

**PAIR Investment Company Limited**  
**Condensed Interim Statement of Financial Position**  
As at 31 March 2019

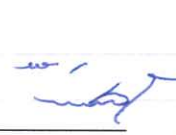



	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	44,132	73,144
Balances with other banks	7	22,476	60,653
Lendings to financial institutions	8	100,000	105,000
Investments	9	9,876,275	11,259,928
Advances	10	6,687,587	6,223,926
Fixed assets	11	192,381	193,031
Intangible assets	12	170	211
Deferred tax asset - net	13	358,307	346,484
Other assets	14	364,108	263,060
		<b>17,645,436</b>	<b>18,525,437</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	15	6,978,704	7,915,859
Deposits and other accounts	16	1,118,131	1,221,724
Liabilities against assets subject to finance lease		-	-
Sub-ordinated loans		-	-
Deferred tax liabilities		-	-
Other liabilities	17	338,254	278,164
		<b>8,435,089</b>	<b>9,415,747</b>
<b>NET ASSETS</b>		<b>9,210,347</b>	<b>9,109,690</b>
<b>REPRESENTED BY</b>			
Share capital	18	6,000,000	6,000,000
Reserves	19	849,884	840,066
Deficit on revaluation of assets	20	(20,136)	(71,701)
Unappropriated profit		2,380,599	2,341,325
		<b>9,210,347</b>	<b>9,109,690</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

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

  
Chief Financial Officer

  
Chief Executive and  
Managing Director

  
Chairman

  
Director






  
Director

**PAIR Investment Company Limited**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
For the quarter period ended 31 March 2019



	Note	Three month period ended	
		31 March 2019 (Un-audited)	31 March 2018 (Un-audited)
(Rupees in '000)			
Mark-up / return / interest earned	24	375,005	142,604
Mark-up / return / interest expensed	25	186,622	104,984
Net mark-up / interest income		188,383	37,620
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and Commission Income	26	1,766	2,324
Dividend income		8,696	4,483
Foreign Exchange Income / (loss)		140	6
Income / (loss) from derivatives		-	-
Gain on sale of securities	27	3,003	52,827
Other income		-	-
Total non mark-up / interest income		13,605	59,640
<b>Total Income</b>		<b>201,988</b>	<b>97,260</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	28	76,756	63,526
Workers Welfare Fund		1,250	-
Other charges		-	-
Total non mark-up / interest expenses		78,006	63,526
<b>Profit Before Provisions</b>		<b>123,982</b>	<b>33,734</b>
Provisions and write offs - net	29	61,594	22,142
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>62,388</b>	<b>11,592</b>
Taxation	30	13,296	(2,607)
<b>PROFIT AFTER TAXATION</b>		<b>49,092</b>	<b>14,199</b>
Basic and diluted (loss) / earnings per share - (Rupees)	31	0.08	0.02

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 _____ Chief Financial Officer	 _____ Chief Executive and Managing Director	 _____ Chairman	 _____ Director	 _____ Director
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**PAIR Investment Company Limited**  
**Condensed Interim Statement of Comprehensive Income**  
For the quarter period ended 31 March 2019



	31 March 2019 (Un-audited) (Rupees in '000)	31 March 2018 (Un-audited)
Profit after taxation	49,092	14,199
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>		
(Deficit) on revaluation of available for sale securities - net	61,389	50,925
Deferred tax on revaluation	(9,824)	(3,226)
	51,565	47,699
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>		
Actuarial (loss) on re-measurement of defined benefit obligation	-	-
Related deferred tax	-	-
	-	-
<b>Comprehensive income transferred to equity</b>	49,092	61,898
<b>Total comprehensive income</b>	100,657	61,898

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Chairman

  
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**PAIR Investment Company Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
For the quarter period ended 31 March 2019



	Note	Issued, subscribed and paid-up share capital	Statutory reserve	Surplus/(Deficit) on revaluation of		Unappropriate d profit	Total
				Investments	Fixed / Non Banking Assets		
----- (Rupees in '000) -----							
Balance as at 31 December 2017		6,000,000	840,066	(37,286)	-	2,452,552	9,255,332
<b>Total comprehensive income for the period</b>							
Profit for the period ended 31 March 2018		-	-	-	-	14,199	14,199
Other comprehensive income		-	-	47,699	-	-	47,699
Total comprehensive income for the period ended 31 March 2018		-	-	47,699	-	14,199	61,898
Transfer to statutory reserve		-	2,840	-	-	(2,840)	-
<b>Transactions with owners recognised directly in equity</b>		-	-	-	-	-	-
Balance as at 31 March 2018		6,000,000	842,906	10,413	-	2,463,911	9,317,230
<b>Total comprehensive income for the period</b>							
Profit for the period ended 31 December 2018		-	-	-	-	(24,430)	(24,430)
Other comprehensive income		-	-	(82,114)	-	(996)	(83,110)
Total comprehensive income for the period ended 31 December 2018		-	-	(82,114)	-	(25,426)	(107,540)
Transfer to statutory reserve	19	-	(2,840)	-	-	2,840	-
<b>Transactions with owners recognised directly in equity</b>		-	-	-	-	-	-
Final cash dividend - 31 December 2017 declared subsequent to the year end		-	-	-	-	(100,000)	(100,000)
Balance as at 31 December 2018		6,000,000	840,066	(71,701)	-	2,341,325	9,109,690
<b>Total comprehensive income for the period</b>							
Profit for the period ended 31 March 2019		-	-	-	-	49,092	49,092
Other comprehensive income		-	-	51,565	-	-	51,565
Total comprehensive income for the period ended 31 March 2019		-	-	51,565	-	49,092	100,657
Transfer to statutory reserve	19	-	9,818	-	-	(9,818)	-
<b>Transactions with owners recorded directly in equity</b>		-	-	-	-	-	-
Balance as at 31 March 2019		6,000,000	849,884	(20,136)	-	2,380,599	9,210,347

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**PAIR Investment Company Limited**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
For the quarter period ended 31 March 2019



	Note	31 March 2019 (Un-audited)	31 March 2018 (Un-audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		62,388	11,592
Less: Dividend income		(8,696)	(4,483)
		<u>53,692</u>	<u>7,109</u>
Adjustments for:			
Depreciation		2,435	2,489
Amortisation		42	54
Provision / (reversal) against non-performing loans and advances	29	52,588	21,652
Provision / (reversal) of provision for diminution in the value of investments	29	9,006	490
Loss on sale of operating fixed assets		-	-
Charge for defined benefit plan		2,655	1,631
Unrealised loss / (gain) on revaluation of held for trading investments	27	6,821	1,395
		<u>73,547</u>	<u>27,711</u>
		<u>127,239</u>	<u>34,820</u>
<b>(Increase) / decrease in operating assets</b>			
Held-for-trading securities		(44,602)	-
Lendings to financial institutions		5,000	470,000
Advances		(516,249)	152,003
Others assets		(57,140)	137,394
		<u>(612,991)</u>	<u>759,397</u>
<b>Increase / (decrease) in operating liabilities</b>			
Borrowings		(937,155)	(93,135)
Deposits and other accounts		(103,593)	(608,443)
Other liabilities (excluding provision for taxation - net)		60,640	56,831
		<u>(980,108)</u>	<u>(644,747)</u>
		<u>(1,465,860)</u>	<u>149,470</u>
Income tax paid		(61,972)	(54,429)
Defined benefits paid		(3,205)	(1,632)
<b>Net cash flows used in operating activities</b>		<u>(1,531,037)</u>	<u>93,409</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		1,693,710	(131,919)
Net investments in held to maturity securities		(229,717)	-
Dividend income received		322	2,542
Investment in operating fixed assets		(467)	(156)
Sale proceeds of operating fixed assets disposed off		-	-
<b>Net cash flows from investing activities</b>		<u>1,463,848</u>	<u>(129,533)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	-
<b>Net cash flows used in financing activities</b>		<u>-</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(67,189)</u>	<u>(36,124)</u>
Cash and cash equivalents at beginning of the year		<u>133,797</u>	<u>129,597</u>
<b>Cash and cash equivalents at end of the year</b>		<u>66,608</u>	<u>93,473</u>

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

  
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**Chief Executive and  
Managing Director**

  
**Chairman**

  
**Director**

  
**Director**

## PAIR Investment Company Limited

### Notes to the Condensed Interim Financial Information (Un-Audited)

For the quarter period ended 31 March 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 interalia 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 Basis of measurement

These financial statements have been prepared in conformity with the format of Interim financial statements prescribed by the State Bank of Pakistan (SBP) vide per BPRD Circular Letter No. 05 of 2019 effective from the accounting year starting from 1st January, 2019. The new format has resulted in additional disclosures and certain changes in the interim financial statements presentation.

These interim financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency. The amounts are rounded to nearest thousand rupees.

##### 2.2 Statement of compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of:

- International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and

- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 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.

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended December 31, 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 for the year ended December 31, 2018.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
<b>In hand</b>			
Local currency		70	70
Foreign currencies		638	4,153
		708	4,223
<b>With State Bank of Pakistan in</b>			
Local currency current account	6.1	42,846	68,363
<b>With National Bank of Pakistan in</b>			
Local currency current account		12	12
Local currency deposit account		566	566
		578	578
		44,132	73,164

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		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
<b>In Pakistan</b>			
In current accounts		3,160	33,268
In deposit accounts	7.1	19,316	27,365
		22,476	60,633

7.1 These deposit accounts carry annual mark-up rate of 8.25% (31 Dec 2018: 3.25% to 8%).

8. LENDINGS TO FINANCIAL INSTITUTIONS		31 March 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
<b>8.1 Particulars of lendings</b>			
In local currency		100,000	105,000

8.2 These carry mark-up rates upto 12.25% (31 Dec 2018: 12.50%) per annum, with maturity upto 26 April 2019 (31 Dec 2018: 29 March 2019).

9. INVESTMENTS

9.1 Investments by type

	31 March 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
-----PKR '000-----								
<b>Held for trading securities</b>								
Market treasury bills	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	-	-	-	-	-	-	-	-
Shares in listed companies	120,667	-	(6,821)	113,846	84,075	-	(8,010)	76,065
	120,667	-	(6,821)	113,846	84,075	-	(8,010)	76,065
<b>Available for sale securities</b>								
Market treasury bills	1,974,324	-	(2,220)	1,972,104	3,963,632	-	(1,512)	3,962,120
Pakistan Investment Bonds	1,306,861	-	(10,545)	1,296,316	1,312,925	-	(13,999)	1,298,926
Units of mutual funds	274,120	(74,436)	11,723	211,407	274,119	(74,436)	-	199,683
Shares in listed companies	964,705	(144,049)	(10,151)	810,505	953,722	(135,043)	(62,239)	756,440
Sukuk bonds	1,173,559	(1,711)	290	1,172,138	1,012,257	(1,711)	331	1,010,877
Term finance certificates - Listed	1,555,031	-	(10,288)	1,544,743	1,555,209	-	(9,000)	1,546,209
Term finance certificates - Unlisted	2,538,838	(11,245)	(2,094)	2,525,499	2,419,108	(11,245)	1,745	2,409,608
	9,787,438	(231,441)	(23,285)	9,532,712	11,490,972	(222,435)	(84,674)	11,183,863
<b>Held to maturity securities</b>								
Commercial papers	229,717	-	-	229,717	-	-	-	-
	229,717	-	-	229,717	-	-	-	-
<b>Total investments</b>	<b>10,137,822</b>	<b>(231,441)</b>	<b>(30,106)</b>	<b>9,876,275</b>	<b>11,575,047</b>	<b>(222,435)</b>	<b>(92,684)</b>	<b>11,259,928</b>

9.2 Investments by segments

	31 March 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
-----PKR '000-----								
<b>Federal Government securities</b>								
- Market treasury bills	1,974,324	-	(2,220)	1,972,104	3,963,632	-	(1,512)	3,962,120
- Pakistan Investment Bonds	1,306,861	-	(10,545)	1,296,316	1,312,925	-	(13,999)	1,298,926
	3,281,185	-	(12,765)	3,268,420	5,276,557	-	(15,511)	5,261,046
<b>Units in mutual funds</b>	274,120	(74,436)	11,723	211,407	274,119	(74,436)	-	199,683
<b>Shares</b>								
- Listed companies	1,085,372	(144,049)	(16,972)	924,351	1,037,797	(135,043)	(70,249)	832,505
<b>Sukuk bonds</b>	1,173,559	(1,711)	290	1,172,138	1,012,257	(1,711)	331	1,010,877
<b>Term finance certificates</b>								
- Listed	1,555,031	-	(10,288)	1,544,743	1,555,209	-	(9,000)	1,546,209
- Unlisted	2,538,838	(11,245)	(2,094)	2,525,499	2,419,108	(11,245)	1,745	2,409,608
	4,093,869	(11,245)	(12,382)	4,070,242	3,974,317	(11,245)	(7,255)	3,955,817
<b>Commercial papers</b>	229,717	-	-	229,717	-	-	-	-
<b>Total investments</b>	<b>10,137,822</b>	<b>(231,441)</b>	<b>(30,106)</b>	<b>9,876,275</b>	<b>11,575,047</b>	<b>(222,435)</b>	<b>(92,684)</b>	<b>11,259,928</b>

9.3 Investments given as collateral

	31 March 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
-----PKR '000-----								
Treasury Bills	1,120,166	-	(1,268)	1,118,898	2,715,515	-	(1,200)	2,714,315
PIBs	1,306,868	-	(10,552)	1,296,316	1,312,924	-	(13,998)	1,298,926
Shares	106,317	(6,647)	(6,788)	92,882	106,093	(17,361)	(16,638)	72,094
Term finance certificates	499,100	-	87	499,187	499,100	-	124	499,224
	3,032,451	(6,647)	(18,521)	3,007,283	4,633,632	(17,361)	(38,613)	4,577,658



9.4 Provision for diminution in value of investments	31 March	31 December
	2019 (Un-audited)	2018 (Audited)
	(Rupees in '000)	
Opening balance	222,436	82,797
<b>Charge / reversals</b>		
Charge for the year	17,853	166,469
Reversals for the year	-	-
Reversal on disposals	(8,847)	(26,830)
	9,006	139,639
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	231,442	222,436

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

9.6 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to PKR 228.85 Million (December 31, 2018: Nil).

## 10 ADVANCES

Note

	Performing		Non Performing		Total	
	31 March 2019 (Un-audited)	31 December 2018 (Audited)	31 March 2019 (Un-audited)	31 December 2018 (Audited)	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	-----Rupees in '000-----					
Loans, cash credits, running finances, etc.	5,378,927	5,115,626	2,010,034	1,712,086	7,388,961	6,827,712
Islamic financing and related assets	322,984	332,984	-	-	322,984	332,984
Bills discounted and purchased	-	35,000	-	-	-	35,000
Advances - gross	5,701,911	5,483,610	2,010,034	1,712,086	7,711,945	7,195,696
Provision against advances						
- Specific	-	-	(1,024,358)	(971,770)	(1,024,358)	(971,770)
- General	-	-	-	-	-	-
	-	-	(1,024,358)	(971,770)	(1,024,358)	(971,770)
Advances - net of provision	5,701,911	5,483,610	985,676	740,316	6,687,587	6,223,926

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:

	31 March 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	260,683	375,803	636,486	235,806	379,465	615,271
Residual value	30,228	121,752	151,980	6,469	131,841	138,310
Minimum lease payments	290,911	497,555	788,466	242,275	511,306	753,581
Financial charges for future periods	(51,138)	(50,501)	(101,639)	(48,180)	(50,158)	(98,338)
Present value of minimum lease payments	239,773	447,054	686,827	194,095	461,148	655,243

11.2.1 The Company's implicit rate of return on leases ranges between 8.39% and 15.94% (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.

11.2.2 Lease rentals received during the year aggregate to Rs. 60.3 million (31 December 2018: Rs. 181.132 million)

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
		-----Rupees in '000-----
Particulars of advances (Gross)		
In local currency	5,701,911	5,483,610
In foreign currencies	-	-
	5,701,911	5,483,610

10.4 Advances include Rs. 2,010,034 million (31 December 2018: Rs. 1,712,086 million) which has been placed under non-performing status as detailed below:

Category of Classification	31 March 2019 (Un-audited)		31 December 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	-----Rupees in '000-----			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	339,370	21,500	165,656	31,059
Doubtful	360,037	62,148	235,803	-
Loss	1,310,627	940,710	1,310,627	940,711
	2,010,034	1,024,358	1,712,086	971,770

10.5 Particulars of provision against advances

	31 March 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 year	52,588	-	52,588	117,524	-	117,524
Reversals	-	-	-	-	-	-
Amounts written off	52,588	-	52,588	117,524	-	117,524
Closing balance	1,024,358	-	1,024,358	971,770	-	971,770

10.5.1 Particulars of provision against advances

	31 March 2019 (Un-audited)			31 December 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
In local currency	1,024,358	-	1,024,358	971,770	-	971,770
In foreign currencies	-	-	-	-	-	-
	1,024,358	-	1,024,358	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.551.132 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	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Capital work-in-progress	183,090	183,090
Property and equipment	9,291	9,941
	<u>192,381</u>	<u>193,031</u>

Note

11.1

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:

**Property and equipment**

Electrical office and computer equipment

468

1,417

12. INTANGIBLE ASSETS	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Computer Software	170	211

13. DEFERRED TAX ASSETS

31 March 2019 (Un-audited)				
	At 01 January 2019	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 March 2019
----- Rupees in 000-----				
<b>Deductible Temporary Differences on</b>				
- Post retirement employee benefits	1,903	872	-	2,775
- Deficit on revaluation of investments	44,219	-	(36,946)	7,273
- Accelerated tax depreciation	10,849	(5,766)	-	5,083
- Provision against advances	281,813	15,251	-	297,064
- Provision for impairment	63,053	1,452	-	64,505
- Others	(1,252)	1,730	-	478
	400,585	13,539	(36,946)	377,178
<b>Taxable Temporary Differences on</b>				
- Surplus on revaluation of investments	(21,736)	(7,188)	27,122	(1,802)
- Accelerated tax depreciation	(24,270)	18,373	-	(5,897)
- Lease assets	(7,423)	(3,749)	-	(11,172)
- Others	(672)	672	-	-
	(54,101)	8,108	27,122	(18,871)
	346,484	21,647	(9,824)	358,307

31 December 2018 (Audited)				
	At 01 January 2018	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2018
----- Rupees in 000-----				
<b>Deductible Temporary Differences on</b>				
- Post retirement employee benefits	3,157	(1,661)	407	1,903
- Deficit on revaluation of investments	39,037	5,182	-	44,219
- Accelerated tax depreciation	2,001	8,848	-	10,849
- Provision against advances	256,274	25,539	-	281,813
- Provision for impairment	12,911	50,142	-	63,053
- Others		(1,252)	-	(1,252)
	313,380	86,798	407	400,585
<b>Taxable Temporary Differences on</b>				
- Surplus on revaluation of investments	(27,848)	(283)	6,395	(21,736)
- Accelerated tax depreciation	(20,216)	(4,054)	-	(24,270)
- Lease assets	(4,643)	(2,780)	-	(7,423)
- Others	(119)	(553)	-	(672)
	(52,826)	(7,670)	6,395	(54,101)
	260,554	79,128	6,802	346,484

14. OTHER ASSETS

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
(Rupees in '000)			
Income - Mark-up accrued in local currency - net of provision		1,249,553	1,132,962
Advances, deposits, advance rent and other prepayments		2,798	11,494
Advance taxation (payments less provisions)		52,546	15,694
Non-banking asset acquired in satisfaction of claims		93,587	94,905
Dividend receivable		8,888	514
Security deposits		7,231	7,231
		1,414,603	1,262,800
Less: Provision held against other assets		(1,050,495)	(999,740)
Other Assets (Net of Provision)		364,108	263,060
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		-	-
Other Assets - total		364,108	263,060

		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
<b>15. BORROWINGS</b>			
In Pakistan (local currency)	15.1	<u>6,978,704</u>	<u>7,915,859</u>
<b>15.1 Details of borrowings secured / unsecured</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan- Under financing facility -for Imported & Locally Manufactured Plant & Machinery (LTFF)	15.2	1,128,104	712,115
Repurchase agreement borrowings	15.3	2,413,100	3,994,244
Term borrowings	15.4	2,062,500	2,062,500
<b>Total Secured</b>		<u>5,603,704</u>	<u>6,768,859</u>
<b>Unsecured</b>			
Call borrowings		1,375,000	1,147,000
<b>Total Unsecured</b>		<u>6,978,704</u>	<u>7,915,859</u>
<b>15.2</b>	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).		
<b>15.3</b>	These carry mark-up at the rates ranging from 10.15% to 10.50% per annum (31 December 2018: 10.20% to 10.50%) and are secured against government securities having carrying amount of PKR 2,415.2 billion (31 December 2018: PKR 4,028 billion). These borrowings will mature up to April 2019 (31 December 2018: February 2019).		
<b>15.4</b>	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 2023.		
<b>16. DEPOSITS AND OTHER ACCOUNTS</b>		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		(Rupees in '000)	
<b>Customers</b>			
Term deposits - In Local Currency	16.2	596,438	711,906
<b>Financial Institutions</b>			
Term deposits - In Local Currency	16.3	521,693	509,818
		<u>1,118,131</u>	<u>1,221,724</u>
<b>16.1 Composition of deposits</b>			
- Individuals	16.4	43,261	41,161
- Public Sector Entities		201,878	331,878
- Non-Banking Financial Institutions		521,693	509,818
- Private Sector		351,299	338,867
		<u>1,118,131</u>	<u>1,221,724</u>
<b>16.2</b>	The mark-up rates on these certificate of investments (COI) range between 9% to 10.6% per annum (31 December 2018: 6.15% to 6.6 per annum). These COIs will mature up to May 2019 (31 December 2018: May 2019).		
<b>16.3</b>	The mark-up rates on these certificate of investments (COI) is 10.6% per annum (31 December 2018: 8.85% to 10.65%). These COIs will mature up to June 2019 (31 December 2018: March 2019).		
<b>16.4</b>	These include non-interest bearing certificate of investments (COI) issued to employees of the Company maturing up to January 2020 (31 December 2018: October 2019).		

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
17. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	92,896	44,886
Accrued expenses	10,972	12,940
Payable Brokerage - NCCPL	1,622	-
Payable to defined benefit plan	6,978	7,528
Payable to an associated undertaking	6,509	6,475
Government levies payable	3,668	4,694
Provision for compensated absences	1,286	3,502
Provision for audit fee	(204)	714
Advance insurance premium on lease	1,341	932
Security deposits against finance lease	151,980	138,310
Provision for staff rewards	4,865	3,092
Provision for worker's welfare fund	56,341	55,091
	<u>338,254</u>	<u>278,164</u>

#### 18. SHARE CAPITAL

##### 18.1 Authorised capital

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

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

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

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

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

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

#### 19. RESERVES

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
Statutory reserve		
Opening balance	840,066	840,066
Transfer during the year	9,818	-
Closing balance	<u>849,884</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.

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
<b>20. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS</b>		
Surplus / (deficit) on revaluation of		
- Available for sale securities	(23,285)	(84,674)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	(23,285)	(84,674)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	3,149	12,973
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	3,149	12,973
	<b>(20,136)</b>	<b>(71,701)</b>

## 21. CONTINGENCIES AND COMMITMENTS

21.1 The income years 2013 to 2015 are under scrutiny. 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 PKR 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 order passed and demand of PKR 51 Million.

In respect of Tax year 2017 & 2018 ACIR passed Rectified Order and adjusted refund of PKR 30 Million of tax year 2018 against demand of 46 Million of tax year 2017 remaining balances was paid during the year.

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	(Rupees in '000)	
<b>21.2 Commitments in respect of repo transactions</b>		
Repurchase agreement borrowings	2,413,100	3,994,244
<b>21.3 Direct credit substitutes</b>	810,526	80,000
<b>21.4 Commitments to extend credit</b>		

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.



	31 March 2019 (Un-audited)	31 March 2018 (Un-audited)
	(Rupees in '000)	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to	137,358	(42,095)
On investments	233,840	170,760
On deposits with financial institutions	173	188
On lendings to financial institutions	3,634	13,751
	<u>375,005</u>	<u>142,604</u>
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	31,040	29,215
Securities sold under repurchase agreements	97,646	82,495
On borrowing from State Bank of Pakistan- Under financing facility -for Imported & Locally Manufactured Plant & Machinery (LTFF)	4,539	3,486
Other Borrowing	53,397	19,003
	<u>186,622</u>	<u>134,199</u>
<b>26. FEE &amp; COMMISSION INCOME</b>		
Investment banking fees	1,281	2,324
Commission on trade	112	-
Commission on guarantees	373	-
	<u>1,766</u>	<u>2,324</u>
<b>27. GAIN ON SALE OF SECURITIES</b>		
<b>Realised</b>		
Ordinary shares in companies	9,824	23,314
Units of mutual funds	-	20,027
Pakistan investment bonds	-	26,249
<b>Unrealised - held for trading</b>		
Ordinary shares in companies	(6,821)	(1,395)
	<u>3,003</u>	<u>68,195</u>
<b>28. OPERATING EXPENSES</b>	<b>31 March 2019 (Un-audited)</b>	<b>31 March 2018 (Un-audited)</b>
	(Rupees in '000)	
<b>Total compensation expense</b>	49,249	36,824
<b>Property expense</b>		
Rent & taxes	5,533	4,677
Insurance	842	1,234
Utilities cost	1,056	970
Security (including guards)	121	272
Repair & maintenance (including janitorial charges)	835	1,221
Depreciation	2,015	2,027
	<u>10,402</u>	<u>10,401</u>

**Information technology expenses**

Software maintenance	479	2,454
Depreciation	420	462
Amortisation	42	54
Network charges	830	1,056
Others	88	97
	<b>1,859</b>	<b>4,123</b>

**Other operating expenses**

Directors' fees and allowances	810	736
Legal & professional charges	3,099	2,212
Travelling & conveyance	7,334	6,510
Depreciation	-	-
Training & development	776	156
Postage & courier charges	66	73
Communication	359	312
Stationery & printing	25	208
Marketing, advertisement & publicity	116	209
Donations	-	-
Auditors Remuneration	727	927
Commission and brokerage	1,582	366
Others	352	469
	<b>15,246</b>	<b>12,178</b>
	<b>76,756</b>	<b>63,526</b>

**29 PROVISIONS & WRITE OFFS - NET**

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

	31 March 2019 (Un-audited)	31 March 2018 (Un-audited)
	(Rupees in '000)	
	-	-
9.4	9,006	490
10.5	<b>52,588</b>	<b>21,652</b>
	<b>61,594</b>	<b>22,142</b>

**30. TAXATION**

Current  
Prior year  
Deferred

	31 March 2019 (Un-audited)	0	31 March 2018 (Un-audited)
	# (Rupees in '000)		
	34,943		120,909
	-		-
	<b>(21,647)</b>		<b>17,510</b>
	<b>13,296</b>		<b>138,419</b>

**31. BASIC & DILUTED EARNINGS PER SHARE**

Profit for the period

	31 March 2019 (Un-audited)	0	31 March 2018 (Un-audited)
	# (Rupees in '000)		
	<b>49,092</b>		<b>14,199</b>
	<b>Number of Shares in '000</b>		
	<b>600,000,000</b>		<b>600,000,000</b>
	<b>0.08</b>		<b>0.02</b>

Weighted average number of ordinary shares

Basic & diluted earnings per share

## 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 Bank 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 governme	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 2019 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	-----PKR in 000-----			
<b>Financial assets measured at fair value</b>				
Federal Government Securities:		3,268,420		3,268,420
Units of mutual funds		211,407		211,407
Shares in listed companies	924,351			924,351
Non Government Debt Securities:	4,070,242			
	31 December 2018 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	-----PKR in 000-----			
<b>Financial assets measured at fair value</b>				
Federal Government Securities:		5,261,046		5,261,046
Units of mutual funds		199,683		199,683
Shares in listed companies	832,505			832,505
Non Government Debt Securities:	3,992,913			3,992,913

## 33 SEGMENT INFORMATION

## Segment Details with respect to Business Activities

	31 March 2019 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	------(Rupees in '000)-----				
<b>Profit &amp; Loss</b>					
Net mark-up return profit	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
<b>Total Income</b>	<b>161,326</b>	<b>28,191</b>	<b>11,096</b>	<b>1,375</b>	<b>201,988</b>
Segment direct expenses	9,622	4,037	3,080	61,267	78,006
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>9,622</b>	<b>4,037</b>	<b>3,080</b>	<b>61,267</b>	<b>78,006</b>
Provisions	54,555	-	7,039	-	61,594
<b>Profit before tax</b>	<b>97,149</b>	<b>24,154</b>	<b>977</b>	<b>(59,892)</b>	<b>62,388</b>

	31 March 2019 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	------(Rupees in '000)-----				
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	66,608	66,608
Investments	3,667,895	5,353,150	855,230	-	9,876,275
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	100,000	-	-	100,000
Advances - performing	5,614,798	-	-	87,113	5,701,911
- non-performing	985,676	-	-	-	985,676
Others	205,836	86,809	8,888	613,433	914,966
<b>Total Assets</b>	<b>10,474,205</b>	<b>5,539,959</b>	<b>864,118</b>	<b>767,154</b>	<b>17,645,436</b>
Borrowings	2,729,131	4,123,846	125,727	-	6,978,704
Subordinated debt	-	-	-	-	-
Deposits & other accounts	867,955	182,016	68,160	-	1,118,131
Net inter segment borrowing	-	-	-	-	-
Others	195,360	50,855	-	92,039	338,254
<b>Total liabilities</b>	<b>3,792,446</b>	<b>4,356,717</b>	<b>193,887</b>	<b>92,039</b>	<b>8,435,089</b>
Equity	6,681,760	1,183,242	670,230	675,115	9,210,347
<b>Total Equity &amp; liabilities</b>	<b>10,474,206</b>	<b>5,539,959</b>	<b>864,117</b>	<b>767,154</b>	<b>17,645,436</b>
<b>Contingencies &amp; Commitments</b>	<b>810,526</b>	<b>2,413,100</b>	<b>-</b>	<b>-</b>	<b>3,223,626</b>

	31 March 2018 (Un-audited)				
	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
	------(Rupees in '000)-----				
<b>Profit &amp; Loss</b>					
Net mark-up return profit	(20,032)	56,744	-	908	37,620
Inter segment revenue - net	-	-	-	-	-
Non mark-up return interest income	2,324	-	57,310	6	59,640
<b>Total Income</b>	<b>(17,708)</b>	<b>56,744</b>	<b>57,310</b>	<b>914</b>	<b>97,260</b>
Segment direct expenses	8,061	3,387	2,790	49,288	63,526
Inter segment expense allocation	-	-	-	-	-
<b>Total expenses</b>	<b>8,061</b>	<b>3,387</b>	<b>2,790</b>	<b>49,288</b>	<b>63,526</b>
Provisions - (reversals)	22,778	-	(636)	-	22,142
<b>Profit before tax</b>	<b>(48,547)</b>	<b>53,357</b>	<b>55,156</b>	<b>(48,374)</b>	<b>11,592</b>

## 31 December 2018 (Audited)

	Corporate Finance & Commercial Banking	Trading & Sales (other than Capital Market)	Capital Markets	Others	Total
------(Rupees in '000)-----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	133,797	133,797
Investments	3,351,589	7,144,954	763,385	-	11,259,928
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	105,000	-	-	105,000
Advances - performing	5,410,162	-	-	73,448	5,483,610
- non-performing	740,316	-	-	-	740,316
Others	432,348	97,737	38,931	233,770	802,786
<b>Total Assets</b>	<b>9,934,415</b>	<b>7,347,691</b>	<b>802,316</b>	<b>441,015</b>	<b>18,525,437</b>
Borrowings	2,327,698	5,466,400	121,761	-	7,915,859
Subordinated debt	-	-	-	-	-
Deposits & other accounts	956,993	192,607	72,124	-	1,221,724
Net inter segment borrowing	-	-	-	-	-
Others	153,068	31,059	-	94,037	278,164
<b>Total liabilities</b>	<b>3,437,759</b>	<b>5,690,066</b>	<b>193,885</b>	<b>94,037</b>	<b>9,415,747</b>
Equity	6,496,656	1,657,625	608,431	346,978	9,109,690
<b>Total Equity &amp; liabilities</b>	<b>9,934,415</b>	<b>7,347,691</b>	<b>802,316</b>	<b>441,015</b>	<b>18,525,437</b>
<b>Contingencies &amp; Commitments</b>	<b>80,000</b>	<b>3,994,244</b>	<b>-</b>	<b>-</b>	<b>4,074,244</b>

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 Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and Key Management Personnel.

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 2019 (Un-audited)			31 December 2018 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
-----Rupees in '000-----						
<b>Advances</b>						
Opening balance	-	58,688	-	-	22,559	-
Addition during the year	-	-	-	-	41,059	-
Repaid during the year	-	(953)	-	-	(4,930)	-
Closing balance	-	57,735	-	-	58,688	-
<b>Other Assets</b>						
Other receivable	-	-	9,263	-	-	9,035
<b>Deposits and other accounts</b>						
Opening balance	-	1,823	587,715	-	80	456,681
Received during the year	-	5,370	800,259	-	7,026	2,143,428
Withdrawn during the year	-	(5,335)	(753,206)	-	(5,263)	(2,012,394)
Transfer in (out) - net	-	40	-	-	(20)	-
Closing balance	-	1,898	634,768	-	1,823	587,715
<b>Other Liabilities</b>						
Interest mark-up payable	-	4	2,070	-	14	2,767
Payable to staff retirement fund	-	-	-	-	-	2,156
Other liabilities	-	-	6,509	-	-	6,475

	31 March 2019 (Un-audited)			31 March 2018 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
-----Rupees in '000-----						
<b>RELATED PARTY TRANSACTIONS</b>						
<b>Income</b>						
Mark-up return - interest earned		715			321	
<b>Expense</b>						
Mark-up return - interest paid		64	15,712			6,640
<b>Operating expenses</b>						
Fees for Board & Committee Meeting	810			736		
Allowance for Board & Committee Meeting	4,499			4,813		
Managerial Remuneration		15,393			17,322	
Cash Bonus Awards		-			1,265	
Contribution to defined contribution plan		1,316			1,494	
Rent & house maintenance		2,643			3,353	
Utilities		661			838	
Medical		826			1,923	
Conveyance		2,459			2,746	
Others		158			294	

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  
2019 2018  
(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	5,541,797	5,816,658
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,541,797	5,816,658
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	5,541,797	5,816,658

**Risk Weighted Assets (RWAs):**

Credit Risk	9,090,213	8,450,190
Market Risk	1,441,700	1,416,408
Operational Risk	1,231,336	1,231,336
Total	11,763,249	11,097,934

	31 March 2019 (Un-audited)		31 December 2018 (Audited)	
	Required	Actual	Required	Actual
Common Equity Tier 1 Capital Adequacy ratio	6.00%	47.11%	6.00%	52.41%
Tier 1 Capital Adequacy Ratio	7.50%	47.11%	7.50%	52.41%
Total Capital Adequacy Ratio	11.90%	47.11%	11.90%	52.41%

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 2019 (Un-audited)	31 December 2018 (Audited)
	Rupees in '000	
Eligible Tier-I Capital	5,541,797	5,816,658
Total Exposures	18,116,075	17,766,344
Leverage Ratio	30.59%	32.74%

**Liquidity Coverage Ratio (LCR):**

Total High Quality Liquid Assets	1,420,546	1,711,471
Total Net Cash Outflow	1,698,658	869,649
Liquidity Coverage Ratio	0.84	1.97

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

Total Available Stable Funding	12,620,635	12,175,418
Total Required Stable Funding	11,183,424	10,211,830
Net Stable Funding Ratio	113%	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. DATE OF AUTHORISATION

These financial statements were authorized for issue on 26<sup>th</sup> May 2019 by the Board of Directors of the Company.




Chief Financial Officer



Chief Executive and  
Managing Director



Chairman



Director



Director