



KPMG Taseer Hadi & Co.
Chartered Accountants

PAIR Investment Company Limited

Condensed Interim Financial
Statements (Un-Audited)
For the period ended 30 June 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
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**Independent Auditors' Review Report to the members of PAIR
Investment Company Limited**

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of PAIR Investment Company Limited ("the Company") as at 30 June 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The figures for the quarters ended 30 June 2019 and 30 June 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.

The engagement partner on the engagement resulting in this independent auditor's review report is **Muhammad Taufiq**.

Date: 5 September 2019

Karachi

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KPMG Taseer Hadi & Co.
Chartered Accountants

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

	Note	30 June 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
ASSETS			
Cash and balances with treasury banks	6	50,808	73,144
Balances with other banks	7	148,395	60,653
Lendings to financial institutions	8	100,000	105,000
Investments	9	10,191,342	11,259,928
Advances	10	6,132,969	6,223,926
Fixed assets	11	244,114	193,031
Intangible assets	12	450	211
Deferred tax assets	13	386,072	346,484
Other assets	14	395,858	263,060
		17,650,008	18,525,437
LIABILITIES			
Bills payable		-	-
Borrowings	15	7,242,455	7,915,859
Deposits and other accounts	16	848,940	1,221,724
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	442,354	278,164
		8,533,749	9,415,747
		9,116,259	9,109,690
NET ASSETS			
REPRESENTED BY			
Share capital	18	6,000,000	6,000,000
Reserves	19	851,794	840,066
Surplus / (deficit) on revaluation of assets	20	(123,771)	(71,701)
Unappropriated profit		2,388,236	2,341,325
		9,116,259	9,109,690
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

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H. H. Khan

Chief Executive

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Chief Financial Officer

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Director

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Director

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Director

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

	Quarter ended		Period ended	
	April - June 2019	April - June 2018	January - June 2019	January - June 2018
	(Rupees in '000)			
Profit / (loss) after taxation for the period	9,547	(169,500)	58,639	(155,301)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	(103,635)	9,352	(52,070)	57,051
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Total comprehensive income	(94,088)	(160,148)	6,569	(98,250)

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

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H. H. Tekheri

Chief Executive

K. K. S. S.

Chief Financial Officer

[Signature]

Director

Director

[Signature]

Director

PAIR Investment Company Limited
Statement of Changes in Equity (Un-audited)
For the period ended 30 June 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
Loss after taxation for the half year ended 30 June 2018	-	-	-	-	(155,301)	(155,301)
Other comprehensive income - net of tax	-	-	57,051	-	-	57,051
	-	-	57,051	-	(155,301)	(98,250)
Transfer to statutory reserve	-	-	-	-	-	-
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 June 2018	6,000,000	840,066	19,765	-	2,197,251	9,057,082
Profit after taxation for the half year ended 31 December 2018	-	-	-	-	145,070	145,070
Other comprehensive income - net of tax	-	-	(91,466)	-	(996)	(92,462)
	-	-	(91,466)	-	144,074	52,608
Transfer to statutory reserve	-	-	-	-	-	-
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
Profit after taxation for the half year ended 30 June 2019	-	-	-	-	58,639	58,639
Other comprehensive income - net of tax	-	-	(52,070)	-	-	(52,070)
	-	-	(52,070)	-	58,639	6,569
Transfer to statutory reserve	-	11,728	-	-	(11,728)	-
Other comprehensive income - net of tax directly in equity	-	-	-	-	-	-
Balance as at 30 June 2019	6,000,000	851,794	(123,771)	-	2,388,236	9,116,259

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

KM
H. H. Khan

Chief Executive

J. Cause

Chief Financial Officer

[Signature]

Director

[Signature]

Director

[Signature]

Director

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

Note	30 June 2019	30 June 2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
	100,433	(57,365)
Profit / (loss) before taxation	(23,145)	(11,137)
Less: Dividend income	77,288	(68,502)
Adjustments:		
Depreciation	4,977	4,907
Amortisation	110	107
Provision and write-offs	152,862	113,530
Loss/ (gain) on sale of fixed assets	-	-
Charge for defined benefit plan	5,311	4,768
Unrealised loss / (gain) on revaluation of held for trading investments	4,738	1,723
	167,998	125,035
	245,286	56,533
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,000	420,000
Held-for-trading securities	29,559	-
Advances	(8,085)	(92,302)
Others assets (excluding advance taxation)	(65,457)	44,748
	(38,983)	372,446
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	(673,404)	215,383
Deposits	(372,784)	(889,187)
Other liabilities (excluding current taxation)	164,490	48,855
	(881,698)	(624,949)
	(675,395)	(195,970)
Income tax paid	(143,537)	(112,607)
Defined benefits paid	(5,611)	(5,568)
Net cash flows used in operating activities	(824,543)	(314,145)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	1,156,907	347,872
Net investments in held-to-maturity securities	(236,844)	-
Dividends received	23,659	11,482
Investments in operating fixed assets	(53,773)	(387)
Proceeds from sale of fixed assets	-	-
Net cash flows generated from investing activities	889,949	358,967
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(100,000)
Net cash flows used in financing activities	-	(100,000)
Net increase / (decrease) in cash and cash equivalents	65,406	(55,178)
Cash and cash equivalents at beginning of the period	133,797	129,597
Cash and cash equivalents at end of the period	199,203	74,419

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

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H. Hekhari

Chief Executive

K. Cause

Chief Financial Officer

Director

Director

Director

Director

Director

Director

PAIR Investment Company Limited

Notes to the Accounts

For the period ended 30 June 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.

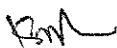
The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated August 26, 2002 till 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 June 2019	As at 01 January 2019
	(Rupees in '000)	
Total lease liability	<u>51,133</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 June 2019	As at 01 January 2019
	(Rupees in '000)	
Leased Property	50,543	58,315

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

	As at 30 June 2019	As at 01 January 2019
	(Rupees in '000)	
Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	50,543	58,315
Decrease in other assets - advances, deposits, advance rent and other prepayments	(3,219)	(3,219)
Increase in total assets	47,324	55,096
Increase in other liabilities - lease liability against right-of-use assets	(51,133)	(55,096)
Decrease in net assets	(3,809)	-

Impact on Profit and Loss account

	For the six months ended 30 June 2019
	(Rupees in '000)
Increase in mark-up expense - lease liability against right-of-use assets	(3,391)
(Increase) / decrease in administrative expenses:	-
- Depreciation on right-of-use assets	(7,772)
- Rent expense	10,574
Decrease in profit before tax	(589)
Increase in tax	171
Decrease in profit after tax	(418)

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.

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6. CASH AND BALANCES WITH TREASURY BANKS	Note	30 June 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
In hand			
Local currency		29	70
Foreign currencies		3,297	4,153
		3,326	4,223
With State Bank of Pakistan in			
Local currency current account	6.1	46,904	68,363
With National Bank of Pakistan in			
Local currency current account		12	12
Local currency deposit account		566	546
		578	558
		50,808	73,144

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 June 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
In Pakistan			
In current accounts		5,152	33,268
In deposit accounts	7.1	143,243	27,385
		148,395	60,653

7.1 These deposit accounts carry annual mark-up rate of 10.25% (31 Dec 2018: 3.25% to 8%).

8. LENDINGS TO FINANCIAL INSTITUTIONS		30 June 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
Call / clean money lendings		-	-
Certificate of Investment	8.2	100,000	105,000
		100,000	105,000
8.1 Particulars of lendings			
In local currency		100,000	105,000

8.2 This carries mark-up rate of 13% (31 Dec 2018: 12.50%) per annum, with maturity on 25 July 2019 (31 Dec 2018: 29 March 2019).

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9. INVESTMENTS
9.1 Investments by type

	30 June 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)								
Held-for-trading securities								
Shares	46,506	-	(4,738)	41,768	84,075	-	(8,010)	76,065
	46,506	-	(4,738)	41,768	84,075	-	(8,010)	76,065
Available-for-sale securities								
Federal Government Securities	4,271,217	-	(8,488)	4,261,729	5,276,557	-	(15,511)	5,261,046
Units of mutual funds	274,119	(89,585)	-	184,554	274,119	(74,436)	-	199,683
Shares	1,048,207	(171,840)	(112,895)	763,472	953,722	(135,043)	(62,239)	758,440
Non Government Debt Securities	4,740,526	(14,854)	(22,697)	4,702,975	4,986,574	(12,956)	(6,924)	4,966,694
	10,334,069	(276,259)	(145,080)	9,912,730	11,490,972	(222,435)	(84,674)	11,183,863
Held-to-maturity securities								
Non Government Debt Securities	236,844	-	-	236,844	-	-	-	-
	236,844	-	-	236,844	-	-	-	-
Total investments	10,617,419	(276,259)	(149,818)	10,191,342	11,575,047	(222,435)	(92,684)	11,259,928

9.2 Investments by segments

	30 June 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)								
Federal Government securities								
- Market treasury bills	2,970,529	-	(9,488)	2,961,041	3,963,632	-	(1,512)	3,962,120
- Pakistan Investment Bonds	1,300,688	-	-	1,300,688	1,312,925	-	(13,998)	1,298,926
	4,271,217	-	(9,488)	4,261,729	5,276,557	-	(15,511)	5,261,046
Units in mutual funds								
Shares	274,119	(89,585)	-	184,554	274,119	(74,436)	-	199,683
- Listed companies	1,094,713	(171,840)	(117,633)	805,240	1,037,797	(135,043)	(70,249)	832,505
Non Government Debt Securities								
- Term Finance Certificates - Listed	1,276,424	-	(16,360)	1,260,064	1,555,209	-	(9,000)	1,546,209
- Term Finance Certificates - Unlisted	2,326,017	(11,245)	1,714	2,316,486	2,419,108	(11,245)	1,745	2,409,608
- Sukuk bonds	1,138,085	(3,609)	(8,051)	1,126,425	1,012,257	(1,711)	331	1,010,877
	4,740,526	(14,854)	(22,697)	4,702,975	4,986,574	(12,956)	(6,924)	4,966,694
Commercial papers								
	236,844	-	-	236,844	-	-	-	-
Total investments	10,617,419	(276,259)	(149,818)	10,191,342	11,575,047	(222,435)	(92,684)	11,259,928

9.3 Investments given as collateral

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Market treasury bills	1,487,338	2,715,515
Carrying Value	(2,338)	(1,200)
Deficit	<u>1,485,000</u>	<u>2,714,315</u>
Pakistan Investment Bonds	1,300,688	1,312,924
Carrying Value	(7,230)	(13,998)
Deficit	<u>1,293,458</u>	<u>1,298,926</u>
Shares	106,937	106,093
Carrying Value	(18,036)	(16,638)
Impairment	88,901	72,094
Deficit	<u>88,901</u>	<u>72,094</u>
Term Finance Certificates	-	499,100
Carrying Value	-	124
Deficit	<u>-</u>	<u>499,224</u>

9.4 Provision for diminution in value of investments

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Opening balance	222,438	82,797
Charge / reversals	67,642	166,469
Charge for the period / year	(13,822)	(26,830)
Reversals for the period / year	53,820	139,639
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	276,256	222,436
Closing Balance	<u>276,256</u>	<u>222,436</u>

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9.5 Particulars of provision against debt securities Category of classification	30 June 2019 (Un-audited)		31 December 2018 (Audited)	
	NPI	Provision	NPI	Provision
	(Rupees in '000)			
Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	50,267	(14,854)	54,336	(12,956)
	<u>50,267</u>	<u>(14,854)</u>	<u>54,336</u>	<u>(12,956)</u>

9.6 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 236.8 Million (December 31, 2018: Nil).

10 ADVANCES	Note	Performing		Non Performing		Total	
		30 June 2019 (Un-audited)	31 December 2018 (Audited)	30 June 2019 (Un-audited)	31 December 2018 (Audited)	30 June 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	10.2	5,189,954	5,115,626	1,708,994	1,712,086	6,898,948	6,827,712
Islamic financing and related assets		304,833	332,984	-	-	304,833	332,984
Bills discounted and purchased		-	35,000	-	-	-	35,000
Advances - gross	10.1	<u>5,494,787</u>	<u>5,483,610</u>	<u>1,708,994</u>	<u>1,712,086</u>	<u>7,203,781</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>5,494,787</u>	<u>5,483,610</u>	<u>638,182</u>	<u>740,316</u>	<u>6,132,969</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 June 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	264,828	343,234	608,062	235,806	379,465	615,271
Residual value	31,460	123,399	154,859	6,469	131,841	138,310
Minimum lease payments	296,288	466,633	762,921	242,275	511,306	753,581
Financial charges for future periods	(51,639)	(43,915)	(95,554)	(48,180)	(50,158)	(98,338)
Present value of minimum lease payments	<u>244,649</u>	<u>422,718</u>	<u>667,367</u>	<u>194,095</u>	<u>461,148</u>	<u>655,243</u>
	<u>244,649</u>	<u>422,718</u>	<u>667,367</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 year aggregate to Rs. 93.152 million (31 December 2018: Rs. 181.132 million).

10.3 Particulars of advances (Gross)

In local currency
In foreign currencies

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
	7,203,781	7,195,696
	<u>7,203,781</u>	<u>7,195,696</u>

10.4 Advances include Rs. 1,708.994 million (31 December 2018: Rs. 1,712.086 million) which has been placed under non-performing status as detailed below:

Category of Classification	30 June 2019 (Un-audited)		31 December 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic	-	-	165,656	31,059
Substandard	79,845	-	235,803	-
Doubtful	1,629,149	1,070,812	1,310,627	940,711
Loss	1,708,994	1,070,812	1,712,086	971,770

10.5	Particulars of provision against advances	30 June 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	124,712	-	124,712	117,524	-	117,524
	Reversals	(25,670)	-	(25,670)	-	-	-
		99,042	-	99,042	117,524	-	117,524
	Amounts written off	-	-	-	-	-	-
	Closing balance	1,070,812	-	1,070,812	971,770	-	971,770

10.5.1	Particulars of provision against advances	30 June 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.598.292 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 June 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
	Capital work-in-progress	11.1	183,090	183,090
	Property and equipment		61,024	9,941
			<u>244,114</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.

This includes right-of-use assets amounting to PKR 50.543 million (31 December 2018: NIL) due to adoption of IFRS 16 as detailed in note 3.2.

11.2 Additions to fixed assets

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

	30 June 2019 (Un-audited) (Rupees in '000)	31 December 2018 (Audited)
Property and equipment	511	-
Furniture and fixtures	2,370	1,417
Electrical office and computer equipment	2,881	1,417

12. INTANGIBLE ASSETS

Computer Software

450	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 June 2019 (Un-audited)			
At 01 January 2019	Recognised in profit and loss account	Recognised in other comprehensive income	At 30 June 2019
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Post retirement employee benefits	1,485	-	1,621
- Deficit on revaluation of investments	16,470	-	5,457
- Accelerated tax depreciation	12,571	(18,269)	-
- Provision against advances	281,813	28,722	-
- Provision for impairment	64,505	15,609	-
- Others	1,016	(270)	-
	377,860	25,792	7,078
			410,730
Taxable Temporary Differences on			
- Surplus on revaluation of investments	(50)	-	1,258
- Accelerated tax depreciation	(5,734)	(842)	-
- Lease assets	(25,039)	5,749	-
- Others	(553)	553	-
	(31,376)	5,460	1,258
	346,484	31,252	8,336
			386,072

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) -----			
Deductible Temporary Differences on			
- Post retirement employee benefits	2,739	(1,661)	407
- Deficit on revaluation of investments	11,288	5,182	-
- Accelerated tax depreciation	3,723	8,848	-
- Provision against advances	256,274	25,539	-
- Provision for impairment	14,363	50,142	-
- Others	2,268	(1,252)	-
	290,655	86,798	407
			377,860
Taxable Temporary Differences on			
- Surplus on revaluation of investments	(6,162)	(283)	6,395
- Accelerated tax depreciation	(1,680)	(4,054)	-
- Lease assets	(22,259)	(2,780)	-
- Others	-	(553)	-
	(30,101)	(7,670)	6,395
	260,554	79,128	6,802
			346,484

14. OTHER ASSETS

	Note	30 June 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
Income / Mark-up accrued in local currency - net of provision		1,260,593	1,132,962
Advances, deposits, advance rent and other prepayments		32,192	11,494
Advance taxation (payments less provisions)		86,185	15,694
Non-banking asset acquired in satisfaction of claims		92,269	94,905
Dividend receivable		-	514
Security deposits		6,231	7,231
		1,477,470	1,262,800
Less: Provision held against other assets	14.1	(1,081,612)	(999,740)
Other Assets (Net of Provision)		395,858	263,060
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Other Assets - total		395,858	263,060

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		30 June 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
14.1	Movement in provision held against other assets		
	Opening balance	999,740	682,147
	Charge for the period / year	91,894	323,804
	Reversals	(10,022)	(6,211)
	Amount written off	-	-
	Closing balance	<u>1,081,612</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>7,242,455</u> <u>7,915,859</u>
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	1,196,417 712,115
	Repurchase agreement borrowings	15.3	2,771,038 3,994,244
	Term borrowings	15.4	2,375,000 2,062,500
	Total Secured		<u>6,342,455</u> <u>6,768,859</u>
	Unsecured		
	Call borrowings		900,000 1,147,000
	Total Unsecured		<u>7,242,455</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 2027 (31 December 2018: 2027).		
15.3	These carry mark-up at the rates ranging from 12.50% to 12.65% per annum (31 December 2018: 10.20% to 10.50%) and are secured against government securities having carrying amount of PKR 2.788 billion (31 December 2018: PKR 4.028 billion). These borrowings will mature up to July 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.		
16.	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Term deposits - In Local Currency	16.2	314,728 711,906
	Financial Institutions		
	Term deposits - In Local Currency	16.3	534,212 509,818
			<u>848,940</u> <u>1,221,724</u>
16.1	Composition of deposits		
	- Individuals	16.4	33,488 41,161
	- Public Sector Entities		- 331,878
	- Non-Banking Financial Institutions		534,212 509,818
	- Private Sector		281,240 338,867
			<u>848,940</u> <u>1,221,724</u>

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- 16.2** The mark-up rates on these certificate of investments (COI) range between 11.1% to 12.7% per annum (31 December 2018: 6.15% to 6.6 per annum). These COIs will mature up to September 2019 (31 December 2018: May 2019).
- 16.3** The mark-up rates on these certificate of investments (COI) range between 11.1% to 12.6% per annum (31 December 2018: 8.85% to 10.65%). These COIs will mature up to September 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 May 2020 (31 December 2018: October 2019).

17. OTHER LIABILITIES	30 June	31 December
	2019	2018
	(Un-audited)	(Audited)
	(Rupees in '000)	
Mark-up / return / interest payable in local currency	46,961	44,886
Accrued expenses	48,063	12,940
Advance payments	52,500	-
Payable to defined benefit plan	7,228	7,528
Payable to an associated undertaking	7,538	6,475
Payable to government levies	5,701	4,694
Provision for compensated absences	2,572	3,502
Provision for audit fee	-	714
Advance insurance premium on lease	681	932
Security deposits against finance lease	154,859	138,310
Provision for staff rewards	7,527	3,092
Provision for worker's welfare fund	57,591	55,091
Lease liability against right-of-use assets	51,133	-
	442,354	278,164

18. SHARE CAPITAL

18.1 Authorised capital

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

18.2 Issued, subscribed and paid-up share capital

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

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

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

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

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	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
19. RESERVES		
Statutory reserve		
Opening balance	840,066	840,066
Transfer during the year	11,728	-
Closing balance	<u>851,794</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.

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
20. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	9.1 (145,080)	(84,674)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>(145,080)</u>	<u>(84,674)</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	21,309	12,973
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>21,309</u>	<u>12,973</u>
	<u>(123,771)</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

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.

	30 June 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
21.2 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u>2,771,038</u>	<u>3,994,244</u>
21.3 Direct credit substitutes	<u>110,000</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.

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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.

24. MARK-UP / RETURN / INTEREST EARNED

	30 June 2019 (Un-audited)	30 June 2018 (Un-audited)
	(Rupees in '000)	
On loans and advances to	294,441	(35,094)
On investments	507,640	280,527
On deposits with financial institutions	1,351	60,242
On lendings to financial institutions	7,098	22,392
	<u>810,530</u>	<u>328,067</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	57,700	45,123
Securities sold under repurchase agreements	223,732	117,383
On borrowing from State Bank of Pakistan- Under financing facility -for Imported & Locally Manufactured Plant & Machinery (LTFF)	10,504	6,998
Other Borrowing	109,867	37,903
Lease liability against right-of-use assets	3,391	-
	<u>405,194</u>	<u>207,407</u>

26. FEE & COMMISSION INCOME

Investment banking fees	3,911	3,447
Commission on trade	112	-
Commission on guarantees	373	-
	<u>4,396</u>	<u>3,447</u>

27. LOSS / (GAIN) ON SALE OF SECURITIES

Realised	27.1	(1,563)	61,885
Unrealised - held for trading		(4,738)	(1,723)
		<u>(6,301)</u>	<u>60,162</u>
27.1 Realised (loss) / gain on: Shares		<u>(1,563)</u>	<u>61,885</u>

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28. OPERATING EXPENSES

30 June 2019
(Un-audited)
(Rupees in '000)

30 June 2018
(Un-audited)

Total compensation expense

28.1 111,905 86,692

Property expense

Rent & taxes
Insurance
Utilities cost
Security (including guards)
Repair & maintenance (including janitorial charges)
Depreciation on right-of-use assets
Depreciation on owned assets

-	9,226
1,867	1,856
2,428	2,297
620	352
7,301	2,078
7,772	-
4,053	4,054
24,041	19,863

Information technology expenses

Software maintenance
Depreciation
Amortisation
Network charges
Others

3,989	2,631
924	853
110	107
1,893	2,285
324	115
7,240	5,991

Other operating expenses

Directors' fees and allowances
Legal & professional charges
Travelling & conveyance
Training & development
Postage & courier charges
Communication
Stationery & printing
Marketing, advertisement & publicity
Auditors Remuneration
Commission and brokerage
Others

1,390	1,321
3,500	5,031
15,241	13,296
936	225
118	106
668	599
483	303
161	209
2,306	1,556
2,232	795
1,199	1,084
28,234	24,525
171,420	137,071

28.1 **Total compensation expense**

Fees and Allowances etc
Employees Remuneration
i) Fixed
ii) Variable
of which;
a) Cash Bonus / Awards etc.
b) Bonus & Awards in Shares etc.
Charge for defined benefit plan
Contribution to defined contribution Plan
Rent & house maintenance
Utilities
Medical
Conveyance
Others
Total

-	-
55,507	41,832
14,910	8,342
-	-
5,311	4,032
4,531	4,164
12,248	11,107
3,062	2,652
3,829	3,239
11,580	10,676
927	648
111,905	86,692

29 PROVISIONS & WRITE OFFS - NET

Provisions against lending to financial institutions
Provisions for diminution in value of investments
Provisions against loans and advances

9.4 53,820 139,639
10.5 99,042 46,221
152,862 185,860

	30 June 2019 (Un-audited) (Rupees in '000)	30 June 2018 (Un-audited) (Rupees in '000)
30. TAXATION		
Current	73,046	15,783
Prior period	-	-
Deferred	(31,252)	9,823
	<u>41,794</u>	<u>25,606</u>

31. BASIC & DILUTED EARNINGS PER SHARE

Profit for the period	<u>58,639</u>	<u>(155,301)</u>
	(Number of Shares in '000)	
Weighted average number of ordinary shares	<u>600,000</u>	<u>600,000</u>
Basic & diluted earnings per share	<u>0.10</u>	<u>(0.26)</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 June 2019 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in 000)			
Financial assets measured at fair value				
Federal Government Securities	-	4,261,729	-	4,261,729
Units of mutual funds	-	184,554	-	184,554
Shares in listed companies	805,240	-	-	805,240
Non Government Debt Securities	4,702,975	-	-	4,702,975

Financial assets measured at fair value	31 December 2018 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(Rupees in 000)			
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 June 2019				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
	----- (Rupees in '000) -----				
Profit & Loss					
Net mark-up/return/profit	356,818	61,470	(13,027)	75	405,336
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	6,055	-	15,185	639	21,879
Total Income	362,873	61,470	2,158	714	427,215
Segment direct expenses	13,579	9,821	6,916	143,604	173,920
Inter segment expense allocation	-	-	-	-	-
Total expenses	13,579	9,821	6,916	143,604	173,920
Provisions	108,562	15,129	29,171	-	152,862
Profit before tax	240,732	36,520	(33,929)	(142,890)	100,433

	30 June 2019				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
	----- (Rupees in '000) -----				
Balance Sheet					
Cash & Bank balances	-	-	-	199,203	199,203
Investments	3,523,958	5,931,265	736,119	-	10,191,342
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	100,000	-	-	100,000
Advances - performing	5,398,812	-	-	95,975	5,494,787
- non-performing	638,182	-	-	-	638,182
Others	478,088	103,607	68,141	376,829	1,026,665
Total Assets	10,039,040	6,134,872	804,260	672,007	17,650,179
Borrowings	3,068,078	3,990,952	183,425	-	7,242,455
Subordinated debt	-	-	-	-	-
Deposits & other accounts	669,022	114,353	65,565	-	848,940
Net inter segment borrowing	-	-	-	-	-
Others	176,682	24,362	1,457	239,855	442,356
Total liabilities	3,913,782	4,129,667	250,447	239,855	8,533,751
Equity	6,125,258	2,005,206	553,813	432,153	9,116,430
Total Equity & liabilities	10,039,040	6,134,873	804,260	672,008	17,650,181
Contingencies & Commitments	110,000	2,771,038	-	-	2,881,038

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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 June 2019 (Un-audited)			31 December 2018 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Advances						
Opening balance	-	58,688	-	-	22,559	-
Addition during the period / year	-	9,922	-	-	41,059	-
Repaid during the period / year	-	(1,828)	-	-	(4,930)	-
Closing balance	-	66,782	-	-	58,688	-
Other Assets						
Other receivable	-	-	10,335	-	-	9,035
Deposits and other accounts						
Opening balance	-	1,823	587,715	-	80	456,681
Received during the period / year	-	9,370	1,677,368	-	7,026	2,143,428
Withdrawn during the period / year	-	(10,892)	(1,615,743)	-	(5,263)	(2,012,394)
Transfer in / (out) - net	-	-	-	-	(20)	-
Closing balance	-	301	649,340	-	1,823	587,715
Other Liabilities						
Interest / mark-up payable	-	-	2,173	-	14	2,767
Payable to staff retirement fund	-	-	950	-	-	2,156
Other liabilities	-	-	7,538	-	-	6,475

	30 June 2019 (Un-audited)			30 June 2019 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
RELATED PARTY TRANSACTIONS						
Income						
Mark-up / return / interest earned	-	1,421	-	-	636	-
Expense						
Mark-up / return / interest paid	-	86	43,083	-	-	19,603
Operating expenses						
Fees for Board & Committee Meeting	1,388	-	-	1,321	-	-
Allowance for Board & Committee Meeting	8,122	-	-	9,805	-	-
Managerial Remuneration	-	35,643	-	-	30,215	-
Cash Bonus / Awards	-	7,339	-	-	5,737	-
Contribution to defined contribution plan	-	2,887	-	-	2,732	-
Rent & house maintenance	-	6,200	-	-	5,683	-
Utilities	-	1,550	-	-	1,421	-
Medical	-	1,970	-	-	1,776	-
Conveyance	208	5,506	-	-	5,491	-
Others	-	343	-	-	351	-

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

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30 June 2018

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Net mark-up/return/profit	15,480	106,504	-	(1,324)	120,660
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	3,447	-	71,299	331	75,077
Total Income	18,927	106,504	71,299	(993)	195,737
Segment direct expenses	18,975	9,365	4,820	106,412	139,572
Inter segment expense allocation	-	-	-	-	-
Total expenses	18,975	9,365	4,820	106,412	139,572
Provisions / (reversals)	50,765	49,092	13,673	-	113,530
Profit before tax	(60,813)	48,047	52,806	(107,405)	(67,366)

31 December 2018

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Cash & Bank balances	-	-	-	133,797	133,797
Investments	3,351,589	7,144,954	133,797	-	11,259,928
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	5,410,162	105,000	-	-	5,515,162
Advances - performing	740,316	-	-	73,448	813,764
- non-performing	432,348	97,737	-	-	530,085
Others	9,934,415	7,347,691	38,931	233,770	17,554,817
Total Assets			172,728	441,015	18,525,437
Borrowings	2,327,698	5,466,400	121,761	-	7,915,859
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	-	-
Net inter segment borrowing	956,993	192,607	72,124	-	1,221,724
Others	153,068	31,059	-	94,037	278,164
Total liabilities			193,885	94,037	9,415,747
Equity	6,496,656	1,657,625	608,431	346,978	9,109,690
Total Equity & liabilities			802,316	441,015	18,525,437
Contingencies & Commitments	80,000	3,994,244	-	-	80,000

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

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

Minimum Capital Requirement (MCR):

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

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,232,004</u>	5,816,658
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>6,232,004</u>	5,816,658
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,232,004</u>	5,816,658

Risk Weighted Assets (RWAs):

Credit Risk	<u>8,900,763</u>	8,450,190
Market Risk	<u>1,377,644</u>	1,416,408
Operational Risk	<u>1,231,336</u>	1,231,336
Total	<u>11,509,743</u>	11,097,934

	30 June 2019 (Un-audited)		31 December 2018 (Audited)	
	Required	Actual	Required	Actual
Common Equity Tier 1 Capital Adequacy ratio (%)	<u>6.00%</u>	<u>54.15%</u>	<u>6.00%</u>	<u>52.41%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>7.50%</u>	<u>54.15%</u>	<u>7.50%</u>	<u>52.41%</u>
Total Capital Adequacy Ratio (%)	<u>11.90%</u>	<u>54.15%</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 June **31 December**
2019 **2018**
(Un-audited) **(Audited)**
(Rupees in '000)

Eligible Tier-1 Capital	<u>6,232,004</u>	5,816,658
Total Exposures	<u>19,065,077</u>	17,766,344
Leverage Ratio	<u>33%</u>	33%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u>1,631,146</u>	1,711,471
Total Net Cash Outflow	<u>1,797,183</u>	869,649
Liquidity Coverage Ratio (%)	<u>91%</u>	197%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>12,732,638</u>	12,175,418
Total Required Stable Funding	<u>10,317,092</u>	10,211,830
Net Stable Funding Ratio (%)	<u>123%</u>	119%

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 01 September 2019 by the Board of Directors of the Company.

RM
H. Khan

Chief Executive

J. Cassel

Chief Financial Officer

[Signature]

Director

[Signature]

Director

[Signature]

Director