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 June 2019 together with Directors' review thereon.

Performance review

The Company incurred loss before tax of PKR 388.31 million during the period under review as against profit of PKR 10.95 million in the corresponding period last year.

Gross mark-up income during the period was PKR 726.99 million compared to PKR 754.52 million last year; net interest income (NII) has decreased by PKR 228.87 million and become net interest expense (NIE) 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. Moreover, economic and political uncertainty, at domestic and international levels, resulted in lack-lustre performance of Pakistan Stock Exchange (PSX); low trading volumes and current weighted average cost of equity securities portfolio impacted the profitability due to impairment of PKR 50.69 million during the period under review.

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. Further, the management has been continuously reviewing its equity AFS portfolio and making every effort to make the portfolio diversified and dynamic.

During the period, the Company utilised PKR 2,596 million compared to net cash flows generation of PKR 5,534 million due to decrease in borrowing. The total assets of the Company have decreased to PKR 17,648 million – a decrease of around PKR 2,780 million (compared to financial yearend 2018) mainly in debt investment portfolio.

The summarised financial results for the period are as follows:

Description	Half year ended 30 June 2019	Half year ended 30 June 2018
	PKR '000	
Loss before taxation	(388,310)	(10,948)
Taxation	15,571	29,589
Loss after taxation	(403,882)	(40,537)
Loss per share (Rupees)	(657.60)	(66.00)

Future prospects

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

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

PakLibya

To improve the performance, 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. A cautious stance is being maintained towards further asset growth.

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 has revisited its business model, asset mix, available resources and capacity building measures to ensure favourable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

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

Khurram Hussain
Managing Director & CEO

23 August 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM FINANCIAL STATEMENTS OF PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of Matters

We draw attention to the followings;

1) Note 1.2 to the accompanying condensed interim financial statements which explains that the Company has requested State Bank of Pakistan (SBP) for further exemption from the required minimum paid-up capital (free of losses) of Rs. 6 billion till June 30, 2020.

2) Note 9.1.4 to the accompanying condensed interim financial statements, where the management has disclosed the matter related to the recoverability of Company's investment in Summit Bank's (counter party) TFCs amounting to Rs. 398.58 million. The ultimate outcome of the matter depends upon certain events which is bound by the decision of Honorable Supreme Court of Pakistan whereas no provision for any loss that may result has been made in these condensed interim financial statements.

3) Note 14.1 to the condensed interim financial statements, relating to other assets where management has disclosed the recoverability of power plant of Kamoki Energy Limited (KEL) via disposal and value in use. The ultimate outcome of the matter depends upon various events. The matter stated there in cannot presently be determined and no provision for any loss that may result has been made in these condensed interim financial statements, for the reasons discussed in the aforementioned note.

Our conclusion is not qualified in respect of the above matters.

Other Matters

The figures of the condensed interim profit and loss account and condensed interim statements of comprehensive income for the three months period ended June 30, 2019 and June 30, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2019.

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

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: 29 AUG 2019

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

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		------ (Rupees in '000) ------	
ASSETS			
Cash and balances with treasury banks	6	29,073	22,985
Balances with other banks	7	42,084	54,665
Lendings to financial institutions	8	1,750,000	1,950,000
Investments	9	9,412,192	11,832,050
Advances	10	4,174,053	4,350,310
Fixed assets	11	65,528	58,530
Intangible assets	12	3,269	3,831
Deferred tax asset - net	13	94,311	123,633
Other assets	14	2,077,868	2,032,035
		17,648,378	20,428,038
LIABILITIES			
Bills payable	16	-	-
Borrowings	17	12,694,426	15,352,993
Deposits and other accounts	18	662,004	643,575
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated loans	20	-	-
Deferred tax liabilities	21	-	-
Other liabilities	22	267,890	262,980
		13,624,320	16,259,548
NET ASSETS		4,024,058	4,168,489
REPRESENTED BY			
Share capital		6,141,780	6,141,780
Reserves		311,650	311,650
Unappropriated / unremitted profit / (loss)		(2,473,652)	(2,069,770)
		3,979,778	4,383,660
Advance against shares subscription		200,000	-
(Deficit) / surplus on revaluation of assets - net of tax	23	(155,720)	(215,171)
		4,024,058	4,168,489
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 44 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 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	Quarter ended		Six months ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		------- (Rupees in '000) -------		------- (Rupees in '000) -------	
Mark-up / return / interest earned	26	355,175	449,452	726,985	754,526
Mark-up / return / interest expensed	27	385,282	318,947	769,252	567,926
Net mark-up / interest income (expense)		(30,107)	130,505	(42,267)	186,600
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	2,023	1,416	2,550	3,439
Dividend income		19,071	16,946	28,268	25,401
Foreign exchange income		18	5	19	8
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities - net	29	(80,065)	11,525	(73,829)	17,907
Unrealised loss on revaluation of investments classified as 'held-for-trading'		(285)	1,580	(456)	73
Other income	30	3,114	1,308	5,125	1,530
Total non mark-up / interest income		(56,124)	32,780	(38,321)	48,358
Total Income		(86,230)	163,284	(80,589)	234,958
NON MARK-UP/INTEREST EXPENSES					
Operating expenses	31	110,660	126,808	211,013	219,644
Workers welfare fund		-	-	-	-
Other charges	32	2,641	20,622	5,181	31,348
Total non mark-up / interest expenses		113,300	147,430	216,194	250,992
(Loss) / profit before provisions		(199,530)	15,854	(296,783)	(16,034)
(Reversal) / provisions and write offs - net	33	66,700	2,941	91,528	(5,086)
Extraordinary / unusual items		-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION		(266,230)	12,913	(388,310)	(10,948)
Taxation	34	2,358	6,891	15,571	29,589
(LOSS) / PROFIT AFTER TAXATION		(268,588)	6,022	(403,882)	(40,537)
		------- (Rupees) ------		------- (Rupees in '000) ------	
Basic (loss) / earnings per share	35	(437.31)	9.81	(657.60)	(66.00)
Diluted (loss) / earnings per share	36	(437.31)	9.81	(657.60)	(66.00)

The annexed notes 1 to 44 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Quarter ended		Period ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees in '000)		(Rupees in '000)	
(Loss) / profit after taxation	(268,588)	6,022	(403,882)	(40,537)
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*	17,082	(101,782)	59,451	(18,726)
Others	-	-	-	-
	17,082	(101,782)	59,451	(18,726)
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	(251,506)	(95,760)	(344,431)	(59,263)

*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 44 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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Share capital/ Head office capital account	Statutory reserve	Surplus/(Deficit) on revaluation of Investments	Surplus/(Deficit) on revaluation of Fixed / Non Banking Assets	Unappropriated/ Unremitted profit/ (loss)	Total
	-----------------------	-----------------------	(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 (June 2018)	-	-	-	-	(40,537)	(40,537)
Other comprehensive income - net of tax	-	-	(18,726)	-	-	(18,726)
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 July 2018	6,141,780	311,650	(176,461)	-	(1,781,317)	4,495,652
(Loss) for the period	-	-	-	-	(282,422)	(282,422)
Other comprehensive income - net of tax	-	-	(38,710)	-	-	(38,710)
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 (June 2019)	-	-	-	-	(403,882)	(403,882)
Other comprehensive income - net of tax	-	-	59,451	-	-	59,451
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 year 30 June 2019	6,141,780	311,650	(155,720)	-	(2,473,652)	3,824,058

The annexed notes 1 to 44 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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(388,310)	(10,948)
Less: Dividend income		(28,268)	(25,401)
		(416,578)	(36,349)
Adjustments:			
Depreciation		10,337	13,322
Amortization		563	756
(Reversal) / provision and write-offs	10.3	3,395	(6,188)
Unrealised loss on revaluation of investments classified as 'held-for trading'		456	(73)
Reversal of provision against lendings to financial institutions		-	-
(Reversal) of provision / provision against other assets		19,504	-
Provision / (reversal) of provision for diminution in the value of investments - net	9.2.1	68,628	2,103
Gain on sale of operating fixed assets		(449)	1,134
		102,434	11,054
		(314,144)	(25,295)
(Increase) / decrease in operating assets			
Lendings to financial institutions		250,000	(50,000)
Held-for-trading securities		13,462	4,460,576
Advances		172,862	416,910
Others assets (excluding advance taxation)		(1,004)	(313,570)
		435,321	4,513,916
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		(2,658,567)	725,979
Deposits		18,429	347,326
Other liabilities		4,910	1,361
		(2,635,228)	1,074,666
		(2,514,052)	5,563,287
Income tax paid		(81,952)	(29,043)
Net cash (used in) / generated from operating activities		(2,596,004)	5,534,244
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		2,297,165	(6,866,281)
Investments in 'held-to-maturity' securities - net		130,965	(17,060)
Dividend received		28,268	21,388
Investments in operating fixed assets - net		(19,057)	(4,367)
Proceeds on sale of operating fixed assets		2,170	-
Net cash flow generated from / (used in) investing activities		2,439,511	(6,866,320)
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 / (used in) financing activities		200,000	-
Net decrease in cash and cash equivalents		43,507	(1,332,076)
Cash and cash equivalents at beginning of the period		1,777,650	3,661,822
Cash and cash equivalents at end of the period		1,821,157	2,329,746

The annexed notes 1 to 44 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 FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 2019 amounted to Rs. 3.668 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 been 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 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.

1.4 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

During the period, the Company has received Rs. 200 million as a first tranche from MoF against agreed amount of Rs. 2 billion for MCR requirement, whereas the Company has applied for the relaxation on meeting MCR requirement up till June 30, 2020 which is pending with SBP.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with accounting standards as applicable in Pakistan. Approved accounting standards comprises of International Accounting Standard IAS-34 " Interim Financial Reporting" issued by the International Accounting Standard Board (IASB) as 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, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.2 They do not include all the information and disclosures required in the andited annual unconsolidated financial statements, and should be read in conjunction with the audited annual unconsolidated financial statements for the financial year ended December 31, 2018.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by SBP through BPRD circular no. 5 dated march 22, 2019 and the requirements of International Accounting Standard ISA-34 ' Interim Financail Reporting'.

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 Amendments to approved accounting standards that are effective in the current period

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

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 2018.

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 December 31, 2018.

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

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
In hand			
Local currency		6	6
Foreign currency		-	159
		6	165
With State Bank of Pakistan in			
Local currency current account	6.1	28,401	22,178
		28,401	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		666	642
Local currency deposit account		-	-
		666	642
Prize bonds		-	-
		29,073	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) June 30, 2019	(Audited) December 31, 2018
In Pakistan			
In current accounts		6,185	4,196
In deposit accounts	7.1	35,899	50,469
		42,084	54,665
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		42,084	54,665

7.1 The return on these balances ranges from 8.30 to 10.25 (2018: 3.75 to 8.00) percent per annum.

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) June 30, 2019	(Audited) December 31, 2018
Call / clean money lending	8.1	1,783,064	1,983,064
		1,783,064	1,983,064
Less: provision held against lending to financial institutions	8.2	(33,064)	(33,064)
Lending to financial institutions - net of provision		1,750,000	1,950,000

8.1 Particulars of lending

	(Un-audited) June 30, 2019	(Audited) December 31, 2018
In local currency	1,750,000	1,950,000
In foreign currencies	-	-
	1,750,000	1,950,000

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 13.00 to 14.20 (2018: 8.00 to 12.00) percent per annum. These are due to mature between 15 July 2019 and 19 August 2019.

8.2 Category of classification

Rupees in '000

	(Un-audited) June 30, 2019		(Audited) December 31, 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 period ended June 2019 (2018 : Nil).

9 INVESTMENTS

9.1 Investments by type:

	Note	(Un-audited) June 30, 2019				(Audited) December 31, 2018			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading securities									
Federal government securities		497,531	-	(597)	496,934	499,722	-	(141)	499,581
Shares		-	-	-	-	12,410	(1,138)	-	11,272
		497,531	-	(597)	496,934	512,132	(1,138)	(141)	510,853
Available-for-sale securities									
Federal government securities		5,910,456	-	(15,005)	5,895,451	7,929,600	-	(196,558)	7,733,042
Shares		1,476,616	(517,062)	(211,278)	748,275	1,360,441	(448,434)	(120,545)	791,462
Non government debt securities	9.1.4 & 9.1.5	2,596,432	(332,549)	2,149	2,266,032	2,990,628	(332,549)	2,149	2,660,228
		9,983,504	(849,612)	(224,135)	8,909,758	12,280,669	(780,983)	(314,954)	11,184,732
Held-to-maturity securities					-				
Non government debt securities		6,366	(6,366)	-	-	137,331	(6,366)	-	130,965
		6,366	(6,366)	-	-	137,331	(6,366)	-	130,965
Associates	9.1.1 & 9.1.2	705,367	(704,867)	-	500	705,367	(704,867)	-	500
Subsidiaries	9.1.3	5,000	-	-	5,000	5,000	-	-	5,000
Total		11,197,769	(1,560,844)	(224,732)	9,412,192	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 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 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited with a paid-up capital of Rs. 5 million representing 500,000 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.

9.1.4 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.
Management have not provided any impairment on the said TFCs on subjective basis due to above facts, in these condensed interim unconsolidated financial statements.
However, refer to the notice of PSX dated June 03, 2019, the propose merger has not been advisable in the present circumstances.

9.1.5 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) June 30, 2019	(Audited) December 31, 2018
		-- (Rupees in '000) --	
		Cost	
9.1.6	**Investments given as collateral**		
	Market treasury bills	-	-
	Pakistan investment bonds	5,740,000	7,150,000
	Ijarah sukuk	-	-
	Others	-	-
		5,740,000	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	68,628	170,289
	Reversals for the period / year	-	-
	Reversal on disposals	-	-
		68,628	170,289
	Transfers - net	(1,138)	1,138
	Amounts written off	-	-
	Closing Balance	1,560,844	1,493,354

9.3.1 **Particulars of provision against debt securities**

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	NPL	Provision	NPL	Provision
	(Rupees in '000)			
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 June 2019 (2018 : Nil)

10 ADVANCES

	Note	Performing		Non Performing		Total	
		(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018	(Un-audited) June 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)					
Loans		**3,039,893**	3,227,644	**1,348,284**	1,348,285	**4,388,177**	4,575,929
Net investment in finance lease		**544,148**	502,494	**146,938**	146,938	**691,086**	649,433
Staff loans		**155,177**	158,487	-	-	**155,177**	158,487
Consumer loans and advances		**8,824**	8,915	**35,766**	36,270	**44,590**	45,184
Long-term financing of export oriented projects - (LTF-EOP)		-	-	**60,179**	60,179	**60,179**	60,179
Long-term financing facility (LTFF)		**361,223**	384,082	-	-	**361,223**	384,082
Advances - gross		**4,109,265**	4,281,622	**1,591,168**	1,591,673	**5,700,433**	5,873,295
Provision against advances							
- Specific	10.3	-	-	**1,526,264**	1,522,851	**1,526,264**	1,522,851
- General		-	-	**116**	134	**116**	134
		-	-	**1,526,380**	1,522,985	**1,526,380**	1,522,985
Advances - net of provision		**4,109,265**	4,281,622	**3,117,548**	3,114,657	**4,174,053**	4,350,310

	(Unaudited) June 30, 2019	(Audited) December 31, 2018
10.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	**5,700,433**	5,873,295
In foreign currency	-	-
	5,700,433	5,873,295

10.2 Advances include Rs.1,591.17 million (2018: Rs.1,591.67 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) June 30, 2019		(Audited) December 31, 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	202	-	168	-
Substandard	-	-	11,263	2,816
Doubtful	12,341	6,171	3,347	1,674
Loss	1,578,624	1,520,093	1,576,893	1,518,362
Total	1,591,168	1,526,264	1,591,672	1,522,851

Overseas

The company does not have any overseas advances during the period ended June 2019 (2018 : Nil).

10.3 **Particulars of provision against advances**

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	---- (Rupees in '000) ----					
Opening balance	1,522,851	134	1,522,985	1,543,715	237	1,543,952
Charge for the year	3,712	-	3,712	2,936	13	2,949
Less: Reversal during the period / year	(300)	(17)	(317)	(23,800)	(117)	(23,917)
Net (reversal) / charge for the period / year	3,413	(17)	3,395	(20,864)	(104)	(20,968)
Less: Amounts written off	-	-	-	-	-	-
Closing balance	1,526,264	116	1,526,380	1,522,851	134	1,522,984

10.3.1 Particulars of provision against advances

In local currency	1,526,264	116	1,526,380	1,522,851	134	1,522,984
In foreign currency	-	-	-	-	-	-
	1,526,264	116	1,526,380	1,522,851	134	1,522,984

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) June 30, 2019	(Audited) December 31, 2018
11	**FIXED ASSETS**		---- (Rupees in '000) ----	
	Capital work-in-progress	11.1	-	-
	Property and equipment		65,528	58,530
			65,528	58,530

11.1 Capital work-in-progress

The Company does not have any capital work-in-progress as at period end.

		(Un-audited) June 30, 2019	(Un-audited) June 30, 2019
11.2	**Additions to fixed assets**	---- (Rupees in '000) ----	
	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	33	1,475
	Electrical office and computer equipment	183	465
	Vehieles	-	-
	Others	-	-
	Total	19,057	1,940
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) June 30, 2019	(Audited) December 31, 2018
12	**INTANGIBLE ASSETS**	---- (Rupees in '000) ----	
	Computer Software	3,269	3,831
	Others	-	-
		3,269	3,831

		(Un-audited) June 30, 2019	(Unaudited) June 30, 2018
12.1	**Additions to intangible assets**	---- (Rupees in '000) ----	
	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) June 30, 2019	(Audited) December 31, 2018
13 DEFERRED TAX ASSETS	---- (Rupees in '000) ----	
Deductible temporary differences on		
- Tax losses carried forward	-	-
- Post retirement employee benefits	4,409	5,354
- Deficit on revaluation of investments	-	-
- Accelerated tax depreciation	-	-
- Provision against advances, off balance sheet etc.	77,568	77,568
- Others	-	-
	81,977	82,922
Taxable temporary differences on		
- Surplus on revaluation of fixed assets		-
- Surplus on revaluation of investments	68,415	99,954
- Accelerated tax depreciation	(145)	170
- Net investment in finance lease	(55,936)	(59,414)
	12,334	40,710
	94,311	123,633

13.1 As at 30 June 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) tax rate for deferred tax is 29% (2018: 31%) and unused tax losses upto 30 June 2019 amounting to Rs. 471.781 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	Note	June 30, 2019	December 31, 2018
Income / mark-up accrued in local currency-net of provision		514,270	543,074
Advances, deposit, advance rent and other prepayments		58,621	27,049
Advance taxation (payments less provisions)		355,544	291,209
Non-banking assets acquired in satisfaction of claims	14.1	1,179,360	1,179,360
Other receivables		8,259	10,024
		2,116,054	2,050,717
Less: provision held against other assets	14.2	(38,186)	(18,682)
Other assets - (net of provison)		2,077,868	2,032,035
Surplus on revalution of non-banking assets acquired in satisfaction of claims		-	-
Other assets - total		2,077,868	2,032,035

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

14.1.1 Non-banking assets acquired in satisfaction of claims

	June 30, 2019	December 31, 2018
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) June 30, 2019	(Audited) December 31, 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 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 June 2019 (2018 : Nil).

16 Bill payable

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

17 BORROWINGS

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	17.1	361,223	384,082
Repurchase agreement borrowings - repo	17.2	5,735,758	7,107,411
Borrowings from financial institutions	17.3	5,483,445	3,561,500
Total secured		11,580,426	11,052,993
Unsecured			
Clean borrowings		1,114,000	4,300,000
		12,694,426	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 05 July 2019 (31 December 2018: Feb 2019). The rate of mark-up on these facilities range from 12.45 to 12.55 (31 December 2018: 10.05 to 10.35) percent per annum.

17.3 This includes borrowings from financial institutions as under:

(a) Rs.2,787.50 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 June 2019, the applicable interest rates were 11.00 to 13.46 (2018: 7.29 and 11.14) percent per annum. These borrowings are due for maturity latest by December 2019 (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% margin.

(c) Rs. 2,496.945 (2018: Rs. Nil) representing financing through unsecured Bai Muajjal from Bank Islami due for repayment latest by 26 July 2019.

		(Un-audited) June 30, 2019	(Audited) December 31, 2018
		---- (Rupees in '000) ---	
17.2	**Particulars of borrowings with respect to currencies**		
	In local currency	**12,694,426**	15,352,993
	In foreign currency	-	-
		12,694,426	15,352,993

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) June 30, 2019			(Audited) December 31, 2018		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	----------------------------Rupees in '000----------------------------					
Customers						
Certificate of Investment	**662,004**	-	**662,004**	643,575	-	643,575
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	662,004	-	**662,004**	643,575	-	643,575
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	662,004	-	**662,004**	643,575	-	643,575

The profit rates on these Certificates of Investment (COIs) range from 11.10 to 13.00 (December 31, 2018: 7.45 to 10.50) percent per annum. These COIs are due for maturity on various dates latest by 27 September 2019 (31 December 2018: 28 March 2018).

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finanee during the period ended June 2019 (2018: Nil)

20 SUBORDINATED DEBT

The Company does not have any subordinated debt during the period ended June 2019 (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.

22 OTHER LIABILITIES		(Un-audited) June 30, 2019	(Audited) December 31, 2018
Mark-up/ Return/ Interest payable in local curreney		144,002	128,017
Accrued expenses		30,490	33,747
Advanee payments		-	-
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange eontraets		-	-
Employees' compensated absences	22.1	15,203	17,994
Staff retirement gratuity - liability / (asset)	22.1	-	4,525
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	78,182
Other		514	514
		267,890	262,980

22.1 This is based on actuarial valuation carried out as of 31 Deeember 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	(224,135)	(314,954)
- Fixed Assets	-	-
- Non-banking assets aequired in satisfaetion of claims	-	-
	(224,135)	(314,954)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	68,415	99,783
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaetion of claims	-	-
	68,415	99,783
	(155,720)	(215,171)

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

24 CONTINGENCIES AND COMMITMENTS

	Note	June 30, 2019	December 31, 2018
-Guarantees	24.1	871,427	866,826
-Commitments	24.2	880,916	414,083
-Other contingent liabilities	24.3	213,227	166,558
		1,965,570	1,447,467

24.1 Guarantees:

	June 30, 2019	December 31, 2018
Financial guarantees	30,307	25,706
Performanee guarantees	841,120	841,120
Other guarantees	-	-
	871,427	866,826

24.2 Commitments:

	Note	June 30, 2019	December 31, 2018
Documentary eredits and short-term trade-related transactions			
- letters of eredit		162,841	138,117
Commitments in respect of:			
- forward foreign exchange contracts		-	-
- forward government securities transactions		-	-
- derivatives (specify separately in sub note for eaeh class of derivative eg IRS, CCS ete)		-	-
- forward lending		-	-
- operating leases		-	-
Commitments for aequisition of:			
- operating fixed assets		-	9,040
- intangible assets		1,612	-
Other commitments	24.2.2	716,462	266,926
		880,916	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 exehange contract, government securities transactions, derivates and forward lending at period end (2018: Nil).

24.2.2 Other commitments

	June 30, 2019	December 31, 2018
Commitments to extend credit	707,590	220,491
Unsettled investment transactions for Sale / Purchase of listed ordinary shares	7,448	44,823
Commitments against other services	1,425	1,612
	716,462	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 issnes, 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 expected to be fixed for hearing in the year 2019.

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 millinn. 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 varions 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 expected to be fixed for hearing in the year 2019.

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 expected to be fixed for hearing in the year 2019.

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.

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.

24.3.6 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 (2018 : Nil)

		Note	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
			--- (Rupees in '000) ---	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		223,999	226,598
	Investments		417,794	434,236
	Lendings to financial institutions		84,083	93,243
	Balance with banks		1,109	449
	Others		-	-
			726,985	754,526
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		40,811	8,687
	Borrowings		728,441	559,239
	Subordinated debt		-	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			769,252	567,926
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		-	-
	Card related fees (debit and credit cards)		-	-
	Credit related fees		2,090	2,922
	Investment banking fees		-	-
	Commission on trade		-	-
	Commission on guarantees		460	517
	Commission on cash management		-	-
	Commission on remittances including home remittances		-	-
	Commission on bancassurance		-	-
	Others		-	-
			2,550	3,439
			2,550	3,439
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	(70,333)	17,907
	Unrealised-held for trading		(456)	73
			(70,788)	17,980
29.1	**Realised gain on:**			
	Federal government securities		(78,943)	(357)
	Shares		4,607	18,264
	Non-government debt securities		507	-
	Associates		-	-
	Subsidiaries		-	-
	Others		-	-
			(73,829)	17,907
30	**OTHER INCOME**			
	Rent on property		1,937	1,773
	Gain on sale of operating fixed assets		449	0
	Gain on sale of non-banking assets - net		-	-
	Bank charges on consumer and SME-RBD portfolio		2,689	406
	Others		51	(649)
			5,125	1,530

		(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
31	OPERATING EXPENSES	---- (Rupees in '000) ----	
	Total compensation expense	155,456	167,202
	Property expense		
	Rent and taxes	-	1,184
	Insurance	1,163	1,737
	Utilities cost	1,938	2,332
	Security (including guards)	505	488
	Repair and maintenance (including janitorial charges)	7,151	5,867
	Depreciation	929	929
	Others	-	-
		11,686	12,537
	Information technology expenses		
	Software maintenance	1,184	491
	Hardware maintenance	762	382
	Depreciation	1,154	1,402
	Amortisation	563	756
	Network charges	460	480
	BCP expense	365	366
		4,487	3,877
	Other operating expenses		
	Directors' fees and allowances	2,082	1,857
	Fees and allowances to Shariah Board	-	-
	Legal and professional charges	4,943	1,577
	Outsourced services costs	3,680	2,207
	Travelling and conveyance	1,869	1,911
	NIFT clearing charges	-	-
	Depreciation	8,254	10,992
	Training and development	493	542
	Postage and courier charges	101	104
	Communication	2,130	2,188
	Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
	Stationery and printing	1,245	1,734
	Marketing, advertisement & publicity	1,331	1,481
	Donations		
	Auditors' remuneration	561	464
	Board meeting expenses	11,827	9,994
	Meal and business networking exp	450	342
	Canteen expenses	293	347
	Bank charges	93	166
	Miscellaneous expenses	32	123
	Others	-	-
		39,384	36,028
		211,013	219,644
32	OTHER CHARGES		
	Arrangement fee and documentation charges	68	188
	Brokerage commission	1,580	3,598
	Expenses for privately placed term finance certificates	-	-
	Expenses pertaining to KEL	3,533	27,562
	Penalties imposed by State Bank of Pakistan	-	-
	Penalties imposed by other regulatory bodies	-	-
		5,181	31,348

		(Un-audited) June 30, 2019	(Un-audited) June 30, 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	68,628	2,103
(Reversal) / provisions against loans and advances	10.3	3,395	4,758
(Reversal) / provisions against investment		-	
(Reversal) / provision against other recevable	14.2.1	19,504	(10,946)
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	(1,000)
		91,528	(5,086)
34 TAXATION			
Current		17,617	15,966
Prior years		-	-
Deferred		(2,046)	13,623
		15,571	29,589

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 year has not been presented.

	(Un-audited) June 30, 2019	(Un-audited) June 30, 2018
35 BASIC EARNINGS/ (LOSS) PER SHARE	---- (Rupees in '000) ----	
(Loss) / profit for the period	(403,882)	(40,537)
Weighted average number of ordinary shares	614,178	614,178
Basic earnings per share (Rupees)	(657.6)	(66.0)
36 DILUTED EARNINGS/ (LOSS) PER SHARE		
(Loss) / profit for the period	(403,882)	(40,537)
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)	(657.6)	(66.0)

37 FAIR VALUE MEASUREMENTS

The fair value of quoted securities othor 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 snbsidiaries, 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 aetive 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 hierarehy that reflects the significanee 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 ineluded within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indireetly (i.e. derived from priees).

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) June 30, 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	-	6,392,386	-	6,392,386
Provincial government securities	-	-	-	-
Shares	748,275	-	5,500	753,775
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	-	-	-	-
	748,275	7,083,614	5,500	7,837,389

	(Audited) December 31, 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) June 30, 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 31, 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:

	June 30, 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	1,345	(40,767)	-	16,364	(19,210)	(42,267)
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	2,725	(79,385)	32,875	3,027	2,436	(38,321)
Total Income	4,070	(120,151)	32,875	19,391	(16,774)	(80,589)
Segment direct expenses	11,424	8,152	7,658	7,556	58,220	93,010
Inter segment expense allocation	1,111	1,748	760	2,684	116,881	123,184
Total expenses	12,535	9,900	8,418	10,240	175,101	216,194
(Reversal) / (recovery) / provision	30,444	9,752	50,686	645	-	91,528
Profit / (loss) before tax	(38,909)	(139,803)	(26,229)	8,506	(191,875)	(388,310)

	June 30, 2019 (Un-audited)					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	71,157	-	-	-	71,157
Investments	3,424,533	6,602,234	946,270	-	-	10,973,037
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	1,783,064	-	-	-	1,783,064
Advances - performing	3,256,623	-	-	697,465	155,177	4,109,265
- non-performing	1,555,402	-	-	35,766	-	1,591,168
Others	1,328,828	346,886	2,200	15,716	585,530	2,279,160
						-
Less: Provision (Loan and advances)	(1,491,371)	-	-	(35,009)	-	(1,526,380)
Less: Provision (Investments)	(1,332,601)	(9,371)	(218,872)	-	-	(1,560,844)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,109)	(38,186)
Total Assets	6,719,094	8,751,148	729,598	713,938	734,599	17,648,377
Borrowings	5,368,333	6,592,863	-	733,230	-	12,694,426
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	662,004	-	-	-	662,004
Net inter segment borrowing	-	-	-	-	-	-
Others	77,682	144,002	30	4,678	41,500	267,891
Total liabilities	5,446,014	7,398,869	30	737,909	41,500	13,624,321
Equity	2,866,508	-	1,157,548	-	-	4,024,057
Total equity and liabilities	8,312,522	7,398,869	1,157,578	737,909	41,500	17,648,377
Contingencies and commitments	1,036,769	-	-	8,709	216,264	1,261,742

	June 30, 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	39,568	52,673	-	7,722	806	100,769
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	5,872	484	42,905	98	-	49,359
Total Income	45,440	53,157	42,905	7,820	806	150,128
Segment direct expenses	36,233	11,418	8,790	8,599	71,848	136,888
Inter segment expense allocation	1,530	866	684	2,635	108,390	114,105
Total expenses	37,763	12,284	9,474	11,234	180,238	250,993
(Reversal) / (recovery) / provision	(84,770)	(833)	-	(4,314)	-	(89,917)
Profit / (loss) before tax	92,446	41,706	33,431	900	(179,432)	(10,949)

	December 31, 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	3,625,286	-	-	676,039	-	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	7,604,132	10,871,946	766,114	690,251	495,595	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:

	June 30, 2019 (Un-audited)							December 31, 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	-	-	-	-	-	-	29,067	-	-	-	-	-	-	22,820
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	29,067	-	-	-	-	-	-	22,820
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	100,000
Addition during the year	-	-	-	-	-	-	250,000	-	-	-	-	-	-	450,000
Repaid during the year	-	-	-	-	-	-	(400,000)	-	-	-	-	-	-	(300,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	100,000	-	-	-	-	-	-	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	-	-	-	-	-	-	1,505,975	-	-	-	-	-	-	24,460,846
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(3,544,916)	-	-	-	-	-	-	(22,582,227)
Transfer in / (out) - net	-	-	-	-	-	-	(4,156)	-	-	-	-	-	-	-
Closing balance	-	-	-	5,000	500	704,867	6,746,707	-	-	-	5,000	500	704,867	8,789,804
Provision for diminution in value of investments	-	-	-	-	-	704,867	65,123	-	-	-	-	-	704,867	65,123
Surplus / (deficit) in value of investments	-	-	-	-	-	-	(86,308)	-	-	-	-	-	-	(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	-	-	(6,522)	-	-	-	(2,381)	-	-	(13,444)	-	-	-	(5,519)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	54,766	-	-	-	39,745	-	-	59,207	-	-	-	39,822
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	June 30, 2019 (Un-audited)							December 31, 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	-	-	1,182	-	-	-	312,060	-	-	1,097	-	-	-	358,368
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,174
Other receivable (4)		5,983		1,376	-	-	-		5,983		1,318			-
Other advances	-	3,575	-	-	-	-	-	-	-	480	-	-	-	1,692
Advance taxation	-	-	-	-	-	-	355,544	-	-	-	-	-	-	291,209
Provision against other assets	-	(5,983)	-	-	-	-	(2,207)	-	(5,983)	-	-	-	-	(2,765)
Borrowings														
Opening balance	-	-	-	-	-	-	6,590,493	-	-	-	-	-	-	3,900,923
Borrowings during the year	-	-	-	-	-	-	86,054,600	-	-	-	-	-	-	208,126,402
Settled during the year	-	-	-	-	-	-	(90,470,870)	-	-	-	-	-	-	(205,436,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	2,174,223	-	-	-	-	-	-	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	-	-	-	-	405,000	-	1,364,262	-	-	-	-	640,000	-	2,112,767
Withdrawn during the year	-	-	-	-	(400,000)	-	(1,242,950)	-	-	-	-	(440,000)	-	(1,836,191)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	205,000	-	436,888	-	-	-	-	200,000	-	315,576
Other Liabilities														
Interest / mark-up payable	-	-	-	-	-	-	18,632	-	-	-	-	-	-	37,796
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	4,525
Other liabilities	-	-	-	-	-	1,008	31	-	-	-	-	-	1,008	162
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	871,427	-	-	-	-	-	-	866,826	-

	June 30, 2019 (Un-audited)							June 30, 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	-	-	757	-	-	-	295,875	-	-	455	-	-	-	352,724
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	5,300	-	-	-	-	-	-	6,659
Gain on sale of securities - net	-	-	-	-	-	-	1,760	-	-	-	-	-	-	1,438
Gain on disposal of fixed assets	-	339	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	9,502	-	152,832	-		-	-	3,575	-	138,614
Operating expenses														
Office maintenance and related expenses	-	-	-	-	6,601	-	-	-	-	-	-	6,253	-	-
Non-executive directors' remuneration	-	2,082	-	-	-	-	-	-	1,857	-	-	-	-	-
Board Meeting Expense	-	9,100	1,136	-	-	-	572	-	7,533	1,387	-	-	-	465
Remunerations	-	52,722	30,426	-	-	-	18,477	-	52,359	37,077	-	-	-	22,731
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	23,000	-
Contribution to defined contribution plan	-	1,884	747	-	-	-	417	-	1,530	863	-	-	-	415
Contribution to defined benefit plan	-	1,878	2,405	-	-	-	983	-	1,919	2,201	-	-	-	784
Depreciation	-	4,843	314	-	-	-	157	-	7,668	367		-	-	149
Other Charges														
Others	-	-	-	-	-	693	-	-	-	-	1,102	-	693	-
Insurance premium paid	-	-	-	-	-	2,767	-	-	-	-	-	-	2,767	-
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.
(5) Remuneration and short term employee benefits are disclosed in note 31 to the condensed interim unconsolidated financial statements.

	(Un-audited) June 2019	(Audited) December 2018
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	3,668,128	4,072,010
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	1,910,714	2,075,039
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	1,910,714	2,075,039
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	1,910,714	2,075,039
Risk Weighted Assets (RWAs):		
Credit Risk	9,112,673	9,263,513
Market Risk	997,159	1,790,707
Operational Risk	647,127	647,127
Total	10,756,959	11,701,347
Common Equity Tier 1 Capital Adequacy ratio	17.76%	17.73%
Tier 1 Capital Adequaey Ratio	17.76%	17.73%
Total Capital Adequaey Ratio	17.76%	17.73%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	1,910,714	2,075,039
Total Exposures	23,478,392	26,873,506
Leverage Ratio	8.14%	7.72%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	723,787	1,133,556
Total Net Cash Outflow	2,363,675	2,090,157
Liquidity Coverage Ratio	31%	54%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	7,646,620	8,693,975
Total Required Stable Funding	7,580,966	9,185,006
Net Stable Funding Ratio	101%	95%

41 ISLAMIC BANKING BUSINESS

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

42. 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.

43. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on 23 Aug 2019 by the Board of Directors of the Company.

44. GENERAL

44.1 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).

44.2 Amounts in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

44.3 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**