

Quarterly Report
March 31,
2020



fcibank

FIRST CREDIT AND INVESTMENT BANK LTD.

Major Joint Venture Partners:





Vision

Be a preferred investment bank enhancing value for the stakeholders and contributing to the National goals.

Mission Statement

Contributing through innovative financing and investment in quality portfolio, advisory services delivered in an environment of trust and customer confidence supported by a team of professionals.



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BOARD OF DIRECTORS



Mr. Rehmat Ali Hasnie
Chairman



Mr. Muhammad Mohsin Ali
President & CEO



Mr. Asad Ullah Saleem
Director



Mr. Naveed Asghar Chaudhry
Director



Mr. Muhammad Ikram Khan
Director



Mr. Muhammad Naeemuddin
Director



Mr. Muhammad Iqbal Hussain
Director



Mr. Muhammad Ameen
Director



COMPANY INFORMATION

AUDIT COMMITTEE:

Mr. Muhammad Ameen Chairman
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Naeemuddin

HR AND REMUNERATION COMMITTEE:

Mr. Muhammad Naeemuddin Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Iqbal Hussain
Mr. Muhammad Mohsin Ali

RISK MANAGEMENT COMMITTEE:

Mr. Muhammad Iqbal Hussain Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Mohsin Ali

COMPANY SECRETARY:

Mr. Muhammad Amin Khatri

AUDITORS:

Crowe Hussain Chaudhury & Co.
Chartered Accountants

LEGAL ADVISOR:

Ahmed & Qazi

BANKERS:

National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Tameer Microfinance Bank Limited
Khushhali Bank Limited
U Microfinance Bank Limited
The First Microfinance Bank Limited

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400
Ph.#+92 (21) 111-000-322
Fax # +92 (21)34168271

HEAD OFFICE / REGISTERED OFFICE:

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Stratchen Road, Karachi - 74200, Pakistan.
Ph. # : 35658750-1, 35670452, 35688490
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E-mail: info@fcibank.com.pk
Website: www.fcibank.com.pk



DIRECTORS' REVIEW

On behalf of the Board of Directors, we have the privilege of presenting condensed interim financial statements (un-audited) of **First Credit and Investment Bank Limited**, for the nine months ended March 31, 2020.

Operating Results

Total income for the nine months ended March 31, 2020 significantly increased to Rs.114.27 million as compared to Rs.86.24 million for the nine months ended March 31, 2019, showing a net increase of Rs.28.03 million. The Company registered significant increase of 114% in operating profit to Rs.35.33 million, as compared to operating profit of Rs.16.49 million for the corresponding period of last year. Further, after taking effect of reversals of provisions made against non performing investments, the Company's profit before tax increased by Rs.16.87 million, to Rs.37.95 million during the third quarter of FY 2019-20 as against Rs.21.08 million reported for the corresponding period of last year. Similarly, the Company closed the third quarter by registering significant increase of Rs.12.29 million in after tax profit to Rs.26.66 million as against profit after tax of Rs.14.37 million posted for the corresponding period of last year. Hence, the Company was able to register 86% growth in net profit. The increase is mainly attributable to the healthy participation of your Company in the Treasury and Money Market operations. As a result, shareholders equity net of deficit on re-measurement of available for sale investments is reported at Rs.723.30 million, against Rs.718.59 million, reported as at June 30, 2019. Total balance sheet footing as at March 31, 2020 decreased to Rs.1,220.00 million from Rs.1,385.30 million as at June 30, 2019 due to decrease in short term placements.

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 31, 2019 has reaffirmed the medium to long-term rating of the Company at 'A-' (Single A Minus) and Short-term rating at 'A-2 (A-Two). The outlook of the rating is 'Stable'.

Future Outlook

During the period under review the outbreak of COVID19 around the globe including Pakistan has adversely effected business and economic activities. The implications for the financial system from COVID 19 are far reaching which will come out with the passage of time. The management is constantly monitoring the situation and managing Company's affairs very prudently. While observing conservative approach we are diversifying our business focus into business avenues, less vulnerable to the economic lockdown, to increase revenue streams. Improvement in the business momentum will be forthcoming with improvement in economic and business conditions of the country. Your Company will continue to improve its assets quality, infrastructure, build capacity through training of existing personnel and engaging professionals to diversify products and services, updating policies and procedures to meet the requirements of the new challenges and opportunities.

Acknowledgement

The directors wish to express their appreciation to our stakeholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Pakistan Stock Exchange for their continued guidance and support. We also acknowledge hard work and dedication of the management and employees.

MUHAMMAD MOHSIN ALI
President and CEO

MUHAMMAD AMEEN
Director

Karachi:
April 29, 2020

ڈائریکٹرز جائزہ

ہم فرسٹ کریڈیٹ اینڈ انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے تیسری سہ ماہی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی تفصیلات کا گوشوارہ بمطابق ۳۱ مارچ ۲۰۲۰ پیش کرتے ہوئے طمانیت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی تیسری سہ ماہی میں کمپنی کی کل آمدنی ۲۸.۰۳ ملین روپے نمایاں اضافہ کے بعد %۲۷.۲۷ میں ۱۱۳.۲۷ ملین روپے رہی جو کہ پچھلے سال ۳۱ مارچ ۲۰۱۹ کو ختم ہونے والی اسی مدت میں ۸۶.۲۳ ملین روپے تھی۔ کمپنی نے سال کے پہلے نو ماہ کے اختتام پر %۱۱۳ نمایاں اضافے کے ساتھ ۳۵.۳۳ ملین روپے آپریٹنگ منافع حاصل کیا جو پچھلے سال اسی عرصہ میں ۱۶.۳۹ ملین روپے تھا۔ مزید یہ کہ کچھ صارفین کے اکاؤنٹ میں نقصان کے خدشات کو ملحوظ خاطر لاتے ہوئے جو رقم شخص کی گئی تھی ان اکاؤنٹ میں بہتری کی وجہ سے وہ رقم واپس شامل کر لی گئی ہے جس کی وجہ سے کمپنی نے سال ۲۰۱۹-۲۰ کی موجودہ تیسری سہ ماہی میں قبل از ٹیکس منافع ۱۶.۸۷ ملین روپے اضافے کے بعد ۳۷.۹۵ ملین روپے ریکارڈ کیا جبکہ پچھلے سال اسی مدت میں ۲۱.۰۸ ملین روپے قبل از ٹیکس منافع ظاہر کیا گیا تھا اسی طرح رواں مالی سال کے پہلے نو ماہ کے اختتام پر ۱۴.۳۹ ملین روپے اضافے کے ساتھ بعد از ٹیکس منافع ۲۶.۶۶ ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس منافع ۱۳.۳۷ ملین روپے تھا۔ مذکورہ بالا اضافے کی بنیاد کمپنی میں ٹریڈری اور مٹی مارکیٹ آپریٹنگ کا مشترکہ فعال کردار ہے جس کے نتیجے میں شیئر ہولڈرز ایکویٹی سرمایہ کاری کی موجودہ مالیت کے مطابق اکاؤنٹ میں لینے کے بعد ۳۰.۳۷ ملین روپے ہو گئی جبکہ ۳۰ جون ۲۰۱۹ کو شیئر ہولڈرز ایکویٹی ۱۸.۵۹ ملین روپے تھی۔ ۳۱ مارچ ۲۰۲۰ کو کمپنی کے کل اثاثہ جات مختصر مدتی سرمایہ کاری میں کمی کی وجہ سے کم ہو کر ۱,۲۲۰ ملین روپے ہو گئے جو کہ ۳۰ جون ۲۰۱۹ کو ۱,۳۸۵.۳۰ ملین روپے تھے۔

کریڈٹ ریٹنگ:

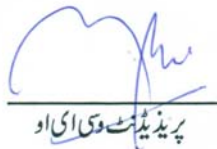
JCR-VIS کریڈٹ ریٹنگ کی رپورٹ بتاریخ ۳۱ دسمبر ۲۰۱۹ کے مطابق کمپنی نے درمیانے سے طویل مدتی ریٹنگ کو 'A' (سنگل A منفی) اور مختصر مدتی ریٹنگ کو 'A-2' پر برقرار رکھا ہے۔ ریٹنگ کا آؤٹ لک مستحکم ہے۔

مستقبل کے امکانات:

زیر جائزہ سہ ماہی کے دوران موجودہ کوویڈ-۱۹ (covid-19) کی وباء کے انتہائی منفی اثرات نے پاکستان سمیت دنیا بھر کے کاروبار اور اقتصادی سرگرمیوں کو بری طرح متاثر کیا ہے۔ کوویڈ-۱۹ (covid-19) کی وباء سے مالیاتی نظام کیلئے مضمرات دور رس ہیں جو وقت گزرنے کے ساتھ ساتھ سامنے آئیں گے انتظامیہ صورتحال پر مسلسل نگاہ رکھے ہوئے ہے اور کمپنی کے امور کو احتیاط اور تدبیر سے سنبھال رہے ہیں۔ آمدنی کے ذرائع کو بڑھانے کیلئے ہم موجودہ صورتحال کا قدامت پسند نقطہ نظر سے مشاہدہ کرتے ہوئے اپنی توجہ مختلف النوع کاروباری ذرائع جو کہ معاشی لاک ڈاؤن سے کم متاثر ہوئے ہیں بروئے کار لارہے ہیں۔ کاروبار کی رفتار میں بہتری پاکستان کے اقتصادی اور کاروباری حالات میں بہتری کے ساتھ مربوط ہے۔ آپ کی کمپنی اپنے اثاثوں کے معیار کو بہتر کرنے، اور موجودہ عملے اور اہم پیشہ ورانہ عملہ کی خدمات حاصل کر کے ان کو ٹریڈنگ کے ذریعہ اپنے انفراسٹرکچر میں بہتری لانے، مختلف النوع پروڈکٹس کو بروئے کار لانے کی مناسب کوشش کر رہی ہے، اور نئے مواقع اور نئے چیلنجز کا سامنے کرنے کے لئے اپنی پالیسیاں اور طریقہ کار کو جدید طرز پر ڈھال رہی ہے۔

اظہار تشکر:

ڈائریکٹرز اپنے اسٹیٹ ہولڈرز، قابل قدر صارفین اور مالیاتی اداروں کا ان کے مسلسل اعتماد اور سرپرستی کے لئے تشکر کا اظہار کرتے ہیں۔ ریگولیٹری اداروں خاص طور پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی رہنمائی اور حوصلہ افزائی کے بھی شکر گزار ہیں۔ ہم انتظامیہ اور ملازمین کی محنت اور لگن سے کام کرنے کے معترف ہیں۔


پریذیڈنٹ وی ای او


ڈائریکٹر

کراچی۔


۲۹ اپریل ۲۰۲۰





CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		March 31, 2020	June 30, 2019
		Un-audited	Audited
	Note	Rupees	
ASSETS			
Non-current Assets			
Fixed assets			
- Property and equipment	6	6,577,853	4,499,961
Long-term investments	7	21,940,575	29,459,941
Long-term loans and finances		370,793,727	524,108,593
Long term investment finance lease	8	1,042,799	1,605,985
Long-term security deposits		57,500	57,500
Deferred tax asset -net	9	70,813,201	74,058,906
		471,225,655	633,790,886
Current Assets			
Short-term investments	10	297,548,318	93,194,576
Short-term placements	11	140,000,000	420,000,000
Current portion of			
- Long-term investments	7	19,957,638	19,957,638
- Long-term loans and finances		184,998,056	106,109,067
- Net investment in finance lease	8	666,408	922,451
Accrued mark-up		59,488,778	61,068,478
Advances prepayments and other receivables		1,999,034	911,613
Advance taxation - net		6,270,040	13,083,054
Cash and bank balances		37,847,942	36,263,045
		748,776,214	751,509,922
		1,220,001,869	1,385,300,808
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
75,000,000 (June 30, 2019: 75,000,000) shares of Rs. 10 each		750,000,000	750,000,000
Issued, subscribed and paid-up share capital			
65,000,000 (June 30, 2019: 65,000,000) shares of Rs. 10 each		650,000,000	650,000,000
Accumulated profit		99,989,900	92,830,246
Deficit on remeasurement of investment-net	12	(26,694,294)	(24,237,749)
Total shareholders' equity		723,295,606	718,592,497
LIABILITIES			
Non-current liabilities			
Deferred liability - staff gratuity		3,996,937	3,082,177
Long term loan		15,625,000	62,500,000
Security deposit against finance lease		752,000	752,000
		20,373,937	66,334,177
Current liabilities			
Short term running finance facility	13	173,661,624	475,978,135
Short-term repo borrowing		195,679,000	-
Current portion of long-term loan		78,125,000	78,125,000
Unpaid dividend		7,371,397	-
Markup / Interest accrued	14	13,070,952	16,699,841
Accrued and other payables		8,424,353	29,571,158
		476,332,326	600,374,134
CONTINGENCIES AND COMMITMENTS	15	-	-
		1,220,001,869	1,385,300,808

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


Muhammad Kamran
Chief Financial Officer


Muhammad Mohsin Ali
President & CEO


Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	For the nine months period ended March 31,		For the three months period ended March 31,	
		2020	2019	2020	2019
Rupees					
INCOME					
Income from finance and fund placements		92,568,080	74,058,194	28,417,164	27,833,375
Income from investments		21,019,562	6,625,140	17,898,290	1,735,333
Fees & Commission		262,767	5,194,888	104,670	1,354,430
Other income		424,017	360,277	110,062	169,422
		114,274,426	86,238,499	46,530,186	31,092,560
EXPENDITURES					
Finance cost:					
- Mark-up on bank loans		12,400,027	11,927,542	3,779,859	4,353,253
- Mark-up on short-term running finance		22,716,807	25,168,967	7,090,456	9,552,986
- Mark-up on Repo Borrowing		4,197,663	-	3,112,908	-
- Others		237,359	199,795	220,954	165,214
		39,551,856	37,296,304	14,204,177	14,071,453
Administrative and operating expenses		39,393,345	32,449,419	13,284,857	10,601,158
		78,945,201	69,745,723	27,489,034	24,672,611
Operating income		35,329,225	16,492,776	19,041,152	6,419,949
(Provision) / Reversals					
Reversal of provision for non-performing investments	7.1	3,400,000	5,012,609	900,000	1,319,166
Workers Welfare Fund		(774,585)	(430,108)	(398,824)	(154,783)
PROFIT BEFORE TAXATION		37,954,640	21,075,277	19,542,328	7,584,332
Taxation	16	(11,294,986)	(6,706,407)	(5,722,510)	(1,992,506)
PROFIT FOR THE PERIOD		26,659,654	14,368,870	13,819,818	5,591,826
Earnings per share - basic and diluted	18	0.41	0.22	0.21	0.09

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)**

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	For the nine months period ended March 31,		For the three months period ended March 31,	
	2020	2019	2020	2019
	Rupees			
PROFIT FOR THE PERIOD	26,659,654	14,368,870	13,819,818	5,591,826
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account subsequently:</i>				
Gain / (Loss) on remeasurement of investment classified as 'available for sale'	(2,456,545)	(5,513,556)	(12,545,774)	1,527,458
<i>Items that will not be subsequently reclassified to profit and loss account:</i>				
Remeasurement of defined benefit obligations	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,203,109	8,855,314	1,274,044	7,119,284

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

Muhammad Kamran
Chief Financial Officer**Muhammad Mohsin Ali**
President & CEO**Muhammad Ameen**
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Issued, subscribed and paid-up share capital	Reserves		Total	Deficit on remeasurement of investment classified as available for sale	Total shareholders' equity
		Capital	Revenue			
		Statutory reserve	Accumulated loss			
Rupees						
Balance as at July 01, 2018 as previously reported	650,000,000	134,582,762	(51,489,845)	83,092,917	(10,842,766)	722,250,151
Transactions with other than owners of equity:						
Net profit for the period	-	-	14,368,870	14,368,870	-	14,368,870
Other comprehensive income	-	-	-	-	(5,513,556)	(5,513,556)
- Total comprehensive income	-	-	14,368,870	14,368,870	(5,513,556)	8,855,314
- Transfer to statutory reserve	-	2,873,774	(2,873,774)	-	-	-
Balance as at March 31, 2019	650,000,000	137,456,536	(39,994,749)	97,461,787	(16,356,322)	731,105,465
Balance as at July 01, 2019	650,000,000	-	92,830,246	92,830,246	(24,237,749)	718,592,497
Transactions with other than owners of equity:						
Net profit for the period	-	-	26,659,654	26,659,654	-	26,659,654
Other comprehensive income	-	-	-	-	(2,456,545)	(2,456,545)
- Total comprehensive income	-	-	26,659,654	26,659,654	(2,456,545)	24,203,109
Final dividend for the financial year 2018-19	-		(19,500,000)	(19,500,000)	-	(19,500,000)
Balance as at March 31, 2020	650,000,000	-	99,989,900	99,989,900	(26,694,294)	723,295,606

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director



CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)

AS AT MARCH 31, 2020

	March 31, 2020	March 31, 2019
	Rupees	
Cash flows from operating activities		
Profit before taxation	37,954,640	21,075,277
Adjustments for non-cash and other items:		
Depreciation	1,444,755	1,329,106
Gratuity expense	914,760	406,834
Dividend income	(1,529,532)	(1,414,634)
Finance cost	39,551,856	37,296,305
Reversal of provision for non-performing investments-net	(3,400,000)	(5,012,609)
	<u>36,981,839</u>	<u>32,605,002</u>
Operating cash flows before working capital changes	74,936,479	53,680,279
(Increase) / decrease in current assets		
Short-term investments	(204,353,742)	(17,995,681)
Prepayments and other receivables	(1,087,421)	(308,260)
Accrued mark-up	1,579,700	4,955,669
	<u>(203,861,463)</u>	<u>(13,348,272)</u>
Increase / (decrease) in current liabilities		
Accrued expenses and other liabilities	(21,146,805)	17,668,585
Security deposit against finance lease	-	418,600
	<u>(21,146,805)</u>	<u>18,087,185</u>
Cash (used in)/ generated from operations	<u>(150,071,789)</u>	<u>58,419,192</u>
Income tax paid	(1,236,267)	(5,691,558)
Dividend received	1,529,532	1,414,634
Markup paid	(43,180,745)	(28,669,318)
	<u>(42,887,480)</u>	<u>(32,946,243)</u>
Cash generated from operating activities	<u>(192,959,269)</u>	<u>25,472,949</u>
Cash flows from investing activities		
Acquisition of property and equipment	(3,522,647)	(111,735)
Long term investments-net	8,462,821	7,078,932
Long-term loan and finances (payment/ acquisition - net)	74,425,877	(159,678,480)
Long-term finances lease	819,229	(1,569,040)
Net cash (used in) / generated from investing activities	<u>80,185,280</u>	<u>(154,280,323)</u>
Cash flows from financing activities		
Long-term loan obtained /(repaid)	(46,875,000)	(31,250,000)
Cash dividend paid	(12,128,603)	-
Net cash generated from / (used in) financing activities	<u>(59,003,603)</u>	<u>(31,250,000)</u>
Net increase in cash and cash equivalents	<u>(171,777,592)</u>	<u>(160,057,374)</u>
Cash and cash equivalents at the beginning of the period	<u>(19,715,090)</u>	<u>236,938,593</u>
Cash and cash equivalents at the end of the period	<u>(191,492,682)</u>	<u>76,881,219</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

Muhammad Kamran
Chief Financial OfficerMuhammad Mohsin Ali
President & CEOMuhammad Ameen
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020**

1. STATUS AND NATURE OF BUSINESS

1.1 First Credit and Investment Bank Limited ("the Investment Bank") was incorporated in Pakistan on August 31, 1989 as a private company with its liability limited by shares under the name of 'First Credit and Discount Corporation (Private) Limited', converted in to a public company. Subsequently, the name of the Investment Bank was changed to First Credit and Investment Bank Limited. During the year ended June 30, 2009, the Investment Bank was listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) Limited by way of issue of shares to general public. The registered office of the Investment Bank is situated at 2nd floor, Sidco Avenue Centre, Stratchen Road, R.A. Lines, Karachi, Pakistan. The Investment Bank is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP) which each holds 30.77% shareholding in the Investment Bank.

1.2 The Investment Bank is licensed to undertake business of investment finance services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP). The Investment Bank is holding the status of Non Deposit Taking with effect from July 01, 2018.

The JCR-VIS has assigned the Investment Bank a credit rating of 'A-' long & medium term and 'A-2' short term on December 31, 2019. The outlook of the rating is stable.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Investment Bank for the nine months period ended March 31, 2020 has been prepared in accordance with the requirements of the International Accounting Standard -34 "Interim Financial Reporting Standard", provisions of the directives issued under the Companies Act, 2017, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies Notified Entities Regulations, 2008 (the NBFC Regulations), and the other directives issued by the SECP. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the Investment Bank's annual financial statements for the year ended June 30, 2019.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the year ended June 30, 2019.

4. FINANCIAL RISK MANAGEMENT

The Investment Bank's financial risk management objectives and policies are same as disclosed in the annual financial statements for the year ended June 30, 2019.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation are same as those applied by the Company in the annual financial statements for the year ended June 30, 2019.

**6 PROPERTY AND EQUIPMENT**

Additions and disposal during the period & year ended are as under:

	For the nine month period ended March 31, 2020		For the year ended June 30, 2019	
	Un-audited		Audited	
	Additions (cost)	Disposal (book value)	Additions (cost)	Disposal (book value)
	Rupees			
Office Equipment	-	-	96,806	-
Computers	275,372	-	317,035	-
Vehicles	3,247,275	-	-	-
	3,522,647	-	413,841	-
			As at March 31, 2020	As at June 30, 2019
			Un-audited	Audited
			Rupees	

7 LONG-TERM INVESTMENTS**At amortised cost**Term Finance Certificates/Sukuk - listed
Term Finance Certificates/Sukuk - unlisted

Provision against investments

7.1

At fair value through other comprehensive income

TFCs - quoted

Provision against investments

7.1

Investment in shares - quoted

Total long-term investments

Current portion of long-term investments

7.1 Provision against investments

Opening balance

(Reversal)/Provision during the period/year

Closing balance

8 Long-term investment finance lease -net

Lease rental receivable

Residual value

Gross investment in finance lease

Unearned finance lease Income

Current maturity of investment in finance lease

Net investment in finance lease

	39,915,276	47,415,276
	197,270,167	200,670,167
	237,185,443	248,085,443
	(195,870,581)	(199,270,581)
	41,314,862	48,814,862
	17,666,618	17,666,617
	(17,666,618)	(17,666,617)
	-	-
	583,351	602,717
	41,898,213	49,417,579
	(19,957,638)	(19,957,638)
	21,940,575	29,459,941
	216,937,199	213,142,170
	(3,400,000)	3,795,029
	213,537,199	216,937,199
	1,054,986	1,992,698
	752,000	752,000
	1,806,986	2,744,698
	(97,779)	(216,262)
	1,709,207	2,528,436
	(666,408)	(922,451)
	1,042,799	1,605,985

**9 DEFERRED TAX ASSET**

The management of the company has prepared financial projections the said projections are based on certain key assumptions made for the estimation of the recovery against provision. The determination of future axable profit and recoveries are most sensitive to certain key assumption. A significant change in the key assumption and estimate may have an effect on the recovery of deferred tax asset. The management believes that the company will be able to achieve the recovery and profit projected in the financial projection and consequently the deferred tax asset accounted for in the financial statement will be fully realized in the future.

	Note	As at	As at
		March 31, 2020	June 30, 2019
		Un-audited	Audited
Rupees			
10 SHORT TERM INVESTMENTS			
At fair value through other comprehensive income			
Dewan Cement Limited -Pre- IPO TFCs	10.1	50,000,000	50,000,000
(Provision)TFC-Dewan Cement Limited	10.1	(6,930,383)	(6,930,383)
		43,069,617	43,069,617
Investment in shares - listed		32,023,475	29,861,817
Investment in PIBs		202,290,000	-
Investment in Mutual Funds		20,165,226	20,263,142
		297,548,318	93,194,576

10.1 This investment has been calssified under loss category and accordingly made 100% provision has been accounted for after considering FSV of the collateral held as per NBFC and NE Regulations.

11 SHORT TERM PLACEMENTS

	Note	As at	As at
		March 31, 2020	June 30, 2019
		Un-audited	Audited
Rupees			
11.1	11.1	140,000,000	420,000,000

11.1 This represent placement with financial institutions under term deposits carrying markup rate of 14.8% per annum (June 30, 2019 : 12.5% to 14% per annum)

12 DEFICIT ON REVALUATION OF INVESTMENTS - net

	Note	As at	As at
		March 31, 2020	June 30, 2019
		Un-audited	Audited
Rupees			
At fair value through other comprehensive income			
Shares short-term		(24,170,330)	(3,124,930)
Shares long-term		(3,144,294)	(17,070,625)
Mutual fund		(10,686,365)	(5,835,158)
Government Securities		11,789,000	-
Related deffered tax (assets)/liability		(482,305)	1,792,964
		(26,694,294)	(24,237,749)

13 SHORT TERM RUNNING FINANCE FACILITY

	Note	As at	As at
		March 31, 2020	June 30, 2019
		Un-audited	Audited
Rupees			
MCB Bank Limited	13.1	123,661,673	375,978,184
National Bank of Pakistan - an associated undertaking	13.2	49,999,951	99,999,951
		173,661,624	475,978,135

13.1 This represent short-term running finance obtained against TDR from MCB Bank Limited carrying markup rate of 3 months KIBOR plus 0.6% per annum (June 30, 2019: 3 months KIBOR plus 0.6% per per annum).



13.2 This represent short-term running finance obtained with a limit of Rs.50 million (June 30, 2019: Rs.100.0 million) carrying markup @ 3 months KIBOR plus 1.00% per annum (June 30, 2019: 3 months KIBOR plus 1%) per annum. The loan is secured by first pari passu hypothecation charge against all present and future assets of the Investment Bank with 25% margin.

	Note	As at	As at
		March 31, 2020	June 30, 2019
		Un-audited	Audited
Rupees			
14 ACCRUED MARK-UP			
Secured			
Loans and borrowings including running finances	14.1	11,510,815	15,139,704
Unsecured			
Long-term certificate of deposit		1,560,137	1,560,137
		13,070,952	16,699,841

14.1 This amount includes mark-up due to National Bank of Pakistan, an associated undertaking.

15 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at period end (June 30, 2019: Nil)

Commitments

-Standby letter of credit	15.1	39,313,319	43,907,813
-Letter of credit exposure -Pioneer Cement Ltd.		-	9,731,326
-Letter of credit exposure -Power Cement Ltd.		-	1,637,762

15.1 This represents the Investment Bank's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the Investment Bank irrevocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit up to November 17, 2021.

	Note	For the nine-	For the nine-
		month period ended	month period ended
		March 31, 2020	March 31, 2019
		Un-audited	Un-audited
Rupees			
16 TAXATION			
Current		10,324,550	4,278,967
Deferred - net		970,436	2,427,440
		11,294,986	6,706,407
17 CASH AND CASH EQUIVALENTS			
Cash and bank balances		37,847,942	157,058,766
Short-term placements		140,000,000	198,000,000
Short-term running finance		(173,661,624)	(278,177,547)
Short-term repo borrowing		(195,679,000)	-
		(191,492,682)	76,881,219



Note	For the nine-month period ended	For the nine-month period ended
	March 31, 2020	March 31, 2019
	Un-audited	Un-audited
	Rupees	
18 EARNINGS PER SHARE (EPS)		
18.1 Basic EPS		
Earnings for the period	<u>26,659,654</u>	<u>14,368,870</u>
Weighted average number of shares outstanding	<u>65,000,000</u>	<u>65,000,000</u>
Earnings per share - basic	<u>0.41</u>	<u>0.22</u>

18.2 Diluted EPS

There is no dilution effect on the basic earning per share as the Company has no convertible dilutive potential ordinary shares outstanding on March 31, 2020.

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties.

Nature of relationship with related party	Nature of transactions and balances	For the nine month period ended and as at	For the nine-month period ended
		March 31, 2020	March 31, 2019 and as at June 30, 2019
		Rupees	
	Transactions for the nine month period:		
Associate Undertakings	National Bank of Pakistan		
	Markup - paid on long term loan	<u>12,400,027</u>	<u>11,927,542</u>
	Markup - paid on running short-term finance	<u>10,162,256</u>	<u>7,116,745</u>
	Rent paid	<u>3,390,387</u>	<u>3,077,353</u>
	Taurus Securities Limited		
	Brokerage Expenses	<u>46,495</u>	<u>23,194</u>
NBP Fund Management Ltd.	Commission expense	<u>199,784</u>	<u>207,562</u>
	Salaries, benefits and allowances	<u>12,758,262</u>	<u>10,072,349</u>
	Retirement benefits	<u>933,550</u>	<u>871,923</u>
Key management personnel	Return on long-term loans	<u>8,344</u>	<u>13,156</u>
	Staff Retirement Plans		
	Contributions made to staff retirement fund	<u>677,519</u>	<u>548,874</u>
	Balances as at period-end/year - end		
Associate Undertakings	National Bank of Pakistan		
	Investment in shares at cost	<u>3,858,395</u>	<u>3,858,395</u>
	Long term Loan	<u>93,750,000</u>	<u>140,625,000</u>
	Short-term running finance	<u>49,999,951</u>	<u>99,999,951</u>
Key management personnel	NAFA Stock Fund	<u>25,000,000</u>	<u>25,000,000</u>
	Balances as at period-end/year - end	<u>1,303,380</u>	<u>3,001,405</u>

**20 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair values of all financial instruments as at year end are based on the valuation methodology outlined below:

a) Finance and certificates of deposit

For all finances (including certificates of deposit) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and re-pricing profits of similar finance and deposit portfolios.

b) Investments

The fair values of quoted investments are based on quoted market prices. Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment, if any, which approximates their fair value in the absence of an active market.

The Investment Bank uses following fair value hierarchy that reflects significance of inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	March 31, 2020 (Un-audited)		
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	102,687,328	-	-
Unlisted securities	-	11,357,224	-
	102,687,328	11,357,224	-
	June 30, 2019 (Audited)		
	Level 1	Level 2	Level 3
	Rupees		
Listed securities	88,185,314	-	-
Unlisted securities	-	11,357,224	-
	88,185,314	11,357,224	-

c) Other financial instruments

The fair values of all other financial instruments are considered to approximate their carrying amounts.

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information are authorized for issue on **April 29, 2020** by the Board of Directors of the Company.

Muhammad Kamran
Chief Financial Officer

Muhammad Mohsin Ali
President & CEO

Muhammad Ameen
Director