

PAIR Investment Company Limited
Statement of Financial Position

As at 31 March 2020

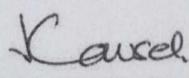
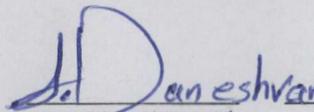
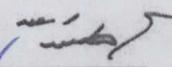
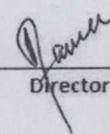
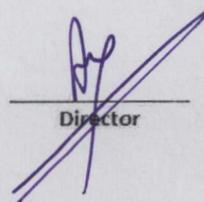


	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	39,007	46,383
Balances with other banks	7	18,209	83,751
Lendings to financial institutions	8	-	150,000
Investments	9	12,744,737	14,664,301
Advances	10	6,613,994	5,389,709
Fixed assets	11	230,367	229,709
Intangible assets	12	261	314
Deferred tax assets	13	408,920	375,527
Other assets	14	483,681	534,895
		20,539,176	21,474,589
LIABILITIES			
Bills payable		-	-
Borrowings	15	9,693,186	10,842,781
Deposits and other accounts	16	854,283	775,323
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	685,410	385,766
		11,232,879	12,003,870
NET ASSETS		9,306,297	9,470,719
REPRESENTED BY			
Share capital	18	6,000,000	6,000,000
Reserves	19	904,990	888,356
(Deficit) / surplus on revaluation of assets	20	(41,288)	56,305
Unappropriated profit		2,442,595	2,526,058
		9,306,297	9,470,719

CONTINGENCIES AND COMMITMENTS

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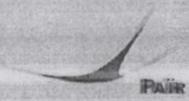
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

 Chief Financial Officer	 Managing Director / Chief Executive Officer	 Chairman	 Director	 Director
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PAIR Investment Company Limited

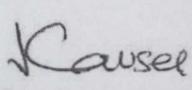
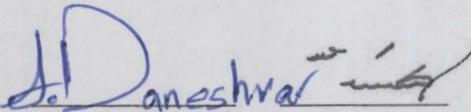
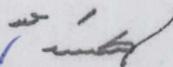
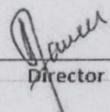
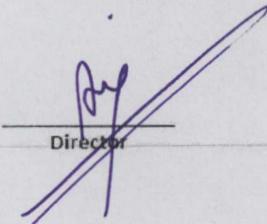
Profit and Loss Account (Un-audited)

For the three months period ended 31 March 2020



	Note	Three month period ended	
		January - March 2020	January - March 2019
Mark-up / return / interest earned	24	570,276	375,005
Mark-up / return / interest expensed	25	317,182	187,950
Net mark-up / interest income		253,094	187,055
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	5,148	1,766
Dividend income		9,265	8,696
Foreign exchange income		144	140
Gain on sale of securities	27	1,421	3,003
Total non mark-up / interest income		15,978	13,605
Total Income		269,072	200,660
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	90,914	75,428
Workers Welfare Fund		3,202	1,250
Total non mark-up / interest expenses		94,116	78,006
Profit Before Provisions		174,956	123,982
Provisions and write offs - net	29	65,902	61,594
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		109,054	62,388
Taxation	30	25,883	13,296
PROFIT AFTER TAXATION		83,171	49,092
Basic and diluted earnings per share - (Rupees)	31	0.139	0.082

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

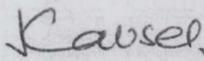
Chief Financial Officer Managing Director / Chief Executive Officer Chairman Director Director

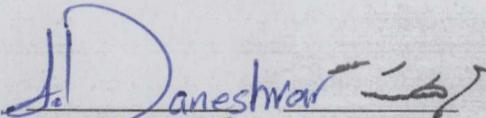
PAIR Investment Company Limited
 Statement of Comprehensive Income (Un-audited)
 For the three months period ended 31 March 2020

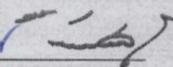


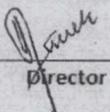
	Three month period ended	
	January - March 2020	January - March 2019
Profit after taxation for the period	83,171	49,092
Other comprehensive income		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(97,593)	51,565
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>		
Remeasurement gain / (loss) on defined benefits obligation- net of tax	-	-
Total comprehensive (loss) / income	(14,422)	100,657

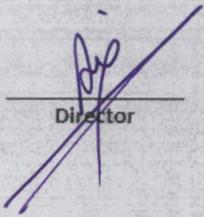
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 Chief Financial Officer


 Managing Director /
 Chief Executive Officer


 Chairman


 Director

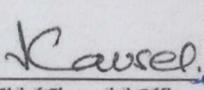
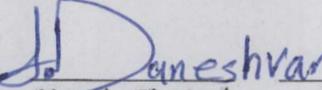
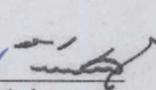
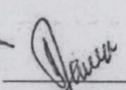
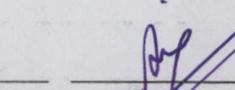

 Director

PAIR Investment Company Limited
Statement of Changes in Equity (Un-audited)
For the three months period ended 31 March 2020



Note	Share capital	Statutory reserve	(Deficit) / surplus on revaluation of		Unappropriated profit	Total
			Investments	Fixed / Non Banking assets		
(Rupees in '000)						
Balance as at 1 January 2019	6,000,000	840,066	(71,701)	-	2,331,633	9,099,998
Profit for the period ended 31 March 2019	-	-	-	-	49,092	49,092
Other comprehensive income - net of tax	-	-	51,565	-	-	51,565
	-	-	51,565	-	49,092	100,657
Transfer to statutory reserve	-	9,818	-	-	(9,818)	-
Balance as at 31 March 2019	6,000,000	849,884	(20,136)	-	2,370,907	9,200,655
Profit for the period ended 31 December 2019	-	-	-	-	192,360	192,360
Other comprehensive income	-	-	76,441	-	1,263	77,704
	-	-	76,441	-	193,623	270,064
Transfer to statutory reserve	19	38,472	-	-	(38,472)	-
Balance as at 31 December 2019	6,000,000	888,366	56,305	-	2,526,058	9,470,719
Profit for the period ended 31 March 2020	-	-	-	-	83,171	83,171
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	83,171	83,171
Transfer to statutory reserve	19	16,634	-	-	(16,634)	-
Other comprehensive income - net of tax directly in equity	-	-	(97,593)	-	-	(97,593)
Transactions with owners recognised directly in equity						
Final cash dividend - 31 December 2019 declared subsequent to the year end					(150,000)	(150,000)
	6,000,000	904,990	(41,288)	-	2,442,595	9,306,297

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

    
 Chief Financial Officer Managing Director / Chief Executive Officer Chairman Director Director

PAiR Investment Company Limited

Notes to the Accounts

For the three months period ended 31 March 2020



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.

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, 2019.

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 2019.

5. FINANCIAL RISK MANAGEMENT

5.1 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended 31 December 2019.

5.2 Regulatory reliefs due to COVID-19

The Company's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 225 basis points to 11 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include

- (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent;
- (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million;
- (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent;
- (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and
- (v) relaxing regulatory criteria for restructured / rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.

The Company's management is fully aware of the risks associated with COVID-19 and is regularly conducting assessments of its portfolio and its operations to ensure the risks are minimized.

5.3 Operational Risk Management in COVID 19 environment

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

6. CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
In hand			
Local currency		70	55
Foreign currencies		3,226	4,694
		3,296	4,749
With State Bank of Pakistan in			
Local currency current account	6.1	35,086	41,009
With National Bank of Pakistan in			
Local currency current account		17	17
Local currency deposit account		608	608
		625	625
		39,007	46,383

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 of BSD Circular No. 04 dated May 22, 2004.

7. BALANCES WITH OTHER BANKS		31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
In Pakistan			
In current accounts		4,739	12,961
In deposit accounts	7.1	13,470	70,790
		18,209	83,751

7.1 These deposit accounts carry annual mark-up rate of 6.30% to 11.25% (31 Dec 2019: 6.30% to 11.25%).

8. LENDINGS TO FINANCIAL INSTITUTIONS		31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
Call / clean money lendings		-	-
Certificate of Investment	8.2	-	150,000
		-	150,000
8.1 Particulars of lendings			
In local currency		-	150,000

8.2 This carries mark-up rate of Nil (31 Dec 2019: 15.15%) per annum, with maturity on Nil (31 Dec 2019: 10 Feb 2020).

9. INVESTMENTS

9.1 Investments by type

	31 March 2020 (Un-audited)				31 December 2019 (Audited)			
	Cost / amortised cost	Provision for diminution	(Deficit) / Surplus	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Held-for-trading securities								
Shares	-	-	-	-	36,381	-	(468)	35,913
	-	-	-	-	36,381	-	(468)	35,913
Available-for-sale securities								
Federal Government securities	6,532,991	-	244,190	6,777,181	8,381,569	-	107,775	8,489,344
Shares	1,041,965	(134,888)	(240,895)	666,182	976,459	(79,508)	26,865	923,816
Non Government Debt Securities	5,385,719	(32,635)	(51,710)	5,301,374	4,929,282	(32,636)	(68,399)	4,828,247
	12,960,675	(167,523)	(48,415)	12,744,737	14,287,310	(112,144)	66,241	14,241,407
Held-to-maturity securities								
Commercial Papers	-	-	-	-	386,981	-	-	386,981
	-	-	-	-	386,981	-	-	386,981
Total investments	12,960,675	(167,523)	(48,415)	12,744,737	14,710,672	(112,144)	65,773	14,664,301

9.2 Investments by segments

	31 March 2020 (Un-audited)				31 December 2019 (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	3,752,983	-	40,720	3,793,703	5,616,839	-	3,115	5,619,954
- Pakistan Investment Bonds	2,780,008	-	203,470	2,983,478	2,764,730	-	104,660	2,869,390
	6,532,991	-	244,190	6,777,181	8,381,569	-	107,775	8,489,344
Units in mutual funds								
Shares								
- Listed companies	1,041,965	(134,888)	(240,895)	666,182	1,012,840	(79,508)	26,397	959,729
Non Government Debt Securities								
- Term Finance Certificates - Listed	1,276,262	-	(7,268)	1,268,994	1,276,260	-	(15,238)	1,261,022
- Term Finance Certificates - Unlisted	3,044,895	(11,245)	(34,337)	2,999,313	2,569,900	(11,245)	(43,123)	2,515,532
- Sukuk bonds - Listed	324,518	-	38	324,556	324,518	-	193	324,711
- Sukuk bonds - Unlisted	740,044	(21,390)	(10,143)	708,511	758,604	(21,391)	(10,231)	726,982
	5,385,719	(32,635)	(51,710)	5,301,374	4,929,282	(32,636)	(68,399)	4,828,247
Commercial papers								
	-	-	-	-	386,981	-	-	386,981
Total investments	12,960,675	(167,523)	(48,415)	12,744,737	14,710,672	(112,144)	65,773	14,664,301

9.3 Investments given as collateral

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
(Rupees in '000)		
Market treasury bills		
Carrying Value	1,426,250	2,672,582
Surplus	12,250	3,674
	1,438,500	2,676,256
Pakistan Investment Bonds		
Carrying Value	2,694,105	2,735,349
Surplus	193,699	121,866
	2,887,804	2,857,215
Shares		
Carrying Value	104,315	104,675
Impairment	(13,057)	(14,732)
(Deficit) / Surplus	(17,528)	2,812
	73,730	92,755

9.4 Provision for diminution in value of investments

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
(Rupees in '000)		
Opening balance	112,144	222,436
Charge / reversals		
Charge for the period / year	9.7	55,379
Reversals for the period / year	-	-
Reversal on disposals	-	(157,509)
	55,379	(110,292)
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	167,523	112,144

9.5	Particulars of provision against debt securities Category of classification	31 March 2020 (Un-audited)		31 December 2019 (Audited)	
		NPI	Provision	NPI	Provision
		(Rupees in '000)			
Domestic					
	Other assets especially mentioned	-	-	-	-
	Substandard	300,000	-	-	-
	Doubtful	-	-	-	-
	Loss	47,822	(32,635)	48,882	(32,635)
		347,822	(32,635)	48,882	(32,635)

9.6 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Nil (December 31, 2019: PKR 386.981 Million).

9.7 To dampen the adverse effects of COVID-19 and to enable the banks/DFIs continue to fulfil their role in funding the real economy, SBP through BPRD Circular Letter No. 13 of 2020 March 26, 2020 has allowed "Banks/DFIs may, if they so desire, recognize impairment loss, if any, resulting from the valuation of listed equity securities held as "Available for Sale" (AFS), in phased manner equally on quarterly basis during calendar year ending on 31-Dec-2020. However, early recognition of full impairment loss by Banks / DFIs is encouraged". Accordingly the Company has taken a charge of PKR 55,379 million being one fourth of PKR 221.516 million required to be taken to P&L as at 31 March 2020. If there was no relaxation allowed by SBP in the manner described above, the profit of the Company would have been reduced by PKR 166.137 million and the provision for diminution in the value of investment would have been greater by the same amount.

9.8 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 debt securities. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing debt securities would have been higher by Rs. 90.18 million (31 December 2019: Rs. 16.25 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.

10 ADVANCES

Note

	Performing		Non Performing		Total	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	5,470,583	4,549,796	2,146,874	1,822,853	7,617,457	6,372,649
Islamic financing and related assets	266,275	276,275	-	-	266,275	276,275
Bills discounted and purchased	-	-	-	-	-	-
Advances - gross	5,736,858	4,826,071	2,146,874	1,822,853	7,883,732	6,648,924
Provision against advances						
- Specific	-	-	(1,269,738)	(1,259,215)	(1,269,738)	(1,259,215)
- General	-	-	-	-	-	-
Advances - net of provision	5,736,858	4,826,071	877,136	563,638	6,613,994	5,389,709

10.1 These include loans advanced to employees in accordance with their terms of employment. These loans carry mark-up at the rates from 0% to 5% (31 December 2018: 0% to 5%) respectively.

10.2 Includes net investment in finance lease as disclosed below:

	31 March 2020 (Un-audited)			31 December 2019 (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	288,851	370,434	659,285	243,639	201,168	444,807
Residual value	68,598	104,110	172,708	55,503	94,421	149,924
Minimum lease payments	357,449	474,544	831,993	299,142	295,589	594,731
Financial charges for future periods	(47,461)	(62,085)	(109,546)	(37,807)	(13,974)	(51,781)
Present value of minimum lease payments	309,988	412,459	722,447	261,335	281,615	542,950

10.2.1 The Company's implicit rate of return on leases ranges between 13.97% to 19.90% (31 December 2019: 14.34% to 20.0%) per annum. These are secured against leased assets and security deposits generally upto 38% (31 December 2019: 38%) of the cost of leased assets.

10.2.2 Lease rentals received during the period aggregate to Rs. 53.8 million (31 December 2019: Rs. 308 million).

10.3	Particulars of advances (Gross)	31 March 2020	31 December 2019
		(Un-audited)	(Audited)
		(Rupees in '000)	
	In local currency	7,883,732	6,648,924
	In foreign currencies	-	-
		7,883,732	6,648,924

10.4 Advances include Rs. 2,146.874 million (31 December 2019: Rs. 1,822.853 million) which has been placed under non-performing status as detailed below:

Category of Classification	31 March 2020 (Un-audited)		31 December 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
OAEM	285,075	-	111,473	-
Substandard	163,804	10,155	12,306	2,937
Doubtful	-	-	-	-
Loss	1,697,995	1,259,583	1,699,074	1,256,278
	2,146,874	1,269,738	1,822,853	1,259,215

10.5 Particulars of provision against advances	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,259,215	-	1,259,215	971,770	-	971,770
Charge for the period / year	10,523	-	10,523	287,445	-	287,445
Reversals	-	-	-	-	-	-
	10,523	-	10,523	287,445	-	287,445
Amounts written off	-	-	-	-	-	-
Closing balance	1,269,738	-	1,269,738	1,259,215	-	1,259,215

10.5.1 Particulars of provision against advances	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,269,738	-	1,269,738	1,259,215	-	1,259,215
In foreign currencies	-	-	-	-	-	-
	1,269,738	-	1,269,738	1,259,215	-	1,259,215

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. 438.416 million (31 December 2019: Rs. 442.936 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	31 March	31 December
		2020	2019
		(Un-audited)	(Audited)
(Rupees in '000)			
Capital work-in-progress	11.1	183,090	183,090
Property and equipment		13,647	9,631
Right of use assets		33,630	36,988
		230,367	229,709

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 Additions to fixed assets

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

	31 March	31 December
	2020	2019
	(Un-audited)	(Audited)
(Rupees in '000)		
Property and equipment		
Furniture and fixtures	-	667
Electrical office and computer equipment	1,625	3,706
Vehicles	7,500	-
	9,125	4,373

11.3 Disposal of fixed assets

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

	31 March	31 December
	2020	2019
	(Un-audited)	(Audited)
(Rupees in '000)		
Property and equipment		
Furniture and fixtures	-	-
Electrical office and computer equipment	412	93
Vehicles	10,644	-
	11,056	93

11.4 The following operating fixed assets were disposed of during the period:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
(Rupees in '000)							
Honda Civic - I-VTEC	2,929	1,831	1,098	1,098	-		
Mercedes C-180 Sedan	7,715	4,822	2,893	2,893	-		Mr. Hamid Eftekhari Kondelji, former- MD/CEO
Samsung Galaxy S-8 Plus	94	94	-	-	-		
Dell Latitude E6320	163	163	-	-	-	Terms of employment	
Samsung Galaxy A-7	35	35	-	-	-		Mr. Tariq Akhtar
Samsung Galaxy S7 Edge	35	35	-	-	-		Mr. M. Adil Khan
Samsung Galaxy A-7	35	35	-	-	-		Mr. Haris Khatri
Huawei Mate 10	50	50	-	-	-		Mr. Sohail Irfan
	11,056	10,971	3,991	3,991	-		

11.5

12. INTANGIBLE ASSETS

	31 March	31 December
	2020	2019
	(Un-audited)	(Audited)
(Rupees in '000)		
Computer Software	261	314

13. DEFERRED TAX ASSETS

31 March 2020 (Un-audited)			
At 01 January 2019	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 March 2020
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Capital losses carried forward	15,270	-	15,270
- Post retirement employee benefits	(516)	-	(516)
- Deficit on revaluation of investments	6,366	-	6,366
- Accelerated tax depreciation	3,194	7,517	10,711
- Provision against advances, off balance sheet etc.	365,172	3,052	368,224
- Provision against investments	16,822	8,306	25,128
- Lease liabilities	12,334	322	12,656
- Others	884	(352)	532
	419,526	18,845	475,896
Taxable Temporary Differences on			
- Surplus on revaluation of investments	(16,166)	-	(16,166)
- Right of use asset	(10,727)	325	(10,402)
- Accelerated tax depreciation	(6,874)	8,097	1,223
- Lease assets	(10,232)	(10,937)	(21,169)
- Others	-	-	-
	(43,999)	(2,515)	(66,976)
	375,527	16,330	408,920

31 December 2019 (Audited)

At 01 January 2019	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2019
----- (Rupees in '000) -----			
Deductible Temporary Differences on			
- Capital losses carried forward	-	15,270	15,270
- Post retirement employee benefits	1,484	(1,484)	(516)
- Deficit on revaluation of investments	16,471	(3,312)	6,366
- Accelerated tax depreciation	12,571	(9,377)	3,194
- Provision against advances, off balance sheet etc.	281,813	83,359	365,172
- Provision against investments	64,505	(47,683)	16,822
- Lease liabilities	-	12,334	12,334
- Others	1,016	(132)	884
	377,860	48,975	419,526
Taxable Temporary Differences on			
- Surplus on revaluation of investments	(50)	-	(16,116)
- Right of use asset	-	(10,727)	(10,727)
- Accelerated tax depreciation	(5,734)	(1,140)	(6,874)
- Lease assets	(25,039)	14,807	(10,232)
- Others	(553)	553	-
	(31,376)	3,493	(43,999)
	346,484	52,468	375,527

14. OTHER ASSETS

Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
(Rupees in '000)		
Income / Mark-up accrued in local currency - net of provision	1,511,500	1,458,285
Advances, deposits, advance rent and other prepayments	24,912	93,685
Advance taxation (payments less provisions)	60,605	39,930
Non-banking asset acquired in satisfaction of claims	88,314	89,632
Dividend receivable	2,937	-
Security deposits	6,231	6,231
	1,694,499	1,687,763
Less: Provision held against other assets	(1,210,818)	(1,152,868)
Other Assets (Net of Provision)	483,681	534,895
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
Other Assets - total	483,681	534,895
14.1 Market value of Non-banking assets acquired in satisfaction of claims	171,000	171,000

The market value of non-banking assets as per the valuation reports dated December 31, 2019 amounted to Rs. 171 million.

14.2 Non-banking assets acquired in satisfaction of claims

Opening Balance	89,632	94,905
Less: Depreciation for the year	1,318	5,273
Closing Balance	88,314	89,632

14.3 Provision held against other assets

Opening Balance	-	-
Add: Provision during the year	1,152,868	999,740
Closing Balance	1,152,868	1,152,868

15. BORROWINGS			31 March	31 December
			2020	2019
			(Un-audited)	(Audited)
			(Rupees in '000)	
	In Pakistan (local currency)	15.1	<u>9,693,186</u>	<u>10,842,781</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	1,805,765	1,655,047
	Repurchase agreement borrowings	15.3	4,237,421	5,323,734
	Term borrowings	15.4	<u>3,650,000</u>	<u>3,650,000</u>
	Total Secured		<u>9,693,186</u>	<u>10,628,781</u>
	Unsecured			
	Call borrowings		-	214,000
	Total Unsecured		<u>9,693,186</u>	<u>10,842,781</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 2019: 2.0%). These borrowings will mature by 2030 (31 December 2019: 2029).			
15.3	These carry mark-up at the rates ranging from 11.40% to 13.45% per annum (31 December 2016: 13.35% to 13.70%) and are secured against government securities having carrying amount of PKR 4.120 billion (31 December 2019: PKR 5.408 billion). These borrowings will mature up to April 2020 (31 December 2019: February 2020).			
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 0.25% per annum. These are repayable in semi annual installments and shall be repaid by 2024.			
16. DEPOSITS AND OTHER ACCOUNTS		<i>Note</i>	31 March	31 December
			2020	2019
			(Un-audited)	(Audited)
			(Rupees in '000)	
	Customers			
	Term deposits - In Local Currency	16.2	270,917	209,265
	Financial Institutions			
	Term deposits - In Local Currency	16.3	<u>583,366</u>	<u>566,058</u>
			<u>854,283</u>	<u>775,323</u>
16.1	Composition of deposits			
	- Individuals	16.4	42,077	49,139
	- Public Sector Entities		-	-
	- Non-Banking Financial Institutions		-	-
	- Private Sector		228,840	160,126
	- Others - Shareholder (IFIC)		<u>583,366</u>	<u>566,058</u>
			<u>854,283</u>	<u>775,323</u>

- 16.2** The mark-up rates on these certificate of investments (COI) range between 12.50% to 13.75% per annum (31 December 2019: 13.50% to 13.75% per annum). These COIs will mature up to February 2021 (31 December 2019: June 2020).
- 16.3** The mark-up rates on these certificate of investments (COI) is 11.35% to 13.60% per annum (31 December 2019: 13.60% per annum). These COIs will mature up to June 2020 (31 December 2019: March 2020).
- 16.4** These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to February 2021 (31 December 2019: October 2020).

17. OTHER LIABILITIES	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	(Rupees in '000)	
Mark-up / Return / Interest payable in local currency	176,802	59,300
Accrued expenses	44,939	26,024
Payable to defined benefit plan	5,654	5,654
Provision for compensated absences	213	3,047
Payable to an associated undertaking	7,538	7,090
Government levies payable	1,307	1,108
Advance insurance premium on lease	605	520
Security deposits against finance lease	172,708	149,924
Payable Brokerage	2,973	2,540
Provision for staff rewards	7,931	20,130
Provision for Worker's Welfare Fund	71,100	67,898
Lease liability against right-of-use assets	43,640	42,531
Dividend payable	150,000	-
	685,410	385,766

18. SHARE CAPITAL

18.1 Authorised capital

31 March 2020 (Un-audited)	31 December 2019 (Audited)		31 March 2020 (Un-audited)	31 December 2019 (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	31 March 2020 (Un-audited)		31 December 2019 (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%

	31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
19. RESERVES		
Statutory reserve		
Opening balance	888,356	840,066
Transfer during the year	<u>16,634</u>	<u>48,290</u>
Closing balance	<u>904,990</u>	<u>888,356</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.

	31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	9.1 (48,415)	66,241
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>(48,415)</u>	<u>66,241</u>
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	7,127	(9,936)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	<u>7,127</u>	<u>(9,936)</u>
	<u>(41,288)</u>	<u>56,305</u>

21. CONTINGENCIES AND COMMITMENTS

21.1 For Tax year 2013, The Company has filed appeal before ATIR against the Order passed by CIRA, which is pending for hearing, where any adverse decision may increase the liability of the company by approximately PKR 5.5 Million. In respect of tax years 2014 & 2015, the tax department has filed reference before High Court of Sindh on allocation of expenses, where any adverse decision may increase the liability of the company by approximately PKR 107.137 Million & PKR 258.653 million respectively. The Company is confident for a favourable outcome on these pending cases.

With respect to Tax year 2016, ADCIR amended the assessment under section 122(5A) of the Ordinance. Demand amounting to PKR 52.049 Million was created. The company admitted tax imposed on commission income amounting to PKR 1.031 Million, which was paid and on other issues filed appeal to CIR(A) against ADCIR order. The CIR(A) passed order and decided the appeal and allowed partial relief. Order to the extent of apportionment of finance cost was confirmed by CIR(A). An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The company and the department has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) on the issue decided against it. The issue is pending before ATIR and based on decisions made in the tax year 2014 and 2015 in respect of similar cases, the Company is confident for a favourable outcome.

With respect to Tax year 2017, ADCIR amended the assessment under section 122(5A) of the Ordinance. Demand amounting to PKR 134.499 Million was created. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019 and rectified demand to PKR 46.351 Million. The company paid the demand and paid PKR 18.0 Million while remaining amount of PKR 28.351 Million was adjusted from the refund of tax year 2018. The Company filed appeal against order before CIR(A). The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted contention except on apportionment of markup expenses. An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The company and the department has filed appeals before the Appellate Tribunal Inland Revenue (ATIR) on the issue decided against it. The appeal is awaited to be heard. The issue is pending before ATIR and based on decisions made in the tax year 2014 and 2015 in respect of similar cases, the Company is confident for a favourable outcome.

With respect to Tax year 2018, ADCIR amended the assessment under section 122(5A) of the Ordinance. The ACIR has passed order under section 122(5A) reducing the refund amounting to PKR 17.962 Million. The order passed under 122(5A) contained mistakes which were rectified subsequently, ACIR subsequently passed order under 221(1) dated 22 January 2019. The Company filed an appeal against the order before the CIR(A) on 31 January 2019. The CIR(A) passed order and has decided the appeal and allowed partial relief and accepted our contention except on apportionment of markup expenses. An appeal effect order under section 124 of the Ordinance is required to be passed for the relief allowed by CIR(A). The issue is pending before ATIR and based on decisions made in the tax year 2014 and 2015 in respect of similar cases, the Company is confident for a favourable outcome.

For tax years 2019, Return filed under Universal Self-Assessment Scheme (USAS) is treated as deemed assessment under section 120 of the Income Tax Ordinance, 2001.

	31 March 2020 (Un-audited) (Rupees in '000)	31 December 2019 (Audited)
21.2 Commitments in respect of repo transactions		
Repurchase agreement borrowings	<u>4,237,421</u>	<u>5,323,734</u>
21.3 Direct credit substitutes	<u>100,000</u>	<u>100,000</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.

24. MARK-UP / RETURN / INTEREST EARNED

	31 March 2020 (Un-audited) (Rupees in '000)	31 March 2019 (Un-audited)
On loans and advances to	143,439	137,358
On investments	424,839	233,840
On deposits with financial institutions	6	173
On lendings to financial institutions	1,992	3,634
	<u>570,276</u>	<u>375,005</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	27,931	31,040
Securities sold under repurchase agreements	157,231	97,646
On borrowing from State Bank of Pakistan- Under financing facility -for Imported & Locally Manufactured Plant & Machinery (LTFF)	9,520	4,539
Term Borrowing	121,391	53,397
Markup on Lease liability against right of use assets	1,109	1,328
	<u>317,182</u>	<u>187,950</u>

26. FEE & COMMISSION INCOME

Investment banking fees	4,663	1,281
Commission on trade	112	112
Commission on guarantees	373	373
	<u>5,148</u>	<u>1,766</u>

27. GAIN ON SALE OF SECURITIES

Realised	27.1	1,421	9,824
Unrealised - held for trading		-	(6,821)
		<u>1,421</u>	<u>3,003</u>

27.1 Realised gain on:

Shares	<u>1,421</u>	<u>9,824</u>
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28.

OPERATING EXPENSES

31 March **31 March**
2020 **2019**
(Un-audited) **(Un-audited)**
(Rupees in '000)

Total compensation expense	28.1	63,717	49,249
Property expense			
Rent & taxes		130	79
Insurance		653	842
Utilities cost		1,377	1,056
Security (including guards)		121	121
Repair & maintenance (including janitorial charges)		2,553	835
Depreciation on right-of-use assets		3,360	4,126
Depreciation on owned assets		1,318	1,318
		9,512	8,377
Information technology expenses			
Software maintenance		3,164	479
Depreciation		462	420
Amortisation		53	42
Network charges		1,287	830
Others		55	88
		5,021	1,859
Other operating expenses			
Directors' fees and allowances		3,826	810
Legal & professional charges		670	3,099
Travelling & conveyance		4,523	7,334
Depreciation		656	697
Training & development		256	776
Postage & courier charges		99	66
Communication		328	359
Stationery & printing		108	25
Marketing, advertisement & publicity		230	116
Auditors Remuneration		697	727
Commission and brokerage		738	1,582
Others		533	352
		12,664	15,943
		90,914	75,428

28.1 Total compensation expense

Fees and Allowances etc		-	-
Employees Remuneration			
i) Fixed		28,449	26,200
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		12,304	1,872
b) Bonus & Awards in Shares etc.		-	-
Charge for defined benefit plan		2,811	2,655
Contribution to defined contribution Plan		2,328	2,289
Rent & house maintenance		7,065	6,310
Utilities		1,766	1,578
Medical		2,154	1,929
Conveyance		6,300	5,677
Others		540	739
Total		63,717	49,249

31 March **31 March**
2020 **2019**
(Un-audited) **(Un-audited)**
(Rupees in '000)

29 PROVISIONS & WRITE OFFS - NET

Provisions against lending to financial institutions		-	-
Provisions for diminution in value of investments	9.4	55,379	9,006
Provisions against loans and advances	10.5	10,523	52,588
		65,902	61,594

	31 March 2020 (Un-audited) (Rupees in '000)	31 March 2019 (Un-audited)
30. TAXATION		
Current	42,213	34,943
Prior period	-	-
Deferred	(16,330)	(21,647)
	<u>25,883</u>	<u>13,296</u>

31. BASIC & DILUTED EARNINGS PER SHARE

Profit for the period	<u>83,171</u>	<u>49,092</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>0.139</u>	<u>0.082</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	31 March 2020 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	-	6,777,181	-	6,777,181
Units of mutual funds	-	-	-	-
Shares in listed companies	666,182	-	-	666,182
Non Government Debt Securities	5,301,374	-	-	5,301,374

	31 December 2019 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in 000) -----			
Financial assets measured at fair value				
Federal Government Securities	-	8,489,344	-	8,489,344
Units of mutual funds	-	-	-	-
Shares in listed companies	959,729	-	-	959,729
Non Government Debt Securities	4,929,282	-	-	4,929,282

Segment Details with respect to Business Activities

	31 March 2020				Total
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	177,176	85,835	-	(9,917)	253,094
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	5,148	-	10,686	144	15,978
Total Income	182,324	85,835	10,686	(9,773)	269,072
Segment direct expenses	21,904	16,178	9,630	46,404	94,116
Inter segment expense allocation	-	-	-	-	-
Total expenses	21,904	16,178	9,630	46,404	94,116
Provisions	10,523	-	55,379	-	65,902
Profit before tax	149,897	69,657	(54,323)	(56,177)	109,054
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	-	-	57,216	57,216
Investments	3,734,512	8,413,163	597,062	-	12,744,737
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-
Advances - performing	5,622,948	-	-	113,908	5,736,856
- non-performing	877,138	-	-	-	877,138
Others	643,888	84,309	52,273	342,759	1,123,229
Total Assets	10,878,486	8,497,472	649,335	513,883	20,539,176
Borrowings	3,789,731	5,581,656	321,799	-	9,693,186
Subordinated debt	-	-	-	-	-
Deposits & other accounts	464,347	314,618	75,318	-	854,283
Net inter segment borrowing	-	-	-	-	-
Others	256,373	93,742	-	335,295	685,410
Total liabilities	4,510,451	5,990,016	397,117	335,295	11,232,879
Equity	6,368,034	2,507,455	252,218	178,590	9,306,297
Total Equity & liabilities	10,878,485	8,497,471	649,335	513,885	20,539,176
Contingencies & Commitments	100,000	4,237,421	-	-	4,337,421
	(Rupees in '000)				
	31 March 2019				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	158,957	28,191	-	1,235	188,383
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	2,369	-	11,096	140	13,605
Total Income	161,326	28,191	11,096	1,375	201,988
Segment direct expenses	9,622	4,037	3,080	61,267	78,006
Inter segment expense allocation	-	-	-	-	-
Total expenses	9,622	4,037	3,080	61,267	78,006
Provisions / (reversals)	54,555	-	7,039	-	61,594
Profit before tax	97,149	24,154	977	(59,892)	62,388
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	-	-	130,134	130,134
Investments	3,612,607	10,121,644	930,050	-	14,664,301
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	150,000	-	-	150,000
Advances - performing	4,711,294	-	-	114,777	4,826,071
- non-performing	563,638	-	-	-	563,638
Others	602,619	144,054	8,032	385,740	1,140,445
Total Assets	9,490,158	10,415,698	938,082	630,651	21,474,589
Borrowings	4,753,734	5,888,155	200,892	-	10,842,781
Subordinated debt	-	-	-	-	-
Deposits & other accounts	658,215	74,436	42,672	-	775,323
Net inter segment borrowing	-	-	-	-	-
Others	169,492	40,247	-	176,027	385,766
Total liabilities	5,581,441	6,002,838	243,564	176,027	12,003,870
Equity	3,908,717	4,412,860	694,518	454,624	9,470,719
Total Equity & liabilities	9,490,158	10,415,698	938,082	630,651	21,474,589
Contingencies & Commitments	100,000	5,323,734	-	-	5,423,734

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:

	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Advances						
Opening balance		75,735			58,688	
Addition during the period / year		-			21,229	
Repaid during the period / year		(1,410)			(4,182)	
Closing balance		74,325			75,735	
Other Assets						
Other receivable			10,611			10,039
Deposits and other accounts						
Opening balance		3,170	585,356		1,823	587,715
Received during the period / year		5,430	1,218,476		23,353	3,045,655
Withdrawn during the period / year		(7,682)	(1,220,466)		(22,006)	(3,048,014)
Transfer in / (out) - net		-	-		-	-
Closing balance		918	583,366		3,170	585,356
Other Liabilities						
Interest / mark-up payable		(19)	2,127		13	2,433
Payable to staff retirement fund						-
Salaries payable to MD		2,404				
Other liabilities			7,538			7,090
----- (Rupees in '000) -----						
	31 March 2020 (Un-audited)			31 March 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		928			715	
Expense						
Mark-up / return / interest paid		928	19,589		64	15,712
Operating expenses						
Fees for Board & Committee Meeting	3,826			810		
Allowance for Board & Committee Meeting				4,499		
Managerial Remuneration		13,621			15,393	
Cash Bonus / Awards		6,030			-	
Contribution to defined contribution plan		1,127			1,316	
Rent & house maintenance		3,630			2,643	
Utilities		908			661	
Medical		1,134			826	
Conveyance		2,937			2,459	
Others		-			158	

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

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

31 March 31 December
2020 2019
(Un-audited) **(Audited)**
(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	6,000,000	6,000,000
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	5,756,099	6,424,849
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,756,099	6,424,849
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	5,756,099	6,424,849

Risk Weighted Assets (RWAs):

Credit Risk	9,182,800	8,255,320
Market Risk	939,261	1,411,956
Operational Risk	1,403,104	1,403,104
Total	11,525,165	11,070,380

	31 March 2020 (Un-audited)		31 December 2019 (Audited)	
	Required	Actual	Required	Actual
Common Equity Tier 1 Capital Adequacy ratio (%)	6.00%	49.94%	6.00%	58.04%
Tier 1 Capital Adequacy Ratio (%)	7.50%	49.94%	7.50%	58.04%
Total Capital Adequacy Ratio (%)	11.5%*	49.94%	12.50%	58.04%

*In terms of BPRD Circular Letter No. 12 of 2020 dated March 26, 2020, SBP has reduced Capital Conversion Buffer (CCB) requirement from 2.5% to 1.5% to enable the banks/DFIs to continue funding the real economy during evolving situation of CoVID-19 outbreak.

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):

31 March 31 December
2020 2019
(Un-audited) **(Audited)**
(Rupees in '000)

Eligible Tier-1 Capital	5,756,099	6,424,849
Total Exposures	17,781,159	21,589,787
Leverage Ratio	32.37%	29.76%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	2,728,318	2,119,092
Total Net Cash Outflow	250,734	1,445,881
Liquidity Coverage Ratio (%)	10.88	1.47

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	14,514,121	14,550,356
Total Required Stable Funding	11,067,106	10,497,288
Net Stable Funding Ratio (%)	131%	139%

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**

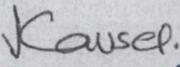
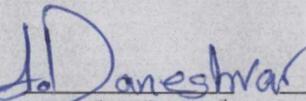
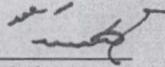
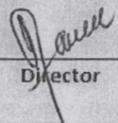
Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by State Bank of Pakistan vide BPRD Circular Letter No. 05 of 2019 dated 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 15 June 2020 by the Board of Directors of the Company.

 Chief Financial Officer	 Managing Director / Chief Executive Officer	 Chairman	 Director	 Director
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