PakLibya

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 period ended 30 September 2019 together with Directors' review thereon.

Performance review

The Company incurred loss before tax of PKR 376.09 million during the period under review as compared to PKR 45.34 million in the corresponding period last year.

Gross mark-up income during the period was PKR 1,162.51 million compared to PKR 1,080.55 million last year; net interest income (NII) has decreased by PKR 236.56 million mainly due to the unfavourable spreads on government securities portfolio consequent to continuous increase in interest rates and unachieved growth in credit portfolio due to regulatory limits. To address the situation, the Company has divested it loss making government securities portfolio and started building fresh portfolio with favourable spreads considering the interest rate scenario. During the 3rd quarter, the Company managed to turn its net interest expense (NIE), until 1st half of the year, into net interest income (NII) again and recovered it significant portion of capital losses demonstrating implementation of its Treasury and Fund Management related strategy.

Moreover, economic and political uncertainty, at domestic and international levels, showing no signs of stable capital market; low trading volumes and current weighted average cost of equity securities portfolio had already impacted the profitability due to impairment and fewer opportunities for capital gains. During the period under review, there was an increase of 36% in dividend income of the equity securities portfolio. The management has been continuously reviewing its equity AFS portfolio and making efforts to make the portfolio diversified and dynamic.

During the period, the Company generated net cash flows of PKR 2,383.57 million from its operations compared to PKR 3,903.57 million mainly on account of money market related operations. The total assets of the Company have increased to PKR 24,222.43 million – an increase of around PKR 3,794.39 million (compared to financial yearend 2018) mainly in money market instruments and credit portfolio.

The summarised financial results for the period are as follows:

Description	**Nine months ended 30 September 2019 (9ME19)**	**Nine months ended 30 September 2018 (9ME18)**
	PKR '000	
Loss before taxation	(376,086)	(45,337)
Taxation	17,895	51,733
Loss after taxation	(393,981)	(97,070)
Loss per share (PKR)	(641.48)	(158.05)

PakLibya

Future prospects

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 and disposal of non-banking assets.

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 profitability.

Further, the management after revisiting its business model, asset mix, available resources and capacity building measures, is in the process of implementing revised business strategy approved by the Board in its 2nd quarter meeting.

In relation to minimum capital requirement (MCR), the authorized capital of the Company has already increased to PKR 10 billion and the Company is in the process of right issue to shareholders; PKR 200 million has already been received from Ministry of Finance (MoF) GoP as its portion of tranche in June 2019 and the Libyan shareholder has been finalising its internal arrangements for equity injection.

Management has been following up with both the shareholders to amicably finalise the arrangement regarding right issue of shares and expects to receive remaining portions of tranche of additional capital injection before yearend.

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	**Khurram Hussain**
Deputy Managing Director	**Managing Director & CEO**

21 October 2019

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	6	**22,364**	22,985
Balances with other banks	7	**80,921**	54,665
Lendings to financial institutions	8	**2,400,000**	1,950,000
Investments	9	**14,904,583**	11,832,050
Advances	10	**4,816,215**	4,350,310
Fixed assets	11	**92,331**	58,530
Intangible assets	12	**2,988**	3,831
Deferred tax asset - net	13	**98,634**	123,633
Other assets	14	**1,804,396**	2,032,035
		24,222,432	20,428,038
LIABILITIES			
Bills payable	16	**-**	-
Borrowings	17	**18,568,726**	15,352,993
Deposits and other accounts	18	**1,307,368**	643,575
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated loans	20	-	-
Deferred tax liabilities	21	**-**	-
Other liabilities	22	**348,016**	262,980
		20,224,110	16,259,548
NET ASSETS		**3,998,322**	4,168,489
REPRESENTED BY			
Share capital		**6,141,780**	6,141,780
Reserves		**311,650**	311,650
(Deficit) / surplus on revaluation of assets - net of tax	23	**(191,357)**	(215,171)
Unappropriated / unremitted profit / (loss)		**(2,463,751)**	(2,069,770)
Advance against shares subscription		**200,000**	-
		3,998,322	4,168,489
CONTINGENCIES AND COMMITMENTS	24		

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

Chief Financial Officer **Managing Director & CEO**

Director **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Quarter ended September 2019	Quarter ended September 2018	Nine months ended September 2019	Nine months ended September 2018
		------- (Rupees in '000) -------		------- (Rupees in '000) -------	
Mark-up / return / interest earned	26	435,525	326,026	1,162,510	1,080,552
Mark-up / return / interest expensed	27	390,026	272,832	1,159,278	840,758
Net mark-up / interest income		45,499	53,194	3,232	239,794
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	5,405	2,262	7,955	5,701
Dividend income		13,423	5,239	41,691	30,640
Foreign exchange income		(5)	13	14	21
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities - net	29	64,225	9,232	(9,604)	27,139
Unrealised loss on revaluation of investments classified as 'held-for-trading'		395	(3,390)	(61)	(3,317)
Other income	30	(736)	951	4,389	2,481
Total non mark-up / interest income		82,707	14,307	44,384	62,665
Total Income		128,206	67,501	47,616	302,459
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	31	113,156	98,156	324,169	317,800
Workers welfare fund	24	-	-	-	-
Other charges	32	4,812	4,935	9,993	36,283
Total non mark-up / interest expenses		117,968	103,091	334,162	354,083
(Loss) / profit before provisions		10,238	(35,590)	(286,546)	(51,624)
(Reversal) / provisions and write offs - net	33	(1,988)	(1,201)	89,540	(6,287)
Extraordinary / unusual items		-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION		12,226	(34,389)	(376,086)	(45,337)
Taxation	34	2,324	22,144	17,895	51,733
(LOSS) / PROFIT AFTER TAXATION		9,902	(56,533)	(393,981)	(97,070)
		------- (Rupees) -------		------- (Rupees) -------	
Basic (loss) / earnings per share	35	16.12	(92.05)	(641.48)	(158.05)
Diluted (loss) / earnings per share	36	16.12	(92.05)	(641.48)	(158.05)

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Quarter ended		Nine months ended	
	September 2019	September 2018	September 2019	September 2018
	-----------(Rupees in '000)-----------		-----------(Rupees in '000)-----------	
(Loss) / profit after taxation	**9,901**	(56,533)	**(393,981)**	(97,070)
Other comprehensive income - net				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in (deficit) on revaluation of investments - net of tax*	**(35,637)**	(63,598)	**23,814**	(82,324)
Others	-	-	-	-
	(35,637)	(63,598)	**23,814**	(82,324)
Items that will not be reclassified to profit and loss account in subsequent periods:				
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	-	-	-	-
	-	-	-	-
Total comprehensive (loss) / income	**(25,736)**	(120,131)	**(370,167)**	(179,394)

*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 | **Managing Director & CEO**

Director | **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Share capital/	Statutory reserve	Surplus/(Deficit) on revaluation of		Unappropriated/	Total
	Head office capital account		Investments	Fixed / Non Banking Assets	Unremitted profit/ (loss)	
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Opening balance as at 1 January 2018	6,141,780	311,650	(157,735)	-	(1,740,780)	4,554,915
(Loss) after taxation (September 2018)	-	-	-	-	(97,070)	(97,070)
Other comprehensive income - net of tax	-	-	(82,324)	-	-	(82,324)
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 October 2018	6,141,780	311,650	(240,059)	-	(1,837,850)	4,375,521
(Loss) after taxation for the quarter ended December 2018	-	-	-	-	(225,889)	(225,889)
Other comprehensive income - net of tax	-	-	24,888	-	-	24,888
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	-	-	-	-	(6,031)	(6,031)
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2019	6,141,780	311,650	(215,171)	-	(2,069,770)	4,168,489
(Loss) after taxation (September 2019)	-	-	-	-	(393,981)	(393,981)
Other comprehensive income - net of tax	-	-	23,814	-	-	23,814
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	-	-	-	-	-	-
Closing balance for the period 30 September 2019	6,141,780	311,650	(191,357)	-	(2,463,751)	3,798,322

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	September 2019	September 2018
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(376,086)	(45,338)
Less: Dividend income		(41,691)	(30,640)
		(417,777)	(75,978)
Adjustments:			
Depreciation		17,843	19,732
Amortization		844	1,174
(Reversal) / provision and write-offs	10.3	7,260	4,557
Unrealised loss on revaluation of investments classified as 'held-for trading'		61	3,317
Reversal of provision against lendings to financial institutions		-	-
(Reversal) of provision / provision against other assets		19,504	(10,946)
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1	62,776	2,103
(Loss) / gain on sale of operating fixed assets		(449)	1,134
		107,841	21,071
		(309,936)	(54,907)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(1,000,000)	(50,000)
Held-for-trading securities		12,631	4,442,941
Advances		(473,165)	(549,411)
Others assets (excluding advance taxation)		287,506	(132,905)
		(1,173,028)	3,710,625
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		3,215,733	(756,521)
Deposits		663,793	1,031,070
Other liabilities		85,036	58,484
		3,964,562	333,033
		2,481,598	3,988,751
Income tax paid		(98,026)	(85,179)
Net cash generated from operating activities		2,383,571	3,903,572
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		(3,030,767)	(7,217,461)
Investments in 'held-to-maturity' securities - net		(60,794)	329,105
Dividend received		34,821	29,626
Investments in operating fixed assets - net		(53,366)	(4,406)
Proceeds on sale of operating fixed assets		2,170	-
Net cash flow (used) in investing activities		(3,107,936)	(6,863,136)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Advance against share subscription		200,000	-
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from financing activities		200,000	-
Net decrease in cash and cash equivalents		(524,365)	(2,959,564)
Cash and cash equivalents at beginning of the period		1,777,650	3,661,822
Cash and cash equivalents at end of the period	42	1,253,285	702,258

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

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 interalia 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, Shahrah-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 30 September 2019 amounted to Rs. 3.678 billion (31 December 2018: Rs. 4.072 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). Both shareholders in the Annual General Meeting (AGM) held on 15 April 2016, considering the events occured during early 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; resultantly, SBP has granted relaxation in MCR till 30 June 2019. In this regard, the authorized capital of the Company has increased to Rs.10 billion and Company is in the process of right issue to shareholders. Further Rs.200 million has already been received from GoP as its portion of tranche in June 2019. The Libyan shareholder also agreed to equity injection. The Company based on these developments, requested SBP for MCR extension till June 2020.

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 engaged in the process of securing 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 2018.

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 2018.

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

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 15 - Revenue from Contracts with Customers	1 July 2018
IFRS 9 - Financial Instrumnets	1 July 2018
IFRS 16 - Leases	1 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	1 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	1 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	1 January 2019
IAS 12/IAS 23/ IFRS 3/ IFRS 11 - Annual Imrovements to IFRS Standards 2015-2017 Cycle	1 January 2019
IAS 1/IAS 8 - Defination of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Various - Amendments to Referecnes to the Conceptual Framework in IFRS Standards	1 January 2020

The above standards and amendments are not expected to have any material impact on the Company's condensed interim unconsolidted financial statements in the period of initial application except IFRS 9.

Following new standards / interpretations will be effective based on their applicability in the relevant period:

Standard or interpretation	**Effective date (annual periods beginning on or after)**
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 16 – Leases	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	01 January 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	01 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01 January 2019
IAS 19 - Plan ammendment, Curtailment or Settlement (Amendments to IAS 19)	01 January 2019

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	**IASB Effective date (annual periods beginning on or after)**
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

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 audited annual unconsolidated financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

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

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

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
In hand			
Local currency		6	6
Foreign currency		135	159
		141	165
With State Bank of Pakistan in			
Local currency current account	6.1	21,156	22,178
		21,156	22,178
With other central banks in			
Foreign currency current account		-	-
Foreign currency deposit account		-	-
		-	-
With National Bank of Pakistan in			
Local currency current account		1,067	642
Local currency deposit account		-	-
		1,067	642
Prize bonds		-	-
		22,364	22,985

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

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
In Pakistan			
In current accounts		9,304	4,196
In deposit accounts	7.1	71,617	50,469
		80,921	54,665
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		80,921	54,665

7.1 The return on these balances ranges from 8.30 to 11.30 (2018: 3.75 to 8.00) percent per annum.

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
Call / clean money lending		2,433,064	1,983,064
		2,433,064	1,983,064
Less: provision held against lending to financial institutions	8.2	(33,064)	(33,064)
Lending to financial institutions - net of provision		2,400,000	1,950,000

8.1 Particulars of lending

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
In local currency	2,400,000	1,950,000
In foreign currencies	-	-
	2,400,000	1,950,000

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 14.70 to 15.00 (2018: 8.00 to 12.00) percent per annum. These are due to mature between 23 October 2019 and 04 September 2020.

8.2 Category of classification

	Rupees in '000			
	(Un-audited) 30 September 2019		(Audited) 31 December 2018	
Domestic	**Classified Lending**	**Provision held**	Classified Lending	Provision held
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,064	33,064	33,064	33,064
Total	33,064	33,064	33,064	33,064

Overseas

The Company does not have any overseas lending during the period ended September 2019 (31 December 2018 : Nil).

9 INVESTMENTS

9.1 Investments by type:

	Note	(Un-audited) 30 September 2019 ------- (Rupees in '000) ------				(Audited) 31 December 2018 ------ (Rupees in '000) -------			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Held-for-trading securities									
Federal government securities		498,363	-	(203)	498,160	499,722	-	(141)	499,581
Shares		-	-	-	-	12,410	(1,138)	-	11,272
		498,363	-	(203)	498,160	512,132	(1,138)	(141)	510,853
Available-for-sale securities									
Federal government securities		11,062,991	-	(4,775)	11,058,217	7,929,600	-	(196,558)	7,733,042
Shares		1,582,043	(511,210)	(255,887)	814,945	1,360,441	(448,434)	(120,545)	791,462
Non government debt securities	9.1.5 & 9.1.6	2,666,402	(332,549)	2,149	2,336,002	2,990,628	(332,549)	2,149	2,660,228
		15,311,436	(843,759)	(258,513)	14,209,164	12,280,669	(780,983)	(314,954)	11,184,732
Held-to-maturity securities					-				
Non government debt securities		198,125	(6,366)	-	191,760	137,331	(6,366)	-	130,965
		198,125	(6,366)	-	191,760	137,331	(6,366)	-	130,965
Associates	9.1.1, 9.1.2 & 9.1.3	705,367	(704,867)	-	500	705,367	(704,867)	-	500
Subsidiaries	9.1.4	5,000	-	-	5,000	5,000	-	-	5,000
Total		16,718,291	(1,554,992)	(258,716)	14,904,583	13,640,499	(1,493,354)	(315,095)	11,832,050

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 SVP 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. This extension was subject to compliance with all applicable laws, rules, regulations and requisite approval; however, SBP has yet to grant final approval. During the period under review, the pending merger has been called off.

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

9.1.6 It includes investment in unlisted TFCs of PIA amounting to Rs.33.174 million (2018 : Rs.77.407 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.

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
		-- (Rupees in '000) --- Cost	
9.1.6	**Investments given as collateral**		
	Market treasury bills	12,260,000	-
	Pakistan investment bonds	-	7,150,000
	Ijarah sukuk	-	-
	Others	-	-
		12,260,000	7,150,000

9.2 Provision for diminution in value of investments

9.2.1	Opening balance	1,493,354	1,321,926
	Add: adjustments during the period / year	-	-
	Charge / reversals		
	Charge for the period / year	70,137	170,289
	Reversals for the period / year	-	-
	Reversal on disposals	(7,361)	-
		62,776	170,289
	Transfers - net	(1,138)	1,138
	Amounts written off	-	-
	Closing Balance	1,554,992	1,493,354

9.3.1 Particulars of provision against debt securities

	---------- (Rupees in '000) ----------			
	(Un-audited) 30 September 2019		(Audited) 31 December 2018	
Category of classification	Classified	Provision	Classified	Provision
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	332,549	332,549	332,549	332,549
	332,549	332,549	332,549	332,549

Overseas

The Company does not have any overseas investment during the period ended September 2019 (31 December 2018 : Nil)

10 ADVANCES

	Note	Performing		Non Performing		Total	
		(Un-audited) 30 September 2019	(Audited) 31 December 2018	(Un-audited) 30 September 2019	(Audited) 31 December 2018	(Un-audited) 30 September 2019	(Audited) 31 December 2018
		(Rupees in '000)					
Loans		3,734,655	3,227,644	1,348,284	1,348,285	5,082,939	4,575,929
Net investment in finance lease		512,764	502,494	146,938	146,938	659,702	649,433
Staff loans		152,566	158,487	-	-	152,566	158,487
Consumer loans and advances		6,025	8,915	36,325	36,270	42,350	45,184
Long-term financing of export oriented projects - (LTF-EOP)		-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTFF)		348,723	384,082	-	-	348,723	384,082
Advances - gross		4,754,733	4,281,622	1,591,727	1,591,673	6,346,460	5,873,295
Provision against advances							
- Specific	10.3	-	-	1,530,137	1,522,851	1,530,137	1,522,851
- General		-	-	108	134	108	134
		-	-	1,530,245	1,522,985	1,530,245	1,522,985
Advances - net of provision		4,754,733	4,281,622	61,482	68,688	4,816,215	4,350,310

	(Unaudited) September 2019	(Audited) December 2018
10.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	6,346,460	5,873,295
In foreign currency	-	-
	6,346,460	5,873,295

10.2 Advances include Rs.1,591.73 million (2018: Rs.1,591.67 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) 30 September 2019		(Audited) 31 December 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	1,193	-	168	-
Substandard	1,306	326	11,263	2,816
Doubtful	1,772	886	3,347	1,674
Loss	1,587,456	1,528,924	1,576,893	1,518,362
Total	1,591,727	1,530,137	1,591,672	1,522,851

Overseas
The Company does not have any overseas advances during the period ended September 2019 (31 December 2018 : Nil).

10.3 **Particulars of provision against advances**

	(Un-audited) 30 September 2019			(Audited) 31 December 2018		
	Specific	General	Total	Specific	General	Total
	---- (Rupees in '000) ----					
Opening balance	1,522,851	134	1,522,985	1,543,715	237	1,543,953
Charge for the period / year	9,212	-	9,212	2,936	13	2,949
Less: Reversal during the period / year	(1,926)	(25)	(1,952)	(23,800)	(117)	(23,917)
Net (reversal) / charge for the period / year	7,286	(25)	7,260	(20,864)	(104)	(20,968)
Less: Amounts written off	-	-	-	-	-	-
Closing balance	1,530,137	108	1,530,245	1,522,851	134	1,522,985

10.3.1 Particulars of provision against advances

In local currency	1,530,137	108	1,530,245	1,522,851	134	1,522,985
In foreign currency	-	-	-	-	-	-
	1,530,137	108	1,530,245	1,522,851	134	1,522,985

10.3.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2018: Nil) in respect of consumer financing, and Rs.58.532 million (2018: 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) 30 September 2019	(Audited) 31 December 2018
			---- (Rupees in '000) ----	
11	FIXED ASSETS			
	Capital work-in-progress	11.1	-	-
	Property and equipment		92,331	58,530
			92,331	58,530

11.1 Capital work-in-progress

The Company does not have any capital work-in-progress as at period end (31 December 2018 : Nil).

		(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
		---- (Rupees in '000) ----	
11.2	**Additions to fixed assets**		
	The following additions have been made to operating fixed assets during the period:		
	Capital work-in-progress	-	-
	Property and equipment	18,841	-
	Freehold land	-	-
	Leasehold land	-	-
	Buidling on freehold land	-	-
	Buidling on leasehold land	-	-
	Furniture and fixture	350	1,475
	Electrical office and computer equipment	638	504
	Vehicles	33,537	-
	Others	-	-
	Total	53,366	1,979
11.3	**Disposal of fixed assets**		
	The net book value of operating fixed assets disposed off during the period is as follows:		
	Freehold land	-	-
	Leasehold land	-	-
	Buidling on freehold land	-	-
	Buidling on leasehold land	-	-
	Furniture and fixture	28	-
	Electrical office and computer equipment	-	-
	Vehicles	1,693	1,134
	Others	-	-
	Total	1,721	1,134

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
		---- (Rupees in '000) ----	
12	INTANGIBLE ASSETS		
	Computer Software	2,988	3,831
	Others	-	-
		2,988	3,831

		(Un-audited) 30 September 2019	(Unaudited) 30 September 2018
		---- (Rupees in '000) ----	
12.1	**Additions to intangible assets**		
	The following additions have been made to intangible assets during the period:		
	Developed internally	-	-
	Directly purchased	-	2,427
	Through business combinations	-	-
	Total	-	2,427
12.2	**Disposals of intangible assets**		
	The net book value of intangible assets disposed off during the period is as follows:		
	Developed internally	-	-
	Directly purchased	-	-
	Through business combinations	-	-
	Total	-	-

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
13	**DEFERRED TAX ASSETS**	---- (Rupees in '000) ----	
	Deductible temporary differences on		
	- Tax losses carried forward	-	-
	- Post retirement employee benefits	4,656	5,354
	- Deficit on revaluation of investments	-	-
	- Accelerated tax depreciation	-	-
	- Provision against advances, off balance sheet etc.	77,568	77,568
	- Others	-	-
		82,224	82,922
	Taxable temporary differences on		
	- Surplus on revaluation of fixed assets		-
	- Surplus on revaluation of investments	67,156	99,954
	- Accelerated tax depreciation	(236)	170
	- Net investment in finance lease	(50,510)	(59,414)
		16,410	40,710
		98,634	123,633

13.1 As at 30 September 2019, the Company has available provision for advances, investments and other assets amounting to Rs.1,807.50 million (31 December 2018: Rs.1,804.75 million) and unused tax losses upto 30 June 2019 amounting to Rs. 520.137 million (31 December 2018: Rs.2,178.82 million). However, the management has prudently recognised the deferred tax asset 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		255,095	543,074
	Advances, deposit, advance rent and other prepayments		36,210	27,049
	Advance taxation (payments less provisions)		363,713	291,209
	Non-banking assets acquired in satisfaction of claims	14.1	1,179,360	1,179,360
	Other receivables		8,205	10,024
			1,842,582	2,050,717
	Less: provision held against other assets	14.2	(38,186)	(18,682)
	Other assets - (net of provison)		1,804,396	2,032,035
	Surplus on revalution of non-banking assets acquired in satisfaction of claims		-	-
	Other assets - total		1,804,396	2,032,035

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

Opening balance	1,179,360	1,179,360
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
Impairment	-	-
Closing balance	1,179,360	1,179,360

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 December 2016. As per the new valuation the market value of these assets were Rs.1.799 billion whilst forced sale value is Rs.1.286 billion.

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
		---- (Rupees in '000) ----	
14.2	**Provision held against other assets**		
	Advances, deposits, advance rent & other prepayments	**38,186**	18,682
	Non banking assets acquired in satisfaction of claims	-	-
	Others	-	-
		38,186	18,682
14.2.1	**Movement in provision held against other assets**		
	Opening balance	**18,682**	29,628
	Charge for the period / year	**19,504**	-
	Reversals	-	(10,946)
	Amount written off / (recovered)	-	-
	Closing balance	**38,186**	18,682

15 Contingent assets

The Company does not have any contingent assets as at period end September 2019 (31 December 2018 : Nil).

16 Bill payable

The Company does not have any bills payable as at period end September 2019 (31 December 2018 : Nil).

17 BORROWINGS

		(Un-audited) 30 September 2019	(Audited) 31 December 2018
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	17.1	**348,723**	384,082
Repurchase agreement borrowings - Repo	17.2	**10,842,566**	7,107,411
Borrowings from financial institutions	17.3	**2,786,500**	3,561,500
Total secured		**13,977,790**	11,052,993
Unsecured			
Clean borrowings		**750,000**	4,300,000
Bai Muajjal	17.4	**3,840,937**	-
		18,568,726	15,352,993

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 (2018: 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 04 October 2019 (31 December 2018: Feb 2019). The rate of mark-up on these facilities range from 13.42 to 13.75 (31 December 2018: 10.05 to 10.35) percent per annum.

17.3 This includes borrowings from financial institutions as under:

(a) Rs.2,587.50 million (2018: Rs.3,362.5 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 1.00 percent per annum payable on semi-annual basis (2018: six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis). As at 30 September 2019, the applicable interest rates were 11.74 to 14.58 (2018: 7.29 and 11.14) percent per annum. These borrowings are due for maturity latest by February 2020 (2018: 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. Of the total short term borrowings, facility 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 Rs. 3,840.937 (2018: Rs. Nil) representing financing through unsecured Bai Muajjal from Bank Islami due for repayment latest by 01 April 2020.

	(Un-audited) 30 September 2019	(Audited) 31 December 2018
17.2 Particulars of borrowings with respect to currencies	---- (Rupees in '000) ----	
In local currency	**18,568,726**	15,352,993
In foreign currency	**-**	-
	18,568,726	15,352,993

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 30 September 2019			(Audited) 31 December 2018		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	------Rupees in '000------					
Customers						
Certificate of Investment	**1,307,368**	**-**	**1,307,368**	643,575	-	643,575
Term deposits	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
	1,307,368	**-**	**1,307,368**	643,575	-	643,575
Financial Institutions						
Certificate of Investment	**-**	**-**	**-**	-	-	-
Term deposits	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
	-	**-**	**-**	-	-	-
	1,307,368	**-**	**1,307,368**	643,575	-	643,575

The profit rates on these Certificates of Investment (COIs) range from 12.80 to 14.50 (31 December 2018: 7.45 to 10.50) percent per annum. These COIs are due for maturity on various dates latest by 03 September 2020 (31 December 2018: 28 March 2018).

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance during the period ended September 2019 (31 December 2018: Nil)

20 SUBORDINATED DEBT

The Company does not have any subordinated debt during the period ended September 2019 (31 December 2018: Nil)

21 DEFERED TAX LIABILITIES

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

	Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
22 OTHER LIABILITIES			
Mark-up/ Return/ Interest payable in local currency		**186,024**	128,017
Accrued expenses		**36,949**	33,747
Advance payments		**27,582**	-
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	22.1	**16,056**	17,994
Staff retirement gratuity - liability / (asset)	22.1	**3,210**	4,525
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		**77,682**	78,182
Other		**514**	514
		348,016	262,980

22.1 This is based on actuarial valuation carried out as of 31 December 2018 for regular employees.

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	**(258,513)**	(314,954)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	(258,513)	(314,954)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	**67,156**	99,783
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	67,156	99,783
	(191,357)	(215,171)

		Note	(Un-audited) 30 September 2019	(Audited) 31 December 2018
			---- (Rupees in '000) ----	
24	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	24.1	869,986	866,826
	-Commitments	24.2	223,518	414,083
	-Other contingent liabilities	24.3	213,227	166,558
			1,306,731	1,447,467
24.1	Guarantees:			
	Financial guarantees	24.1.1	28,866	25,706
	Performance guarantees	24.1.1	841,120	841,120
	Other guarantees		-	-
			869,986	866,826

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, as per the opinion of the legal advisor, there cannot be any exposure of the Company under the same.

		Note	30 September 2019	31 December 2018
24.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		155,096	138,117
	Commitments in respect of:			
	- forward foreign exchange contracts		-	-
	- forward government securities transactions		-	-
	- derivatives (specify separately in sub note for each class of derivative eg IRS, CCS etc)		-	-
	- forward lending		-	-
	- operating leases		-	-
	Commitments for acquisition of:			
	- operating fixed assets		1,003	9,040
	- intangible assets		708	-
	Other commitments	24.2.2	66,711	266,926
			223,518	414,083

24.2.1 **Commitments in respect of forward foreign exchange contract, government securities transactions, derivatives, forward lending**
The Company does not have any commitment in respect to foreign exchange contract, government securities transactions, derivates and forward lending at period end (31 December 2018 : Nil).

		30 September 2019	31 December 2018
24.2.2	Other commitments		
	Commitments to extend credit	60,785	220,491
	Unsettled investment transactions for sale / purchase of listed ordinary shares	4,501	44,823
	Commitments against other services	1,425	1,612
		66,711	266,926

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 vides 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 vides 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, apportionedthe 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 favor of the Company. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order issued by ADCIR, will be filed within thirty days of the receipt of the order.

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 2018 : Nil)

		Note	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
			---- (Rupees in '000) ----	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		368,136	298,871
	Investments		637,224	643,515
	Lendings to financial institutions		155,283	137,331
	Balance with banks		1,867	835
	Others		-	-
			1,162,510	1,080,552
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		73,317	8,687
	Borrowings		1,085,962	832,071
	Subordinated debt		-	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			1,159,278	840,758
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		-	-
	Card related fees (debit and credit cards)		-	-
	Credit related fees		7,248	4,928
	Investment banking fees		-	-
	Commission on trade		-	-
	Commission on guarantees		707	773
	Commission on cash management		-	-
	Commission on remittances including home remittances		-	-
	Commission on bancassurance		-	-
	Others		-	-
			7,955	5,701
			7,955	5,701
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	(9,604)	27,139
	Unrealised-held for trading		(61)	(3,317)
			(9,666)	23,822
29.1	**Realised gain on:**			
	Federal government securities		(14,141)	(357)
	Shares		4,029	27,497
	Non-government debt securities		507	-
	Associates		-	-
	Subsidiaries		-	-
	Others		-	-
			(9,604)	27,139
30	**OTHER INCOME**			
	Rent on property		2,940	2,706
	Gain on sale of operating fixed assets		449	-
	Gain on sale of non-banking assets - net		-	-
	Bank charges on consumer and SME-RBD portfolio		950	425
	Others		51	(649)
			4,389	2,481

	(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
31 OPERATING EXPENSES	---- (Rupees in '000) ----	
Total compensation expense	235,942	236,073
Property expense		
Rent and taxes	-	1,817
Insurance	2,149	2,607
Utilities cost	3,002	3,357
Security (including guards)	759	733
Repair and maintenance (including janitorial charges)	10,985	9,319
Depreciation	1,629	1,393
Others	-	-
	18,525	19,227
Information technology expenses		
Software maintenance	1,760	1,627
Hardware maintenance	934	537
Depreciation	1,677	2,107
Amortisation	844	1,174
Network charges	701	709
BCP expense	548	549
	6,465	6,703
Other operating expenses		
Directors' fees and allowances	3,236	2,607
Fees and allowances to Shariah Board	-	-
Legal and professional charges	6,511	4,580
Outsourced services costs	4,814	3,455
Travelling and conveyance	2,978	2,855
NIFT clearing charges	-	-
Depreciation	14,537	16,232
Training and development	529	618
Postage and courier charges	183	173
Communication	3,291	3,348
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
Stationery and printing	1,759	1,899
Marketing, advertisement & publicity	1,899	2,350
Donations		
Auditors' remuneration	561	468
Board meeting expenses	21,629	15,847
Meal and business networking exp	542	421
Canteen expenses	528	474
Bank charges	157	313
Miscellaneous expenses	84	158
Others	-	-
	63,238	55,797
	324,169	317,800

32 OTHER CHARGES		
Arrangement fee and documentation charges	81	230
Brokerage commission	4,913	3,945
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	4,999	32,108
Penalties imposed by State Bank of Pakistan	-	-
Penalties imposed by other regulatory bodies	-	-
	9,993	36,283

			(Un-audited) 30 September 2019	(Un-audited) 30 September 2018
			---- (Rupees in '000) ----	
33	**PROVISIONS & WRITE OFFS - NET**			
	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	62,776	2,103
	(Reversal) / provisions against loans and advances	10.3	7,260	4,557
	(Reversal) / provision against other receivable	14.2.1	19,504	(10,946)
	Bad debts written off directly		-	-
	Recovery of written off / charged off bad debts		-	(2,000)
			89,540	(6,287)
34	**TAXATION**			
	Current		25,523	22,948
	Prior years		-	-
	Deferred		(7,628)	28,785
			17,895	51,733

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) 30 September 2019	(Un-audited) 30 September 2018
35	**BASIC EARNINGS/ (LOSS) PER SHARE**	---- (Rupees in '000) ----	
	(Loss) / profit for the period	(393,981)	(97,070)
	Weighted average number of ordinary shares	614,178	614,178
	Basic earnings per share (Rupees)	(641.5)	(158.0)
36	**DILUTED EARNINGS/ (LOSS) PER SHARE**		
	(Loss) / profit for the period	(393,981)	(97,070)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	614,178	614,178
	Diluted earnings per share (Rupees)	(641.5)	(158.0)

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) 30 September 2019			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	11,556,377	-	11,556,377
Provincial government securities	-	-	-	-
Shares	814,945	-	5,500	820,445
Non-government debt securities	-	691,228	-	691,228
Foreign securities	-	-	-	-
Others	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
Others	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	-	-	-
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
Derivatives purchases	-	-	-	-
Derivatives sales	-	-	-	-
	814,945	12,247,605	5,500	13,068,050

	(Audited) 31 December 2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	8,232,623	-	8,232,623
Provincial government securities	-	-	-	-
Shares	802,733	-	5,500	808,233
Non-government debt securities	-	709,479	-	709,479
Foreign securities	-	-	-	-
Others	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
Others	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	-	-	-
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
Derivatives purchases	-	-	-	-
Derivatives sales	-	-	-	-
	802,733	8,942,102	5,500	9,750,335

37.2 Fair value of non-financial assets

	(Un-Audited) 30 September 2019			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	Rupees in '000			
Non-banking assets acquired in satisfaction of claims.	-	1,798,923	-	1,798,923
	-	1,798,923	-	1,798,923

	(Audited) December 2018			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	Rupees in '000			
Non-banking assets acquired in satisfaction of claims.	-	1,798,923	-	1,798,923
	-	1,798,923	-	1,798,923

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.42.375 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 and the assessed value is Rs.179.242 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.

For the imported items computation was based upon exchange rate 1 US$= Rs. 104.78 and Euro= Rs. 111.81, as on 02.12.2016, the date of valuation which resulted in value of Rs.1,577.306 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.

Further, the Company applied to NEPRA for power generation license as disclosed in note 1.3; the final outcome is still pending. However, the management of the company is hopeful in obtaining the license and is confident to dispose off power plant even without having a generation license.

Management of the Company is in the continuous process of identifying and negotiating with prospective buyers inside and outside the Country as the plant deal can be in the money due to rise in prices of new plants and rise of exchange rates.

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

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

	30 September 2019 (Un-audited)					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Profit and loss						
Net mark-up/return/profit	10,686	(4,652)	-	21,039	(23,841)	3,232
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	8,085	(14,194)	45,720	(2,168)	6,942	44,385
Total Income	18,771	(18,846)	45,720	18,871	(16,899)	47,617
Segment direct expenses	17,090	14,844	11,554	10,796	86,454	140,738
Inter segment expense allocation	2,296	1,951	1,799	4,154	183,224	193,424
Total expenses	19,386	16,795	13,354	14,950	269,678	334,162
(Reversal) / (recovery) / provision	37,448	9,757	43,324	(989)	-	89,540
Profit / (loss) before tax	(38,063)	(45,398)	(10,958)	4,910	(286,577)	(376,085)

	30 September 2019 (Un-audited)					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	103,285	-	-	-	103,285
Investments	3,686,262	11,766,225	1,007,088	-	-	16,459,575
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	2,433,064	-	-	-	2,433,064
Advances - performing	3,952,117	-	-	651,080	152,566	4,755,763
- non-performing	1,555,402	-	-	35,295	-	1,590,697
Others	1,359,525	50,148	9,070	15,711	602,080	2,036,534
						-
Less: Provision (Loan and advances)	(1,496,871)	-	-	(33,374)	-	(1,530,245)
Less: Provision (Investments)	(1,334,110)	(9,371)	(211,511)	-	-	(1,554,992)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,109)	(38,186)
Total Assets	7,700,006	14,300,529	804,648	668,712	748,536	24,222,431
Borrowings	6,125,498	11,756,853	-	686,375	-	18,568,726
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	1,307,368	-	-	-	1,307,368
Net inter segment borrowing	-	-	-	-	-	-
Others	77,682	186,024	174	7,920	76,217	348,017
Total liabilities	6,203,179	13,250,246	174	694,296	76,217	20,224,112
Equity	2,735,344	-	1,262,975	-	-	3,998,320
Total equity and liabilities	8,938,523	13,250,246	1,263,149	694,296	76,217	24,222,431
Contingencies and commitments	1,025,082	-	4,501	54,340	222,808	1,306,731

	30 September 2018 (Un-audited)					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Profit and loss						
Net mark-up/return/profit	66,007	90,991	-	13,920	68,875	239,793
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	5,519	514	53,968	334	2,330	62,665
Total Income	71,527	91,505	53,968	14,253	71,205	302,458
Segment direct expenses	49,078	15,776	7,090	12,443	99,737	184,124
Inter segment expense allocation	2,792	1,881	1,629	3,981	159,677	169,959
Total expenses	51,869	17,657	8,720	16,423	259,414	354,083
(Reversal) / (recovery) / provision	7,775	-	-	-	(14,062)	(6,287)
Profit / (loss) before tax	11,882	73,848	45,248	(2,170)	(174,147)	(45,338)

	31 December 2018 (Audited)					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	77,650	-	-	-	77,650
Investments	3,940,548	8,451,617	763,914	-	-	13,156,079
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	1,983,064	-	-	-	1,983,064
Advances - performing	3,466,799	-	-	676,039	158,487	4,301,325
- non-performing	1,555,403	-	-	36,270	-	1,591,673
Others	1,299,512	408,416	2,200	12,306	514,277	2,236,711
						-
Less: Provision (Loan and advances)	(1,508,324)	-	-	(34,364)	-	(1,542,688)
Less: Provision (Investments)	(1,308,293)	(15,737)	-	-	-	(1,324,030)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	-	-	-	-	(18,682)	(18,682)
Total Assets	7,445,645	10,871,946	766,114	690,251	654,082	20,428,038
Borrowings	4,452,239	10,188,446	-	712,309	-	15,352,994
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	643,575	-	-	-	643,575
Net inter segment borrowing	-	-	-	-	-	-
Others	141,039	65,160	342	991	55,448	262,980
Total liabilities	4,593,278	10,897,181	342	713,300	55,448	16,259,549
Equity	3,114,706	-	1,053,783	-	-	4,168,489
Total Equity & liabilities	7,707,984	10,897,181	1,054,125	713,300	55,448	20,428,038
Contingencies & Commitments	1,121,254	-	44,823	104,180	177,210	1,447,467

39 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its joint venture, 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 personnels 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 transacitons with related parties during the year, other than those which have been disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

	30 September 2019 (Un-audited)							31 December 2018 (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)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	22,223	-	-	-	-	-	-	22,820
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	22,223	-	-	-	-	-	-	22,820
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	100,000
Addition during the year	-	-	-	-	-	-	17,283,399	-	-	-	-	-	-	450,000
Repaid during the year	-	-	-	-	-	-	(17,283,399)	-	-	-	-	-	-	(300,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	250,000
Investments														
Opening balance	-	-	-	5,000	500	704,867	8,789,804	-	-	-	5,000	500	704,867	6,911,185
Investment made during the year	-	-	-	-	-	-	8,518,400	-	-	-	-	-	-	24,460,846
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(16,438,656)	-	-	-	-	-	-	(22,582,227)
Transfer in / (out) - net	-	-	-	-	-	-	(30,664)	-	-	-	-	-	-	-
Closing balance	-	-	-	5,000	500	704,867	838,884	-	-	-	5,000	500	704,867	8,789,804
Provision for diminution in value of investments	-	-	-	-	-	704,867	76,508	-	-	-	-	-	704,867	65,123
Surplus / (deficit) in value of investments	-	-	-	-	-	-	(84,757)	-	-	-	-	-	-	(226,600)
Advances														
Opening balance	-	-	59,207	-	-	-	39,822	-	-	51,496	-	-	-	32,634
Addition during the year	-	-	2,081	-	-	-	2,304	-	-	21,155	-	-	-	12,707
Repaid during the year	-	-	(9,268)	-	-	-	(3,291)	-	-	(13,444)	-	-	-	(5,519)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	52,020	-	-	-	38,835	-	-	59,207	-	-	-	39,822
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	30 September 2019 (Un-audited)							31 December 2018 (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)													
Other Assets														
Interest / mark-up accrued	-	-	1,278	-	-	-	1,103	-	-	1,097	-	-	-	358,368
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,174
Other receivable (4)	-	5,983	-	1,376	-	-	-	-	5,983	-	1,318	-	-	-
Other advances	-	2,503	555	-	-	-	320	-	-	480	-	-	-	1,692
Advance taxation	-	-	-	-	-	-	363,713	-	-	-	-	-	-	291,209
Provision against other assets	-	(5,983)	-	-	-	-	(466)	-	(5,983)	-	-	-	-	(2,765)
Borrowings														
Opening balance	-	-	-	-	-	-	6,590,493	-	-	-	-	-	-	3,900,923
Borrowings during the year	-	-	-	-	-	-	122,588,593	-	-	-	-	-	-	208,126,402
Settled during the year	-	-	-	-	-	-	(124,406,927)	-	-	-	-	-	-	(205,436,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	4,772,159	-	-	-	-	-	-	6,590,493
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	200,000	-	315,576	-	-	-	-	-	-	39,000
Received during the year	-	-	-	-	605,000	-	2,796,333	-	-	-	-	640,000	-	2,112,767
Withdrawn during the year	-	-	-	-	(605,000)	-	(2,029,838)	-	-	-	-	(440,000)	-	(1,836,191)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	200,000	-	1,082,071	-	-	-	-	200,000	-	315,576
Other Liabilities														
Interest / mark-up payable	-	-	-	-	-	-	21,021	-	-	-	-	-	-	37,796
Payable to staff retirement fund	-	-	-	-	-	-	3,210	-	-	-	-	-	-	4,525
Other liabilities	-	-	-	-	-	1,008	283	-	-	-	-	-	1,008	162
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	869,986	-	-	-	-	-	-	866,826	-

	30 September 2019 (Un-audited)							30 September 2018 (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)													
Income														
Mark-up / return / interest earned -net	-	-	1,125	-	-	-	486,722	-	-	715	-	-	-	506,329
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	5,300	-	-	-	-	-	-	6,659
Gain on sale of securities - net	-	-	-	-	-	-	3,203	-	-	-	-	-	-	1,438
Gain on disposal of fixed assets	-	339	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	16,227	-	229,639	-		-	-	7,337	-	217,947
Operating expenses														
Office maintenance and related expenses	-	-	-	-	10,265	-	-	-	-	-	-	9,368	-	-
Non-executive directors' remuneration	-	3,236	-	-	-	-	-	-	2,607	-	-	-	-	-
Board Meeting Expense	-	16,430	2,639	-	-	-	1,326	-	11,862	2,368	-	-	-	947
Remunerations	-	90,785	42,663	-	-	-	26,847	-	73,582	50,774	-	-	-	30,973
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	26,016	-
Contribution to defined contribution plan	-	2,817	3,608	-	-	-	1,558	-	2,878	3,301	-	-	-	1,176
Contribution to defined benefit plan	-	2,917	1,128	-	-	-	626	-	2,354	1,294	-	-	-	576
Depreciation	-	9,495	468	-	-	-	230	-	11,218	554		-	-	238
Other Charges														
Others	-	-	-	2	-	1,349	-	-	-	-	1,152	-	1,033	-
Insurance premium paid	-	-	-	-	-	3,648	-	-	-	-	-	-	3,908	-
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 yerar 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) Remuneration and short term employee benefits are disclosed in note 31 to the condensed interim unconsolidated financial statements.

	(Un-audited) September 2019	(Audited) December 2018
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	--- (Rupees in '000) ---	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	3,678,029	4,072,010
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	2,070,383	2,075,039
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	2,070,383	2,075,039
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	2,070,383	2,075,039
Risk Weighted Assets (RWAs):		
Credit Risk	8,412,770	9,263,513
Market Risk	2,157,584	1,790,707
Operational Risk	647,127	647,127
Total	11,217,481	11,701,347
Common Equity Tier 1 Capital Adequacy ratio	18.46%	17.73%
Tier 1 Capital Adequacy Ratio	18.46%	17.73%
Total Capital Adequacy Ratio	18.46%	17.73%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	2,070,383	2,075,039
Total Exposures	33,772,593	26,873,506
Leverage Ratio	6.13%	7.72%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	776,681	1,133,556
Total Net Cash Outflow	2,651,327	2,090,157
Liquidity Coverage Ratio	29%	54%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	8,302,720	8,693,975
Total Required Stable Funding	8,320,424	9,185,006
Net Stable Funding Ratio	100%	95%

41 **ISLAMIC BANKING BUSINESS**

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

		Note	(Un-audited) September 2019	(Un-Audited) September 2018
42.	**CASH AND CASH EQUIVALENTS**			
	Term deposit receipts (TDRs)	8.1	**1,150,000**	600,000
	Cash and balance with treasury banks	6	**22,364**	28,842
	Balance with other banks	7	**80,921**	73,416
			1,253,285	702,258

42.1 These term deposit receipts are due for maturity by 28 November 2019.

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 condensed interim unconsolidated financial statements.

44. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on 21/oct/2019 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 condensed interim unconsolidated 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

Managing Director & CEO

Director

Director