fell by 15.5%, triggering an impairment of Rs 441 million. The Company has recorded an impairment of Rs 198.040 million in the condensed interim unconsolidated financial statements of the current period, and has deferred the recognition of the remaining impairment to be taken on a quarterly basis till December 31, 2020 as allowed by the SBP

5.6 Operational risk management

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



5.7 Capital Adequacy Ratio (CAR)

In order to encourage company to continue lending despite anticipated pressure on profit and credit risk, the SBP has relaxed the Capital Conservation Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers.

5.8 Suspension of dividends

The SBP through its Circular Letter No. BPRD/BA & CPD/006315 dated April 22, 2020 has advised that banks/DFI which had declared dividend for the quarter ended March 31, 2020 should suspend cash dividend distribution for the next two quarters.

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	332,287	223,815
With State Bank of Pakistan in		
Local currency current account	84,134,710	36,185,064
	<u>84,466,997</u>	<u>36,408,879</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	4,875,950	5,979,002
In deposit accounts	91,866,846	120,057,502
	<u>96,742,796</u>	<u>126,036,504</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	80,000,000
Letter based placement	-	-
	<u>-</u>	<u>80,000,000</u>
Less: Provision held against Lending to Financial Institutions	-	-
Lendings to Financial Institutions - net of provision	<u>-</u>	<u>80,000,000</u>

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9 INVESTMENTS

9.1 Investments by type:	June 30, 2020 (Unaudited)				December 31, 2019(Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees-----				-----Rupees-----			
Held-for-trading securities								
Quoted shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	27,597,083,951	-	(129,750,951)	27,467,333,000	17,354,461,746	-	91,880,254	17,446,342,000
-Market Treasury Bills	-	-	-	-	907,736,468	-	3,808,532	911,545,000
	27,597,083,951	-	(129,750,951)	27,467,333,000	18,262,198,214	-	95,688,786	18,357,887,000
Shares- Quoted securities	2,782,878,027	(868,146,907)	(61,766,190)	1,852,964,930	2,627,466,026	(704,469,976)	133,678,081	2,056,674,131
Non Government Debt Securities								
-Term Finance Certificates (TFCs) / Sukuk	1,171,612,766	(82,227,345)	8,579,200	1,097,964,621	1,171,612,766	(82,227,345)	3,600,000	1,092,985,421
-Commercial paper	92,686,643	-	-	92,686,643	92,729,028	-	-	92,729,028
Open end mutual fund	70,794,937	(34,419,937)	11,716,250	48,091,250	70,794,937	(34,419,937)	14,549,375	50,924,375
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	32,501,389,372	(1,258,627,229)	(171,221,691)	31,071,540,452	23,011,134,019	(1,094,950,298)	247,516,242	22,163,699,963
Held-to-maturity securities								
Non Government Debt Securities								
-Term Finance Certificates (TFCs) / Sukuk	1,642,698,710	(402,491,710)	-	1,240,207,000	1,642,786,710	(402,491,710)	-	1,240,295,000
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
- Investment in preference shares	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
	576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	<u>35,220,764,157</u>	<u>(2,237,795,014)</u>	<u>(171,221,691)</u>	<u>32,811,747,452</u>	<u>25,730,596,804</u>	<u>(2,074,118,083)</u>	<u>247,516,242</u>	<u>23,903,994,963</u>

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	Unaudited June 30, 2020	Audited December 31, 2019
9.1.1 Investments given as collateral	-----Rupees-----	
Treasury Bills (T-Bills)	-	-
Pakistan Investment Bonds (PIBs)	25,169,952,060	15,980,206,280
	<u>25,169,952,060</u>	<u>15,980,206,280</u>

9.2 Provision for diminution in value of investments

9.2.1	Opening balance	2,074,118,083	1,822,939,631
	Charge / reversals		
	Charge for the period / year	198,040,687	375,917,236
	Reversals for the period / year	-	(977,225)
	Reversal on disposals	(34,363,756)	(123,761,559)
		163,676,931	251,178,452
	Amounts written off	-	-
	Closing Balance	<u>2,237,795,014</u>	<u>2,074,118,083</u>

9.2.2 Particulars of provision against debt securities

Category of classification	Unaudited June 30, 2020		Audited December 31, 2019	
	NPI	Provision	NPI	Provision
	-----Rupees-----		-----Rupees-----	
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	535,344,055	484,719,055	535,344,055	484,719,055
	<u>535,344,055</u>	<u>484,719,055</u>	<u>535,344,055</u>	<u>484,719,055</u>
Overseas	-	-	-	-
Total	<u>535,344,055</u>	<u>484,719,055</u>	<u>535,344,055</u>	<u>484,719,055</u>

9.3 The market value of listed TFCs classified as held-to-maturity as at June 30, 2020 and December 31, 2019 are not available and these are carried at amortised cost.

Signature

10 ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2020	Audited December 31, 2019	Unaudited June 30, 2020	Audited December 31, 2019	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----					
Loans, leases, running finances- gross	5,940,526,968	6,040,351,497	3,967,573,758	4,069,013,884	9,908,100,726	10,109,365,381
Provision against advances						
- Specific	-	-	(2,359,903,573)	(2,240,160,842)	(2,359,903,573)	(2,240,160,842)
- General	-	-	-	-	-	-
	-	-	(2,359,903,573)	(2,240,160,842)	(2,359,903,573)	(2,240,160,842)
Advances - net of provision	5,940,526,968	6,040,351,497	1,607,670,185	1,828,853,042	7,548,197,153	7,869,204,539

10.1 Particulars of advances (Gross)

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
In local currency	9,892,184,673	10,093,449,328
In foreign currencies	15,916,053	15,916,053
	9,908,100,726	10,109,365,381

10.2 Advances include Rs. 3,967,573,758 (December 31, 2019: Rs. 4,069,013,884) which have been placed under non-performing status as detailed below:-

Category of Classification	Unaudited June 30, 2020		Audited December 31, 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	-----Rupees-----		-----Rupees-----	
Domestic				
Substandard	-	-	317,313,987	79,328,497
Doubtful	317,313,987	158,656,994	750,000,000	-
Loss	3,650,259,771	2,201,246,579	3,001,699,897	2,160,832,345
	3,967,573,758	2,359,903,573	4,069,013,884	2,240,160,842
Overseas	-	-	-	-
Total	3,967,573,758	2,359,903,573	4,069,013,884	2,240,160,842

Signature

	Unaudited			Audited		
	June 30, 2020			December 31, 2019		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
10.3 Particulars of provision against advances						
Opening balance	2,240,160,842	-	2,240,160,842	2,162,852,622	-	2,162,852,622
Charge for the year	221,182,857	-	221,182,857	199,619,330	-	199,619,330
Reversals	(101,440,126)	-	(101,440,126)	(122,311,110)	-	(122,311,110)
	119,742,731	-	119,742,731	77,308,220	-	77,308,220
Amounts written off	-	-	-	-	-	-
Closing balance	2,359,903,573	-	2,359,903,573	2,240,160,842	-	2,240,160,842

10.3.1 The net FSV benefit already availed has been increased by Rs. 233.145 million, which has resulted in decreased charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 233.145 million (2019: Rs. 781.681 million) and Rs. 165.533 million (2019: lower by Rs. 554.994 million) respectively. Further, at June 30, 2020, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 1,028.799 million (2019: Rs. 863.266 million) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

Signature

11	FIXED ASSETS	Note	Unaudited June 30, 2020	Audited December 31, 2019
			-----Rupees-----	
	Capital work-in-progress		20,185,409	7,059,370
	Property and equipment		2,960,612,025	3,010,401,637
	Right of use assets under IFRS-16 Leases		30,387,792	37,280,633
			<u>3,011,185,226</u>	<u>3,054,741,640</u>
			Unaudited For the six months ended	
			June 30, 2020	June 30, 2019
			-----Rupees-----	
11.1	Additions to fixed assets			
	The following additions have been made to fixed assets during the period:			
	Capital work-in-progress		13,126,039	-
	Property and equipment			
	Building on freehold land		-	596,000
	Furniture and fixture		141,804	-
	Office equipment		1,806,859	100,000
	Vehicles		16,121,352	7,365,888
	Heating & air conditioning		-	3,050,000
	Electrical fitting, fire fighting equipment and others		523,498	19,422,665
			<u>18,593,513</u>	<u>30,534,553</u>
	Total		<u>31,719,552</u>	<u>30,534,553</u>
11.2	Disposal of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:			
	Freehold land		-	8,088,120
	Building on leasehold land (fences, glass sheets and others)		-	2,549,386
	Furniture and fixture		-	157
	Office equipment		64,539	2
	Vehicles		1,490,376	2,052,754
	Heating & air conditioning		-	15
	Security systems		-	181,995
	Electrical fitting, fire fighting equipment and others		-	497,162
	Total		<u>1,554,915</u>	<u>13,369,591</u>
			Unaudited June 30, 2020	Audited December 31, 2019
12	INTANGIBLE ASSETS		-----Rupees-----	
	Computer Software		6,662,066	8,488,075
			<u>6,662,066</u>	<u>8,488,075</u>
			Unaudited For the six months ended	
			June 30, 2020	June 30, 2019
			-----Rupees-----	
12.1	Additions to intangible assets			
	The following additions have been made to intangible assets during the period:			
	Directly purchased		221,574	401,150

Signature

			Unaudited June 30, 2020	Audited December 31, 2019
13	OTHER ASSETS	Note	Rupees	
	Income/ Mark-up accrued in local currency - net of provision			
	On investments		1,301,612,904	955,893,071
	On advances		162,630,389	149,289,077
	On lending to financial institutions		-	28,603
			1,464,243,293	1,105,210,751
	Advances, deposits, advance rent and other prepayments		30,405,256	106,473,809
	Advance taxation		550,356,161	485,441,392
	Excise duty		78,817,895	78,817,895
	Non-banking assets acquired in satisfaction of claims		140,841,563	142,373,910
	Dividend receivable		61,964,604	57,122,548
	Other receivables		3,631,927	6,082,643
			2,330,260,699	1,981,522,948
	Less: Provision held against other assets	13.1	(256,792)	(256,792)
	Other Assets (Net of Provision)		2,330,003,907	1,981,266,156
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		24,181,502	24,442,662
	Other Assets - total		2,354,185,409	2,005,708,818
13.1	Provision held against other assets			
	Advances, deposits, advance rent & other prepayments		256,792	256,792
			256,792	256,792
14	BORROWINGS			
	Secured			
	State Bank of Pakistan (SBP) refinance scheme			
	Long term financing facility (LTFF)		831,656,089	736,913,986
	Repurchase agreement borrowings		24,720,000,000	15,855,438,740
	Against book debts/receivables		5,450,000,002	6,166,666,668
	Total secured		31,001,656,091	22,759,019,394
	Unsecured			
	Call borrowings		-	-
	Total unsecured		-	-
			31,001,656,091	22,759,019,394
15	DEPOSITS AND OTHER ACCOUNTS			
	Customers			
	- Term deposits (local currency)	15.1	1,412,000,000	510,000,000
15.1	Composition of deposits			
	- Public Sector Entities	15.1.1	1,402,000,000	500,000,000
	- Non-Banking Financial Institutions	15.1.2	10,000,000	10,000,000
			1,412,000,000	510,000,000
15.1.1	These represent Certificate of Investments (COIs) issued to Port Qasim Authority for Rs. 1,402 million (2019: Rs. 500 million). These COIs carry mark up at the rate ranging from 7.49% to 8.39% (2019: 13.66%) per annum and is repayable in July & August 2020 (2019: February 2020).			

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15.1.2 These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs. 10 million (2019: Rs. 10 million). These COIs carry mark up at the rate of 12.49% (2019: 13.93%) per annum and is repayable in September 2020 (2019: March 2020).

15.2 All deposits are in local currency.

	Note	Unaudited June 30, 2020	Audited December 31, 2019
Rupees			
16 DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on			
Actuarial loss on defined benefit plan		(4,710,781)	(4,710,781)
(Deficit) / Surplus on revaluation of securities - AFS		(25,683,254)	37,127,436
Provision on non-performing loans		(542,512,000)	(507,787,000)
Impairment loss on available for sale quoted securities		(113,158,420)	(88,542,914)
		(686,064,455)	(563,913,259)
Taxable Temporary Differences on			
Accelerated tax depreciation		27,369,636	24,545,468
Dividend receivable		9,294,690	8,568,382
Net investment in leases		24,181,241	32,770,878
Surplus on revaluation of securities - HFT		-	-
Surplus on revaluation of operating fixed assets		784,133,180	797,494,580
		844,978,747	863,379,308
		158,914,292	299,466,049
17 OTHER LIABILITIES			
Mark-up/ Return/ Interest payable in local currency		263,955,798	269,614,014
Accrued expenses		11,314,566	35,299,651
Advance rental income		99,144,945	128,147,027
Security deposits against rented properties		28,639,862	29,469,122
Payable to defined benefit plan		3,517,630	6,343,905
Provision for compensated absences		10,289,792	7,871,454
Directors' remuneration		4,902,543	5,267,290
Payable to stock brokers - net		18,324	529,004
Lease liability against ROU assets as per IFRS - 16 Leases		26,463,064	24,685,169
Others		9,779,442	5,496,014
		458,025,966	512,722,650
18 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	(171,221,689)	247,516,244
- Fixed Assets		2,703,907,522	2,749,981,314
- Non-banking assets acquired in satisfaction of claims		24,181,503	24,442,663
		2,556,867,336	3,021,940,221
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		25,683,254	(37,127,436)
- Fixed Assets		(784,133,180)	(797,494,580)
		(758,449,926)	(834,622,016)
		1,798,417,410	2,187,318,205
19 CONTINGENCIES AND COMMITMENTS			
-Guarantees	19.1	53,310,000	176,670,000
-Commitments	19.2	2,482,107,200	2,294,368,827
		2,535,417,200	2,471,038,827
19.1 Guarantees:			
Financial guarantees		53,310,000	176,670,000

Signature

	Unaudited June 30, 2020	Audited December 31, 2019
19.2 Commitments:		
Commitments for acquisition of:		
- Operating Fixed Assets	655,200	5,384,107
- Intangible assets	452,000	2,984,720
	<u>1,107,200</u>	<u>8,368,827</u>
Non disbursed commitment for term and working capital finance	2,481,000,000	2,286,000,000
	<u>2,482,107,200</u>	<u>2,294,368,827</u>

19.3 Other contingent liabilities

19.3.1 Except for the matter outlined in note 19.3.2 and 19.3.3 there is no significant / material change in the status of contingencies and commitments of the Company from the status given in the preceding audited annual financial statements for the year ended December 31, 2019 including the contingencies relating to pending tax litigations before the Honourable High Court Islamabad where in Company is pleading its stance in respect of multiple proceedings relating to various tax years.

19.3.2 Tax contingencies

For the tax year 2016, the assessing officer had amended the Company's assessment vide Order No 2/13 dated December 4, 2019 under section 122(5A) and had created a demand of Rs 143.354 million. The Company preferred appeal before Commissioner Inland Revenue-Appeals(CIR-A). The CIR(A) vide order 208/2020 dated January 28, 2020 upheld the contention of assessing officer over the issue of actuarial loss and remanded back the issues including provision on non performing loans, reversal of impairment on quoted securities, super tax and tax credit whereas deleted the issue of apportionment of common expenses. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) in this respect which is pending adjudication.

19.3.3 Other contingencies

Hira Terry Mills Limited (HTL) availed Long Term Finance Facility (LTFF) of Rs. 331.235 million from the Company which was disbursed on various dates in 2017 but HTL defaulted after partial payments despite allowing rescheduling. The Company filed a recovery suit on February 14, 2020 before Lahore High Court, Lahore for recovery of Rs.342 million against the HTL and its directors/guarantors for which proceedings are ongoing. In the meanwhile HTL and its guarantors/directors have filed a suit before Lahore High Court, Lahore for recovery & damages of Rs. 550 million against the Company alleging that (i) Rs. 300.00 million was not disbursed by the Company out of the sanctioned Finance Facility of Rs. 350 million due to which the customer suffered business losses of Rs 250 million (ii) customer has overpaid Rs. 11.216 million to the Company on different dates. According to the Company's legal counsel, the suit of the Customer is a counter move to the Company's initial litigation. The management believes that case is being defended by the Company on merits and there is no substance in the allegations, therefore it will be dismissed after due process of law.

Unaudited For the six months ended	
June 30, 2020	June 30, 2019
-----Rupees-----	

Note

20 MARK-UP/RETURN/INTEREST EARNED

On:

Loans and advances	416,026,351	418,899,957
Investments	1,539,234,537	458,797,804
Lendings to financial institutions	9,217,644	40,301,629
Balances with banks	2,161,923	3,204,651
	<u>1,966,640,455</u>	<u>921,204,041</u>

Signature

		Unaudited For the six months ended	
		June 30, 2020	June 30, 2019
Note		-----Rupees-----	
21	MARK-UP/RETURN/INTEREST EXPENSED		
On:			
Deposits	21.1	55,327,718	401,651
Borrowings			
Securities purchased under repurchase agreements		976,837,259	209,864,626
Other short term borrowings		137,512,561	58,291,425
SBP refinance scheme - LTFF		7,760,217	5,372,451
Long term borrowings		298,115,991	251,938,462
		1,420,226,028	525,466,964
Interest expense on lease liability against ROU assets		1,777,895	-
Brokerage fee relating to borrowings		6,863,325	1,959,006
		1,484,194,966	527,827,621
21.1	The markup expensed amounting to Rs. 653,168 (2019: Rs. 401,651) relates to Saudi Pak Employees Contributory Provident Fund.		
		Unaudited For the six months ended	
		June 30, 2020	June 30, 2019
		-----Rupees-----	
22	FEE & COMMISSION INCOME		
Credit related fees		(368,276)	4,998,709
Commission on guarantees		-	100,352
Others		35,000	83,103
		(333,276)	5,182,164
23	GAIN / (LOSS) ON SECURITIES		
Realised	23.1	148,549,976	(32,395,834)
Unrealised - held for trading		-	-
		148,549,976	(32,395,834)
23.1	Realised gain / (loss) on:		
Federal Government Securities		79,638,252	5,177,347
Shares- listed		68,911,724	(37,573,181)
		148,549,976	(32,395,834)
24	OTHER INCOME		
Rent on property- net	24.1	107,380,620	97,565,784
Gain / (loss) on sale of fixed assets-net		1,982,974	9,376,861
Others		963,962	1,028,807
		110,327,556	107,971,452

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24.1 Rent on property - net

Rental income

Less: Property expense

Salaries, allowances and employee benefits

Depreciation

Other expenses

Unaudited	
For the six months ended	
June 30, 2020	June 30, 2019
-----Rupees-----	
205,093,049	185,572,763
13,672,710	12,820,425
49,270,976	48,041,760
34,768,743	27,144,794
97,712,429	88,006,979
107,380,620	97,565,784

25 OPERATING EXPENSES

Total compensation expense

Property expense

Rent and taxes

Insurance

Utilities cost

Security (including guards)

Repair & maintenance (including janitorial charges)

Depreciation on ROU assets

Depreciation

Information technology expenses

Software maintenance

Hardware maintenance

Amortisation

Network charges

Other operating expenses

Shareholders' fee

Directors' fees and allowances

Legal and professional charges

Consultancy, custodial and rating services

Outsourced services costs

Travelling and conveyance

Depreciation

Training and development

Postage and courier charges

Communication

Stationery and printing

Marketing, advertisement and publicity

Donations

Auditors remuneration

Repair and maintenance

Insurance

Office and general expenses

Bank charges

WJL

489,218	11,342,714
158,799	150,625
5,939,214	3,562,709
2,062,422	2,050,687
1,898,929	1,163,185
6,892,841	-
7,038,711	6,863,109
24,480,134	25,133,029
1,409,890	2,259,854
342,440	859,487
2,047,583	1,203,834
1,271,185	1,851,260
5,071,098	6,174,435
2,522,093	2,950,632
6,373,314	10,660,837
2,535,769	2,087,973
2,967,417	2,291,678
17,612,139	15,923,644
4,023,981	11,531,492
12,312,030	13,173,988
906,040	1,286,859
169,950	448,842
1,393,460	1,631,059
3,704,933	4,102,658
1,082,491	738,156
-	1,000,000
1,520,600	2,933,781
1,301,014	2,240,541
935,210	1,142,742
4,758,261	5,517,632
130,831	260,780
64,249,533	79,923,294
201,039,311	210,414,914

		Unaudited		
		For the six months ended		
		June 30,	June 30,	
		2020	2019	
		-----Rupees-----		
26	PROVISIONS AND WRITE OFFS - NET	Note		
	Provisions for diminution in value of investments- net	9.2.1	163,676,931	178,244,633
	Provisions / (reversals) against loans and advances- net	10.3	119,742,731	49,162,621
			<u>283,419,662</u>	<u>227,407,254</u>
27	TAXATION			
	-Current		173,517,150	103,138,041
	-Prior years		-	-
	-Deferred tax		(77,741,067)	(85,623,395)
			<u>95,776,083</u>	<u>17,514,646</u>
28	BASIC EARNINGS PER SHARE			
	Profit for the period - Rupees		235,142,668	101,750,732
	Weighted average number of ordinary shares		660,000,000	660,000,000
	Basic earnings per share - Rupee		<u>0.356</u>	<u>0.154</u>
29	DILUTED EARNINGS/ (LOSS) PER SHARE			
	There are no dilutive instruments, hence basic and diluted earnings are same.			
30	CASH AND CASH EQUIVALENTS			
	Cash and Balance with Treasury Banks		84,466,997	108,769,083
	Balance with other banks		96,742,796	220,175,331
			<u>181,209,793</u>	<u>328,944,414</u>

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.



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 (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association .
- 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 the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and non-banking assets acquired in satisfaction of claims.

	June 30, 2020 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	27,467,333,000	-	27,467,333,000
Shares	1,852,964,930	-	-	1,852,964,930
Open end Mutual Fund	-	48,091,250	-	48,091,250
Non-Government Debt Securities	-	1,190,651,264	-	1,190,651,264
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,240,207,000	1,240,207,000
Unquoted Securities	-	-	512,500,008	512,500,008
Off-balance sheet financial instruments - measured at fair value	-	-	-	-
		December 31, 2019 (Audited)		
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	18,357,887,000	-	18,357,887,000
Shares	2,056,674,131	-	-	2,056,674,131
Open end Mutual Fund	-	50,924,375	-	50,924,375
Non-Government Debt Securities	-	1,185,714,449	-	1,185,714,449
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,240,295,000	1,240,295,000
Unquoted Securities	-	-	512,500,008	512,500,008
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Debentures and corporate debt instruments	Market rates of these securities are not available on MUFAP, therefore, these securities are classified level 3.
Unquoted Investment	There are no observable inputs in respect of fair market valuation of unquoted investment, hence these securities are valued at lower of cost or breakup value. These securities are classified under level 3.

Signature

31.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

31.3 Fair value of non-financial assets

31.4 The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non-banking assets acquired from DJM AR Securities were last revalued by independent professional valuer in February 2019. The revaluation was carried out by M/s Surval on the basis of professional assessment of recent market values. The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in November 2018. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

June 30, 2020 (Unaudited)			
Level 1	Level 2	Level 3	Total
Rupees			
Non-financial assets			
Operating fixed assets			
Property and equipment (lease hold land, building & others)			
-	-	2,904,981,407	2,904,981,407
Other assets			
Non banking assets acquired in satisfaction of claims			
-	-	165,023,065	165,023,065

December 31, 2019 (Audited)			
Level 1	Level 2	Level 3	Total
Rupees			
Non-financial assets			
Operating fixed assets			
Property and equipment (lease hold land, building & others)			
-	-	2,961,100,848	2,961,100,848
Other assets			
Non banking assets acquired in satisfaction of claims			
-	-	166,816,572	166,816,572

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

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32. Segment Details with respect to Business Activities

	June 30, 2020 (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Profit & Loss				
Net mark-up/return/profit	162,226,866	320,218,623	-	482,445,489
Non mark-up / return / interest income	(333,276)	224,920,929	108,344,582	332,932,235
Total Income	161,893,590	545,139,552	108,344,582	815,377,724
Segment direct expenses	46,033,169	155,006,142	-	201,039,311
Total expenses	46,033,169	155,006,142	-	201,039,311
Reversals / (Provisions)	119,742,731	163,676,931	-	283,419,662
Profit before tax	(3,882,310)	226,456,479	108,344,582	330,918,751
Balance Sheet				
Cash & Bank balances	-	181,209,793	-	181,209,793
Investments	1,240,207,000	31,571,540,452	-	32,811,747,452
Lendings to financial institutions	-	-	-	-
Advances - performing	5,940,526,968	-	-	5,940,526,968
- non-performing net of provision	1,607,670,185	-	-	1,607,670,185
Others	492,994,343	2,147,243,974	2,731,794,384	5,372,032,701
Total Assets	9,281,398,496	33,899,994,219	2,731,794,384	45,913,187,099
Borrowings	7,867,975,426	23,133,680,665	-	31,001,656,091
Deposits & other accounts	358,354,446	1,053,645,554	-	1,412,000,000
Others	(427,179,667)	141,523,456	902,596,469	616,940,258
Total liabilities	7,799,150,204	24,328,849,675	902,596,469	33,030,596,349
Equity	-	-	-	12,882,590,750
Total Equity & liabilities	7,799,150,204	24,328,849,675	902,596,469	45,913,187,099
Contingencies & Commitments	2,534,310,000	452,000	655,200	2,535,417,200
	June 30, 2019 (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Profit & Loss				
Net mark-up/return/profit	208,836,168	184,540,252	-	393,376,420
Non mark-up / return / interest income	5,182,164	59,934,371	98,594,591	163,711,126
Total Income	214,018,332	244,474,623	98,594,591	557,087,546
Segment direct expenses	98,218,846	112,196,068	-	210,414,914
Total expenses	98,218,846	112,196,068	-	210,414,914
Provisions	65,060,396	162,346,858	-	227,407,254
Profit before tax	50,739,090	(30,068,303)	98,594,591	119,265,378
	December 31, 2019 (Audited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	-----Rupees-----			
Balance Sheet				
Cash & Bank balances	-	162,445,383	-	162,445,383
Investments	1,240,295,000	22,663,699,963	-	23,903,994,963
Lendings to financial institutions	-	80,000,000	-	80,000,000
Advances - performing	6,040,351,497	-	-	6,040,351,497
- non-performing net of provision	1,828,853,042	-	-	1,828,853,042
Others	613,722,664	1,647,364,520	2,807,851,349	5,068,938,533
Total Assets	9,723,222,203	24,553,509,866	2,807,851,349	37,084,583,418
Borrowings	7,341,209,900	15,417,809,494	-	22,759,019,394
Deposits & other accounts	164,506,958	345,493,042	-	510,000,000
Others	(353,569,728)	213,938,878	951,819,549	812,188,699
Total liabilities	7,152,147,130	15,977,241,414	951,819,549	24,081,208,093
Equity	-	-	-	13,003,375,325
Total Equity & liabilities	7,152,147,130	15,977,241,414	951,819,549	37,084,583,418
Contingencies & Commitments	2,462,785,980	2,842,579	5,410,268	2,471,038,827



33 RELATED PARTY TRANSACTIONS

The Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. The Company has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with Company maintained car.

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

	June 30, 2020 (Unaudited)					December 31, 2020 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Investments										
Opening balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-	-	-	-	576,676,075	-
Advances										
Opening balance	-	21,788,773	-	-	-	-	26,296,411	-	-	-
Addition during the year	-	6,494,000	-	-	-	-	2,165,000	-	-	-
Repaid during the year	-	(6,294,006)	-	-	-	-	(6,672,638)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	21,988,767	-	-	-	-	21,788,773	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Security deposit	-	-	2,278,800	-	-	-	-	2,278,800	-	-
Rent receivable	-	-	249,664	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	-	-	10,000,000	-	-	-	-	7,500,000
Received during the year	-	-	-	-	10,000,000	-	-	-	-	25,000,000
Withdrawn during the year	-	-	-	-	(10,000,000)	-	-	-	-	(22,500,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	10,000,000	-	-	-	-	10,000,000
Other Liabilities										
Interest / mark-up payable	-	-	-	-	359,301	-	-	-	-	400,726
Payable to defined benefit plan	-	-	-	-	3,517,630	-	-	-	-	6,343,905
Security deposit	-	-	401,960	-	-	-	-	401,960	-	-
Rent received in advance	-	-	-	-	-	-	-	1,161,278	-	-
	June 30, 2020 (Unaudited)					June 30, 2019 (Unaudited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Income										
Mark-up / return / interest earned	-	398,598	-	-	-	-	500,562	-	-	-
Rental income	-	-	2,804,475	-	-	-	-	2,593,771	-	-
Expense										
Mark-up / return / interest expensed	-	-	-	-	653,168	-	-	-	-	401,651
Contribution to employees' funds	-	-	-	-	4,533,893	-	-	-	-	4,110,062
Directors' fees and allowances	6,373,314	-	-	-	-	10,660,837	-	-	-	-
Shareholders' fee	-	-	-	-	2,522,093	-	-	-	-	2,950,632
Operating expenses	-	55,121,462	-	170,110	-	-	56,167,610	6,266,700	154,281	-

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34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Unaudited
June 30,
2020

Audited
December 31,
2019

----- **Rs '000'** -----

6,600,000	6,600,000
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

10,561,173	10,372,802
-	-
10,561,173	10,372,802
1,520,483	1,925,620
12,081,656	12,298,422

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

21,127,455	20,905,239
7,044,863	4,353,038
2,374,050	2,374,050
30,546,368	27,632,327

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

34.57%	37.54%
34.57%	37.54%
39.55%	44.51%

As of June 30, 2020, the Company must meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 11.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Unaudited
June 30,
2020

Audited
December 31,
2019

----- **Rs '000'** -----

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

10,561,173	10,372,802
48,448,604	39,555,622
21.80%	26.22%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

4,428,193	4,411,147
1,783,988	1,688,471
248.22%	261.25%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

30,939,572	26,727,578
17,762,694	17,359,770
174.18%	153.96%

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35 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 29 AUG 2020.





GM/Chief Executive



Chief Financial Officer



Director



Director



Director