KPMG Taseer Hadi & Co.
Chartered Accountants

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

Unconsolidated Condensed Interim Financial Statements

For the period ended
30 June 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Saudi Pak Industrial and Agricultural Investment Company Limited ("the Company")

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of the Company as at 30 June 2021 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated 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 this 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 is 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 20.3.2 to the accompanying interim financial statements which describe in detail matter relating to tax contingencies. Our conclusion is not modified in respect of this matter.

Other matters

The financial statements of the Company for the year ended 31 December 2020 and the unconsolidated condensed interim financial statements for the six months period ended 30 June 2020 were audited and reviewed by another auditor whose reports dated 03 March 2021 and 31 August 2020 respectively, expressed an unmodified opinion and conclusion thereon.

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

The engagement partner on the engagement resulting in this independent auditors' review report is M. Rehan Chughtai.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co
Chartered Accountants
Islamabad

30 August 2021

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]
AS AT JUNE 30, 2021

	Note	(Unaudited) June 30, 2021	(Audited) December 31, 2020
		----------Rupees----------	
ASSETS			
Cash and balances with treasury banks	6	**117,122,148**	107,773,417
Balances with other banks	7	**283,440,489**	557,227,616
Non-current asset classified as held for sale	8	-	-
Lendings to financial institutions	9	-	119,988,000
Investments	10	**33,697,897,149**	35,556,859,445
Advances	11	**6,137,289,442**	6,810,990,427
Fixed assets	12	**2,899,756,108**	2,956,247,925
Intangible assets	13	**7,297,950**	7,229,440
Deferred tax assets	17	-	-
Other assets	14	**2,075,018,407**	2,119,368,511
		45,217,821,693	48,235,684,781
LIABILITIES			
Bills payable		-	-
Borrowings	15	**29,284,045,859**	32,319,679,434
Deposits and other accounts	16	**2,395,092,178**	2,445,800,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	17	**34,316,142**	40,297,275
Other liabilities	18	**321,799,870**	517,769,021
		32,035,254,049	35,323,545,730
NET ASSETS		**13,182,567,644**	12,912,139,051
REPRESENTED BY			
Share capital		**6,600,000,000**	6,600,000,000
Statutory reserve		**1,184,865,766**	1,184,865,766
General reserve		**358,662,940**	358,662,940
Surplus on revaluation of assets - net	19	**1,403,954,982**	1,414,824,343
Unappropriated / unremitted profit		**3,635,083,956**	3,353,786,002
		13,182,567,644	12,912,139,051
CONTINGENCIES AND COMMITMENTS	20		

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

Chief Financial Officer	GM/Chief Executive	Director	Director	Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2021

	Note	Quarter Ended		Period Ended	
		June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
		(Rupees)			
Mark-up / return / interest earned	21	**757,546,496**	1,038,185,614	**1,519,560,429**	1,966,640,455
Mark-up / return / interest expensed	22	**565,061,536**	749,465,293	**1,142,714,156**	1,484,194,966
Net mark-up / interest income		**192,484,960**	288,720,321	**376,846,273**	482,445,489
NON MARK-UP / INTEREST INCOME					
Fee and commission income	23	**415,000**	(1,240,000)	**485,000**	(333,276)
Dividend income		**49,629,402**	28,331,844	**142,391,854**	72,654,475
Foreign exchange income		**608,648**	289,390	**(336,386)**	1,733,504
Income / (loss) from derivatives		**-**	-	**-**	-
(Loss) / gain on securities	24	**(663,510)**	75,192,529	**(76,921,703)**	148,549,976
Other income	25	**53,044,802**	56,303,485	**173,093,413**	110,327,556
Total non-markup / interest income		**103,034,342**	158,877,248	**238,712,178**	332,932,235
Total income		**295,519,302**	447,597,569	**615,558,451**	815,377,724
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	26	**124,356,514**	105,745,028	**231,838,344**	201,039,311
Workers Welfare Fund		**-**	-	**-**	-
Other charges		**130,429**	-	**130,429**	-
Total Non-markup / Interest Expenses		**124,486,943**	105,745,028	**231,968,773**	201,039,311
PROFIT BEFORE PROVISIONS		**171,032,359**	341,852,541	**383,589,678**	614,338,413
Provisions and write offs - net	28	**(11,599,485)**	120,243,486	**82,555,855**	283,419,662
Extra ordinary / unusual items		**-**	-	**-**	-
PROFIT BEFORE TAXATION		**182,631,844**	221,609,055	**301,033,823**	330,918,751
Taxation	29	**62,362,905**	71,819,037	**67,026,314**	95,776,083
PROFIT AFTER TAXATION		**120,268,939**	149,790,018	**234,007,509**	235,142,668
		(Rupee)			
Basic Earnings per share	30	**0.182**	0.227	**0.355**	0.356
Diluted Earnings per share	31	**0.182**	0.227	**0.355**	0.356

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

Chief Financial Officer	GM/Chief Executive	Director	Director	Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2021

	Quarter Ended		Period Ended	
	June 30, 2021	June 30, 2020	**June 30, 2021**	June 30, 2020
	(Rupees)			
Profit after taxation for the period	**120,268,939**	149,790,018	**234,007,509**	235,142,668
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	**293,443,532**	(84,294,679)	**36,421,084**	(355,927,243)
	293,443,532	(84,294,679)	**36,421,084**	(355,927,243)
Total comprehensive income	**413,712,471**	65,495,339	**270,428,593**	(120,784,575)

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

Chief Financial Officer | GM/Chief Executive | Director | Director | 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, 2021

	Share capital	Statutory reserve	General reserve	Surplus/(deficit) on revaluation of Investments	Surplus/(deficit) on revaluation of Fixed / Non banking assets	Unappropriated/ Unremitted profit	Total
	-----------	-----------	-----------	Rupees	-----------	-----------	-----------
Balance as at January 1, 2020	6,600,000,000	1,061,615,726	358,662,940	210,388,808	1,976,929,397	2,795,778,454	13,003,375,325
Profit after taxation for the period ended June 30, 2020	-	-	-	-	-	235,142,668	235,142,668
Other comprehensive income - net of tax	-	-	-	(355,927,243)	-	-	(355,927,243)
Total comprehensive income	-	-	-	(355,927,243)	-	235,142,668	(120,784,575)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(32,973,552)	32,973,552	-
Balance as at June 30, 2020	**6,600,000,000**	**1,061,615,726**	**358,662,940**	**(145,538,435)**	**1,943,955,845**	**3,063,894,674**	**12,882,590,750**
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	381,107,533	381,107,533
Other comprehensive income - net of tax	-	-	-	(350,619,515)	-	(939,717)	(351,559,232)
Total comprehensive income	-	-	-	(350,619,515)	-	380,167,816	29,548,301
Transfer to statutory reserve	-	123,250,040	-	-	-	(123,250,040)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(32,973,552)	32,973,552	-
Balance as at December 31, 2020 (Audited)	**6,600,000,000**	**1,184,865,766**	**358,662,940**	**(496,157,950)**	**1,910,982,293**	**3,353,786,002**	**12,912,139,051**
Profit after taxation for the year ended June 30, 2021	-	-	-	-	-	234,007,509	234,007,509
Other comprehensive income - net of tax	-	-	-	36,421,084	-	-	36,421,084
Total comprehensive income	-	-	-	36,421,084	-	234,007,509	270,428,593
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(47,290,445)	47,290,445	-
Balance as at June 30, 2021	**6,600,000,000**	**1,184,865,766**	**358,662,940**	**(459,736,866)**	**1,863,691,848**	**3,635,083,956**	**13,182,567,644**

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

Chief Financial Officer | GM/Chief Executive | 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, 2021

	Note	June 30, 2021	June 30, 2020
		---Rupees---	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		301,033,823	330,918,751
Less: dividend income		(142,391,854)	(72,654,475)
		158,641,969	258,264,276
Adjustments:			
Depreciation		77,614,997	75,514,558
Amortization		2,725,763	2,047,583
Provision and write-offs	28	82,555,855	283,419,662
Loss / (gain) on sale of fixed assets		894,248	(1,982,974)
Gain on sale of non banking assets		(60,630,049)	-
Finance charges on leased assets		977,442	1,777,895
Charge for defined benefit plan		3,740,050	6,922,203
		107,878,306	367,698,927
		266,520,275	625,963,203
(Increase) / decrease in operating assets			
Lendings to financial institutions		119,988,000	80,000,000
Held-for-trading securities		55,074,499	-
Advances		517,121,146	201,264,655
Others assets (excluding advance taxation)		106,177,081	(280,513,273)
		798,360,726	751,382
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		(3,035,633,575)	8,242,636,697
Deposits		(50,707,822)	902,000,000
Other liabilities (excluding current taxation)		(190,115,904)	(56,066,642)
		(3,276,457,301)	9,088,570,055
Payments against off-balance sheet obligations		-	-
Payment to defined benefit plan		(8,358,804)	(6,343,905)
Payment for compensated absences		(2,211,935)	(986,235)
Income tax paid		(235,777,531)	(238,431,919)
Net cash flow generated from operating activities		(2,457,924,570)	9,469,522,581
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		1,933,278,352	(9,490,255,353)
Net investments in held-to-maturity securities		2,935,103	88,000
Dividends received		122,593,489	67,812,419
Investments in fixed assets		(24,809,499)	(31,719,552)
Investments in intangible assets		(2,794,273)	(221,574)
Proceeds from sale of fixed assets		4,283,002	3,537,889
Proceeds from sale of non banking assets		158,000,000	-
Net cash flow (used in) investing activities		2,193,486,174	(9,450,758,171)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flow generated from / (used in) financing activities		-	-
Effects of exchange rate changes on cash and cash equivalents		-	-
Increase / (Decrease) in cash and cash equivalents		(264,438,396)	18,764,410
Cash and cash equivalents at beginning of the period		665,001,033	162,445,383
Cash and cash equivalents at end of the period	32	400,562,637	181,209,793

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

Chief Financial Officer	GM/Chief Executive	Director	Director	Director

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2021

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 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 AND STATEMENT OF COMPLIANCE

2.1 BASIS OF PREPARATION

2.1.1 These unconsolidated condensed interim financial statements represent separate financial statements of the Company.

2.1.2 These unconsolidated condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentational currency.

2.1.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except the certain classes of fixed assets and non banking assets acquired in satisfaction of claims, which are stated at revalued amounts and certain investments have been marked to market and carried at fair value. In addition, obligations in respect of staff retirement benefits are carried at present value.

2.2 STATEMENT OF COMPLIANCE

2.2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as 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 IAS 34, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2.2 The SBP, vide its Banking Supervision Department (BSD) Circular Letter no. 11 dated September 11, 2002 has deferred the applicability of IAS 40, Investment Property, for banking companies and DFI till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks and DFIs. Additionally, the SBP vide Banking Policy and Regulations Department (BPRD) Circular Letter No. 24 of 2021 dated July 5, 2021 has deferred the applicability of IFRS 9 to banks and DFIs till January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

2.2.3 The SECP through its SRO 633 (I)/2014 dated July 10, 2014 adopted IFRS 10, Consolidated Financial Statements for periods starting from June 30, 2014. However, SECP through SRO 56 (I)/2016 dated January 28, 2016, notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.2.4 These unconsolidated condensed interim financial statements have been presented in accordance with the requirements of format prescribed by SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements and should be read in conjunction with the audited annual unconsolidated financial statements for the year ended December 31, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current period

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2021 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 unconsolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter no.24 dated July 5, 2021, the applicability of IFRS 9 to banks and DFIs in Pakistan has been deferred to accounting periods beginning on or after January 1, 2022.The impact of application of IFRS 9 in Pakistan on Company's financial statements is being assessed and implementation guidelines are awaited.

There are various other standards, interpretations and amendments to accounting standards as applicable in Pakistan that are not yet 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 unconsolidated condensed interim financial statements is the same as that applied in the preparation of the audited annual unconsolidated financial statements for the year ended December 31, 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 audited annual unconsolidated financial statements for the year ended December 31, 2020. 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.

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2021

		Unaudited June 30, 2021	Audited December 31, 2020
		--------------------Rupees--------------------	
6	**CASH AND BALANCES WITH TREASURY BANKS**		
	In hand		
	Local currency	**219,928**	241,599
	With State Bank of Pakistan in		
	Local currency current account	**116,902,220**	107,531,818
		117,122,148	107,773,417
7	**BALANCES WITH OTHER BANKS**		
	In Pakistan		
	In current accounts	**6,336,966**	8,301,526
	In deposit accounts	**277,103,523**	548,926,090
		283,440,489	557,227,616
8	**NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE**		
	Cost of investment reclassified from investments		
	- Investment in shares	**243,467,574**	243,467,574
	- Investment in preference shares	**333,208,501**	333,208,501
	Less: Provision on investment	**(576,676,075)**	(576,676,075)
		-	-
	Less: Amounts received till 30 June 2021	**-**	-
		-	-

8.1 The Company's investment in Saudi Pak Leasing Company Limited (the "associate company") has been classified as non-current asset held for sale in accordance with International Financial Reporting Standards 5 "Non-current Assets Held for Sales and Discontinued Operations" and measured at lower of carrying amount at designation and fair value less cost to sell.

		Unaudited June 30, 2021	Audited December 31, 2020
		--------------------Rupees--------------------	
9	**LENDINGS TO FINANCIAL INSTITUTIONS**		
	Repurchase agreement lendings (Reverse Repo)	**-**	119,988,000
		-	119,988,000
	Less: Provision held against lending to financial institutions	**-**	-
	Lendings to financial institutions - net of provision	**-**	119,988,000

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10 INVESTMENTS

10 Investments by type:	June 30, 2021 (Unaudited)				December 31, 2020 (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	-	-	-	-	53,467,402	-	1,607,097	55,074,499
Available-for-sale securities								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	28,593,636,471	-	(645,837,471)	27,947,799,000	30,643,940,823	-	(774,654,823)	29,869,286,000
Shares- Quoted securities	2,977,435,085	(672,802,275)	112,445,910	2,417,078,720	2,827,625,073	(760,854,156)	181,945,188	2,248,716,105
Non Government Debt Securities								
-Term Finance Certificates (TFCs) / Sukuk	1,171,612,766	(82,227,345)	7,978,000	1,097,363,421	1,171,612,766	(82,227,345)	8,994,400	1,098,379,821
-Commercial paper	-	-	-	-	32,784,012	-	-	32,784,012
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	33,529,017,370	(1,028,862,660)	(525,413,561)	31,974,741,149	35,462,295,722	(1,116,914,541)	(583,715,235)	33,761,665,946
Held-to-maturity securities								
Non Government Debt Securities								
-Term Finance Certificates (TFCs) / Sukuk	1,639,675,607	(416,519,607)	-	1,223,156,000	1,642,610,710	(402,491,710)	-	1,240,119,000
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	35,668,692,977	(1,445,382,267)	(525,413,561)	33,697,897,149	37,658,373,834	(1,519,406,251)	(582,108,138)	35,556,859,445

	Unaudited June 30, 2021	Audited December 31, 2020
10.1.1 Investments given as collateral	---------Rupees---------	
The market value of investments given as collateral is as follows:		
Pakistan Investment Bonds (PIBs)	**23,841,055,000**	26,592,235,980

10.2 Provision for diminution in value of investments

	Unaudited June 30, 2021	Audited December 31, 2020
10.2.1 Opening balance	**1,519,406,251**	2,074,118,083
Charge / reversals		
Charge for the period / year	**31,390,738**	217,298,653
Reversals for the period / year	**(2,847,103)**	-
Reversal on disposals	**(102,567,619)**	(195,334,410)
	(74,023,984)	21,964,243
Transfers - net	**-**	(576,676,075)
Closing balance	**1,445,382,267**	1,519,406,251

10.2.2 Particulars of provision against debt securities

Category of classification	Unaudited June 30, 2021		Audited December 31, 2020	
	NPI	Provision	NPI	Provision
	------Rupees------		------Rupees------	
Domestic				
Loss	**532,496,952**	**498,746,952**	535,344,055	484,719,055
	532,496,952	**498,746,952**	535,344,055	484,719,055
Overseas	**-**	**-**	-	-
Total	**532,496,952**	**498,746,952**	535,344,055	484,719,055

10.3 Market value of held-to-maturity securities other than non performing investments as as at June 30, 2021 is Rs. 1,169 million (December 31, 2020: Rs. 1,167 million).

11 ADVANCES

	Performing		Non Performing		Total	
	Unaudited June 30, 2021	Audited December 31, 2020	**Unaudited June 30, 2021**	Audited December 31, 2020	**Unaudited June 30, 2021**	Audited December 31, 2020
	---Rupees---					
Loans, leases, running finances- gross	**4,959,184,338**	5,450,132,635	**3,817,038,072**	3,894,704,806	**8,776,222,410**	9,344,837,441
Provision against advances						
- Specific	-	-	**(2,638,932,968)**	(2,533,847,014)	**(2,638,932,968)**	(2,533,847,014)
Advances - net of provision	**4,959,184,338**	5,450,132,635	**1,178,105,104**	1,360,857,792	**6,137,289,442**	6,810,990,427

11.1 Particulars of advances (Gross)

	Unaudited June 30, 2021	Audited December 31, 2020
	---Rupees---	
In local currency	**8,776,222,410**	9,328,921,388
In foreign currencies	-	15,916,053
	8,776,222,410	9,344,837,441

11.2 Advances include Rs. 3,817,038,072 (December 31, 2020: Rs. 3,894,704,806) which have been placed under non-performing status as detailed below:-

Category of Classification	**Unaudited June 30, 2021**		Audited December 31, 2020	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	---Rupees---		---Rupees---	
Domestic				
Substandard	-	-	-	-
Doubtful	**297,722,921**	**148,861,461**	309,470,937	154,735,469
Loss	**3,519,315,151**	**2,490,071,507**	3,585,233,869	2,379,111,545
Total	**3,817,038,072**	**2,638,932,968**	3,894,704,806	2,533,847,014

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11.3 Particulars of provision against advances

	Unaudited June 30, 2021			Audited December 31, 2020		
	Specific	**General**	**Total**	Specific	General	Total
	----Rupees----			----Rupees----		
Opening balance	**2,533,847,014**	-	**2,533,847,014**	2,240,160,842	-	2,240,160,842
Charge for the year	**176,878,680**	-	**176,878,680**	465,742,475	-	465,742,475
Reversals	**(20,858,663)**	-	**(20,858,663)**	(147,422,401)	-	(147,422,401)
	156,020,017	-	**156,020,017**	318,320,074	-	318,320,074
Amounts written off	**(50,934,063)**	-	**(50,934,063)**	(24,633,902)	-	(24,633,902)
Closing balance	**2,638,932,968**	-	**2,638,932,968**	2,533,847,014	-	2,533,847,014

11.3.1 The net FSV benefit already availed has been decreased by Rs. 176.879 million, which has resulted addition in specific provision for the year by the same amount. Had the FSV benefit not changed, before and after tax profit for the year would have been increased by Rs. 176.879 million (2020: higher by Rs. 9.745 million) and Rs. 125.584 million (2020: Rs. higher by 6.919 million) respectively. Further, at June 30, 2021, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 730.763 million (2020: Rs. 856.347 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.

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			Unaudited June 30, 2021	Audited December 31, 2020
12	**FIXED ASSETS**	Note	----------Rupees----------	
	Capital work-in-progress		**10,756,289**	3,366,482
	Property and equipment		**2,872,397,708**	2,929,386,491
	Right of use assets under IFRS-16 Leases		**16,602,111**	23,494,952
			2,899,756,108	2,956,247,925

		Unaudited For the six months ended June 30, 2021	June 30, 2020
12.1	**Additions to fixed assets**	----------Rupees----------	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	**7,389,807**	13,126,039
	Property and equipment		
	Building on leasehold land	**310,160**	-
	Furniture and fixtures	**77,200**	141,804
	Office equipment	**7,788,432**	1,806,859
	Vehicles	**6,053,434**	16,121,352
	Heating and air conditioning	**1,921,648**	-
	Security systems	**92,728**	-
	Electrical fitting, fire fighting equipment and others	**1,176,090**	523,498
		17,419,692	18,593,513
	Total	**24,809,499**	31,719,552
12.2	**Disposal of fixed assets**		
	The net book value of fixed assets disposed off during the period is as follows:		
	Office equipment	**63,314**	64,539
	Vehicles	**5,113,936**	1,490,376
	Total	**5,177,250**	1,554,915

		Unaudited June 30, 2021	Audited December 31, 2020
13	**INTANGIBLE ASSETS**	----------Rupees----------	
	Computer Software	**7,297,950**	7,229,440
		7,297,950	7,229,440

		Unaudited For the six months ended June 30, 2021	June 30, 2020
13.1	**Additions to intangible assets**	----------Rupees----------	
	The following additions have been made to intangible assets during the period:		
	Directly purchased	**2,794,273**	221,574

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		Note	**Unaudited June 30, 2021**	Audited December 31, 2020
14	**OTHER ASSETS**		**Rupees**	
	Income/ mark-up accrued in local currency - net of provision			
	On investments		**926,406,599**	998,046,764
	On advances		**95,525,068**	108,403,187
	On lending to financial institutions		**-**	21,039
			1,021,931,667	1,106,470,990
	Advances, deposits, advance rent and other prepayments		**16,829,853**	45,453,474
	Advance taxation		**843,011,163**	702,121,670
	Excise duty		**78,817,895**	78,817,895
	Non-banking assets acquired in satisfaction of claims		**55,026,385**	139,309,214
	Dividend receivable		**42,022,652**	21,022,808
	Other receivables		**8,293,294**	2,508,909
			2,065,932,909	2,095,704,960
	Less: Provision held against other assets	13.1	**(256,792)**	(256,792)
	Other assets (net of provision)		**2,065,676,117**	2,095,448,168
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**9,342,290**	23,920,343
	Other assets - total		**2,075,018,407**	2,119,368,511
14.1	**Provision held against other assets**			
	Advances, deposits, advance rent & other prepayments		**256,792**	256,792
			256,792	256,792
15	**BORROWINGS**			
	Secured			
	State Bank of Pakistan (SBP) refinance scheme			
	Long term financing facility		**897,558,040**	872,306,098
	Temporary economic relief facility		**491,424,500**	-
			1,388,982,540	872,306,098
	Repurchase agreement borrowings		**23,703,396,650**	26,476,540,000
	Against book debts/receivables		**4,191,666,669**	4,970,833,336
	Total secured		**29,284,045,859**	32,319,679,434
16	**DEPOSITS AND OTHER ACCOUNTS**			
	Customers			
	- Term deposits (local currency)	16.1	**2,395,092,178**	2,445,800,000
16.1	**Composition of deposits**			
	- Public Sector Entities	16.1.1	**2,385,092,178**	2,435,800,000
	- Non-Banking Financial Institutions	16.1.2	**10,000,000**	10,000,000
			2,395,092,178	2,445,800,000

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16.1.1 These represent Certificate of Investments (COIs) issued to Port Qasim Authority & National Fertilizer Corporation of Pakistan for Rs. 2385.09 million (2020: Rs. 2,435.80 million). These COIs carry mark up at the rates ranging from 7.20% to 7.60% (2020: 7.00% to 7.51%) per annum and is repayable during July 2021 to November 2021 (2020: January 2021 to June 2021).

16.1.2 These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs. 10 million (2020: Rs. 10 million). These COIs carry mark up at the rate of 7.87% (2020: 7.30%) per annum and is repayable in September 2021 (2020: March 2021).

16.2 All deposits are in local currency.

		Note	**Unaudited June 30, 2021**	Audited December 31, 2020
17	**DEFERRED TAX LIABILITIES**		**Rupees**	
	Deductible temporary differences on			
	Actuarial loss on defined benefit plan		**(5,094,609)**	(5,094,609)
	Deficiton revaluation of securities - AFS		**(65,676,695)**	(87,557,285)
	Provision on non-performing loans		**(623,428,000)**	(592,956,000)
	Impairment loss on available for sale quoted securities		**(66,398,973)**	(91,939,258)
			(760,598,277)	(777,547,152)
	Taxable temporary differences on			
	Accelerated tax depreciation		**26,998,375**	22,905,822
	Dividend receivable		**10,505,664**	5,255,702
	Net investment in leases		**-**	18,670,058
	Surplus on revaluation of securities - HFT		**-**	241,065
	Surplus on revaluation of operating fixed assets		**757,410,380**	770,771,780
			794,914,419	817,844,427
			34,316,142	40,297,275

18	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		**130,364,970**	281,881,028
	Accrued expenses		**10,451,201**	35,106,627
	Advance rental income		**106,320,164**	128,652,468
	Security deposits against rented properties		**34,890,529**	28,816,242
	Payable to defined benefit plan		**3,740,050**	8,358,804
	Provision for compensated absences		**6,323,758**	8,535,693
	Directors' remuneration		**4,717,077**	4,647,610
	Payable to stock brokers - net		**145,189**	341,946
	Lease liability against ROU assets as per IFRS - 16 Leases		**14,709,197**	13,731,755
	Others		**10,137,735**	7,696,847
			321,799,870	517,769,021

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		Note	Unaudited June 30, 2021	Audited December 31, 2020
			Rupees	
19	**SURPLUS ON REVALUATION OF ASSETS - NET**			
	(Deficit) / surplus on revaluation of			
	- Available for sale securities	10.1	**(525,413,561)**	(583,715,235)
	- Fixed assets		**2,611,759,938**	2,657,833,730
	- Non-banking assets acquired in satisfaction of claims		**9,342,290**	23,920,343
			2,095,688,667	2,098,038,838
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		**65,676,695**	87,557,285
	- Fixed assets		**(757,410,380)**	(770,771,780)
			(691,733,685)	(683,214,495)
			1,403,954,982	1,414,824,343
20	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees	20.1	**502,224,393**	502,224,393
	-Commitments	20.2	**2,882,847,067**	2,091,293,614
			3,385,071,460	2,593,518,007
20.1	**Guarantees:**			
	Financial guarantees		**502,224,393**	502,224,393
20.2	**Commitments:**			
	Commitments for acquisition of:			
	- Operating fixed assets		**1,074,691**	2,964,301
	- Intangible assets		**196,876**	2,329,313
			1,271,567	5,293,614
	Non disbursed commitment for term and working capital finance		**2,881,575,500**	2,086,000,000
			2,882,847,067	2,091,293,614

20.3 Other contingent liabilities

20.3.1 Except for the matter outlined in note 20.3.2, 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, 2020.

20.3.2 Tax contingencies

i) The Appellate Tribunal Inland Revenue Islamabad did not accept the Company's contention on certain matters in the appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. The issues under consideration include disallowance of provision of non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The Company has filed tax references before the Islamabad High Court. The references for the years 2004 to 2006 and 2008 to 2010 have been admitted for hearing whereas the references for tax years 2012 to 2014 are at preadmission stage. All the references are yet to be disposed by the Islamabad High Court.

The related total tax demands for all the aforesaid tax years aggregates to Rs 1,165.87 million out of which Rs 761.35 million has been paid by / recovered from the Company.

cont

ii) For tax years 2015 and 2017 proceedings under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) were intiated and demands for amount of Rs 520 million and Rs 416 million were respectively created for the aforesaid years. The Company preferred appeals in the aforesaid cases before Commissioner Inland Revenue - Appeals [CIR(A)] who in terms of separate appellate orders remanded majority of the matters to the assessing officer and on certain matters upheld the actions of assessing officer. The Company has preferred separate appeals before ATIR for aforesaid cases which are pending adjudication.

iii) For the tax year 2016, the assessing officer amended the Company's assessment under section 122(5A) of the Ordinance and created a demand of Rs 143.354 million by making various add backs and disallowances.The Company preferred appeal before CIR(A). The CIR(A) partially accepted Company's contention on matters raised in appeal but on various matters either upheld contention of assessing officer or remanded back the matters for due consideration. The Company has filed appeal before AppellateTribunal Inland Revenue (ATIR) which is pending adjudication.

iv) For tax year 2018, Additional Commissioner Inland Revenue (ACIR) amended the Company's assessment under section 122(5A) of the Ordinance and created a demand of Rs 383.82 million by making various add backs and disallowances. The Company filed an appeal in this respect before the Commissioner Inland Revenue-Appeals CIR(A) who remanded majority issues and also upheld the actions of ACIR on certain issues. The Company has filed an appeal before AppellateTribunal Inland Revenue (ATIR) which is pending for adjudication.

v) For tax years 2015 to 2017 proceedings under section 161 were initiated and cummulative demand of Rs 276 million was created on account of alleged default in withholding of tax. The Company preferred appeal before the Commissioner- Appeals CIR(A) who remanded back certain issues and upheld certain matters. The Company has preferred further appeal in this respect before Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication.

vi) For tax year 2014, Deputy Commissioner Inland Revenue (DCIR) passed an appeal effect Order under section 124 read with section 205 of the Income Tax Ordinance, 2001 raising income tax demand of Rs 7.5 million. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) (CIR – A) which is pending adjudication.

The management, based on the opinion of its legal counsels, believes that the above mentioned matters are most likely to be decided in favour of the Company at superior appellate forums and further charge is not required to be recognised and carried in these matters in these unconsolidated condensed interim financial statements.

		Unaudited For the six months ended	
	Note	June 30, 2021	June 30, 2020
		----Rupees----	
21 MARK-UP/RETURN/INTEREST EARNED			
On:			
Loans and advances		**244,976,278**	416,026,351
Investments		**1,270,065,461**	1,539,234,537
Lendings to financial institutions		**2,696,142**	9,217,644
Balances with banks		**1,822,548**	2,161,923
		1,519,560,429	1,966,640,455
22 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
Deposits	22.1	**92,249,931**	55,327,718
Borrowings			
Securities purchased under repurchase agreements		**768,861,210**	976,837,259
Other short term borrowings		**124,465,582**	137,512,561
SBP refinance scheme - LTFF		**10,562,182**	7,760,217
Long term borrowings		**140,539,651**	298,115,991
		1,044,428,625	1,420,226,028
Interest expense on lease liability against ROU assets		**977,442**	1,777,895
Brokerage fee relating to borrowings		**5,058,158**	6,863,325
		1,142,714,156	1,484,194,966

22.1 The markup expense amounting to Rs. 378,397 (2020: Rs. 653,168) relates to Saudi Pak Employees Contributory Provident Fund.

		Unaudited For the six months ended	
		June 30, 2021	June 30, 2020
		----Rupees----	
23 FEE AND COMMISSION INCOME			
Credit related fees		**485,000**	(368,276)
Others		**-**	35,000
		485,000	(333,276)
24 (LOSS) / GAIN ON SECURITIES			
Realised	24.1	**(76,921,703)**	148,549,976

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			Unaudited For the six months ended	
			June 30, 2021	June 30, 2020
			----Rupees----	
24.1	**Realised (loss) / gain on:**			
	Federal Government Securities		**(81,030,125)**	79,638,252
	Shares- listed		**4,108,422**	68,911,724
			(76,921,703)	148,549,976
25	**OTHER INCOME**			
	Rent on property- net	25.1	**112,715,269**	107,380,620
	(Loss) / gain on sale of fixed assets-net		**(894,248)**	1,982,974
	Gain on sale of non banking assets - net		**60,630,049**	-
	Others		**642,343**	963,962
			173,093,413	110,327,556

		Unaudited For the six months ended	
		June 30, 2021	June 30, 2020
25.1	**Rent on property - net**	----Rupees----	
	Rental income	**205,791,142**	205,093,049
	Less: property expense		
	Salaries, allowances and employee benefits	**13,991,703**	13,672,710
	Depreciation	**50,773,452**	49,270,976
	Other expenses	**28,310,718**	34,768,743
		93,075,873	97,712,429
		112,715,269	107,380,620

26 OPERATING EXPENSES

	Unaudited For the six months ended June 30, 2021	 June 30, 2020
	----------Rupees----------	
Total compensation expense	**124,634,999**	107,238,546
Property expense		
Rent and taxes	**261,063**	489,218
Insurance	**133,713**	158,799
Utilities cost	**6,493,845**	5,939,214
Security (including guards)	**2,217,041**	2,062,422
Repair and maintenance (including janitorial charges)	**1,486,790**	1,898,929
Depreciation on ROU assets	**6,892,841**	6,892,841
Depreciation	**7,253,350**	7,038,711
	24,738,643	24,480,134
Information technology expenses		
Software maintenance	**2,842,493**	1,409,890
Hardware maintenance	**648,044**	342,440
Amortisation	**2,725,763**	2,047,583
Network charges	**1,724,650**	1,271,185
	7,940,950	5,071,098
Other operating expenses		
Shareholders' fee	**2,365,544**	2,522,093
Directors' fees and allowances	**9,490,000**	6,373,314
Legal and professional charges	**2,387,030**	2,535,769
Consultancy, custodial and rating services	**2,828,154**	2,967,417
Outsourced services costs	**19,315,162**	17,612,139
Travelling and conveyance	**4,022,003**	4,023,981
Depreciation	**12,695,354**	12,312,030
Training and development	**725,062**	906,040
Postage and courier charges	**392,271**	169,950
Communication	**1,856,894**	1,393,460
Stationery and printing	**3,963,878**	3,704,933
Marketing, advertisement and publicity	**257,383**	1,082,491
Donations	**1,000,000**	-
Auditors remuneration	**1,304,000**	1,520,600
Repair and maintenance	**1,667,030**	1,301,014
Insurance	**1,055,026**	935,210
Office and general expenses	**9,043,643**	4,758,261
Bank charges	**155,318**	130,831
	74,523,752	64,249,533
	231,838,344	201,039,311

		Note	Unaudited For the six months ended June 30, 2021	June 30, 2020
			-------Rupees-------	
27.	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		**130,429**	-
			130,429	-
28	**PROVISIONS AND WRITE OFFS - NET**			
	(Reversal of provision) / provisions for diminution in value of investments - net	10.2.1	**(74,023,984)**	163,676,931
	Provisions against loans and advances - net	11.3	**156,020,017**	119,742,731
	Other write offs		**559,822**	-
			82,555,855	283,419,662
29	**TAXATION**			
	-Current		**94,888,037**	173,517,150
	-Deferred tax		**(27,861,723)**	(77,741,067)
			67,026,314	95,776,083
30	**BASIC EARNINGS PER SHARE**			
	Profit for the period - Rupees		**234,007,509**	235,142,668
	Weighted average number of ordinary shares		**660,000,000**	660,000,000
	Basic earnings per share - Rupee		**0.355**	0.356

31 DILUTED EARNINGS/ (LOSS) PER SHARE

There are no dilutive instruments, hence basic and diluted earnings are same.

32 CASH AND CASH EQUIVALENTS

	June 30, 2021	June 30, 2020
Cash and Balance with Treasury Banks	**117,122,148**	84,466,997
Balance with other banks	**283,440,489**	96,742,796
	400,562,637	181,209,793

33 FAIR VALUE MEASUREMENTS

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. Value of unquoted equity investments, other than subsidiary and associates, are 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 cannot 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.

33.1 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 Mutual Fund Association of Pakistan (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 certain other assets and non-banking assets acquired in satisfaction of claims.

	June 30, 2021 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	Rupees			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	**27,947,799,000**	-	**27,947,799,000**
Shares	**2,417,078,720**	-	-	**2,417,078,720**
Non-Government Debt Securities	-	**1,097,363,421**	-	**1,097,363,421**
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	**1,223,156,000**	**1,223,156,000**
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	29,869,286,000	-	29,869,286,000
Shares	2,303,790,604	-	-	2,303,790,604
Non-Government Debt Securities	-	1,131,163,833	-	1,131,163,833
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,240,119,000	1,240,119,000
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.
Non-Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by MUFAP.

33.2 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.

33.3 Fair value of non-financial assets

	June 30, 2021 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	---------- Rupees ----------			
Non-financial assets				
Fixed assets				
Property and equipment (lease hold land, building and others)	-	-	2,814,181,656	2,814,181,656
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	64,368,675	64,368,675

	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Non-financial assets				
Fixed assets				
Property and equipment (lease hold land, building and others)	-	-	2,870,223,977	2,870,223,977
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	163,229,557	163,229,557

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

Items	Valuation approach and input used
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.

34. Segment Details with respect to Business Activities

	June 30, 2021 (Unaudited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	91,221,034	285,625,239	-	376,846,273
Non mark-up / return / interest income	485,000	124,869,566	113,357,612	238,712,178
Total income	91,706,034	410,494,805	113,357,612	615,558,451
Segment direct expenses	42,359,420	189,609,353	-	231,968,773
Total expenses	42,359,420	189,609,353	-	231,968,773
Reversals / (provisions)	170,607,736	(88,051,881)	-	82,555,855
Profit before tax	(121,261,122)	308,937,333	113,357,612	301,033,823
Balance Sheet				
Cash and bank balances	-	400,562,637	-	400,562,637
Investments	1,223,156,000	32,474,741,149	-	33,697,897,149
Lendings to financial institutions	-	-	-	-
Advances - performing	4,959,184,338	-	-	4,959,184,338
- non-performing net of provision	1,178,105,104	-	-	1,178,105,104
Others	404,648,502	1,855,363,877	2,722,060,086	4,982,072,465
Total assets	7,765,093,944	34,730,667,663	2,722,060,086	45,217,821,693
Borrowings	6,770,516,871	22,513,528,988	-	29,284,045,859
Deposits & other accounts	553,749,030	1,841,343,148	-	2,395,092,178
Others	(572,124,339)	52,975,207	875,265,144	356,116,012
Total liabilities	6,752,141,561	24,407,847,343	875,265,144	32,035,254,049
Equity	-	-	-	13,182,567,644
Total equity & liabilities	6,752,141,561	24,407,847,343	875,265,144	45,217,821,693
Contingencies and commitments	3,383,842,927	143,098	1,085,435	3,385,071,460

	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
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

	December 31, 2020 (Audited)			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Balance Sheet				
Cash and bank balances	-	665,001,033	-	665,001,033
Investments	1,240,119,000	34,316,740,445	-	35,556,859,445
Lendings to financial institutions	-	119,988,000	-	119,988,000
Advances - performing	5,450,132,635	-	-	5,450,132,635
- non-performing net of provision	1,360,857,792	-	-	1,360,857,792
Others	428,988,192	1,939,861,131	2,713,996,553	5,082,845,876
Total assets	8,480,097,619	37,041,590,609	2,713,996,553	48,235,684,781
Borrowings	7,410,154,237	24,909,525,197	-	32,319,679,434
Deposits & other accounts	560,765,315	1,885,034,685	-	2,445,800,000
Others	(486,366,654)	125,554,746	918,878,204	558,066,296
Total liabilities	7,484,552,898	26,920,114,628	918,878,204	35,323,545,730
Equity	-	-	-	12,912,139,051
Total equity & liabilities	7,484,552,898	26,920,114,628	918,878,204	48,235,684,781
Contingencies and commitments	2,590,507,027	835,791	2,175,189	2,593,518,007

35 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.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances 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, 2021 (Unaudited)					December 31, 2020 (Audited)				
	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees					Rupees				
Non-current asset classified as held for sale										
Opening balance	-	-	-	576,676,075	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	576,676,075	-
Closing balance	-	-	-	576,676,075	-	-	-	-	576,676,075	-
Provision for Non-current asset classified as held for sale	-	-	-	576,676,075	-	-	-	-	576,676,075	-
Investments										
Opening balance	-	-	500,000,000	-	-	-	-	500,000,000	576,676,075	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	(576,676,075)	-
Closing balance	-	-	500,000,000	-	-	-	-	500,000,000	-	-
Advances										
Opening balance	-	22,314,824	-	-	-	-	21,788,773	-	-	-
Addition during the year	-	6,057,868	-	-	-	-	13,225,034	-	-	-
Repaid during the year	-	(8,735,791)	-	-	-	-	(12,698,983)	-	-	-
Transfer in / (out) - net	-	8,025,000	-	-	-	-	-	-	-	-
Closing balance	-	27,661,901	-	-	-	-	22,314,824	-	-	-
Other Assets										
Security deposit	-	-	2,633,280	-	-	-	-	2,462,370	-	-
Deposits and other accounts										
Opening balance	-	-	-	-	10,000,000	-	-	-	-	10,000,000
Received during the year	-	-	-	-	10,000,000	-	-	-	-	20,000,000
Withdrawn during the year	-	-	-	-	(10,000,000)	-	-	-	-	(20,000,000)
Closing balance	-	-	-	-	10,000,000	-	-	-	-	10,000,000
Other Liabilities										
Interest / mark-up payable	-	-	-	-	226,397	-	-	-	-	210,000
Payable to defined benefit plan	-	-	-	-	3,740,050	-	-	-	-	8,358,804
Directors' remuneration	-	-	-	-	4,717,077	-	-	-	-	4,647,610
Security deposit	-	-	401,960	-	-	-	-	401,960	-	-
Rent received in advance	-	-	973,462	-	-	-	-	905,555	-	-
	June 30, 2021 (Unaudited)					June 30, 2020 (Unaudited)				
	Directors	Key management personnel	Subsidiary	Associate	Other related parties	Directors	Key management personnel	Subsidiary	Associate	Other related parties
	Rupees					Rupees				
Income										
Mark-up / return / interest earned	-	1,055,811	-	-	-	-	398,598	-	-	-
Rental income	-	-	2,186,913	-	-	-	-	2,804,475	-	-
Expense										
Mark-up / return / interest expensed	-	-	-	-	378,397	-	-	-	-	653,168
Contribution to employees' funds	-	-	-	-	5,000,625	-	-	-	-	4,533,893
Directors' fees and allowances	9,490,000	-	-	-	-	6,373,314	-	-	-	-
Shareholders' fee	-	-	-	-	2,365,544	-	-	-	-	2,522,093
Operating expenses	-	62,377,661	-	184,908	-	-	55,121,462	-	170,110	-

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Unaudited June 30, 2021	Audited December 31, 2020
	Rs '000'	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,600,000	6,600,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	11,316,134	10,917,992
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	11,316,134	10,917,992
Eligible Tier 2 Capital	1,167,619	1,130,999
Total Eligible Capital (Tier 1 + Tier 2)	12,483,753	12,048,991
Risk Weighted Assets (RWAs):		
Credit Risk	18,580,578	20,099,834
Market Risk	8,626,360	8,777,126
Operational Risk	2,558,919	2,558,919
Total	29,765,857	31,435,879
Common Equity Tier 1 Capital Adequacy ratio	38.02%	34.73%
Tier 1 Capital Adequacy Ratio	38.02%	34.73%
Total Capital Adequacy Ratio	41.94%	38.33%

As of June 30, 2021, 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, 2021	Audited December 31, 2020
	Rs '000'	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	11,316,134	10,917,992
Total Exposures	48,147,909	50,257,207
Leverage Ratio	23.50%	21.72%

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED]
FOR THE PERIOD ENDED JUNE 30, 2021

Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	6,172,374	5,553,281
Total Net Cash Outflow	2,240,399	2,234,569
Liquidity Coverage Ratio	275.50%	248.52%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	30,554,038	31,845,109
Total Required Stable Funding	16,497,912	17,316,679
Net Stable Funding Ratio	185.20%	183.90%

37 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 2 8 AUG 2021.

Chief Financial Officer | GM/Chief Executive | Director | Director | Director