



**Directors' Review**

The Board of Directors (the Board) is pleased to present the condensed interim financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the 1<sup>st</sup> quarter ended 31 March 2020 together with Directors' review thereon.

**Performance review**

The Company generated profit before tax of PKR 76.34 million during the period under review as compared to loss before tax of PKR 122.08 million in the corresponding period last year.

Gross mark-up income during the period was PKR 970.52 million compared to PKR 371.81 million in corresponding period; an increase of approx. 161%.

Net interest income (NII) was negative in corresponding period mainly due to the unfavourable spreads on government securities portfolio consequent to continuous increase in interest rates in FY2019 and unachieved growth in credit portfolio due to regulatory limits. To address the situation, the Company devised a revised business strategy whereby divested its loss making government securities portfolio and built fresh portfolio with favourable spreads considering the interest rate scenario. Consequently, the spreads have become positive again, demonstrating implementation of its Treasury and Fund Management related strategy; the Company generated PKR 90.68 million as net interest income (NII) compared to net interest expense (NIE) of PKR 12.61 million in corresponding period.

Moreover, economic and political uncertainty, at domestic and international levels, showing no signs of stable capital market; especially after the pandemic of COVID19 and its effects on all economies around the globe have started to show signs of great depression. Despite this situation, during the period under review, the Company generated capital gain of PKR 26.25 million compared to PKR 6.24 million in corresponding period on its Capital and Money Market operations.

During the period, the Company generated net cash flows of PKR 2,304.07 million from its operations compared to PKR 1,694.47 million mainly on account of money market related operations. The total assets of the Company have increased to PKR 31,718 million – an increase of around PKR 2,620.25 million (compared to financial yearend 2019) mainly in money market instruments and credit portfolio.

The summarised financial results for the period are as follows:

Description	Quarter ended 31 March 2020 (3ME20)	Quarter ended 31 March 2019 (3ME19)
	PKR '000	
Profit/(loss) before taxation	76,336	(122,081)
Taxation	8,668	13,213
Profit/(loss) after taxation	67,668	(135,294)
Earnings/(loss) per share (PKR)	110.18	(220.28)



PakLibya

### **Future prospects**

In relation to minimum capital requirement (MCR), the authorised capital of the Company has already increased to PKR 10 billion and the Company is in the process of right issue to shareholders; the Ministry of Finance (MoF) has injected PKR 200 million as its portion of tranche in year 2019 and agreed to the remaining injection of additional capital to meet the MCR of the Company during financial year 2019-2020.

The Libyan Foreign Investment Company (LAFICO) agreed to match the actions of MoF; however, brotherly relationship bond between the two Countries and its confidence in the Company after review of revised business strategy, the foreign shareholder has injected entire amount of PKR 1 billion in the Company. Currently, the Company is in the process of concluding first right issue to shareholders.

In relation to KEL power plant (non-banking assets), the management is actively evaluating its options and is engaged in advance stage negotiation in terms of restructuring the deal for the disposal of these assets with a specialised engineering firm. The management of both the parties have signed a terms sheet; under the said arrangement, the Company will be able to recover the entire carrying value of these assets and aims to turn these non-yielding assets into yielding assets on a profit sharing basis without taking any further exposure.

Moreover, to improve the performance and sustainable growth considering the core business, the management is focusing on all possible avenues for profitable operations of the Company with an objective to expand its loan book including SME financing activities.

The management believes that through disposal of Power Plant (non-banking assets) and expansion in performing advances portfolio to almost double in the next three years will bring back the Company on its track of long term profitability.

In view of the overall efforts being made by the management, we are confident of positive business prospects for the Company.

### **Acknowledgments**

On behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust. We are also thankful to employees of the Company for their hard work and dedication.

### **For and on behalf of the Board**

**Khalid Joma Ezarzor**  
Deputy Managing Director

23 April 2020


**Khurram Hussain**  
Managing Director & CEO

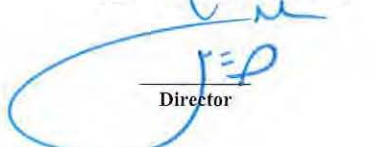
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**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

		(Un-audited)	(Audited)
	Note	31 March 2020	31 December 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	36,462	32,474
Balances with other banks	7	82,540	134,554
Lendings to financial institutions	8	2,250,000	2,800,000
Investments	9	22,526,040	19,019,915
Advances	10	4,537,694	4,525,152
Fixed assets	11	80,119	87,155
Intangible assets	12	2,883	3,190
Deferred tax asset - net	13	-	52,526
Non-banking assets acquired in satisfaction of claim	14	1,179,360	1,179,360
Other assets	14	1,023,015	1,263,532
		<u>31,718,113</u>	<u>29,097,858</u>
<b>LIABILITIES</b>			
Bills payable	16	-	-
Borrowings	17	24,348,240	21,914,147
Deposits and other accounts	18	1,575,225	1,551,020
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated loans	20	-	-
Deferred tax liabilities - net	13/21	6,494	-
Other liabilities	22	427,392	379,173
		<u>26,357,351</u>	<u>23,844,340</u>
<b>NET ASSETS</b>		<u><u>5,360,762</u></u>	<u><u>5,253,518</u></u>
<b>REPRESENTED BY</b>			
Share capital		6,141,780	6,141,780
Reserves		325,184	311,650
Surplus / (deficit) on revaluation of assets - net of tax	23	3,240	(36,336)
Unappropriated / unremitted profit / (loss)		(2,309,442)	(2,363,576)
Advance against shares subscription		1,200,000	1,200,000
		<u>5,360,762</u>	<u>5,253,518</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		

The annexed notes 1 to 45 form an integral part of these condensed interim unconsolidated financial statements.

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Director


  
 \_\_\_\_\_  
 Managing Director & CEO

  
 \_\_\_\_\_  
 Director


**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Note	Quarter ended	
		March	March
		2020	2019
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	26	970,516	371,809
Mark-up / return / interest expensed	27	<u>879,832</u>	<u>383,970</u>
Net mark-up / interest income		90,684	(12,161)
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	28	7,017	527
Dividend income		10,238	9,198
Foreign exchange income		8	1
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	26,252	6,236
Unrealised loss on revaluation of investments classified as 'held-for-trading'	29	-	(171)
Other income	30	1,064	2,011
Total non mark-up / interest income		44,579	17,802
<b>Total Income</b>		<u>135,263</u>	<u>5,641</u>
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	31	107,286	100,354
Workers welfare fund	24	-	-
Other charges	32	5,363	2,540
Total non mark-up / interest expenses		<u>112,649</u>	<u>102,894</u>
Profit / (loss) before provisions		22,614	(97,253)
(Reversal) / provisions and write offs - net	33	(53,722)	24,828
Extraordinary / unusual items		-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<u>76,336</u>	<u>(122,081)</u>
Taxation	34	8,668	13,213
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>67,668</u>	<u>(135,294)</u>
		----- (Rupees) -----	
Basic earnings / (loss) per share	35	<u>110.18</u>	<u>(220.28)</u>
Diluted earnings / (loss) per share	36	<u>110.18</u>	<u>(220.28)</u>

The annexed notes 1 to 45 form an integral part of these condensed interim unconsolidated financial statements

  
 Chief Financial Officer

Director

  
 Managing Director & CEO

Director

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Quarter ended	
	March 2020	March 2019
	------(Rupees in '000)-----	
Profit / (loss) after taxation	67,668	(135,294)
<b>Other comprehensive income - net</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax*	39,577	42,369
Others	-	-
	39,577	42,369
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	-	-
<b>Total comprehensive income / (loss)</b>	<u>107,245</u>	<u>(92,925)</u>

\*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes 1 to 45 form an integral part of these condensed interim unconsolidated financial statements.

  
 Chief Financial Officer

  
 Director

  
 Managing Director & CEO

  
 Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED  
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	Share capital/ Head office capital account	Statutory reserve	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit/ (loss)	Total
			Investments	Fixed / Non Banking Assets		
(Rupees in '000)						
Opening balance as at 1 January 2019	6,141,780	311,650	(215,171)	-	(2,069,770)	4,168,489
(Loss) after taxation (March 2019)	-	-	-	-	(135,294)	(135,294)
Other comprehensive income - net of tax	-	-	42,369	-	-	42,369
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 April 2019	6,141,780	311,650	(172,802)	-	(2,205,064)	4,075,564
(Loss) for the period	-	-	-	-	(168,418)	(168,418)
Other comprehensive income - net of tax	-	-	136,466	-	-	136,466
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	9,906	9,906
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2020	6,141,780	311,650	(36,336)	-	(2,363,576)	4,053,518
Profit after taxation (March 2020)	-	-	-	-	67,668	67,668
Other comprehensive income - net of tax	-	-	39,577	-	-	39,577
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	13,534	-	-	(13,534)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the period 31 March 2020	6,141,780	325,184	3,241	-	(2,309,442)	4,160,763

The annexed notes 1 to 45 form an integral part of these condensed interim unconsolidated financial statements.

  
Chief Financial Officer

  
Director

  
Managing Director & CEO

  
Director

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	Note	March 2020	March 2019
----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		76,336	(23,862)
Less: Dividend income		<u>(10,238)</u>	<u>(8,455)</u>
		66,098	(32,316)
Adjustments:			
Depreciation		7,513	6,933
Amortization		306	339
(Reversal) / provision and write-offs	10.3	(53,721)	(8,027)
Unrealised loss on revaluation of investments classified as 'held-for trading'		-	1,507
Reversal of provision against lendings to financial institutions		-	-
(Reversal) of provision / provision against other assets		-	-
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1	-	-
(Gain) on sale of operating fixed assets	30	(47)	1,134
		<u>(45,949)</u>	<u>1,886</u>
		20,149	(30,430)
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(500,000)	(550,000)
Held-for-trading securities		7,901	(2,201,317)
Advances		41,179	(426,437)
Others assets (excluding advance taxation)		<u>391,662</u>	<u>(52,521)</u>
		(59,258)	(3,230,275)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		-	-
Borrowings from financial institutions		2,434,093	4,483,507
Deposits		24,205	470,900
Other liabilities		<u>48,219</u>	<u>18,513</u>
		2,506,517	4,972,920
		2,467,408	1,712,215
Income tax paid		<u>(163,334)</u>	<u>(17,740)</u>
<b>Net cash generated from operating activities</b>		2,304,074	1,694,475
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in 'available-for-sale' securities - net		(3,414,292)	(4,171,602)
Investments in 'held-to-maturity' securities - net		7,133	(8,483)
Dividend received		5,488	1,950
Investments in operating fixed assets - net		(479)	(3,143)
Proceeds from sale of operating fixed assets		48	-
<b>Net cash flow (used) in investing activities</b>		(3,402,101)	(4,181,278)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Advance against share subscription		-	-
Dividend paid		-	-
Remittances made to/received from company		-	-
<b>Net cash flow generated from financing activities</b>		-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>		(1,098,027)	(2,486,803)
Cash and cash equivalents at beginning of the period		<u>1,867,029</u>	<u>3,661,822</u>
Cash and cash equivalents at end of the period	42	<u>769,002</u>	<u>1,175,019</u>

The annexed notes 1 to 45 form an integral part of these condensed interim unconsolidated financial statements.

  
 Chief Financial Officer

  
 Director

  
 Managing Director & CEO

  
 Director

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure for further thirty years upto 14 October 2038. The objectives of the Company inter alia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahr-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

- 1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion. The paid-up capital of the Company (free of losses) as of 31 March 2020 amounted to Rs. 3.832 billion (31 December 2019: Rs. 3.778 billion).

The Board of Directors (BOD) of the Company in its meeting held on 09 December 2012 and 10 December 2012, recommended the shareholders for increase in paid-up capital by Rs. 4 billion in the year 2013. The increase in capital is aimed to comply with minimum capital requirement (MCR) for risk absorption and future growth and business prospects of the Company.

Further, the Chairman of the Company (Libyan Nominee) in the Board meeting held on 26 April 2014 informed that BOD of Libyan Foreign Investment Company (LAFICO) has given approval for the capital injection of Rs. 2 billion with a condition of simultaneous injection of additional capital by Government of Pakistan (GOP).

In this regard, SBP has been reviewing the progress and performance of the Company and the Company has been following up the matter of additional capital injection with the Ministry of Finance (MoF). Considering the performance of the Company, both shareholders in the Annual General Meeting (AGM) held on 15 April 2016 revisited the required additional capital and agreed to reduce the capital injection from Rs. 4 billion to Rs. 2 billion (Rs.1 billion by each shareholder).

During the year 2017, the Company had submitted a 3 year plan to SBP to demonstrate its ability to meet the MCR through organic growth, as advised by the SBP. Subsequently, MoF vide its letter no. F.2(1) Inv-IV/2014 dated 16 January 2018 had stated that in the last quarter of current Financial Year, after a review of fiscal space, injection of equity would be given due consideration. Consequently, SBP vide its letter No. BPRD/BA&CP/657/5114/2018 dated 07 March 2018 granted relaxation in MCR till 30 June 2018. SBP vide its letter No. BPRD/BA&CP/657/25618/2018 dated 20 November 2018 reiterated for a definitive timeline for equity injection in the company by GoP for meeting the MCR shortfall. Consequently, MoF in its letter No. F.2(1)/NV.IV/2014 dated 15 January 2019 stated that Finance Division has agreed to the proposal for injection of Rs.1 billion to meet MCR of the Company during financial years 2018-2019 and 2019-2020.

In this regard, the authorised capital of the Company has increased to Rs.10 billion and Company is in the process of right issue to the shareholders. Further, Rs.200 million has already been received from GoP as its portion of tranche in June 2019 whilst, the Libyan shareholder has injected entire amount of Rs.1 billion. The total amount of Rs.1.2 billion has been treated as advance against share subscription till the conclusion of right issue process.

In addition to the equity injection, the Company has taken various measures including efforts to dispose non-banking assets related to Kamoki Energy Limited and tighten the controls over operating cost and expenses with the aim to attain profit and positive cash flows from operations. The management is taking steps to improve the Company's liquidity, profitability and cash flows via active cost saving and other measures.

Further, the BoD of the Company have approved the Company's 5 year plan prepared by the management. The projections covered the period of 5 years. The management is confident that, taking into account the above mentioned plans and measures, the Company will have sufficient funds to finance its operations and to meet its financial obligations. The Company based on these developments, requested SBP for MCR extension till June 2020.



Moreover, the existence of novel corona virus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. As this situation is fluid and rapidly evolving, no one considers it practicable to estimate the potential impact of this outbreak on the economy as well as on the Company. However, the Company has been evaluating the rapidly changing situation and implementing following mitigating factors against current situation:

- Holding extraordinary relevant committee meetings:
  - Credit Committee to continuously monitoring the credit risk and potential problematic cases
  - Asset-Liability Committee as often as required to monitor the balance sheet position and implement relevant actions
  - BCP group meeting to ensure mitigation of settlement and operational risks and smooth operations
- Implementation of approved ICAAP and continuous monitoring of regulatory ratios
- Contingency funding planning and sufficient liquidity
- Functional BCP team in place

#### *Subsidiary Company*

- 1.3 Kamoke Powergen (Private) Limited (the Company) (KPL) was incorporated in Pakistan as a private limited company on 07 February 2017. The Company is wholly owned subsidiary of Pak Libya Holding Company (Private) Limited. The Company has been established as a Special Purpose Vehicle (SPV) and is in the process of applying for the power generation license from NEPRA to increase the salability of assets of Kamoki Energy Limited (KEL). Approval from State Bank of Pakistan (SBP) was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

## 2. BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

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

- 2.2 The condensed interim unconsolidated financial statements do not include all the information and disclosures required in the audited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended 31 December 2019.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the audited annual unconsolidated financial statements of the Company for the year ended 31 December 2019.

### 3.1 New standards, interpretations and amendments

#### **Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company**

There are certain new amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements, except as follows:

#### **IFRS 9 "Financial Instruments"**

IFRS 9 replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised classification and measurement of financial instruments and a new expected credit loss approach for calculating impairment on financial assets. The Company carried out an impact assessment as at 31 December 2017 which was submitted to State Bank of Pakistan. During the year, State Bank of Pakistan has deferred through BPRD circular No. 04 of 2019 dated 23 October 2019, its implementation till 31 December 2020, hence the implementation date for IFRS 9 is 1 January 2021.

**IFRS 16 "Leases"**

During the current year, the Company has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supercedes IAS 17 "Leases", IFRIC 4 "Determining whether an arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the substance of transactions involving the legal form of a lease". The standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessors to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The adoption of IFRS does not have any material impact on the Company's financial statements, except IFRS 9.

**Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's financial statements in the period of their initial application.

The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3, Business Combinations (Amendments)	<b>1 January 2020</b>
IAS 1, Presentation of Financial Statements (Amendments)	<b>1 January 2020</b>
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	<b>1 January 2020</b>

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended 31 December 2019.

**5. FINANCIAL RISK MANAGEMENT**

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

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		6	6
Foreign currency		5,928	157
		<u>5,934</u>	<u>163</u>
With State Bank of Pakistan in			
Local currency current account	6.1	30,304	31,534
		<u>30,304</u>	<u>31,534</u>
With other central banks in			
Foreign currency current account		-	-
Foreign currency deposit account		-	-
		-	-
With National Bank of Pakistan in			
Local currency current account		223	777
Local currency deposit account		-	-
		<u>223</u>	<u>777</u>
Prize bonds		-	-
		<u>36,462</u>	<u>32,474</u>
6.1 This includes a balance required to be maintained with the SBP by the Company in accordance with the SBP's regulations for cash reserve requirements.			

**7 BALANCES WITH OTHER BANKS**

In Pakistan			
In current accounts		17,691	12,356
In deposit accounts	7.1	64,849	122,199
		<u>82,540</u>	<u>134,554</u>
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		<u>82,540</u>	<u>134,554</u>

7.1 The return on these balances ranges from 9.50 to 11.30 (2019: 8.00 to 11.75 ) percent per annum.

**8 LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lending	8.1.1	2,283,064	2,833,064
		<u>2,283,064</u>	<u>2,833,064</u>
Less: provision held against lending to financial institutions	8.2	(33,064)	(33,064)
Lending to financial institutions - net of provision		<u>2,250,000</u>	<u>2,800,000</u>
<b>8.1 Particulars of lending</b>			
In local currency		2,250,000	2,800,000
In foreign currencies		-	-
		<u>2,250,000</u>	<u>2,800,000</u>

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 13.25 to 14.90 (2019: 14.50 to 15.00) percent per annum. These are due to mature between 28 April 2020 and 24 September 2020.

**8.2 Category of classification**

	Rupees in '000			
	(Un-audited) 31 March 2020		(Audited) 31 December 2019	
	Classified Lending	Provision held	Classified Lending	Provision held
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,064	33,064	33,064	33,064
<b>Total</b>	<u>33,064</u>	<u>33,064</u>	<u>33,064</u>	<u>33,064</u>

**Overseas**

The company does not have any overseas lending during quarter ended March 2020 (2019 : Nil).

9 INVESTMENTS	Note	(Un-audited) 31 March 2020				(Audited) 31 December 2019			
		(Rupees in '000)				(Rupees in '000)			
9.1 Investments by type:		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
<b>Held-for-trading securities</b>									
Federal government securities		-	-	-	-	-	-	-	-
Shares		-	-	-	-	8,298	(397)	-	7,901
		-	-	-	-	8,298	(397)	-	7,901
<b>Available-for-sale securities</b>									
Federal government securities		18,778,192	-	419,367	19,197,559	15,380,521	-	27,459	15,407,980
Shares		1,492,574	(366,564)	(364,671)	761,340	1,309,673	(366,564)	(79,630)	863,480
Non government debt securities	9.1.5 & 9.1.6	2,702,252	(332,519)	-	2,369,703	2,868,532	(332,549)	-	2,535,983
		22,973,019	(699,113)	54,696	22,328,603	19,558,727	(699,113)	(52,171)	18,807,443
<b>Held-to-maturity securities</b>									
Non government debt securities		198,303	(6,366)	-	191,938	205,437	(6,366)	-	199,071
		198,303	(6,366)	-	191,938	205,437	(6,366)	-	199,071
<b>Associates</b>	9.1.1, 9.1.2 & 9.1.3	705,367	(704,867)	-	500	705,367	(704,867)	-	500
<b>Subsidiaries</b>	9.1.4	5,000	-	-	5,000	5,000	-	-	5,000
<b>Total</b>		<b>23,881,689</b>	<b>(1,410,345)</b>	<b>54,696</b>	<b>22,526,040</b>	<b>20,482,828</b>	<b>(1,410,742)</b>	<b>(52,171)</b>	<b>19,019,915</b>

9.1.1 This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The book value represents cost of investment amounting to Rs. 500 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012. This investment was designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

9.1.2 These include preference shares amounting to Rs.300 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.

9.1.3 It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining building housing offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.

9.1.4 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited with a paid-up capital of Rs. 5 million representing 500,000 ordinary shares of Rs. 10 each. The Company appointed an EVP grade executive (Mr. Kashif Shabbir) as Chief Executive Officer (CEO) of KPL. KPL has been established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016.

- 9.1.5 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its markup and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause is mandatorily invoked for the time being until proposed merger; however, at a later stage, the pending merger had been called off. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms. In this regard, SBP has given its final approval for the period till 27 October 2019 and has given a separate in-principal approval for the period covering till 27 October 2020.

Management have not provided any impairment on the said TFCs on subjective basis, due to above facts and the recent developments and negotiations, in these condensed interim unconsolidated financial statements.

- 9.1.6 It includes investment in unlisted TFCs of PIA amounting to Rs.11.058 million (2019 : Rs.11.058 million) against which no provision has been made on the basis of exposure being guaranteed by the Government as stated in Annexure V "Guidelines in the matter of classification and provisioning of assets" of Prudential Regulations R-8 of Corporate / Commercial Banking.

9.1.7 Investments given as collateral

Market treasury bills  
Pakistan investment bonds

(Un-audited) 31 March 2020	(Audited) 31 December 2019
Cost	
----- (Rupees in '000) -----	
2,000,000	650,000
13,210,000	13,000,000
<u>15,210,000</u>	<u>13,650,000</u>

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

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Add: adjustments during the period / year

Charge / reversals

Charge for the period / year

Reversals for the period / year

(Reversal) / charge on disposals

Transfers / Mark-to-market - net

Amounts written off

Closing balance

1,410,742	1,493,354
-	-
-	78,659
-	-
-	(160,530)
-	(81,871)
(397)	(741)
-	-
<u>1,410,345</u>	<u>1,410,742</u>

9.3.1 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

----- (Rupees in '000) -----			
(Un-audited) 31 March 2020		(Audited) 31 December 2019	
Classified	Provision	Classified	Provision
-	-	-	-
-	-	-	-
-	-	-	-
332,549	332,549	332,549	332,549
<u>332,549</u>	<u>332,549</u>	<u>332,549</u>	<u>332,549</u>

Overseas

The company does not have any overseas investment during the quarter ended March 2020 (2019 : Nil)

## 10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(Rupees in '000)					
Loans	3,561,147	3,492,830	1,266,807	1,320,703	4,827,955	4,813,533
Net investment in finance lease	440,830	484,849	146,938	146,938	587,768	631,788
Staff loans	150,315	144,145	-	-	150,315	144,145
Consumer loans and advances	2,627	3,823	38,745	37,907	41,372	41,730
Long-term financing of export oriented projects - (LTF-EOP)	-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTF)	318,830	336,223	-	-	318,830	336,223
<b>Advances - gross</b>	<b>4,473,750</b>	<b>4,461,871</b>	<b>1,512,670</b>	<b>1,565,728</b>	<b>5,986,420</b>	<b>6,027,599</b>
Provision against advances						
- Specific	-	-	1,448,624	1,502,343	1,448,624	1,502,343
- General	-	-	102	104	102	104
	-	-	1,448,726	1,502,447	1,448,726	1,502,447
<b>Advances - net of provision</b>	<b>4,473,750</b>	<b>4,461,871</b>	<b>63,944</b>	<b>63,281</b>	<b>4,537,694</b>	<b>4,525,152</b>

10.1 Particulars of advances (Gross)  
In local currency  
In foreign currency

(Unaudited) March 2020	(Audited) December 2019
--- (Rupees in '000) ---	
5,986,420	6,027,599
-	-
<b>5,986,420</b>	<b>6,027,599</b>

- 10.2 Advances include Rs.1,512.67 million (2019: Rs.1,565.73 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) 31 March 2020		(Audited) 31 December 2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	4,171	-	3,136	-
Substandard	-	-	1,274	318
Doubtful	2,687	1,344	1,523	761
Loss	1,505,812	1,447,280	1,559,795	1,501,263
<b>Total</b>	<b>1,512,670</b>	<b>1,448,624</b>	<b>1,565,728</b>	<b>1,502,343</b>

#### Overseas

The Company does not have any overseas advances during the period ended 31 March 2020 (31 December 2019 : Nil).

- 10.3 Particulars of provision against advances

	(Un-audited) 31 March 2020			(Audited) 31 December 2019		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	1,502,343	104	1,502,447	1,522,851	134	1,522,985
Charge for the year	308	-	308	9,212	-	9,212
Less: Reversal during the year	(54,027)	(2)	(54,029)	(29,720)	(29)	(29,749)
Net (reversal) for the year	(53,719)	(2)	(53,721)	(20,508)	(29)	(20,537)
Less: Amounts written off	-	-	-	-	-	-
<b>Closing balance</b>	<b>1,448,624</b>	<b>102</b>	<b>1,448,726</b>	<b>1,502,343</b>	<b>104</b>	<b>1,502,447</b>

- 10.3.1 Particulars of provision against advances

In local currency	1,448,624	102	1,448,726	1,502,343	104	1,502,447
In foreign currency	-	-	-	-	-	-
	<b>1,448,624</b>	<b>102</b>	<b>1,448,726</b>	<b>1,502,343</b>	<b>104</b>	<b>1,502,447</b>

- 10.3.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2019: Nil) in respect of consumer financing and Rs.58.532 million (2019: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

- 10.3.3 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP for Consumer Financing.

		(Un-audited) 31 March 2020	(Audited) 31 December 2019
<b>11</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	-	-
	Property and equipment	80,119	87,155
		<u>80,119</u>	<u>87,155</u>
<b>11.1</b>	<b>Capital work-in-progress</b>		
	Civil works	-	-
	Equipment	-	-
	Advances to vendors	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
<b>11.2</b>	<b>Additions to fixed assets</b>		
	The following additions have been made to operating fixed assets during the period:		
	Capital work-in-progress	-	-
	Property and equipment		
	Freehold land	-	-
	Leasehold land	-	-
	Building on freehold land	-	-
	Building on leasehold land	-	-
	Furniture and fixture	371	-
	Electrical office and computer equipment	29	97
	Vehicles	79	-
	Others	-	-
	Total	<u>479</u>	<u>97</u>
<b>11.3</b>	<b>Disposal of fixed assets</b>		
	The net book value of operating fixed assets disposed off during the period is as follows:		
	Freehold land	-	-
	Leasehold land	-	-
	Building on freehold land	-	-
	Building on leasehold land	-	-
	Furniture and fixture	-	28
	Electrical office and computer equipment	-	-
	Vehicles	1	1,693
	Others	-	-
	Total	<u>1</u>	<u>1,721</u>
<b>12</b>	<b>INTANGIBLE ASSETS</b>		
	Computer software	2,883	3,190
	Others	-	-
		<u>2,883</u>	<u>3,190</u>
<b>12.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Developed internally	-	-
	Directly purchased	-	-
	Through business combinations	-	-
	Total	<u>-</u>	<u>-</u>
<b>12.2</b>	<b>Disposals of intangible assets</b>		
	The net book value of intangible assets disposed off during the period is as follows:		
	Developed internally	-	-
	Directly purchased	-	-
	Through business combinations	-	-
	Total	<u>-</u>	<u>-</u>



	(Un-audited) 31 March 2020	(Audited) 31 December 2019
--- (Rupees in '000) ---		
<b>13 DEFERRED TAX ASSETS / (LIABILITY)</b>		
Deductible temporary differences on		
- Tax losses carried forward	-	-
- Post retirement employee benefits	5,137	4,876
- Deficit on revaluation of investments	-	-
- Accelerated tax depreciation	-	-
- Provision against advances, off balance sheet etc.	77,568	77,568
- Others	-	-
	<u>82,705</u>	<u>82,444</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	-	-
- Surplus on revaluation of investments	(51,456)	15,895
- Accelerated tax depreciation	(513)	(51)
- Net investment in finance lease	<u>(37,230)</u>	<u>(45,762)</u>
	<u>(89,199)</u>	<u>(29,918)</u>
	<u>(6,494)</u>	<u>52,526</u>

13.1 As at 31 March 2020, the Company has available provision for advances, investments and other assets amounting to Rs.1,731.52 million (31 December 2019: Rs.1,785.41 million) and unused tax losses upto 31 March 2020 amounting to Rs. 499,799 million (31 December 2019: Rs.539,047 million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

#### 14 OTHER ASSETS

Income / mark-up accrued in local currency-net of provision	503,634	892,374
Advances, deposit, advance rent and other prepayments	21,551	19,801
Advance taxation (payments less provisions)	519,297	372,901
Other receivables	8,253	8,205
Staff retirement gratuity - asset / (liability)	22.1 8,466	8,437
	<u>1,061,202</u>	<u>1,301,718</u>
Less: provision held against other assets	14.2 (38,186)	(38,186)
Other assets - (net of provision)	<u>1,023,015</u>	<u>1,263,532</u>
Non-banking assets acquired in satisfaction of claims - held for sale	14.1 1,179,360	1,179,360
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
	<u>1,179,360</u>	<u>1,179,360</u>

14.1 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 14.1.1 & note 37.2

#### 14.1.1 Non-banking assets acquired in satisfaction of claims - held for sale

Opening balance	1,179,360	1,179,360
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
Impairment	-	-
Closing balance	<u>1,179,360</u>	<u>1,179,360</u>

This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at 31 December 2019. As per the new valuation the assessed value of these assets were Rs.2.531 billion, whilst forced sale value is Rs.1.570 billion. However the surplus on revaluation on the non-banking assets has not been recorded in these condensed interim unconsolidated financial statements on prudent basis.

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
--- (Rupees in '000) ---		
<b>14.2 Provision held against other assets</b>		
Advances, deposits, advance rent & other prepayments	38,186	38,186
Non banking assets acquired in satisfaction of claims	-	-
Others	-	-
	<u>38,186</u>	<u>38,186</u>
<b>14.2.1 Movement in provision held against other assets</b>		
Opening balance	38,186	18,682
Charge for the period	-	19,504
Reversals	-	-
Amount written off / (recovered)	-	-
Closing balance	<u>38,186</u>	<u>38,186</u>

**15. Contingent assets**

The Company does not have any contingent assets as at period end March 2020 (31 December 2019 : Nil).

**16. Bill payable**

The Company does not have any bills payable as at period end March 2020 (31 December 2019 : Nil).

**17. BORROWINGS***Secured*

Borrowings from State Bank of Pakistan under:

Long-term financing facility (LTFF)	17.1	318,830	336,223
Repurchase agreement borrowings - Repo	17.2	11,657,756	13,444,981
Borrowings from financial institutions	17.3	3,261,500	3,411,500
Bai Muajjal	17.4	3,526,700	-
<b>Total secured</b>		<u>18,764,786</u>	<u>17,192,705</u>

*Unsecured*

Clean borrowings		560,000	500,000
Bai Muajjal	17.5	5,023,454	4,221,443
		<u>24,348,240</u>	<u>21,914,147</u>

17.1 The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, the SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.0 to 2.5 (2019: 2.0 to 2.5) percent per annum.

17.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 10 April 2020 (31 December 2019: Jan 2020). The rate of mark-up on these facilities range from 11.00 to 11.25 (31 December 2019: 12.85 to 13.40) percent per annum.

17.3 This includes borrowings from financial institutions as under:

(a) Rs.3,062.50 million (2019: Rs.3,212.5 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis (2019: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 31 March 2020, the applicable interest rates were 13.69 to 14.01 (2019: 13.37 to 14.58) percent per annum. These borrowings are due for maturity latest by July 2023 (2019: July 2023).

(b) This represents short term borrowings (running finance) from certain financial institutions for period ranging from overnight to 12 months for running finance and 1 month to 12 months. They carry mark-up rate of three months KIBOR plus 0.75 percent per annum. This short term borrowing amounting to Rs.199 million is secured by way of hypothecation on all present and future assets of the company with 30 percent margin.

17.4 This represents financing through secured Bai Muajjal from a financial institution due for repayment latest by 13 April 2020. The rate of mark-up on this facility is 12.5 (2019: nil) percent per annum.

17.5 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 13 April 2020. The rate of mark-up on this facility ranges from 12.5 to 14.25 (2019: 13.5 to 14.25) percent per annum.

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
	---- (Rupees in '000) ----	
17.2 Particulars of borrowings with respect to currencies		
In local currency	24,348,240	21,914,147
In foreign currency	-	-
	<u>24,348,240</u>	<u>21,914,147</u>

## 18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 31 March 2020			(Audited) 31 December 2019		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	-----Rupees in '000-----					
<b>Customers</b>						
Certificate of Investment	1,575,225	-	1,575,225	1,551,020	-	1,551,020
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>1,575,225</u>	<u>-</u>	<u>1,575,225</u>	<u>1,551,020</u>	<u>-</u>	<u>1,551,020</u>
<b>Financial Institutions</b>						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,575,225</u>	<u>-</u>	<u>1,575,225</u>	<u>1,551,020</u>	<u>-</u>	<u>1,551,020</u>

The profit rates on these Certificates of Investment (COIs) range from 12.60 to 14.50 (31 December 2019: 13.40 to 14.50) percent per annum. These COIs are due for maturity on various dates latest by 03 September 2020 (31 December 2019: 03 September 2020).

## 19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance during the period ended March 2020 (31 December 2019: Nil)

## 20 SUBORDINATED DEBT

The Company does not have any subordinated debt during the period ended March 2020 (31 December 2019: Nil)

## 21 DEFERRED TAX LIABILITIES

The deferred tax liabilities have been considered in note 13, since a net deferred tax asset / liability amount has been disclosed

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
<b>22 OTHER LIABILITIES</b>		
Mark-up/ Return/ Interest payable in local currency	264,509	227,270
Accrued expenses	58,577	51,067
Advance payments	8,397	5,647
Current taxation (provisions less payments)	-	-
Unclaimed dividends	-	-
Dividends payable	-	-
Mark to market loss on forward foreign exchange contracts	-	-
Employees' compensated absences	22.1 17,713	16,993
Charity fund balance	-	-
Provision against off-balance sheet obligations	-	-
Security deposits against lease	77,682	77,682
Other	514	514
	<u>427,392</u>	<u>379,173</u>

22.1 This is based on actuarial valuation carried out as of 31 December 2019 for regular employees and MD & DMD of the Company.

**22.2 Provision against off-balance sheet obligations**

The Company does not have any provision against off-balance sheet obligations.

**23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS**

Surplus / (deficit) on revaluation of

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

54,696	(52,171)
-	-
-	-
54,696	(52,171)

Deferred tax on surplus / (deficit) on revaluation of:

- Available for sale securities
- Fixed Assets
- Non-banking assets acquired in satisfaction of claims

(51,456)	15,835
-	-
-	-
(51,456)	15,835
<u>3,240</u>	<u>(36,336)</u>

	Note	(Un-audited) 31 March 2020	(Audited) 31 December 2019
---- (Rupees in '000) ----			
<b>24 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	24.1	871,843	869,736
-Commitments	24.2	710,417	826,128
-Other contingent liabilities	24.3	213,227	213,227
		<u>1,795,487</u>	<u>1,909,092</u>
<b>24.1 Guarantees:</b>			
Financial guarantees	24.1.1	841,120	841,120
Performance guarantees	24.1.1	30,723	28,616
Other guarantees		-	-
		871,843	869,736

24.1.1 This represents the guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Company under the same.

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
---- (Rupees in '000) ----		
<b>24.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions		
- letters of credit	350,000	350,000
Commitments in respect of:		
- forward foreign exchange contracts	-	-
- forward government securities transactions	-	-
- derivatives	-	-
- forward lending	-	-
- operating leases	-	-
Commitments for acquisition of:		
- operating fixed assets	-	-
- intangible assets	708	708
Other commitments	359,709	475,420
	710,417	826,128

24.2.1 **Commitments in respect of forward foreign exchange contract, government securities transactions, derivatives, forward**  
The Company does not have any commitment in respect to foreign exchange contract, government securities transactions, derivatives and forward lending at period end (31 December 2019: Nil).

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
---- (Rupees in '000) ----		
<b>24.2.2 Other commitments</b>		
Commitments to extend credit	358,284	466,040
Unsettled investment transactions for sale / purchase of listed ordinary shares	-	7,956
Commitments against other services	1,425	1,425
	<u>359,709</u>	<u>475,420</u>

### 24.3 Other contingent liabilities

- 24.3.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.
- 24.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.3 For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vide his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.4 For the tax year 2014, the ACIR passed an order wherein he demanded tax of Rs.57.866 million disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vide his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.
- 24.3.5 For the tax year 2015, the ADCIR passed an order wherein he demanded tax of Rs.46.669 million disallowing the provision for non-performing advances, Write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order issued by ADCIR, has been filed on 16 April 2019.
- 24.3.6 For the tax year 2017, the ADCIR passed an order under section 122(1)/(5) of the Ordinance on September 30, 2019. As a result of the order passed there is no change in the tax liability. However, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, board meeting expenses and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order issued by ADCIR, appeal has been filed on 29 October 2019.

No provision has been made in these condensed interim unconsolidated financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters considering the appellate history and tax advisor's opinion.

- 24.3.7 The Company, through its lawyer, has challenged in Sindh High Court (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing. At period end, the outcome was still pending.

**25 DERIVATIVE INSTRUMENTS**

The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the period (31 December 2019: Nil)

	(Un-audited) 31 March 2020	(Un-audited) 31 March 2019
	---- (Rupees in '000) ----	
<b>26 MARK-UP/RETURN/INTEREST EARNED</b>		
loans and advances	163,787	109,281
Investments	714,990	219,964
Lendings to financial institutions	90,788	42,096
Balance with banks	951	469
Others	-	-
	<u>970,516</u>	<u>371,809</u>
<b>27 MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	54,548	20,728
Borrowings	825,284	363,242
Subordinated debt	-	-
Cost of foreign currency swaps against foreign currency deposits/ borrowings	-	-
	<u>879,832</u>	<u>383,970</u>
<b>28 FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	-	-
Consumer finance related fees	-	-
Card related fees (debit and credit cards)	-	-
Credit related fees	5,601	296
Investment banking fees	-	-
Commission on trade	-	-
Commission on guarantees	1,416	231
Commission on cash management	-	-
Commission on remittances including home remittances	-	-
Commission on bancassurance	-	-
Others	-	-
	<u>7,017</u>	<u>527</u>
<b>29 GAIN / (LOSS) ON SECURITIES - NET</b>		
Realised	26,252	6,236
Unrealised-held for trading	-	(171)
	<u>26,252</u>	<u>6,066</u>
<b>29.1 Realised gain on:</b>		
Federal government securities	14,214	-
Shares	12,039	5,729
Non-government debt securities	-	507
Associates	-	-
Subsidiaries	-	-
Others	-	-
	<u>26,252</u>	<u>6,236</u>
<b>30 OTHER INCOME</b>		
Rent on property	1,003	933
Gain on sale of operating fixed assets	47	339
Gain on sale of non-banking assets - net	-	-
Bank charges on consumer and SME-RBD portfolio	14	690
Others	-	49
	<u>1,064</u>	<u>2,011</u>

	(Un-audited) 31 March 2020	(Un-audited) 31 March 2019
	---- (Rupees in '000) ----	
31 OPERATING EXPENSES		
Total compensation expense	75,482	73,728
<b>Property expense</b>		
Rent and taxes	100	-
Insurance	959	862
Utilities cost	1,111	966
Security (including guards)	255	251
Repair and maintenance (including janitorial charges)	3,810	3,661
Depreciation	700	464
Others	-	-
	6,934	6,205
<b>Information technology expenses</b>		
Software maintenance	527	500
Hardware maintenance	165	399
Depreciation	521	600
Amortisation	306	281
Network charges	260	226
BCP expense	183	183
	1,962	2,189
<b>Other operating expenses</b>		
Directors' fees and allowances	2,722	1,040
Fees and allowances to Shariah Board	-	-
Legal and professional charges	2,998	998
Outsourced services costs	1,125	1,230
Travelling and conveyance	962	841
NIFT clearing charges	-	-
Depreciation	6,291	4,705
Training and development	-	-
Postage and courier charges	94	49
Communication	1,135	898
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan )	-	-
Stationery and printing	451	570
Marketing, advertisement & publicity	527	642
Donations	-	-
Auditors' remuneration	-	87
Board meeting expenses	5,912	6,257
Meal and business networking expenses	172	257
Canteen expenses	188	198
Liveries and uniform	-	185
Hajj expense	244	223
Bank charges	59	36
Miscellaneous expenses	28	16
	22,908	18,233
	<u>107,286</u>	<u>100,354</u>



Note	(Un-audited)	(Un-audited)
	31 March 2020	31 March 2019
---- (Rupees in '000) ----		
<b>32 OTHER CHARGES</b>		
Arrangement fee and documentation charges	60	-
Brokerage commission & CDC charges	2,796	712
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	2,507	1,828
Penalties imposed by State Bank of Pakistan	-	-
Penalties imposed by other regulatory bodies	-	-
	<u>5,363</u>	<u>2,540</u>
<b>33 PROVISIONS &amp; WRITE OFFS - NET</b>		
Provisions against lending to financial institutions	-	-
Loss on non-banking assets acquired in satisfaction of claims	-	-
Provisions for diminution in value of investments	9.2	2,767
(Reversal) / provisions against loans and advances *	10.3	2,557
(Reversal) / provision against other receivable	14.2.1	19,504
Bad debts written off directly	-	-
Recovery of written off / charged off bad debts	-	-
	<u>(53,722)</u>	<u>24,828</u>
<b>34 TAXATION</b>		
Current	16,938	7,283
Prior years	-	-
Deferred	<u>(8,270)</u>	<u>5,930</u>
	<u>8,668</u>	<u>13,213</u>

Due to current year tax loss, the Company has made provision for applicable minimum tax and income tax at fixed rates. Therefore, relationship between tax expense and accounting profit for the period / year has not been presented.

	(Un-audited)	(Un-audited)
	31 March 2020	31 March 2019
---- (Rupees in '000) ----		
<b>35 BASIC EARNINGS/ (LOSS) PER SHARE</b>		
Profit / (loss) for the period	<u>67,668</u>	<u>(135,294)</u>
Weighted average number of ordinary shares	<u>614,178</u>	<u>614,178</u>
Basic earnings / (loss) per share (Rupees)	<u>110.2</u>	<u>(220.3)</u>
<b>36 DILUTED EARNINGS/ (LOSS) PER SHARE</b>		
Profit / (loss) profit for the period	<u>67,668</u>	<u>(135,294)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>614,178</u>	<u>614,178</u>
Diluted earnings / (loss) per share (Rupees)	<u>110.2</u>	<u>(220.3)</u>

## 37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. 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.

## 37.1 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).

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 measurement is categorised:

	(Un-Audited) 31 March 2020			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Investments</b>				
Federal government securities	-	19,197,559	-	19,197,559
Provincial government securities	-	-	-	-
Shares	761,340	-	5,500	766,840
Non-government debt securities	-	859,080	-	859,080
Foreign securities	-	-	-	-
Others	-	-	-	-
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	-	1,502,561	1,502,561
Cash and balances with treasury banks	-	-	36,462	36,462
Balances with other banks	-	-	82,540	82,540
Lendings to financial institutions	-	-	2,250,000	2,250,000
Advances	-	-	4,537,694	4,537,694
Other assets	-	-	1,023,015	1,023,015
<b>Financial liabilities - disclosed but not measured at fair value</b>				
Borrowings	-	-	(24,348,240)	(24,348,240)
Deposits and other accounts	-	-	(1,575,225)	(1,575,225)
Other liabilities	-	-	(427,392)	(427,392)
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	-	-	-
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
Derivatives purchases	-	-	-	-
Derivatives sales	-	-	-	-
	<b>761,340</b>	<b>20,056,639</b>	<b>(16,913,085)</b>	<b>3,904,894</b>

(Audited)				
31 December 2019				
Level 1	Level 2	Level 3	Total	
-----Rupees in '000-----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Investments</b>				
Federal government securities	15,407,980	-	15,407,980	
Provincial government securities	-	-	-	
Shares	871,381	5,500	876,881	
Non-government debt securities	-	861,228	861,228	
Foreign securities	-	-	-	
Others	-	-	-	
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments	-	1,875,974	1,875,974	
Cash and balances with treasury banks	-	32,474	32,474	
Balances with other banks	-	134,554	134,554	
Lendings to financial institutions	-	2,800,000	2,800,000	
Advances	-	4,525,152	4,525,152	
Other assets	-	1,263,532	1,263,532	
<b>Financial liabilities - disclosed but not measured at fair value</b>				
Borrowings	-	(21,914,147)	(21,914,147)	
Deposits and other accounts	-	(1,551,020)	(1,551,020)	
Other liabilities	-	(379,173)	(379,173)	
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	-	-	
Forward sale of foreign exchange	-	-	-	
Forward agreements for lending	-	-	-	
Forward agreements for borrowing	-	-	-	
Derivatives purchases	-	-	-	
Derivatives sales	-	-	-	
871,381	16,269,208	(13,207,154)	3,933,436	

## 37.2 Fair value of non-financial assets

(Un-Audited)					
31 March 2020					
Level 1	Level 2	Level 3	Total		
-----Rupees in '000-----					
<b>On balance sheet non-financial assets</b>					
Non-banking assets acquired in satisfaction of claims.	-	2,530,518	-	2,530,518	
				2,530,518	2,530,518
<b>On balance sheet non-financial assets</b>					
(Audited)					
31 December 2019					
Level 1	Level 2	Level 3	Total		
-----Rupees in '000-----					
Non-banking assets acquired in satisfaction of claims.	-	2,530,518	-	2,530,518	
				2,530,518	2,530,518

**Methodology and Valuation Approach**

For the purposes of valuation, valuer carried out inspection and survey of the land, building, plant and machinery. They verified the capacity of the Engines and Alternators from their nameplate rating. The plant is mostly second-hand and the engines have run 50/60,000 hours.

**Land**

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.56.500 million (2019: 56.500 million).

**Buildings And Civil Works**

All civil works were physically inspected to ascertain the type of construction, finishes and present condition. The structures covered are the owned and developed assets on owned land and long leased land holdings. The verification was also made from the architectural drawings and completion drawings as available. The buildings were checked to ascertain the maintenance standard and construction at site in accordance with the drawings. A suitable depreciation factor depending upon the present condition and life of the buildings was applied to arrive at the present assessed value is Rs.150.570 million (2019: 150.570 million).

**Plant and Machinery including Spares**

The machinery at the site (including spares) were physically verified as far as possible, according to their description, specification and location. Purchase invoices were used in order to determine the historical cost.

For the purpose of valuation of plant, machinery and equipment, valuer enquired values of second-hand machinery and checked their own archives, apart from the local market, keeping in view the make, model, capacity & present condition of the plant, which resulted in valuation of Rs.1,363.009 million (2019: 1,363.009 million).

As the machinery items are also lying at the port and segments are distributed into various containers at the Plant site, this will present some problems in assembling and in absence of comprehensive assembly drawings and technical specification / rusting problems, the realisable value will suffer.

At year end 2018, the Company performed an impairment review to ascertain that the carrying amount of the power plant does not exceed its recoverable amount; the review was based on a financial model with various assumptions, as the power plant has not started its operations yet. Considering the assets being non-operational, the management engaged an external valuation expert to assess the value of these assets. As a result of the assessment, the management considered that no impairment on these assets is required for the year ended 31 December 2019, as the revised market/assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values as at 31 December 2019. Consequently, as per new valuation at year end the assessed value is Rs. 2,530.518 million (2019: Rs. 2,530.518 million).

Management of the Company is in the continuous process of identifying and negotiating with prospective buyers for the disposal of these assets. Currently, the management is actively evaluating its options and is engaged in advance stage negotiation in terms of restructuring the deal for the disposal of these assets with a specialised engineering firm. In this regard, the SBP has allowed the Company time till 30 June 2020 to finalise and resolve the matter. Consequent to non-resolution of the matter, the Company will be required to maintain 50% provision against these assets.

## 38 SEGMENT INFORMATION

## 38.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follow:

31 March 2020 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
<b>Profit and loss</b>						
Net mark-up/return/profit	23,487	72,824	-	5,662	(11,290)	90,684
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	7,009	14,222	22,276	22	1,050	44,579
<b>Total Income</b>	<b>30,496</b>	<b>87,046</b>	<b>22,276</b>	<b>5,685</b>	<b>(10,239)</b>	<b>135,263</b>
Segment direct expenses	6,249	6,081	3,707	3,238	28,451	47,726
Inter segment expense allocation	560	683	389	1,391	61,899	64,922
<b>Total expenses</b>	<b>6,809</b>	<b>6,764</b>	<b>4,096</b>	<b>4,629</b>	<b>90,351</b>	<b>112,649</b>
(Reversal) / (recovery) / provision	(53,896)	-	-	174	-	(53,722)
<b>Profit / (loss) before tax</b>	<b>77,583</b>	<b>80,282</b>	<b>18,180</b>	<b>882</b>	<b>(100,590)</b>	<b>76,336</b>

31 March 2020 (Un-audited)						
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total	
<b>Balance Sheet</b>						
Cash and bank balances	-	119,002	-	-	119,002	
Investments	3,715,712	19,406,332	814,341	-	23,936,386	
Net inter segment lending	-	-	-	-	-	
Lendings to financial institutions	-	2,283,064	-	-	2,283,064	
Advances - performing	3,844,902	-	-	478,534	4,473,750	
- non-performing	1,473,924	-	-	38,745	1,512,669	
Others	1,382,251	283,352	4,750	12,641	2,315,096	
Less: Provision (Loan and advances)	(1,415,394)	-	-	(33,332)	(1,448,726)	
Less: Provision (Investments)	(1,334,110)	(9,371)	(66,864)	-	(1,410,345)	
Less: Provision (Lending)	-	(33,064)	-	-	(33,064)	
Less: Provision (Others)	(22,320)	(9,757)	-	(6,109)	(38,186)	
<b>Total Assets</b>	<b>7,644,966</b>	<b>22,039,558</b>	<b>752,227</b>	<b>496,588</b>	<b>31,709,647</b>	
Borrowings	3,629,879	20,201,082	-	517,279	24,348,240	
Subordinated debt	-	-	-	-	-	
Deposits and other accounts	-	1,575,225	-	-	1,575,225	
Net inter segment borrowing	-	-	-	-	-	
Others	87,338	263,251	843	6,005	425,420	
<b>Total liabilities</b>	<b>3,717,217</b>	<b>22,039,558</b>	<b>843</b>	<b>523,284</b>	<b>26,348,884</b>	
Equity	4,080,011	-	1,173,507	-	5,360,762	
<b>Total equity and liabilities</b>	<b>7,797,228</b>	<b>22,039,558</b>	<b>1,174,350</b>	<b>523,284</b>	<b>31,709,647</b>	
<b>Contingencies and commitments</b>	<b>1,551,843</b>	<b>-</b>	<b>-</b>	<b>13,631</b>	<b>230,013</b>	<b>1,795,487</b>

31 March 2019 (Un-audited)					
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
<b>Profit and loss</b>					
Net mark-up/return/profit	2,994	(15,868)	-	7,990	(12,161)
Inter segment revenue - net	-	-	-	-	-
Non mark-up / return / interest income	765	(175)	14,926	964	17,801
<b>Total Income</b>	<b>3,759</b>	<b>(16,043)</b>	<b>14,926</b>	<b>8,954</b>	<b>5,640</b>
Segment direct expenses	5,493	3,946	3,824	3,852	45,267
Inter segment expense allocation	386	762	341	1,264	57,625
<b>Total expenses</b>	<b>5,879</b>	<b>4,708</b>	<b>4,165</b>	<b>5,116</b>	<b>102,892</b>
(Reversal) / (recovery) / provision	15,269	9,752	-	(193)	24,828
<b>Profit / (loss) before tax</b>	<b>(17,389)</b>	<b>(30,503)</b>	<b>10,761</b>	<b>4,031</b>	<b>(122,080)</b>

31 December 2019 (Audited)					
Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
<b>Balance Sheet</b>					
Cash and bank balances	-	167,029	-	-	167,029
Investments	3,896,567	15,616,753	917,337	-	20,430,657
Net inter segment lending	-	-	-	-	-
Lendings to financial institutions	-	2,833,064	-	-	2,833,064
Advances - performing	3,784,404	-	-	533,323	4,461,873
- non-performing	1,527,820	-	-	37,907	1,565,727
Others	1,351,197	705,439	-	15,098	2,615,512
Less: Provision (Loan and advances)	(1,469,289)	-	-	(33,158)	(1,502,448)
Less: Provision (Investments)	(1,334,110)	(9,371)	(67,261)	-	(1,410,742)
Less: Provision (Lending)	-	(33,064)	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	(6,109)	(38,186)
<b>Total Assets</b>	<b>7,734,269</b>	<b>19,270,092</b>	<b>850,076</b>	<b>553,170</b>	<b>29,089,421</b>
Borrowings	3,868,100	17,492,877	-	553,170	21,914,147
Subordinated debt	-	-	-	-	-
Deposits and other accounts	-	1,551,020	-	-	1,551,020
Net inter segment borrowing	-	-	-	-	-
Others	83,330	227,270	7,399	8,612	370,736
<b>Total liabilities</b>	<b>3,951,430</b>	<b>19,271,167</b>	<b>7,399</b>	<b>561,782</b>	<b>23,835,903</b>
Equity	3,782,839	-	998,904	-	5,253,518
<b>Total Equity &amp; liabilities</b>	<b>7,734,269</b>	<b>19,271,167</b>	<b>1,006,302</b>	<b>561,782</b>	<b>29,089,421</b>
<b>Contingencies &amp; Commitments</b>	<b>1,669,736</b>	<b>-</b>	<b>7,956</b>	<b>14,340</b>	<b>1,909,092</b>

## 39 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its parent, associate, joint venture, subsidiary, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnel are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	31 March 2020 (Un-audited)						31 December 2019 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (1)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
<b>Balances with other banks</b>														
In current accounts	-	-	-	-	-	-	30,527	-	-	-	-	-	-	32,311
In deposit accounts	-	-	-	-	-	-	30,527	-	-	-	-	-	-	32,311
<b>Lendings to financial institutions</b>														
Opening balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	250,000
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	750,000
Repaid during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(750,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	250,000
<b>Investments</b>														
Opening balance	-	-	-	5,000	500	704,867	15,726,138	-	-	-	5,000	500	704,867	8,789,804
Investment made during the year	-	-	-	-	-	-	7,257,529	-	-	-	-	-	-	67,889,598
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(3,860,350)	-	-	-	-	-	-	(60,949,106)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,158)
Closing balance	-	-	-	5,000	500	704,867	19,123,317	-	-	-	5,000	500	704,867	15,726,138
<b>Provision for diminution in value of investments</b>														
	-	-	-	-	-	704,867	75,530	-	-	-	-	-	704,867	69,854
<b>Surplus / (deficit) in value of investments</b>														
	-	-	-	-	-	-	323,773	-	-	-	-	-	-	2,135
<b>Advances</b>														
Opening balance	-	-	49,273	-	-	-	38,835	-	-	59,207	-	-	-	39,822
Addition during the year	-	-	5,549	-	-	-	-	-	-	2,081	-	-	-	2,304
Repaid during the year	-	-	(3,016)	-	-	-	(843)	-	-	(12,015)	-	-	-	(3,291)
Transfer in / (out) - net	-	-	12,035	-	-	-	(13,789)	-	-	-	-	-	-	-
Closing balance	-	-	64,841	-	-	-	24,203	-	-	49,273	-	-	-	38,835
<b>Provision held against advances</b>														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 March 2020 (Un-audited)						31 December 2019 (Audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
<b>Other Assets</b>														
Interest / mark-up accrued	-	-	1,808	-	-	-	172,928	-	-	1,364	-	-	-	609,978
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable (4)	-	5,983	-	1,424	-	-	-	-	5,983	-	1,376	-	-	-
Other advances	-	1,318	160	-	-	-	40	-	1,430	338	-	-	-	200
Advance taxation	-	-	-	-	-	-	519,297	-	-	-	-	-	-	372,911
Provision against other assets	-	(5,983)	-	-	-	-	(208)	-	(5,983)	-	-	-	-	(985)
<b>Borrowings</b>														
Opening balance	-	-	-	-	-	-	6,059,105	-	-	-	-	-	-	6,590,493
Borrowings during the year	-	-	-	-	-	-	87,031,237	-	-	-	-	-	-	183,148,765
Settled during the year	-	-	-	-	-	-	(88,521,675)	-	-	-	-	-	-	(183,680,153)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	4,568,667	-	-	-	-	-	-	6,039,103
<b>Subordinated debt</b>														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>														
Opening balance	-	-	-	-	185,000	-	1,336,020	-	-	-	-	200,000	-	315,576
Received during the year	-	-	-	-	-	-	2,740,235	-	-	-	-	790,000	-	5,502,353
Withdrawn during the year	-	-	-	-	(10,000)	-	(2,706,020)	-	-	-	-	(805,000)	-	(4,481,909)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	175,000	-	1,370,225	-	-	-	-	185,000	-	1,336,020
<b>Other Liabilities</b>														
Interest / mark-up payable	-	-	-	-	5,999	-	29,920	-	-	-	-	348	-	35,895
Payable to staff retirement fund	-	-	-	-	-	-	(8,437)	-	-	-	-	-	-	(8,437)
Other liabilities	4,658	511	-	-	-	1,008	4,551	-	-	-	-	-	1,008	64
<b>Contingencies and Commitments</b>														
Other contingencies	-	-	-	-	-	871,843	213,227	-	-	-	-	-	869,736	213,227



	31 March 2020 (Un-audited)						31 March 2019 (Un-audited)							
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
<b>Income</b>														
Mark-up / return / interest earned -net	-	-	842	-	-	-	833,360	-	-	383	-	-	-	156,775
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	750	-	-	-	-	-	-	-
Gain on sale of securities - net	-	-	-	-	-	-	2,636	-	-	-	-	-	-	1,098
Gain on disposal of fixed assets	-	-	-	-	-	-	-	-	339	-	-	-	-	-
<b>Expense</b>														
Mark-up / return / interest expensed	-	-	-	-	6,322	-	177,113	-	-	-	-	4,100	-	91,606
<b>Operating expenses</b>														
Office maintenance and related expenses	-	-	-	-	3,951	-	-	-	-	-	-	3,303	-	-
Non-executive directors' remuneration	-	2,722	-	-	-	-	-	-	1,040	-	-	-	-	-
Board meeting expense	-	2,922	1,480	-	-	-	767	-	5,049	800	-	-	-	400
Remunerations	-	27,683	15,347	-	-	-	7,860	-	25,784	13,735	-	-	-	8,974
Consultancy expense	-	-	-	-	-	792	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	1,008	407	-	-	-	156	-	805	374	-	-	-	209
Contribution to defined benefit plan	-	1,064	1,209	-	-	-	369	-	1,180	1,203	-	-	-	519
Depreciation	-	4,652	182	-	-	-	67	-	2,986	159	-	-	-	83
<b>Other Charges</b>														
Others	-	-	-	-	-	658	-	-	-	-	-	-	690	-
Insurance premium paid	-	-	-	-	-	1,057	-	-	-	-	-	-	1,518	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Executives directors and key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

(2) It includes state controlled entities, certain other material risk takers and controllers.

(3) Transactions with owners have been disclosed in "Statement of changes in equity".

(4) In financial year 2017, Rs. 26.11 million was paid to former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD partly from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off in financial year 2018 against sale proceeds of Rs. 9.11 million in addition to actual cash received amounting to Rs. 11.004 million. The management has been following up for the remaining amount of 5.983 million, which is appearing in other receivables (Note 14).

(5) Advance against subscription amounting to Rs.1.2 billion received from shareholders.

**PAK-LIBYA HOLDING COMPANY(PRIVATE) LIMITED**

	(Un-audited) 31 March 2020	(Audited) 31 December 2019
<b>40 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>	--- (Rupees in '000) ---	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	3,832,338	3,778,204
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	2,551,634	2,254,643
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	2,551,634	2,254,643
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	2,551,634	2,254,643
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	8,424,858	9,360,978
Market Risk	3,969,443	2,506,235
Operational Risk	514,012	514,012
Total	12,908,313	12,381,225
Common Equity Tier 1 Capital Adequacy ratio	19.77%	18.21%
Tier 1 Capital Adequacy Ratio	19.77%	18.21%
Total Capital Adequacy Ratio	19.77%	18.21%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	2,551,634	2,254,643
Total Exposures	42,866,383	42,146,137
Leverage Ratio	5.95%	5.35%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	3,813,472	1,816,155
Total Net Cash Outflow	4,908,963	2,632,983
Liquidity Coverage Ratio	78%	69%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	9,792,860	9,921,272
Total Required Stable Funding	8,214,541	8,844,084
Net Stable Funding Ratio	119%	112%

**41 ISLAMIC BANKING BUSINESS**

The Company, being a conventional financial institution / DFI, does not have any Islamic banking operation / activities.

	Note	(Un-audited)	(Un-audited)
		31 March 2020	31 March 2019
--- (Rupees in '000) ---			
<b>42 CASH AND CASH EQUIVALENTS</b>			
Term deposit receipts (TDRs)	8.1	650,000	950,000
Cash and balance with treasury banks	6	36,462	26,335
Balance with other banks	7	82,540	123,371
Others		-	-
		<u>769,002</u>	<u>1,099,706</u>

42.1 These term deposit receipts (TDRs) are due for maturity on various dates between January 2020 to March 2020.

#### 43. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There is no event subsequent to the statement of financial position date that requires disclosure in these financial statements.

#### 44. DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorised for issue on 23 April 2020 by the Board of Directors of the Company.

#### 45. GENERAL


45.1 In its latest rating announcement (June 2019), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term (with negative outlook assigned to ratings).

45.2 Amounts in these financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

45.3 Certain comparative figures have been reclassified in order to present information on a basis consistent with current period.

  
Chief Financial Officer

  
Director

  
Managing Director & CEO

  
Director