

PAIR Investment Company Limited  
Statement of Financial Position  
As at 30 September 2019



	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	68,811	73,144
Balances with other banks	7	23,610	60,653
Lendings to financial institutions	8	-	105,000
Investments	9	14,712,632	11,269,928
Advances	10	6,175,276	6,223,926
Fixed assets	11	239,171	193,031
Intangible assets	12	382	211
Deferred tax assets	13	409,262	346,484
Other assets	14	505,100	263,060
		22,134,144	18,525,437
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	15	11,051,188	7,915,859
Deposits and other accounts	16	1,349,131	1,221,724
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	504,593	278,164
		12,904,912	9,415,747
<b>NET ASSETS</b>		<b>9,229,232</b>	<b>9,109,690</b>
<b>REPRESENTED BY</b>			
Share capital	18	6,000,000	6,000,000
Reserves	19	864,425	840,066
Surplus / (deficit) on revaluation of assets	20	(73,955)	(71,701)
Unappropriated profit		2,438,762	2,341,325
		9,229,232	9,109,690
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

*H. Tothari*

Chief Executive

*J. Kaur*

Chief Financial Officer

*[Signature]*

Director

*[Signature]*

Director

*[Signature]*

Director

PAIR Investment Company Limited  
 Profit and Loss Account (Un-audited)  
 For the period ended 30 September 2019



	Note	Quarter ended		Nine month period ended	
		July - September 2019	July - September 2018	January - September 2019	January - September 2018
------(Rupees in '000)-----					
Mark-up / return / interest earned	24	505,315	276,282	1,315,845	606,349
Mark-up / return / interest expensed	25	273,803	121,563	678,997	328,970
Net mark-up / interest income		231,512	156,719	636,848	277,379
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	26	826	2,850	5,222	6,297
Dividend Income		12,269	4,754	35,404	15,891
Foreign exchange Income / (loss)		185	(58)	824	273
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on sale of securities	27	1,397	5,161	(4,904)	65,323
Other income		69	(4)	69	(4)
Total non mark-up / interest income		14,736	12,703	36,615	87,780
<b>Total Income</b>		<b>246,248</b>	<b>169,422</b>	<b>673,463</b>	<b>365,159</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	28	72,900	79,269	244,320	216,340
Workers Welfare Fund		1,250	(2,501)	3,750	-
Other charges		-	-	-	-
Total non mark-up / interest expenses		74,150	76,768	248,070	216,340
<b>Profit Before Provisions</b>		<b>172,098</b>	<b>92,654</b>	<b>425,393</b>	<b>148,819</b>
Provisions and write offs - net	29	91,849	6,214	244,711	119,744
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>80,249</b>	<b>86,440</b>	<b>180,682</b>	<b>29,075</b>
Taxation	30	17,092	-	58,886	25,606
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>63,157</b>	<b>86,440</b>	<b>121,796</b>	<b>3,469</b>
Basic and diluted earnings / (loss) per share - (Rupees)	31	0.105	0.144	0.203	0.006

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

*J. J. J. J. J.*

Chief Executive

*J. J. J. J. J.*

Chief Financial Officer

*J. J. J. J. J.*

Director

*J. J. J. J. J.*

Director

*J. J. J. J. J.*

Director

PAIR Investment Company Limited  
 Statement of Comprehensive Income (Un-audited)  
 For the period ended 30 September 2019



	Quarter ended		Period ended	
	July - September 2019	July - September 2018	January - September 2019	January - September 2018
	(Rupees in '000)			
Profit / (loss) after taxation for the period	63,157	86,440	121,796	3,469
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>				
Surplus / (Deficit) on revaluation of available for sale securities - net of tax	56,333	(52,808)	(4,073)	(1,883)
Deferred tax on revaluation	(6,517)	6,600	1,819	3,374
Movement in surplus / (deficit) on revaluation of investments - net of tax	49,816	(46,208)	(2,254)	1,491
<b>Total comprehensive income</b>	<b>112,973</b>	<b>40,232</b>	<b>119,542</b>	<b>4,960</b>

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

*H. Hekhari*

Chief Executive

*J. Causep*  
 Chief Financial Officer

*[Signature]*  
 Director

*[Signature]*  
 Director

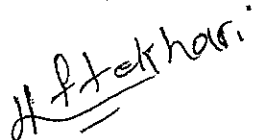
*[Signature]*  
 Director

PAIR Investment Company Limited  
Statement of Changes in Equity (Un-audited)  
For the period ended 30 September 2019

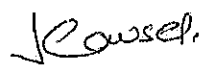


Note	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Fixed / Non Banking assets		
(Rupees in '000)						
Balance as at 1 January 2018	6,000,000	840,066	(37,286)	-	2,452,552	9,255,332
Net profit after taxation for the nine month period ended 30 September 2018	-	-	-	-	3,469	3,469
Other comprehensive income - net of tax	-	-	1,491	-	-	1,491
	-	-	1,491	-	3,469	4,960
Transfer to statutory reserve	-	694	-	-	(694)	-
Transactions with owners, recorded directly in equity:	-	-	-	-	-	-
Final cash dividend - 31 December 2017 declared subsequent to the year end	-	-	-	-	(100,000)	(100,000)
Balance as at 30 September 2018	6,000,000	840,760	(35,795)	-	2,355,327	9,160,292
Profit after taxation for the quarter ended 31 December 2018	-	-	-	-	(13,700)	(13,700)
Other comprehensive income - net of tax	-	-	(35,906)	-	(996)	(36,902)
	-	-	(35,906)	-	(14,696)	(50,802)
Transfer to statutory reserve	19	(694)	-	-	694	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Balance as at 31 December 2018	6,000,000	840,066	(71,701)	-	2,341,325	9,109,690
Net profit after taxation for the nine month period ended 30 September 2019	-	-	-	-	121,798	121,798
Other comprehensive income - net of tax	-	-	(2,254)	-	-	(2,254)
	-	-	(2,254)	-	121,798	119,542
Transfer to statutory reserve	19	24,359	-	-	(24,359)	-
Other comprehensive income - net of tax directly in equity	-	-	-	-	-	-
Balance as at 30 September 2019	6,000,000	864,425	(73,955)	-	2,438,762	9,229,232

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



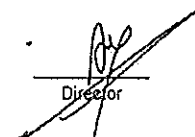
Chief Executive



Chief Financial Officer



Director



Director



Director

PAIR Investment Company Limited  
Cash Flow Statement (Un-audited)  
For the period ended 30 September 2019



Note	30 September 2019	30 September 2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	180,682	29,075
Less: Dividend Income	(35,404)	(15,891)
	<u>145,278</u>	<u>13,184</u>
Adjustments:		
Depreciation	19,066	7,323
Amortisation	178	150
Provision and write-offs	244,711	119,744
Loss / (gain) on sale of fixed assets	69	4
Charge for defined benefit plan	7,966	7,968
Unrealised loss / (gain) on revaluation of held for trading investments	(60)	3,621
	<u>271,930</u>	<u>138,810</u>
	<u>417,208</u>	<u>151,994</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	105,000	420,000
Held-for-trading securities	56,606	-
Advances	(50,392)	(579,782)
Others assets (excluding advance taxation)	(166,327)	10,122
	<u>(55,113)</u>	<u>(149,660)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Borrowings from financial institutions	3,135,329	(1,348,099)
Deposits	127,407	(683,239)
Other liabilities (excluding current taxation)	226,417	(12,782)
	<u>3,489,153</u>	<u>(2,044,120)</u>
	<u>3,851,248</u>	<u>(2,041,786)</u>
Income tax paid	(193,423)	(55,475)
Defined benefits paid	(8,011)	(7,968)
Net cash flows used in operating activities	<u>3,649,814</u>	<u>(2,105,229)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(3,042,511)	2,144,944
Net investments in held-to-maturity securities	(616,381)	-
Dividends received	29,315	15,376
Investments in operating fixed assets	(81,766)	(749)
Proceeds from sale of fixed assets	153	42
Net cash flows generated from investing activities	<u>(3,891,190)</u>	<u>2,159,613</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(100,000)
Net cash flows used in financing activities	<u>-</u>	<u>(100,000)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(41,376)</u>	<u>(45,616)</u>
Cash and cash equivalents at beginning of the period	<u>133,797</u>	<u>129,597</u>
Cash and cash equivalents at end of the period	<u>92,421</u>	<u>83,981</u>

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

*H. Hekhari*

Chief Executive

*K. Kaur*

Chief Financial Officer

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Director

# PAiR Investment Company Limited

## Notes to the Accounts

For the period ended 30 September 2019



### 1. STATUS AND NATURE OF BUSINESS

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

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the 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 Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 Financial Instruments: Disclosures' through its notification S.R.O. 411(I) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 2.2 These condensed interim financial statements of the Company have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019, International Accounting Standard (IAS) 34, 'Interim Financial Reporting', and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018.

#### 2.3 Amendments to approved accounting standards that are effective in the current period

IFRS 16, the accounting standard for leases, became effective for annual reporting periods commencing on or after January 01, 2019. The impact of the adoption of IFRS 16 on the Company's condensed interim financial statements is disclosed in note 3.2.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2019. These are considered either not to be relevant or not to have any significant impact on the Company's financial statements.

## 2.4 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2019:

	Effective date (annual periods beginning on or after)
- IFRS 3: Business Combinations (Amendments)	January 01, 2020
- IAS 1: Presentation of Financial Statements (Amendments)	January 01, 2020
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	Effective date (annual periods ending on or after)
- IFRS 9: Financial Instruments	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered in preparation of these condensed interim financial statements.

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has a material impact on all assets of the Company which are exposed to credit risk.

The Company expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2018 except as disclosed in Note 3.2.

### 3.1 Change in Accounting Policies

The SBP, vide BPRD Circular Letter No. 05, dated March 22, 2019 has amended the format of condensed interim financial statements of banks / DFIs in order to align it with the annual financial statements, issued vide BPRD Circular No. 02 of 2018. All banks / DFIs have been directed to prepare their condensed interim financial statements on the revised format effective from the accounting year beginning on January 01, 2019. Accordingly, the Company has prepared these condensed interim financial statements on the new format prescribed by the SBP.

### 3.2 During the period, IFRS 16 - Leases became applicable. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from January 01, 2019, and has not restated comparatives for the reporting period of 2018, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 12.56% per annum as of January 01, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at 30 September 2019	As at 01 January 2019
	(Rupees in '000)	
Total lease liability	<u>47,391</u>	<u>58,315</u>



On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:

	As at 30 September 2019 (Rupees in '000)	As at 01 January 2019
Leased Property	<u>46,657</u>	<u>58,315</u>

The effect of this change in accounting policy is as follows:

	As at 30 September 2019 (Rupees in '000)	As at 01 January 2019
<b>Impact on Statement of Financial Position</b>		
Increase in fixed assets - right-of-use assets	46,657	58,315
Decrease in other assets - advances, deposits, advance rent and other prepayments	(8,276)	(3,219)
Increase in total assets	<u>38,381</u>	55,096
Increase in other liabilities - lease liability against right-of-use assets	(47,391)	(55,096)
<b>Decrease in net assets</b>	<u>(9,010)</u>	<u>-</u>

	For the nine months period ended 30 September 2019 (Rupees in '000)
<b>Impact on Profit and Loss account</b>	
Increase in mark-up expense - lease liability against right-of-use assets	(4,707)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(11,658)
- Rent expense	15,631
Decrease in profit before tax	<u>(734)</u>
Increase in tax	213
Decrease in profit after tax	<u>(521)</u>

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2018.

#### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2018.



6. CASH AND BALANCES WITH TREASURY BANKS	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
In hand			
Local currency		70	70
Foreign currencies		4,156	4,153
		<u>4,226</u>	<u>4,223</u>
With State Bank of Pakistan in			
Local currency current account	6.1	63,997	68,363
With National Bank of Pakistan in			
Local currency current account		17	12
Local currency deposit account		571	546
		<u>588</u>	<u>558</u>
		<u>68,811</u>	<u>73,144</u>

6.1 This represents current account maintained for minimum cash reserve required to be maintained with the State Bank of Pakistan in accordance with its requirements.

7. BALANCES WITH OTHER BANKS		30 September 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
In Pakistan			
In current accounts		1,674	33,268
In deposit accounts	7.1	21,936	27,385
		<u>23,610</u>	<u>60,653</u>

7.1 These deposit accounts carry annual mark-up rate of 11.25% (31 Dec 2018: 3.25% to 8%).

8. LENDINGS TO FINANCIAL INSTITUTIONS		30 September 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
Call / clean money lendings		-	-
Certificate of Investment	8.2	-	105,000
		<u>-</u>	<u>105,000</u>
8.1 Particulars of lendings			
In local currency		<u>-</u>	<u>105,000</u>

8.2 This carries mark-up rate of Nil (31 Dec 2018: 12.50%) per annum, with maturity on Nil (31 Dec 2018: 29 March 2019).

9. INVESTMENTS

9.1 Investments by type

	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Held-for-trading securities</b>								
Shares	19,459	-	60	19,519	84,075	-	(8,010)	76,065
	19,459	-	60	19,519	84,075	-	(8,010)	76,065
<b>Available-for-sale securities</b>								
Federal Government Securities	7,980,403	-	30,547	8,010,950	5,276,557	-	(15,511)	5,261,046
Units of mutual funds	274,120	(98,456)	-	175,664	274,119	(74,436)	-	199,683
Shares	1,152,250	(237,012)	(102,127)	813,111	953,722	(135,043)	(62,239)	756,440
Non Government Debt Securities	5,126,710	(32,636)	(17,167)	5,076,907	4,986,574	(12,956)	(6,924)	4,966,694
	14,533,483	(368,104)	(88,747)	14,076,632	11,490,972	(222,435)	(84,674)	11,183,863
<b>Held-to-maturity securities</b>								
Non Government Debt Securities	616,381	-	-	616,381	-	-	-	-
	616,381	-	-	616,381	-	-	-	-
<b>Total investments</b>	<b>15,169,323</b>	<b>(368,104)</b>	<b>(88,687)</b>	<b>14,712,532</b>	<b>11,575,047</b>	<b>(222,435)</b>	<b>(92,684)</b>	<b>11,259,928</b>

9.2 Investments by segments

	30 September 2019 (Un-audited)				31 December 2018 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Federal Government securities</b>								
- Market treasury bills	5,230,418	-	(491)	5,229,927	3,963,632	-	(1,512)	3,962,120
- Pakistan Investment Bonds	2,749,985	-	31,038	2,781,023	1,312,925	-	(13,999)	1,298,926
	7,980,403	-	30,547	8,010,950	5,276,557	-	(15,511)	5,261,046
<b>Units in mutual funds</b>	<b>274,120</b>	<b>(98,456)</b>	<b>-</b>	<b>175,664</b>	<b>274,119</b>	<b>(74,436)</b>	<b>-</b>	<b>199,683</b>
<b>Shares</b>								
- Listed companies	1,171,709	(237,012)	(102,067)	832,630	1,037,797	(135,043)	(70,249)	832,505
<b>Non Government Debt Securities</b>								
- Term Finance Certificates - Listed	1,276,260	-	(1,587)	1,274,673	1,555,209	-	(9,000)	1,546,209
- Term Finance Certificates - Unlisted	2,720,208	(11,245)	(7,486)	2,701,477	2,419,108	(11,245)	1,745	2,409,608
- Sukuk bonds	1,130,242	(21,391)	(8,094)	1,100,757	1,012,257	(1,711)	331	1,010,877
	5,126,710	(32,636)	(17,167)	5,076,907	4,986,574	(12,956)	(6,924)	4,966,694
<b>Commercial papers</b>	<b>616,381</b>	<b>-</b>	<b>-</b>	<b>616,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>15,169,323</b>	<b>(368,104)</b>	<b>(88,687)</b>	<b>14,712,532</b>	<b>11,575,047</b>	<b>(222,435)</b>	<b>(92,684)</b>	<b>11,259,928</b>

9.3 Investments given as collateral

	30 September 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
<b>Market treasury bills</b>		
Carrying Value	4,372,151	2,715,515
Deficit	(748)	(1,200)
	<b>4,371,403</b>	<b>2,714,315</b>
<b>Pakistan Investment Bonds</b>		
Carrying Value	2,250,294	1,312,924
Surplus / (deficit)	33,477	(13,998)
	<b>2,283,771</b>	<b>1,298,926</b>
<b>Shares</b>		
Carrying Value	102,101	106,093
Impairment	(5,289)	(17,361)
Deficit	(8,508)	(16,638)
	<b>88,304</b>	<b>72,094</b>
<b>Term Finance Certificates</b>		
Carrying Value	-	499,100
Deficit	-	124
	<b>-</b>	<b>499,224</b>

9.4 Provision for diminution in value of investments

	30 September 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Opening balance	222,435	82,797
<b>Charge / reversals</b>		
Charge for the period / year	159,492	166,468
Reversals for the period / year	-	-
Reversal on disposals	(13,823)	(26,830)
	<b>145,669</b>	<b>139,638</b>
<b>Transfers - net</b>		
Amounts written off	-	-
Closing Balance	<b>368,104</b>	<b>222,435</b>



9.5	Particulars of provision against debt securities Category of classification	30 September 2019 (Un-audited)		31 December 2018 (Audited)	
		NPI	Provision	NPI	Provision
		(Rupees in '000)			
Domestic					
Other assets especially mentioned					
Substandard					
Doubtful					
Loss					
		49,924	(32,636)	54,336	(12,956)
		<u>49,924</u>	<u>(32,636)</u>	<u>54,336</u>	<u>(12,956)</u>

9.6 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to PKR. 616.381 Million (December 31, 2018: Nil).

10 ADVANCES

Note

	Note	Performing		Non Performing		Total	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
(Rupees in '000)							
Loans, cash credits, running finances, etc.	10.2	4,948,063	5,115,626	2,003,192	1,712,086	6,951,255	6,827,712
Islamic financing and related assets		294,833	332,984	-	-	294,833	332,984
Bills discounted and purchased		-	35,000	-	-	-	35,000
Advances - gross	10.1	<u>5,242,896</u>	<u>5,483,610</u>	<u>2,003,192</u>	<u>1,712,086</u>	<u>7,246,088</u>	<u>7,195,696</u>
Provision against advances							
- Specific		-	-	(1,070,812)	(971,770)	(1,070,812)	(971,770)
- General		-	-	-	-	-	-
Advances - net of provision		<u>5,242,896</u>	<u>5,483,610</u>	<u>932,380</u>	<u>740,316</u>	<u>6,175,276</u>	<u>6,223,926</u>

10.1 These include personal loans and house loans advanced to employees in accordance with their terms of employment. These personal loans and house loans carry mark-up at the rates of 3% and 5% (31 December 2018: 3% and 5%) respectively.

10.2 Includes net investment in finance lease as disclosed below:

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	253,512	254,681	508,193	235,806	379,465	615,271
Residual value	31,460	118,464	149,924	6,469	131,841	138,310
Minimum lease payments	<u>284,972</u>	<u>373,145</u>	<u>658,117</u>	<u>242,275</u>	<u>511,306</u>	<u>753,581</u>
Financial charges for future periods	(42,525)	(32,034)	(74,559)	(48,180)	(50,158)	(98,338)
Present value of minimum lease payments	<u>242,447</u>	<u>341,111</u>	<u>583,558</u>	<u>194,095</u>	<u>461,148</u>	<u>655,243</u>
	<u>242,447</u>	<u>341,111</u>	<u>583,558</u>	<u>194,095</u>	<u>461,148</u>	<u>655,243</u>

10.2.1 The Company's implicit rate of return on leases ranges between 12.09% to 19.03% (31 December 2018: 8.27% and 15.94%) per annum. These are secured against leased assets and security deposits generally upto 27% (31 December 2018: 27%) of the cost of leased assets.

10.2.2 Lease rentals received during the period aggregate to PKR 243.9 million (31 December 2018: Rs. 181.132 million).

10.3	Particulars of advances (Gross)	30 September 2019	31 December 2018
		2019	2018
		(Un-audited)	(Audited)
(Rupees in '000)			
In local currency		7,246,088	7,195,696
In foreign currencies		-	-
		<u>7,246,088</u>	<u>7,195,696</u>

10.4 Advances include Rs. 1,818.359 million (31 December 2018: Rs. 1,712.086 million) which has been placed under non-performing status as detailed below:

Category of Classification	30 September 2019 (Un-audited)		31 December 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
OAEM	296,306	-	-	-
Substandard	-	-	165,656	31,059
Doubtful	77,737	-	235,803	-
Loss	<u>1,629,149</u>	<u>1,070,812</u>	<u>1,310,627</u>	<u>940,711</u>
	<u>2,003,192</u>	<u>1,070,812</u>	<u>1,712,086</u>	<u>971,770</u>



10.5 Particulars of provision against advances	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	971,770	-	971,770	854,246	-	854,246
Charge for the period / year	99,042	-	99,042	117,524	-	117,524
Reversals	-	-	-	-	-	-
Amounts written off	99,042	-	99,042	117,524	-	117,524
Closing balance	1,070,812	-	1,070,812	971,770	-	971,770

10.5.1 Particulars of provision against advances	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,070,812	-	1,070,812	971,770	-	971,770
In foreign currencies	-	-	-	-	-	-
	1,070,812	-	1,070,812	971,770	-	971,770

10.5.2 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the SBP, the Company has availed the benefit of Forced Sales Value (FSV) against the non-performing advances. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances would have been higher by Rs.597.202 million (31 December 2018: Rs.498.174 million). Further, this amount arising from availing the benefit of FSV is not available for distribution amongst the shareholders either in the form of cash or stock dividend.

11. FIXED ASSETS	Note	30 September 2019	31 December 2018
		(Un-audited)	(Audited)
(Rupees in '000)			
Capital work-in-progress	11.1	183,090	183,090
Property and equipment	11.2	56,081	9,941
		<u>239,171</u>	<u>193,031</u>

11.1 This represents office building and related parking space situated at The Ocean Mall, Clifton, Karachi purchased by the Company to transfer its registered and principal office.

11.2 This includes right-of-use assets amounting to PKR 46.657 million (31 December 2018: NIL) due to adoption of IFRS 16 as detailed in note 3.2.

#### 11.3 Additions to fixed assets

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

	30 September 2019	31 December 2018
	(Un-audited)	(Audited)
(Rupees in '000)		
<b>Property and equipment</b>		
Furniture and fixtures	511	-
Electrical office and computer equipment	2,593	1,417
	<u>3,104</u>	<u>1,417</u>

#### 12. INTANGIBLE ASSETS

Computer Software	382	211
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#### 12.1 Additions to intangible assets

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

Software Licences - Directly purchased	349	-
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13. DEFERRED TAX ASSETS

30 September 2019 (Un-audited)			
At 01 January 2019	Recognised in profit and loss account	Recognised in other comprehensive income	At 30 September 2019
----- (Rupees in '000) -----			
<b>Deductible Temporary Differences on</b>			
- Post retirement employee benefits	1,485	1,190	2,675
- Deficit on revaluation of investments	16,470	-	15,047
- Accelerated tax depreciation	12,571	(4,811)	7,760
- Provision against advances	281,813	28,722	310,535
- Provision for impairment	64,505	42,244	106,749
- Others	1,016	(229)	787
	<b>377,860</b>	<b>67,116</b>	<b>443,553</b>
<b>Taxable Temporary Differences on</b>			
- Surplus on revaluation of investments	(50)	-	3,192
- Accelerated tax depreciation	(5,734)	(991)	(6,725)
- Lease assets	(25,039)	(5,719)	(30,758)
- Others	(553)	553	-
	<b>(31,376)</b>	<b>(6,157)</b>	<b>(34,291)</b>
	<b>346,484</b>	<b>60,959</b>	<b>409,262</b>
31 December 2018 (Audited)			
At 01 January 2018	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2018
----- (Rupees in '000) -----			
<b>Deductible Temporary Differences on</b>			
- Post retirement employee benefits	2,739	(1,661)	1,485
- Deficit on revaluation of investments	11,288	5,182	16,470
- Accelerated tax depreciation	3,723	8,848	12,571
- Provision against advances	256,274	25,539	281,813
- Provision for impairment	14,363	50,142	64,505
- Others	2,268	(1,252)	1,016
	<b>290,655</b>	<b>86,798</b>	<b>377,860</b>
<b>Taxable Temporary Differences on</b>			
- Surplus on revaluation of investments	(6,162)	(283)	(50)
- Accelerated tax depreciation	(1,680)	(4,054)	(5,734)
- Lease assets	(22,259)	(2,780)	(25,039)
- Others	-	(553)	(553)
	<b>(30,101)</b>	<b>(7,670)</b>	<b>(31,376)</b>
	<b>260,554</b>	<b>79,128</b>	<b>346,484</b>

14. OTHER ASSETS

	Note	30 September 2019 (Un-audited)	31 December 2018 (Audited)
----- (Rupees in '000) -----			
Income / Mark-up accrued in local currency - net of provision		1,422,336	1,132,962
Advances, deposits, advance rent and other prepayments		25,499	11,494
Advance taxation (payments less provisions)		89,272	15,694
Non-banking asset acquired in satisfaction of claims		90,951	94,905
Dividend receivable		6,603	514
Security deposits		6,231	7,231
		<b>1,640,892</b>	<b>1,262,800</b>
Less: Provision held against other assets	14.1	<b>(1,135,792)</b>	<b>(999,740)</b>
Other Assets (Net of Provision)		<b>505,100</b>	<b>263,060</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Other Assets - total		<b>505,100</b>	<b>263,060</b>



		30 September 2019 (Un-audited)	31 December 2018 (Audited)
	Note	(Rupees in '000)	
<b>14.1 Movement in provision held against other assets</b>			
Opening balance		999,740	682,147
Charge for the period / year		146,074	323,804
Reversals		(10,022)	(6,211)
Amount written off		-	-
Closing balance		<u>1,135,792</u>	<u>999,740</u>

#### 14.2 CONTINGENT ASSETS

There are no contingent assets as at 30 June 2019 (31 December 2018: nil).

#### 15. BORROWINGS

In Pakistan (local currency)	15.1	<u>11,051,188</u>	<u>7,915,859</u>
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#### 15.1 Details of borrowings secured / unsecured

##### Secured

Borrowings from State Bank of Pakistan- Under financing facility			
-for Imported & Locally Manufactured Plant & Machinery (LTFF)	15.2	1,422,722	712,115
Repurchase agreement borrowings	15.3	6,641,466	3,994,244
Term borrowings	15.4	2,875,000	2,062,500
<b>Total Secured</b>		<u>10,939,188</u>	<u>6,768,859</u>

##### Unsecured

Call borrowings		112,000	1,147,000
<b>Total Unsecured</b>		<u>11,051,188</u>	<u>7,915,859</u>

15.2 The Company has entered into agreement with the SBP for extending Long Term Financing Facility (LTFF) for Imported & Locally Manufactured Plant & Machinery. These borrowings carry mark-up rate of 2.0% per annum (31 December 2018: 2.0%). These borrowings will mature by 2029 (31 December 2018: 2027).

15.3 These carry mark-up at the rates ranging from 13.50% to 13.75% per annum (31 December 2018: 10.20% to 10.50%) and are secured against government securities having carrying amount of PKR 6.622 billion (31 December 2018: PKR 4.028 billion). These borrowings will mature up to November 2019 (31 December 2018: February 2019).

15.4 These represent finances obtained from Allied Bank Limited to finance regular business operations of the Company. These finances are secured by pledge of listed and unlisted Term finance certificates. It carries mark up at the rate of 6 months KIBOR +0.15 to 0.5% per annum. These are repayable in semi annual installments and shall be repaid by 2024.

		30 September 2019 (Un-audited)	31 December 2018 (Audited)
	Note	(Rupees in '000)	
<b>16. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Term deposits - In Local Currency	16.2	799,852	711,906
<b>Financial Institutions</b>			
Term deposits - In Local Currency	16.3	549,279	509,818
		<u>1,349,131</u>	<u>1,221,724</u>
<b>16.1 Composition of deposits</b>			
- Individuals	16.4	42,077	41,161
- Public Sector Entities		-	331,878
- Non-Banking Financial Institutions		549,279	509,818
- Private Sector		757,775	338,867
		<u>1,349,131</u>	<u>1,221,724</u>



16.2 The mark-up rates on these certificate of investments (COI) range between 12.6% to 13.75% per annum (31 December 2018: 6.15% to 6.6 per annum). These COIs will mature up to July 2020 (31 December 2018: May 2019).

16.3 The mark-up rates on these certificate of investments (COI) range between 13.6% to 13.6% per annum (31 December 2018: 8.85% to 10.65%). These COIs will mature up to December 2019 (31 December 2018: March 2019).

16.4 These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to July 2020 (31 December 2018: October 2019).

17. OTHER LIABILITIES	30 September 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Mark-up / return / interest payable in local currency	131,158	44,886
Accrued expenses	44,357	12,940
Advance payments	20,000	-
Brokerage payable to NCCPL	18,623	-
Payable to defined benefit plan	7,483	7,528
Payable to an associated undertaking	7,029	6,475
Payable to government levies	3,114	4,694
Provision for compensated absences	3,518	3,502
Provision for audit fee	492	714
Advance insurance premium on lease	939	932
Security deposits against finance lease	149,924	138,310
Provision for staff rewards	11,724	3,092
Provision for worker's welfare fund	58,841	55,091
Lease liability against right-of-use assets	47,391	-
	<b>504,593</b>	<b>278,164</b>

## 18. SHARE CAPITAL

### 18.1 Authorised capital

30 September 2019 (Un-audited)	31 December 2018 (Audited)		30 September 2019 (Un-audited)	31 December 2018 (Audited)
(Number of shares)			(Rupees in '000)	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>

### 18.2 Issued, subscribed and paid-up share capital

<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>6,000,000</u>
<u>600,000,000</u>	<u>600,000,000</u>	Fully paid in cash	<u>6,000,000</u>	<u>6,000,000</u>

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

Name of shareholder	30 September 2019 (Un-audited)		31 December 2018 (Audited)	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Government of Pakistan *	300,000,000	50%	300,000,000	50%
Iran Foreign Investment Company *	300,000,000	50%	300,000,000	50%
	<u>600,000,000</u>	<u>100%</u>	<u>600,000,000</u>	<u>100%</u>

\* This includes nominal shares allotted to the nominee Directors of the Company nominated by Government of Pakistan and Iran Foreign Investment Company.



19. RESERVES	30 September 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
Statutory reserve		
Opening balance	840,066	840,066
Transfer during the year	24,359	-
Closing balance	<u>864,425</u>	<u>840,066</u>

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

20. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS	30 September 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
Surplus / (deficit) on revaluation of		
- Available for sale securities	9.1 (88,747)	(84,674)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>(88,747)</u>	<u>(84,674)</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	14,792	12,973
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>14,792</u>	<u>12,973</u>
	<u>(73,955)</u>	<u>(71,701)</u>

## 21. CONTINGENCIES AND COMMITMENTS

21.1 For Tax year 2013, the income tax department has amended the assessments the company has paid the additional demand created by the department under protest. While making amended assessment certain errors were made in the revised order with the effect amounting to Rs. 5.5 million. The company has filed a rectification application for the same in addition to filing an appeal before ATIR against the amended order issued by CIRA which is pending for hearing.

In respect of tax years 2014 & 2015 ATIR deleted the demand on ground of allocation of mark-up expenses to capital gain and dividend income and directed the department to work out the liability of WWF in the light of Supreme Court's order. It has also remanded back the issue of taxing amortization of TFCs and preference shares and taxing of capital gain on sale of TFCs and T bills under the head business income instead of capital gain for re-adjudication. The department may file reference before High Court on allocation of expenses, where any adverse decision may increase the liability of the Company by approximately PKR 54.71 million & PKR 93.93 million respectively.

In respect of Tax year 2016, ACIR passed order under section 122(5A) creating demand of Rs. 51.017 million on account of apportionment of markup expense, brokerage expense and administrative expenses allocated to capital gains. Consequently super tax for the year was also adjusted. The Company and the Department has filed appeals before the Appellate Tribunal on the same.

In respect of Tax year 2018 ACIR passed Order reducing the refund amounting to Rs.17.9. The Company has filed an appeal against the order before the CIR(A) on 31 January 2019 which is pending for hearing.

21.2 Commitments in respect of repo transactions	30 September 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
Repurchase agreement borrowings	<u>6,641,466</u>	<u>3,994,244</u>
21.3 Direct credit substitutes	<u>180,345</u>	<u>80,000</u>
21.4 Commitments to extend credit		

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



**22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**23. DERIVATIVE INSTRUMENTS**

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

**23.1 Equity futures**

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

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

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

<b>24. MARK-UP / RETURN / INTEREST EARNED</b>	<b>30 September 2019 (Un-audited)</b>	<b>30 September 2018 (Un-audited)</b>
	<b>(Rupees in '000)</b>	
On loans and advances to	449,172	48,282
On investments	856,616	523,929
On deposits with financial institutions	1,382	551
On lendings to financial institutions	8,675	33,587
	<u>1,315,845</u>	<u>606,349</u>
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	57,700	62,406
Securities sold under repurchase agreements	407,767	197,684
On borrowing from State Bank of Pakistan- Under financing facility -for Imported & Locally Manufactured Plant & Machinery (LTFF)	17,694	10,443
Other Borrowing	191,129	58,437
Lease liability against right-of-use assets	4,707	-
	<u>678,997</u>	<u>328,970</u>
<b>26. FEE &amp; COMMISSION INCOME</b>		
Investment banking fees	4,737	6,297
Commission on trade	112	-
Commission on guarantees	373	-
	<u>5,222</u>	<u>6,297</u>
<b>27. LOSS / (GAIN) ON SALE OF SECURITIES</b>		
Realised	27.1 (4,964)	68,944
Unrealised - held for trading	60	(3,621)
	<u>(4,904)</u>	<u>65,323</u>
<b>27.1 Realised (loss) / gain on:</b>		
Shares	<u>(4,964)</u>	<u>68,944</u>

28.	OPERATING EXPENSES	30 September 2019 (Un-audited)	30 September 2018 (Un-audited)	
		(Rupees in '000)		
	<b>Total compensation expense</b>	28.1	160,150	141,983
	<b>Property expense</b>			
	Rent & taxes	-	14,388	
	Insurance	2,601	2,538	
	Utilities cost	3,868	3,639	
	Security (including guards)	741	513	
	Repair & maintenance (including janitorial charges)	8,486	2,981	
	Depreciation on right-of-use assets	11,658	-	
	Depreciation on owned assets	6,091	6,081	
		<b>33,445</b>	<b>30,140</b>	
	<b>Information technology expenses</b>			
	Software maintenance	5,216	3,003	
	Depreciation	1,317	1,242	
	Amortisation	178	150	
	Network charges	3,106	3,223	
	Others	346	146	
		<b>10,163</b>	<b>7,764</b>	
	<b>Other operating expenses</b>			
	Directors' fees and allowances	2,171	2,101	
	Legal & professional charges	4,602	7,648	
	Travelling & conveyance	22,631	18,803	
	Training & development	1,007	270	
	Postage & courier charges	174	163	
	Communication	943	908	
	Stationery & printing	526	1,014	
	Marketing, advertisement & publicity	251	209	
	Auditors Remuneration	2,934	2,356	
	Commission and brokerage	3,819	1,771	
	Others	1,504	1,210	
		<b>40,562</b>	<b>36,453</b>	
		<b>244,320</b>	<b>216,340</b>	
	<b>28.1 Total compensation expense</b>			
	<b>Fees and Allowances etc</b>			
	Employees Remuneration	-	-	
	i) Fixed	78,787	68,221	
	ii) Variable			
	of which;			
	a) Cash Bonus / Awards etc.	19,910	16,684	
	b) Bonus & Awards in Shares etc.	-	-	
	Charge for defined benefit plan	7,966	6,432	
	Contribution to defined contribution Plan	6,763	6,475	
	Rent & house maintenance	18,220	17,613	
	Utilities	4,555	4,278	
	Medical	5,603	5,226	
	Conveyance	17,336	16,280	
	Others	1,010	774	
	<b>Total</b>	<b>160,150</b>	<b>141,983</b>	
		<b>30 September 2019 (Un-audited)</b>	<b>30 September 2018 (Un-audited)</b>	
		(Rupees in '000)		
	<b>29 PROVISIONS &amp; WRITE OFFS - NET</b>			
	Provisions against lending to financial institutions	-	-	
	Provisions for diminution in value of investments	9.4	145,669	73,523
	Provisions against loans and advances	10.5	99,042	46,221
		<b>244,711</b>	<b>119,744</b>	



	30 September 2019 (Un-audited) (Rupees in '000)	30 September 2018 (Un-audited) (Rupees in '000)
<b>30. TAXATION</b>		
Current	119,845	15,783
Prior period	-	-
Deferred	(60,959)	9,823
	<u>58,886</u>	<u>25,606</u>
<b>31. BASIC &amp; DILUTED EARNINGS PER SHARE</b>		
Profit for the period	<u>121,796</u>	<u>3,469</u>
	<u>(Number of Shares in '000)</u>	
Weighted average number of ordinary shares	<u>600,000</u>	<u>600,000</u>
Basic & diluted earnings per share	<u>0.203</u>	<u>0.006</u>

### 32. FAIR VALUE MEASUREMENTS

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

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

#### 32.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Government securities	PKRV / PKFRV rates (MUFAP rates)
Term finance certificates and sukuk bonds (other than government)	MUFAP rates
Listed securities	PSX rates

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

#### 32.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measured is categorised.

On balance sheet financial instruments	30 September 2019 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
<b>Financial assets measured at fair value</b>				
Federal Government Securities	-	8,010,950	-	8,010,950
Units of mutual funds	-	175,664	-	175,664
Shares in listed companies	832,630	-	-	832,630
Non Government Debt Securities	5,076,907	-	-	5,076,907
	31 December 2018 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
<b>Financial assets measured at fair value</b>				
Federal Government Securities	-	5,261,046	-	5,261,046
Units of mutual funds	-	199,683	-	199,683
Shares in listed companies	832,505	-	-	832,505
Non Government Debt Securities	3,992,913	-	-	3,992,913

## SEGMENT INFORMATION

## Segment Details with respect to Business Activities

	30 September 2019				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	553,314	118,638	-	(35,104)	636,848
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	6,881	-	28,841	893	36,615
<b>Total Income</b>	<b>560,195</b>	<b>118,638</b>	<b>28,841</b>	<b>(34,211)</b>	<b>673,463</b>
Segment direct expenses	21,904	16,178	9,630	200,358	248,070
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>21,904</b>	<b>16,178</b>	<b>9,630</b>	<b>200,358</b>	<b>248,070</b>
Provisions	128,342	24,020	92,349	-	244,711
<b>Profit before tax</b>	<b>409,949</b>	<b>78,440</b>	<b>(73,138)</b>	<b>(234,569)</b>	<b>180,682</b>
	30 September 2019				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	92,140	92,140
Investments	4,115,521	9,836,550	763,512	-	14,715,583
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	5,147,148	-	-	95,746	5,242,894
- non-performing	932,382	-	-	-	932,382
Others	556,786	156,118	90,985	362,304	1,166,193
<b>Total Assets</b>	<b>10,751,837</b>	<b>9,992,668</b>	<b>854,497</b>	<b>550,190</b>	<b>22,149,192</b>
Borrowings	3,842,786	7,042,629	165,773	-	11,051,188
Subordinated debt	-	-	-	-	-
Deposits & other accounts	1,135,646	135,693	77,792	-	1,349,131
Net inter segment borrowing	-	-	-	-	-
Others	210,689	71,259	-	222,645	504,593
<b>Total liabilities</b>	<b>5,189,121</b>	<b>7,249,581</b>	<b>243,565</b>	<b>222,645</b>	<b>12,904,912</b>
Equity	5,658,463	2,743,090	610,932	216,747	9,229,232
<b>Total Equity &amp; liabilities</b>	<b>10,847,584</b>	<b>9,992,671</b>	<b>854,497</b>	<b>439,392</b>	<b>22,134,144</b>
Contingencies & Commitments	180,345	6,641,466	-	-	6,821,811
	30 September 2018				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit	126,106	147,937	-	3,336	277,379
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	6,297	-	81,213	270	87,780
<b>Total Income</b>	<b>132,403</b>	<b>147,937</b>	<b>81,213</b>	<b>3,606</b>	<b>365,159</b>
Segment direct expenses	23,812	15,263	8,075	169,190	216,340
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>23,812</b>	<b>15,263</b>	<b>8,075</b>	<b>169,190</b>	<b>216,340</b>
Provisions / (reversals)	52,879	52,961	14,104	-	119,744
<b>Profit before tax</b>	<b>55,912</b>	<b>79,713</b>	<b>59,034</b>	<b>(165,584)</b>	<b>29,075</b>
	31 December 2018				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	133,797	133,797
Investments	3,351,589	7,144,954	763,385	-	11,259,928
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	105,000	-	-	105,000
Advances - performing	5,410,162	-	-	73,448	5,483,610
- non-performing	740,316	-	-	-	740,316
Others	432,348	97,737	38,931	233,770	802,786
<b>Total Assets</b>	<b>9,934,415</b>	<b>7,347,691</b>	<b>802,316</b>	<b>441,015</b>	<b>18,525,437</b>
Borrowings	2,327,698	5,466,400	121,761	-	7,915,859
Subordinated debt	-	-	-	-	-
Deposits & other accounts	956,993	192,607	72,124	-	1,221,724
Net inter segment borrowing	-	-	-	-	-
Others	153,068	31,059	-	94,037	278,164
<b>Total liabilities</b>	<b>3,437,759</b>	<b>5,690,066</b>	<b>193,885</b>	<b>94,037</b>	<b>9,415,747</b>
Equity	6,496,656	1,657,625	608,431	346,978	9,109,690
<b>Total Equity &amp; liabilities</b>	<b>9,934,415</b>	<b>7,347,691</b>	<b>802,316</b>	<b>441,015</b>	<b>18,525,437</b>
Contingencies & Commitments	80,000	3,994,244	-	-	80,000



### 34 RELATED PARTY TRANSACTIONS

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

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	30 September 2019 (Un-audited)			31 December 2018 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
<b>Advances</b>						
Opening balance		58,688		-	22,559	-
Addition during the period / year		10,440		-	41,059	-
Repaid during the period / year		(2,826)		-	(4,930)	-
Closing balance	-	66,302	-	-	58,688	-
<b>Other Assets</b>						
Other receivable			10,147	-	-	9,035
<b>Deposits and other accounts</b>						
Opening balance		1,823	587,715	-	80	456,681
Received during the period / year		14,911	3,460,612	-	7,026	2,143,428
Withdrawn during the period / year		(13,953)	(3,377,552)	-	(5,263)	(2,012,394)
Transfer in / (out) - net		-	-	-	(20)	-
Closing balance		2,781	670,775	-	1,823	587,715
<b>Other Liabilities</b>						
Interest / mark-up payable		38	3,889	-	14	2,767
Payable to staff retirement fund			-	-	-	2,156
Other liabilities			7,029	-	-	6,475

RELATED PARTY TRANSACTIONS	30 September 2019 (Un-audited)			30 June 2018 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
<b>Income</b>						
Mark-up / return / interest earned	-	2,245	-	-	867	-
<b>Expense</b>						
Mark-up / return / interest paid	-	157	79,015	-	-	25,482
<b>Operating expenses</b>						
Fees for Board & Committee Meeting	2,171	-	-	2,101	-	-
Allowance for Board & Committee Meeting	9,592	-	-	11,785	-	-
Managerial Remuneration	-	52,146	-	-	43,450	-
Cash Bonus / Awards	-	7,858	-	-	12,222	-
Contribution to defined contribution plan	-	4,443	-	-	4,101	-
Rent & house maintenance	-	9,971	-	-	8,536	-
Utilities	-	2,509	-	-	2,134	-
Medical	-	3,121	-	-	2,667	-
Conveyance	-	8,985	-	-	7,489	-
Others	-	547	-	-	473	-

The term 'related party' shall have the same meaning as specified under IAS 24 - Related party disclosures.



**35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**30 September**      **31 December**  
**2019**                      **2018**  
**(Un-audited)**              **(Audited)**  
**(Rupees in '000)**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)	<u>6,000,000</u>	<u>6,000,000</u>
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**Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,070,539</u>	5,816,658
Eligible Additional Tier 1 (ADT 1) Capital		-
Total Eligible Tier 1 Capital	<u>6,070,539</u>	5,816,658
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,070,539</u>	5,816,658

**Risk Weighted Assets (RWAs):**

Credit Risk	<u>9,278,819</u>	8,450,190
Market Risk	<u>1,394,666</u>	1,416,408
Operational Risk	<u>1,231,336</u>	1,231,336
Total	<u>11,904,821</u>	11,097,934

<b>30 September 2019 (Un-audited)</b>		<b>31 December 2018 (Audited)</b>	
<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>

Common Equity Tier 1 Capital Adequacy ratio (%)	<u>6.00%</u>	<u>50.99%</u>	<u>6.00%</u>	<u>52.41%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>7.50%</u>	<u>50.99%</u>	<u>7.50%</u>	<u>52.41%</u>
Total Capital Adequacy Ratio (%)	<u>11.90%</u>	<u>50.99%</u>	<u>11.90%</u>	<u>52.41%</u>

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

**Leverage Ratio (LR):**

**30 September**      **31 December**  
**2019**                      **2018**  
**(Un-audited)**              **(Audited)**  
**(Rupees in '000)**

Eligible Tier-1 Capital	<u>6,070,539</u>	5,816,658
Total Exposures	<u>18,277,127</u>	17,766,344
Leverage Ratio	<u>33%</u>	<u>33%</u>

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	<u>1,750,338</u>	1,711,471
Total Net Cash Outflow	<u>1,570,020</u>	869,649
Liquidity Coverage Ratio (%)	<u>111%</u>	<u>197%</u>

**Net Stable Funding Ratio (NSFR):**

Total Available Stable Funding	<u>13,737,710</u>	12,175,418
Total Required Stable Funding	<u>11,156,901</u>	10,211,830
Net Stable Funding Ratio (%)	<u>123%</u>	<u>119%</u>

**36. GENERAL**

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

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

**36.3 Corresponding figures**

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by State Bank of Pakistan vide BPRD Circular Letter No. 05 of 2019 dated March 22, 2019.



37. EVENTS AFTER THE REPORTING DATE

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

38. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on November 04, 2019 by the Board of Directors of the Company.

H. Hekhari

Chief Executive

Kausel

Chief Financial Officer

[Signature]

Director

[Signature]

Director

[Signature]

Director