Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim unconsolidated financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the quarter ended 31 March 2019 together with Directors' review thereon.

Performance review

During the first quarter, the Company incurred a loss before tax of PKR 122.08 million as compared to PKR 23.86 million in the corresponding period last year mainly due to significant decline in mark-up income and lesser opportunities of capital gain.

Gross mark-up income during the period was PKR 371.81 million as compared to PKR 305.07 million in corresponding quarter, an increase of approx. 21.9%. However, the net interest income (NII) has reduced and become net interest expense mainly due to the unfavourable spreads on government securities portfolio consequent to continuous increase in interest rates and unachieved growth in credit portfolio.

Further, economic and political uncertainty 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 of the Company.

During the period, the Company utilised net cash flows from operating activities of PKR 1,125.07 million as compare to net cash generation of PKR 1,694.47 million due to decrease in clean borrowing. The total assets of the Company have decreased to PKR 18,966 million – a decrease of around PKR 1,461.88 million (compared to financial yearend 2018) mainly in lending to financial institutions and investments.

The summarised financial results for the quarter are as follows:

Description	31 March 2019	31 March 2018
	PKR '000	
(Loss)/profit before taxation	(122,080)	(23,862)
Taxation	13,213	22,698
(Loss)/profit after taxation	(135,293)	(46,559)
(Loss)/earnings per share (Rupees)	(220.3)	(75.8)

Future prospects

A cautious stance is being maintained towards further asset growth. 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.

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. To supplement overall profitability, management is making concerted recovery efforts for troubled and non-performing assets which are a source of potential earnings.

Further, the Company is in process of revisiting its business model, asset mix and available resources to ensure favourable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

The Ministry of Finance (MoF) has agreed to the proposal for injection of additional capital to meet the minimum capital requirement (MCR) of the Company during financial years 2019 and 2020. Likewise, LAFICO has also agreed to match the actions of MoF. Management has been following up with both the shareholders to amicably finalise the arrangement regarding additional capital injection and mutually agreed timeline.

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

Khaled Joma Ezarzor **Deputy Managing Director**	**Khurram Hussain** **Managing Director & CEO**

26 **April 2019**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	6	26,335	22,985
Balances with other banks	7	123,371	54,665
Lendings to financial institutions	8	950,000	1,950,000
Investments	9	11,427,523	11,832,050
Advances	10	4,377,704	4,350,310
Fixed assets	11	51,135	58,530
Intangible assets	12	3,551	3,831
Deferred tax asset - net	13	100,354	123,633
Other assets	14	1,906,189	2,032,035
		18,966,162	20,428,038
LIABILITIES			
Bills payable	16	-	-
Borrowings	17	13,656,022	15,352,993
Deposits and other accounts	18	944,928	643,575
Liabilities against assets subject to finance lease	19	-	-
Sub-ordinated loans	20	-	-
Deferred tax liabilities	21	-	-
Other liabilities	22	289,648	262,980
		14,890,598	16,259,548
NET ASSETS		4,075,564	4,168,489
REPRESENTED BY			
Share capital		6,141,780	6,141,780
Reserves		311,650	311,650
Unappropriated / unremitted profit / (loss)		(2,205,064)	(2,069,770)
		4,248,366	4,383,660
(Deficit) / surplus on revaluation of assets - net of tax	23	(172,802)	(215,171)
		4,075,564	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 UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Note	Quarter ended March 2019	Quarter ended March 2018
		(Rupees in '000)	
Mark-up / return / interest earned	26	371,809	305,074
Mark-up / return / interest expensed	27	383,970	248,979
Net mark-up / interest income (expense)		(12,161)	56,095
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	527	2,023
Dividend income		9,198	8,455
Foreign exchange income		1	4
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	6,236	6,382
Unrealised loss on revaluation of investments classified as 'held-for-trading'		(171)	(1,507)
Other income	30	2,011	222
Total non mark-up / interest income		17,802	15,578
Total Income		5,641	71,673
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	100,354	92,836
Workers welfare fund		-	-
Other charges	32	2,540	10,726
Total non mark-up / interest expenses		102,894	103,562
(Loss) / profit before provisions		(97,252)	(31,888)
(Reversal) / provisions and write offs - net	33	24,828	(8,027)
Extraordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(122,080)	(23,862)
Taxation	34	13,213	22,698
(LOSS) / PROFIT AFTER TAXATION		(135,293)	(46,559)
		(Rupees)	
Basic (loss) / earnings per share	35	(220.3)	(75.8)
Diluted (loss) / earnings per share	36	(220.3)	(75.8)

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 UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Quarter ended	
	March 2019	March 2018
	(Rupees in '000)	
(Loss) / profit after taxation	**(135,293)**	(46,559)
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*	42,369	83,056
Others	-	-
	42,369	83,056
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	(92,925)	36,497

*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 UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Share capital/		Surplus/(Deficit) on revaluation of		Unappropriated/	
	Head office capital account	Statutory reserve	Investments	Fixed / Non Banking Assets	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 (March 2018)	-	-	-	-	(46,559)	(46,559)
Other comprehensive income - net of tax	-	-	83,056	-	-	83,056
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 April 2018	6,141,780	311,650	(74,679)	-	(1,787,339)	4,591,412
(Loss) for the period	-	-	-	-	(276,400)	(276,400)
Other comprehensive income - net of tax	-	-	(140,492)	-	-	(140,492)
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 (March 2019)	-	-	-	-	(135,293)	(135,293)
Other comprehensive income - net of tax	-	-	42,369	-	-	42,369
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the year 31 March 2019	6,141,780	311,650	(172,802)	-	(2,205,064)	4,075,564

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 UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Note	March 2019	March 2018
		—— (Rupees in '000) ——	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(122,080)	(23,862)
Less: Dividend income		(9,198)	(8,455)
		(131,278)	(32,316)
Adjustments:			
Depreciation		5,770	6,933
Amortization		281	339
(Reversal) / provision and write-offs	10.3	2,557	(8,027)
Unrealised loss on revaluation of investments classified as 'held-for trading'		171	1,507
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	2,767	-
Gain on sale of operating fixed assets		(338)	1,134
		30,712	1,886
		(100,566)	(30,430)
(Increase) / decrease in operating assets			
Lendings to financial institutions		250,000	(550,000)
Held-for-trading securities		16,344	(2,201,317)
Advances		(29,951)	(426,437)
Others assets (excluding advance taxation)		174,026	(52,521)
		410,420	(3,230,275)
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		(1,696,971)	4,483,507
Deposits		301,352	470,900
Other liabilities		26,668	18,513
		(1,368,950)	4,972,920
		(1,059,096)	1,712,215
Income tax paid		(65,974)	(17,740)
Net cash (used in) / generated from operating activities		(1,125,070)	1,694,475
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		313,998	(4,171,602)
Investments in 'held-to-maturity' securities - net		130,965	(8,483)
Dividend received		200	1,950
Investments in operating fixed assets - net		(97)	(3,143)
Proceeds on sale of operating fixed assets		2,060	-
Net cash flow generated from / (used in) investing activities		447,126	(4,181,278)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Issue of share capital		-	-
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from / (used in) financing activities		-	-
Net decrease in cash and cash equivalents		(677,944)	(2,486,803)
Cash and cash equivalents at beginning of the period		1,777,650	3,661,822
Cash and cash equivalents at end of the period		1,099,706	1,175,019

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 UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 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 31 March 2019 amounted to Rs. 3.937 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). Considering the performance of the Company, both shareholders in the Annual General Meeting (AGM) held on 15 April 2016 revisited the required additional capital and agreed to reduce the capital injection from Rs. 4 billion to Rs. 2 billion (Rs.1 billion by each shareholder).

During the year 2017, the Company had submitted a 3 year plan to SBP to demonstrate its ability to meet the MCR through organic growth, as advised by the SBP. Subsequently, MoF vide its letter no. F.2(1) Inv-IV/2014 dated 16 January 2018 had stated that in the last quarter of current Financial Year, after a review of fiscal space, injection of equity would be given due consideration. Consequently, SBP vide its letter No. BPRD/BA&CP/657/5114/2018 dated 07 March 2018 granted relaxation in MCR till 30 June 2018. Recently 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. The Libyan shareholder also agreed to equity injection; resultantly, SBP has granted relaxation in MCR till 30 June 2019.

Subsidiary Company

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

	Note	(Un-audited) 31 March 2019	(Audited) 31-Dec 2018
		------- (Rupees in '000) -------	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		159	159
		165	165
With State Bank of Pakistan in			
Local currency current account	6.1	25,708	22,178
		25,708	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		462	642
Local currency deposit account		-	-
		462	642
Prize bonds		-	-
		26,335	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.

	Note	(Un-audited) 31 March 2019	(Audited) 31-Dec 2018
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		20,832	4,196
In deposit accounts	7.1	102,539	50,469
		123,371	54,665
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		123,371	54,665

7.1 The return on these balances ranges from 8.30 to 8.75 (2018: 3.75 to 8.00) percent per annum.

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Un-audited) 31 March 2019	(Audited) 31-Dec 2018
Call / clean money lending	8.1.1	983,064	1,983,064
		983,064	1,983,064
Less: provision held against lending to financial institutions	8.2	(33,064)	(33,064)
Lending to financial institutions - net of provision		950,000	1,950,000

8.1 Particulars of lending			
In local currency		950,000	1,950,000
In foreign currencies		-	-
		950,000	1,950,000

8.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 8.00 to 13.00 (2018: 8.00 to 12.00) percent per annum. These are due to mature between 18 April 2019 and 21 May 2019.

8.2 Category of classification

Rupees in '000

	(Un-audited) 31 March 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 quarter ended March 2019 (2018 : Nil).

9 INVESTMENTS

	Note	(Un-audited) 31 March 2019				(Audited) 31 December 2018			
		(Rupees in '000)				(Rupees in '000)			
9.1 Investments by type:		**Cost / amortised cost**	**Provision for diminution**	**Surplus / (deficit)**	**Carrying Value**	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Held-for-trading securities									
Federal government securities		494,650	-	(312)	494,338	499,722	-	(141)	499,581
Shares		-	-	-	-	12,410	(1,138)	-	11,272
		494,650	-	(312)	494,338	512,132	(1,138)	(141)	510,853
Available-for-sale securities									
Federal government securities		7,861,351	-	(137,674)	7,723,677	7,929,600	-	(196,558)	7,733,042
Shares		1,416,804	(451,201)	(119,711)	845,891	1,360,441	(448,434)	(120,545)	791,462
Non Government debt securities	9.1.4 & 9.1.5	2,688,517	(332,549)	2,149	2,358,116	2,990,628	(332,549)	2,149	2,660,228
		11,966,671	(783,750)	(255,236)	10,927,685	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		13,178,054	(1,494,983)	(255,548)	11,427,523	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 due to the reasons stated above. 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 are 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 will 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.

9.1.5 It includes investment in unlisted TFCs of PIA amounting to Rs.55.291 million (2018 : 77.407 million) in which no provision has been made against the investment 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) 31 March 2019	(Audited) 31 December 2018
	---- (Rupees in '000) ----	
	Cost	
9.1.6 Investments given as collateral		
Market treasury bills	-	-
Pakistan investment bonds	7,715,000	7,150,000
Ijarah sukuk	-	-
Others	-	-
	7,715,000	7,150,000

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
9.2 Provision for diminution in value of investments	---- (Rupees in '000) ----	
9.2.1 Opening balance	1,493,353	1,321,926
Add: adjustments during the period / year	-	-
Charge / reversals		
Charge for the period / year	2,767	170,289
Reversals for the period / year	-	-
Reversal on disposals	-	-
	2,767	170,289
Transfers - net	(1,138)	1,138
Amounts written off	-	-
Closing Balance	1,494,982	1,493,353

9.3.1 Particulars of provision against debt securities

Category of classification	(Un-audited) 31 March 2019 NPL	Provision	(Audited) 31 December 2018 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 quarter ended March 2019 (2018 : Nil)

10 ADVANCES

	Note	Performing		Non Performing		Total	
		(Un-audited) 31 March 2019	(Audited) 31 December 2018	(Un-audited) 31 March 2019	(Audited) 31 December 2018	(Un-audited) 31 March 2019	(Audited) 31 December 2018
		(Rupees in '000)					
Loans		3,181,469	3,227,644	1,348,284	1,348,285	4,529,753	4,575,929
Net investment in finance lease		592,055	502,494	146,938	146,938	738,993	649,433
Staff loans		156,458	158,487	-	-	156,458	158,487
Consumer loans and advances		8,292	8,915	35,846	36,270	44,138	45,184
Long-term financing of export oriented projects - (LTF-EOP)		-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTFF)		373,723	384,082	-	-	373,723	384,082
Advances - gross		4,311,997	4,281,622	1,591,248	1,591,673	5,903,245	5,873,295
Provision against advances							
- Specific	10.3	-	-	1,525,417	1,522,851	1,525,417	1,522,851
- General		-	-	124	134	124	134
		-	-	1,525,541	1,522,985	1,525,541	1,522,985
Advances - net of provision		4,311,997	4,281,622	3,116,789	3,114,657	4,377,704	4,350,310

	(Unaudited) March 2019	(Audited) December 2018
10.1 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	5,903,245	5,873,295
In foreign currency	-	-
	5,903,245	5,873,295

10.2 Advances include Rs.1,591.25 million (2018 1,591.67 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) 31 March 2019		(Audited) 31 December 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	--- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	146	-	168	-
Substandard	-	-	11,263	2,816
Doubtful	14,305	7,153	3,347	1,674
Loss	1,576,796	1,518,264	1,576,893	1,518,362
Total	1,591,248	1,525,417	1,591,672	1,522,851

Overseas

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

10.3 Particulars of provision against advances

	(Un-audited) 31 March 2019			(Audited) 31 December 2018		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,522,851	134	1,522,984	1,543,715	237	1,543,952
Charge for the year	2,750	-	2,750	2,936	13	2,949
Less: Reversal during the period / year	(183)	(9)	(193)	(23,800)	(117)	(23,917)
Net (reversal) / charge for the period / year	2,567	(9)	2,557	(20,864)	(104)	(20,968)
Less: Amounts written off	-	-	-	-	-	-
Closing balance	1,525,417	124	1,525,542	1,522,851	134	1,522,984

10.3.1 Particulars of provision against advances

In local currency	1,525,417	124	1,525,542	1,522,851	134	1,522,984
In foreign currency	-	-	-	-	-	-
	1,525,417	124	1,525,542	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.

11 FIXED ASSETS

	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
		---- (Rupees in '000) ----	
Capital work-in-progress	11.1	-	-
Property and equipment		51,135	58,530
		51,135	58,530

11.1 Capital work-in-progress

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

11.2 Additions to fixed assets

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

	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018
	---- (Rupees in '000) ----	
Capital work-in-progress	-	-
Property and equipment	-	-
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	-	465
Electrical office and computer equipment	97	250
Vehicles	-	-
Others	-	-
Total	97	715

11.3 Disposal of fixed assets

The net book value of operating fixed assets disposed off during the period is as follows:

	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018
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

12 INTANGIBLE ASSETS

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
	---- (Rupees in '000) ----	
Computer Software	3,551	3,831
Others	-	-
	3,551	3,831

12.1 Additions to intangible assets

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

	(Un-audited) 31 March 2019	(Unaudited) 31 March 2018
	---- (Rupees in '000) ----	
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:

	(Un-audited) 31 March 2019	(Unaudited) 31 March 2018
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
Total	-	-

		(Un-audited) 31 March 2019	(Audited) 31 December 2018
13	**DEFERRED TAX ASSETS**	— (Rupees in '000) —	
	Deductible temporary differences on		
	- Tax losses carried forward	-	-
	- Post retirement employee benefits	4,190	5,354
	- Deficit on revaluation of investments	-	-
	- Accelerated tax depreciation	-	-
	- Provision against advances, off balance sheet etc.	77,568	77,568
	- Others	-	-
		81,758	82,922
	Taxable temporary differences on		
	- Surplus on revaluation of fixed assets		-
	- Surplus on revaluation of investments	82,434	99,954
	- Accelerated tax depreciation	133	170
	- Net investment in finance lease	(63,972)	(59,414)
		18,595	40,710
		100,354	123,633

13.1 As at 31 March 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 31 March 2019 amounting to Rs. 360.97 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.

		Note		
14	**OTHER ASSETS**			
	Income / mark-up accrued in local currency-net of provision		367,949	543,074
	Advances, deposit, advance rent and other prepayments		39,016	27,049
	Advance taxation (payments less provisions)		349,899	291,209
	Non-banking assets acquired in satisfaction of claims	14.1	1,179,360	1,179,360
	Other receivables		8,151	10,024
			1,944,375	2,050,717
	Less: provision held against other assets	14.2	(38,186)	(18,682)
	Other assets - (net of provison)		1,906,189	2,032,035
	Surplus on revalution of non-banking assets acquired in satisfaction of claims		-	-
	Other assets - total		1,906,189	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

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.

	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
		— (Rupees in '000) —	

14.2 Provision held against other assets

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
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

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
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 March 2019 (2018 : Nil).

16 Bill payable

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

17 BORROWINGS

	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	17.1	373,723	384,082
Repurchase agreement borrowings - repo	17.2	7,682,799	7,107,411
Borrowings from financial institutions	17.3	3,361,500	3,561,500
Total secured		11,418,022	11,052,993
Unsecured			
Clean borrowings		2,238,000	4,300,000
		13,656,022	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 April 2019 (31 December 2018: Feb 2019). The rate of mark-up on these facilities range from 10.10 to 10.25 (31 December 2018: 10.05 to 10.35) percent per annum.

17.3 This includes borrowings from financial institutions as under:

(a) Rs.3,162.50 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 31 March 2019, the applicable interest rates were 10.09 to 11.35 (2018: 7.29 and 11.14) percent per annum. These borrowings are due for maturity latest by July 2023 (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.

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
17.2 Particulars of borrowings with respect to currencies	---- (Rupees in '000) ----	
In local currency	13,656,022	15,352,993
In foreign currency	-	-
	13,656,022	15,352,993

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) 31 March 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	944,928	-	944,928	643,575	-	643,575
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	944,928	-	944,928	643,575	-	643,575
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	944,928	-	944,928	643,575	-	643,575

The profit rates on these Certificates of Investment (COIs) range from 10.40 to 12.10 (31 December 2018: 7.45 to 10.50) percent per annum. These COIs are due for maturity on various dates latest by 28 June 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 finance during the period ended March 2019 (2018: Nil)

20 SUBORDINATED DEBT

The company does not have any subordinated debt during the period ended March 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.

	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
22 OTHER LIABILITIES			
Mark-up/ Return/ Interest payable in local currency		151,202	128,017
Accrued expenses		38,773	33,747
Advance payments		-	-
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	22.1	14,448	17,994
Staff retirement gratuity - liability / (asset)	22.1	7,029	4,525
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	78,182
Other		514	514
		289,648	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.

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Available for sale securities	(255,236)	(314,954)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	(255,236)	(314,954)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	82,434	99,783
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	82,434	99,783
	(172,802)	(215,171)

		Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
			(Rupees in '000)	
24	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees	24.1	867,029	866,826
	-Commitments	24.2	153,455	414,083
	-Other contingent liabilities	24.3	213,227	166,558
			1,233,712	1,447,467
24.1	**Guarantees:**			
	Financial guarantees		25,909	25,706
	Performance guarantees		841,120	841,120
	Other guarantees		-	-
			867,029	866,826
24.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		139,209	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		-	9,040
	- intangible assets		1,612	-
	Other commitments	24.2.2	12,634	266,926
			153,455	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.

24.2.2	Other commitments		
	Commitments to extend credit	11,209	220,491
	Unsettled investment transactions for Sale / Purchase of listed ordinary shares	-	44,823
	Commitments against other services	1,425	1,612
		12,634	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 refereuces 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 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 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 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, apportionment of 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 is intended to be filed.

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) 31 March 2019	(Un-audited) 31 March 2018
			(Rupees in '000)	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		109,281	67,557
	Investments		219,964	183,285
	Lendings to financial institutions		42,096	54,034
	Balance with banks		469	198
	Others		-	-
			371,809	305,074
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		20,728	836
	Borrowings		363,242	248,143
	Subordinated debt		-	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			383,970	248,979
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		-	-
	Card related fees (debit and credit cards)		-	-
	Credit releted fees		296	1,578
	Investment banking fees		-	-
	Commission on trade		-	-
	Commission on guarantees		231	445
	Commission on cash management		-	-
	Commissioo on remittances including home remittances		-	-
	Commission on bancassurance		-	-
	Others		-	-
			527	2,023
			527	2,023
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	6,236	6,382
	Unrealised-held for trading		(171)	(1,507)
			6,066	4,875
29.1	**Realised gain on:**			
	Federal government securities		-	70
	Shares		5,729	6,312
	Non-government debt securities		507	-
	Associates		-	-
	Subsidiaries		-	-
	Others		-	-
			6,236	6,382
30	**OTHER INCOME**			
	Rent on property		933	848
	Gain on sale of operating fixed assets		339	-
	Gain on sale of non-banking assets - net		-	-
	Others		739	(626)
			2,011	222

	(Un-audited) 31 March 2019	(Un-audited) 31 March 2018
31 OPERATING EXPENSES	--- (Rupees in '000) ---	
Total compensation expense	74,136	65,859
Property expense		
Rent and taxes	-	548
Insurance	862	938
Utilities cost	966	1,255
Security (including guards)	251	240
Repair and maintenance (including janitorial charges)	3,661	2,866
Depreciation	464	464
Others	-	-
	6,205	6,312
Information technology expenses		
Software maintenance	500	158
Hardware maintenance	399	229
Depreciation	600	699
Amortisation	281	338
Network charges	226	234
BCP expense	183	183
	2,189	1,840
Other operating expenses		
Directors' fees and allowances	1,040	908
Fees and allowances to Shariah Board	-	-
Legal and professional charges	998	691
Outsourced services costs	1,230	922
Travelling and conveyance	841	789
NIFT clearing charges	-	-
Depreciation	4,705	5,770
Training and development	-	66
Postage and courier charges	49	56
Communication	898	1,055
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)	-	-
Stationery and printing	570	214
Marketing, advertisement & publicity	642	658
Donations		
Auditors' remuneration	87	-
Board meeting expenses	6,257	7,196
Meal and business networking exp	257	123
Canteen expenses	198	198
Bank charges	36	100
Miscellaneous expenses	16	81
Others	-	-
	17,824	18,825
	100,354	92,836

32 OTHER CHARGES		
Arrangement fee and documentation charges	-	173
Brokerage commission	712	1,295
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	1,828	9,258
Penalties imposed by State Bank of Pakistan	-	-
Penalties imposed by other regulatory bodies	-	-
	2,540	10,726

		(Un-audited) 31 March 2019	(Un-audited) 31 March 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	2,767	-
(Reversal) / provisions against loans and advances	10.3	2,557	98
(Reversal) / provisions against investment		-	
(Reversal) / provision against other recevable	14.2.1	19,504	(8,125)
Bad debts written off directly		-	-
Recovery of written off / charged off bad debts		-	-
		24,828	(8,027)
34 TAXATION			
Current		7,283	5,543
Prior years		-	-
Deferred		5,930	17,155
		13,213	22,698

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) 31 March 2019	(Un-audited) 31 March 2018
35 BASIC EARNINGS/ (LOSS) PER SHARE	---- (Rupees in '000) ----	
(Loss) / profit for the quarter	(135,293)	(46,559)
Weighted average number of ordinary shares	614,178	614,178
Basic earnings per share (Rupees)	(220.3)	(75.8)
36 DILUTED EARNINGS/ (LOSS) PER SHARE		
(Loss) / profit for the quarter	(135,293)	(46,559)
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)	(220.3)	(75.8)

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 reliebility 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 thu significance of the inputs used in making the measurements:

Level 1: Fair value measurements using qnoted 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. anobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	(Un-Audited) 31 March 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	-	8,218,015	-	8,218,015
Provincial government securities	-	-	-	-
Shares	845,891	-	5,500	851,391
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	-	-	-	-
	845,891	8,927,494	5,500	9,778,885

	(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) 31 March 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 has 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:

	31 March 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	2,994	(15,868)	-	7,990	(7,277)	(12,161)
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	765	(175)	14,926	964	1,321	17,801
Total Income	3,759	(16,043)	14,926	8,954	(5,956)	5,640
Segment direct expenses	5,493	3,946	3,824	3,852	28,152	45,267
Inter segment expense allocation	386	762	341	1,264	54,872	57,625
Total expenses	5,879	4,708	4,165	5,116	83,024	102,892
(Reversal) / (recovery) / provision	15,269	9,752	-	(193)	-	24,828
Profit / (loss) before tax	(17,389)	(30,503)	10,761	4,031	(88,980)	(122,080)

	31 March 2019 (Un-audited)					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	149,706	-	-	-	149,706
Investments	3,513,804	8,430,676	978,025	-	-	12,922,505
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	983,064	-	-	-	983,064
Advances - performing	3,402,166	-	-	753,373	156,458	4,311,997
- non-performing	1,555,403	-	-	35,846	-	1,591,249
Others	1,335,494	183,449	11,398	16,969	552,105	2,099,415
						-
Less: Provision (Loan and advances)	(1,491,371)	-	-	(34,171)	-	(1,525,541)
Less: Provision (Investments)	(1,317,425)	(9,371)	(168,186)	-	-	(1,494,982)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,109)	(38,186)
Total Assets	6,975,752	9,694,703	821,237	772,017	702,454	18,966,162
Borrowings	4,437,202	8,429,601	-	789,219	-	13,656,022
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	944,928	-	-	-	944,928
Net inter segment borrowing	-	-	-	-	-	-
Others	79,707	149,176	11	2,397	58,357	289,648
Total liabilities	4,516,909	9,523,705	11	791,616	58,357	14,890,598
Equity	2,977,828	-	1,097,736	-	-	4,075,564
Total equity and liabilities	7,494,737	9,523,705	1,097,747	791,616	58,357	18,966,162
Contingencies and commitments	1,008,738	-	-	8,709	216,264	1,233,712

	31 March 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	40,495	10,786	-	3,623	615	55,519
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	1,978	70	13,836	283	(13)	16,154
Total Income	42,473	10,856	13,836	3,906	602	71,673
Segment direct expenses	12,615	4,377	3,774	3,344	16,263	40,373
Inter segment expense allocation	944	362	346	1,319	61,218	64,189
Total expenses	13,559	4,739	4,120	4,663	77,481	104,562
(Reversal) / (recovery) / provision	-	-	-	98	(8,125)	(8,027)
Profit / (loss) before tax	28,914	6,117	9,716	(855)	(68,754)	(24,862)

	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	3,625,286	-	-	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:

	31 March 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	-	-	-	-	-	-	26,170	-	-	-	-	-	-	22,820
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	26,170	-	-	-	-	-	-	22,820
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	100,000
Addition during the year	-	-	-	-	-	-	150,000	-	-	-	-	-	-	450,000
Repaid during the year	-	-	-	-	-	-	(250,000)	-	-	-	-	-	-	(300,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	150,000	-	-	-	-	-	-	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	-	-	-	-	-	-	1,001,819	-	-	-	-	-	-	24,460,846
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(1,119,478)	-	-	-	-	-	-	(22,582,227)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	5,000	500	704,867	8,672,145	-	-	-	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	-	-	-	-	-	-	(178,511)	-	-	-	-	-	-	(226,600)
Advances														
Opening balance	-	-	59,207	-	-	-	39,822	-	-	51,496	-	-	-	32,634
Addition during the year	-	-	1,781	-	-	-	-	-	-	21,155	-	-	-	12,707
Repaid during the year	-	-	(3,115)	-	-	-	(1,186)	-	-	(13,444)	-	-	-	(5,519)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	57,873	-	-	-	38,636	-	-	59,207	-	-	-	39,822
Provisioo held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 March 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	-	-	1,086	-	-	-	144,677	-	-	1,097	-	-	-	358,368
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,174
Other receivable (4)		5,983		1,376	-	-	-		5,983		1,318			-
Other advances	-	-	240	-	-	-	483	-	-	480	-	-	-	1,692
Advance taxation	-	-	-	-	-	-	349,899	-	-	-	-	-	-	291,209
Provision against other assets	-	(5,983)	-	-	-	-	(2,644)	-	(5,983)	-	-	-	-	(2,765)
Borrowings														
Opening balance	-	-	-	-	-	-	6,590,493	-	-	-	-	-	-	3,900,923
Borrowings during the year	-	-	-	-	-	-	42,815,961	-	-	-	-	-	-	208,126,402
Settled during the year	-	-	-	-	-	-	(45,770,731)	-	-	-	-	-	-	(205,436,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	3,635,723	-	-	-	-	-	-	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	-	-	-	-	200,000	-	927,375	-	-	-	-	640,000	-	2,112,767
Withdrawn during the year	-	-	-	-	(200,000)	-	(715,576)	-	-	-	-	(440,000)	-	(1,836,191)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	200,000	-	527,375	-	-	-	-	200,000	-	315,576
Other Liabilities														
Interest / mark-up payable	-	-	-	-	-	-	20,792	-	-	-	-	-	-	37,796
Payable to staff retirement fund	-	-	-	-	-	-	7,029	-	-	-	-	-	-	4,525
Other liabilities	-	-	-	-	-	1,008	81	-	-	-	-	-	1,008	162
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	867,029	-	-	-	-	-	-	866,826	-

	31 March 2019 (Un-audited)							31 March 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	-	-	383	-	-	-	156,775	-	-	242	-	-	-	145,555
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	-	-	-	-	-	-	-	104
Gain on sale of securities - net	-	-	-	-	-	-	1,098	-	-	-	-	-	-	957
Gain on disposal of fixed assets	-	339	-	-	-	-	-	-	-	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	4,100	-	91,606	-		-	-	114	-	84,952
Operating expenses														
Office maintenance and related expenses	-	-	-	-	3,303	-	-	-	-	-	-	3,127	-	-
Non-executive directors' remuneration	-	1,040	-	-	-	-	-	-	908	-	-	-	-	-
Board Meeting Expense	-	5,049	800	-	-	-	400	-	5,192	1,387	-	-	-	465
Remmnerations	-	25,784	13,735	-	-	-	8,974	-	20,362	13,835	-	-	-	9,953
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	7,424	-
Contribution to defined contribution plan	-	805	374	-	-	-	209	-	740	404	-	-	-	191
Contribution to defined benefit plan	-	1,180	1,203	-	-	-	519	-	673	1,020	-	-	-	428
Depreciation	-	2,986	159	-	-	-	83	-	4,117	181		-	-	69
Other Charges														
Others	-	-	-	-	-	690	-	-	-	-	-	-	599	-
Insurance premium paid	-	-	-	-	-	1,518	-	-	-	-	-	-	1,626	-
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.

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 2019	(Audited) December 2018
	--- (Rupees in '000) ---	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	3,936,716	4,072,010
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	2,122,544	2,075,039
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	2,122,544	2,075,039
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	2,122,544	2,075,039
Risk Weighted Assets (RWAs):		
Credit Risk	8,543,104	9,263,513
Market Risk	1,496,770	1,790,707
Operational Risk	647,127	647,127
Total	10,687,001	11,701,347
Common Equity Tier 1 Capital Adequacy ratio	19.86%	17.73%
Tier 1 Capital Adequaoy Ratio	19.86%	17.73%
Total Capital Adequaey Ratio	19.86%	17.73%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	2,122,544	2,075,039
Total Exposures	25,903,850	26,873,506
Leverage Ratio	8.19%	7.72%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	588,129	1,133,556
Total Net Cash Outflow	1,114,199	2,090,157
Liquidity Coverage Ratio	53%	54%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	8,024,178	8,693,975
Total Required Stable Funding	8,631,419	9,185,006
Net Stable Funding Ratio	93%	95%

41 ISLAMIC BANKING BUSINESS

The Company, being a conventional financial institution / DFI, does not have any Islamie 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 26/APRIL/2019 by the Board of Directors of the Company.

44. GENERAL

44.1 In its latest rating announcement (June 2018), 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**