SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UN-AUDITED]
AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019	(Audited) December 31, 2018
		----------------------Rupees----------------------	
ASSETS			
Cash and balances with treasury banks	6	**36,530,370**	54,652,113
Balances with other banks	7	**321,670,742**	326,583,007
Lendings to financial institutions	8	**-**	2,818,407,389
Investments	9	**16,819,635,504**	4,159,039,630
Advances	10	**8,034,320,422**	7,865,329,442
Fixed assets	11	**3,042,485,837**	3,111,658,376
Intangible assets	12	**4,324,828**	5,762,311
Deferred tax assets		**-**	-
Other assets	13	**1,259,984,946**	849,153,274
		29,518,952,649	19,190,585,542
LIABILITIES			
Bills payable		**-**	-
Borrowings	14	**16,020,509,565**	5,771,338,282
Deposits and other accounts	15	**510,000,000**	7,500,000
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities	16	**156,853,860**	272,361,026
Other liabilities	17	**414,821,803**	490,669,964
		17,102,185,228	6,541,869,272
NET ASSETS		**12,416,767,421**	12,648,716,270
REPRESENTED BY			
Share capital		**6,600,000,000**	6,600,000,000
Statutory reserve		**1,008,201,270**	1,008,201,270
Revenue reserve		**358,662,940**	358,662,940
Surplus on revaluation of assets	18	**1,724,119,031**	1,838,548,018
Unappropriated / unremitted profit		**2,725,784,180**	2,843,304,042
		12,416,767,421	12,648,716,270

CONTINGENCIES AND COMMITMENTS 19

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chief Financial Officer	GM/Chief Executive	Director	Director	Director/Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	Quarter Ended		Period Ended	
		September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
		(Rupees)			
Mark-up / Return / Interest Earned	20	**604,479,926**	240,795,888	**1,525,683,967**	734,233,928
Mark-up / Return / Interest Expensed	21	**426,132,555**	83,252,009	**953,960,176**	291,251,195
Net Mark-up / Interest Income		**178,347,371**	157,543,879	**571,723,791**	442,982,733
NON MARK-UP / INTEREST INCOME					
Fee and Commission Income	22	**8,194,000**	1,186,934	**13,376,164**	6,228,097
Dividend Income		**43,126,985**	32,937,002	**122,808,754**	106,520,740
Foreign Exchange Income		**(1,263,909)**	119,424	**2,007,666**	1,729,339
Income / (Loss) from derivatives		**-**	-	**-**	-
(Loss) / Gain on securities	23	**2,627,339**	24,458,616	**(29,768,495)**	69,688,990
Other Income	24	**48,332,570**	39,995,384	**156,304,022**	163,038,214
Total Non-markup / Interest Income		**101,016,985**	98,697,360	**264,728,111**	347,205,380
Total Income		**279,364,356**	256,241,239	**836,451,902**	790,188,113
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	25	**105,487,214**	101,906,582	**315,902,128**	293,270,638
Workers Welfare Fund		**-**	-	**-**	-
Other charges	26	**2,353,000**	-	**2,353,000**	-
Total Non-markup / Interest Expenses		**107,840,214**	101,906,582	**318,255,128**	293,270,638
PROFIT BEFORE PROVISIONS		**171,524,142**	154,334,657	**518,196,774**	496,917,475
Provisions and write offs - net	27	**103,146,465**	87,217,446	**330,553,719**	81,028,417
Extra ordinary / unusual items		**-**	-	**-**	-
PROFIT BEFORE TAXATION		**68,377,677**	67,117,211	**187,643,055**	415,889,058
Taxation	28	**9,369,066**	25,687,269	**26,883,712**	197,204,381
PROFIT AFTER TAXATION		**59,008,611**	41,429,942	**160,759,343**	218,684,677
		(Rupee)			
Basic Earnings per share	29	**0.089**	0.063	**0.244**	0.331
Diluted Earnings per share	30	**0.089**	0.063	**0.244**	0.331

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chief Financial Officer	GM/Chief Executive	Director	Director	Director/Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended		Period Ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	---(Rupees)---			
Profit after taxation for the period	**59,008,611**	41,429,942	**160,759,343**	218,684,677
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	**79,068,178**	(43,693,125)	**(62,708,192)**	(11,232,303)
	79,068,178	(43,693,125)	**(62,708,192)**	(11,232,303)
Total comprehensive income	**138,076,789**	(2,263,183)	**98,051,151**	207,452,374

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chief Financial Officer	GM/Chief Executive	Director	Director	Director/Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Share capital	Statutory reserve	Revenue reserve	Surplus/(Deficit) on revaluation of Investments	Surplus/(Deficit) on revaluation of Fixed / Non Banking Assets	Unappropriated/ Unremitted profit	Total
	Rupees						
Balance as at January 1, 2018	6,600,000,000	926,690,686	358,662,940	(40,992,828)	1,614,778,109	2,746,287,226	12,205,426,133
Profit after taxation for the period ended September 30, 2018	-	-	-	-	-	218,684,677	218,684,677
Other comprehensive income - net of tax	-	-	-	(11,232,303)	-	-	(11,232,303)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(86,327,184)	86,327,184	-
Transactions with owners, recorded directly in equity							
Final dividend 2017: Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at September 30, 2018	**6,600,000,000**	**926,690,686**	**358,662,940**	**(52,225,131)**	**1,528,450,925**	**2,721,299,087**	**12,082,878,507**
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	188,868,242	188,868,242
Other comprehensive income - net of tax	-	-	-	(139,859,487)	502,181,711	(3,071,980)	359,250,244
Transfer to statutory reserve	-	81,510,584	-	-	-	(81,510,584)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	17,719,277	17,719,277
Transactions with owners, recorded directly in equity							
Final dividend 2017: Re 0.5 per ordinary share	-	-	-	-	-	-	-
Balance as at December 31, 2018	**6,600,000,000**	**1,008,201,270**	**358,662,940**	**(192,084,618)**	**2,030,632,636**	**2,843,304,042**	**12,648,716,270**
Profit after taxation for the year ended September 30, 2019	-	-	-	-	-	160,759,343	160,759,343
Other comprehensive income - net of tax	-	-	-	(62,708,192)	-	-	(62,708,192)
Transfer to statutory reserve	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(51,720,795)	51,720,795	-
Transactions with owners, recorded directly in equity							
Final dividend 2018: Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at September 30, 2019	**6,600,000,000**	**1,008,201,270**	**358,662,940**	**(254,792,810)**	**1,978,911,841**	**2,725,784,180**	**12,416,767,421**

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chief Financial Officer GM/Chief Executive Director Director Director/Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		---Rupees---	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**187,643,055**	415,889,058
Less: Dividend income		**(122,808,754)**	(106,520,740)
		64,834,301	309,368,318
Adjustments:			
Depreciation		**102,495,917**	99,043,728
Amortization		**1,838,625**	271,519
Provision and write-offs	27	**330,553,719**	81,028,417
Gain on sale of fixed assets		**(11,319,132)**	(37,033,176)
Charge for defined benefit plan		**5,429,538**	4,182,471
Unrealized loss/ (gain) - held for trading investments		**-**	-
		428,998,667	147,492,959
		493,832,968	456,861,277
(Increase) / decrease in operating assets			
Lendings to financial institutions		**2,818,407,389**	(808,706,020)
Held-for-trading securities		**-**	11,826,249
Advances		**(211,653,601)**	1,102,954,253
Others assets (excluding advance taxation)		**(223,988,794)**	146,286,995
		2,382,764,994	452,361,477
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		**10,249,171,283**	(5,675,545,431)
Deposits		**502,500,000**	-
Other liabilities (excluding current taxation)		**(69,497,394)**	(13,960,955)
		10,682,173,889	(5,689,506,386)
Payments against off-balance sheet obligations		**-**	-
Payment to defined benefit plan		**(11,780,306)**	(11,405,584)
Income tax paid		**(277,769,847)**	(137,047,937)
Net cash flow generated from / (used in) operating activities		**13,269,221,698**	(4,928,737,153)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**(12,422,848,416)**	5,359,416,997
Net investments in held-to-maturity securities		**(599,513,295)**	(169,518,062)
Dividends received		**80,365,770**	70,464,240
Investments in operating fixed assets		**(44,948,490)**	(87,158,818)
Proceeds from sale of fixed assets		**24,688,725**	79,510,226
Net cash flow (used in) / generated from investing activities		**(12,962,255,706)**	5,252,714,583
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		**(330,000,000)**	(330,000,000)
Net cash flow generated from / (used in) financing activities		**(330,000,000)**	(330,000,000)
Effects of exchange rate changes on cash and cash equivalents		**-**	-
(Decrease) / Increase in cash and cash equivalents		**(23,034,008)**	(6,022,570)
Cash and cash equivalents at beginning of the period		**381,235,120**	163,376,608
Cash and cash equivalents at end of the period	31	**358,201,112**	157,354,038

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.

Chief Financial Officer GM/Chief Executive Director Director Director/Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED]
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Government of Kingdom of Saudi Arabia (KSA) and the Government of the Islamic Republic of Pakistan. The Company has been setup for a period of fifty years which may be extended with approval of both of the sponsoring Governments. The Company is a Development Financial Institution (DFI) and principally engaged in lendings and investments in the industrial and agro-based industrial companies in Pakistan on commercial basis.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating through its offices in Lahore and Karachi.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

2.4 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current period

IFRS 16 Leases became effective for annual reporting periods beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 Leases are not expected to have a material impact on the Company's unconsolidated condensed interim financial statements .

In addition, there are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

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

a) The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

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

b) Following standard and amendments to published accounting standard will be effective in future periods and have not been early adopted by the Company.

	Effective date (periods ending on or after)
- IFRS 9, Financial Instruments	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for the Company in preparation of these unconsolidated condensed interim financial statements.

The Company expects that adoption of the remaining amendments will not affect its financial statements in the period of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2018.

3.2 The SBP, vide BPRD Circular Letter No. 5 dated March 22, 2019 amended the format of condensed interim financial statements of banks in order to align it with the annual financial statements issued vide BPRD Circular No. 2 of 2018. All banks/ DFI have been directed to prepare their condensed interim financial statements on the revised format effective from accounting year beginning from January 1, 2019. Accordingly, the Company has prepared these unconsolidated condensed interim financial statements on the new format prescribed by the SBP.

The amended format introduced certain new disclosures and certain reclassification have been made in the unconsolidated condensed interim profit and loss account which are summarized below:

Reclassification from account head	Reclassification to account head	For the period ended September 30 2019	2018
		Rupees	
Provisions / (reversals) for diminution in value of investments - net	Provision and write offs - net	287,891,098	(72,352,425)
Provisions against loans and advances - net	Provision and write offs - net	42,662,621	153,380,842

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

	September 30, 2019	Audited December 31, 2018
	Rupees	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	**311,295**	272,444
With State Bank of Pakistan in		
Local currency current account	**36,219,075**	54,379,669
	36,530,370	54,652,113
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	**39,260,879**	130,428,968
In deposit accounts	**282,409,863**	196,154,039
	321,670,742	326,583,007
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	-	2,318,407,389
Letter based placement	-	500,000,000
	-	2,818,407,389
Less: Provision held against Lending to Financial Institutions	-	-
Lendings to Financial Institutions - net of provision	-	2,818,407,389

9 INVESTMENTS

9.1 Investments by type:

	September 30, 2019				December 31, 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Held-for-trading securities								
Quoted shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
-Pakistan Investment Bonds (PIBs)	10,138,725,813	-	(42,313)	10,138,683,500	-	-	-	-
-Market Treasury Bills	1,387,308,502	-	1,089,890	1,388,398,392	-	-	-	-
	11,526,034,315	-	1,047,577	11,527,081,892	-	-	-	-
Shares- Quoted securities	2,933,992,540	(775,602,559)	(300,803,826)	1,857,586,155	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Non Government Debt Securities								
-Term Finance Certificates (TFCs)	1,171,612,766	(82,227,345)	-	1,089,385,421	772,221,286	(82,835,865)	-	689,385,421
-Commercial paper	92,729,028	-	-	92,729,028	-	-	-	-
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	16,510,701,697	(1,131,662,944)	(299,756,249)	15,079,282,504	4,087,853,281	(860,278,141)	(225,881,510)	3,001,693,630
Held-to-maturity securities								
Non Government Debt Securities								
-Term Finance Certificates (TFCs)	1,642,844,710	(402,491,710)	-	1,240,353,000	1,043,331,415	(385,985,415)	-	657,346,000
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
- Investment in preference shares	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
	576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	19,230,222,482	(2,110,830,729)	(299,756,249)	16,819,635,504	6,207,860,771	(1,822,939,631)	(225,881,510)	4,159,039,630

	September 30, 2019	Audited December 31, 2018
9.1.1 Investments given as collateral	--------Rupees--------	
Treasury Bills (T-Bills)	-	-
Pakistan Investment Bonds (PIBs)	**9,952,250,005**	-
	9,952,250,005	-

9.2 Provision for diminution in value of investments

	September 30, 2019	Audited December 31, 2018
9.2.1 Opening balance	**1,822,939,631**	1,936,881,548
Charge / reversals		
Charge for the period / year	**371,514,386**	84,657,507
Reversals for the period / year	**(977,225)**	(6,511,199)
Reversal on disposals	**(82,646,063)**	(192,088,225)
	287,891,098	(113,941,917)
Amounts written off	-	-
Closing Balance	**2,110,830,729**	1,822,939,631

9.2.2 Particulars of provision against debt securities

Category of classification	**September 30, 2019**		Audited December 31, 2018	
	NPI	**Provision**	NPI	Provision
	--------Rupees--------		--------Rupees--------	
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**535,344,055**	**484,719,055**	536,321,280	468,821,280
	535,344,055	**484,719,055**	536,321,280	468,821,280
Overseas	-	-	-	-
Total	**535,344,055**	**484,719,055**	536,321,280	468,821,280

9.3 The market value of listed TFCs classified as held-to-maturity as at September 30, 2019 and December 31, 2018 are not available and these are carried at amortised cost.

10 ADVANCES

	Performing		Non Performing		Total	
		Audited		Audited		Audited
	September 30, 2019	December 31, 2018	**September 30, 2019**	December 31, 2018	**September 30, 2019**	December 31, 2018
	---Rupees---					
Loans, leases, running finances- gross	**6,443,452,870**	6,918,643,279	**3,796,382,795**	3,109,538,785	**10,239,835,665**	10,028,182,064
Provision against advances						
- Specific	**-**	-	**(2,205,515,243)**	(2,162,852,622)	**(2,205,515,243)**	(2,162,852,622)
- General	**-**	-	**-**	-	**-**	-
	-	-	**(2,205,515,243)**	(2,162,852,622)	**(2,205,515,243)**	(2,162,852,622)
Advances - net of provision	**6,443,452,870**	6,918,643,279	**1,590,867,552**	946,686,163	**8,034,320,422**	7,865,329,442

10.1 Particulars of advances (Gross)

	September 30, 2019	Audited December 31, 2018
	---Rupees---	
In local currency	**10,223,919,612**	10,012,266,011
In foreign currencies	**15,916,053**	15,916,053
	10,239,835,665	10,028,182,064

10.2 Advances include Rs. 3,796,382,795 (December 31, 2018: Rs. 3,109,538,785) which have been placed under non-performing status as detailed below:-

Category of Classification	**September 30, 2019**		Audited December 31, 2018	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	---Rupees---		---Rupees---	
Domestic				
Substandard	**-**	**-**	683,333,332	-
Doubtful	**750,000,000**	**-**	-	-
Loss	**3,046,382,795**	**2,205,515,243**	2,426,205,453	2,162,852,622
	3,796,382,795	**2,205,515,243**	3,109,538,785	2,162,852,622
Overseas	**-**	**-**	-	-
Total	**3,796,382,795**	**2,205,515,243**	3,109,538,785	2,162,852,622

10.3 Particulars of provision against advances

	September 30, 2019			Audited December 31, 2018		
	Specific	**General**	**Total**	Specific	General	Total
	Rupees			Rupees		
Opening balance	**2,162,852,622**	**-**	**2,162,852,622**	2,126,145,262	-	2,126,145,262
Charge for the year	**120,290,833**	**-**	**120,290,833**	242,278,693	-	242,278,693
Reversals	**(77,628,212)**	**-**	**(77,628,212)**	(205,571,333)	-	(205,571,333)
	42,662,621	**-**	**42,662,621**	36,707,360	-	36,707,360
Amounts written off	**-**	**-**	**-**	-	-	-
Closing balance	**2,205,515,243**	**-**	**2,205,515,243**	2,162,852,622	-	2,162,852,622

10.3.1 The net FSV benefit already availed has been increased by Rs. 781.682 million, which has resulted in decreased charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 781.682 million (2018: Rs. 5.728 million) and Rs. 554.994 million (2018: lower by Rs. 4.067 million) respectively. Further, at September 30, 2019, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 863.266 million (2018: Rs. 308.272 million) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

		Note	September 30, 2019	Audited December 31, 2018
11	**FIXED ASSETS**		----------Rupees----------	
	Capital work-in-progress		-	-
	Property and equipment		**3,042,485,837**	3,111,658,376
			3,042,485,837	3,111,658,376

		September 30, 2019	Un Audited September 30, 2018
11.1	**Additions to fixed assets**	----------Rupees----------	
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	-	-
	Property and equipment		
	Leasehold land	-	27,269,637
	Building on freehold land	**596,000**	499,000
	Furniture and fixture	**172,800**	216,525
	Office equipment	**5,077,635**	5,016,994
	Vehicles	**7,438,388**	23,319,837
	Heating & air conditioning	**3,050,000**	1,577,396
	Elevators	-	36,794,700
	Security systems	-	93,429
	Electrical fitting, fire fighting equipment and others	**28,212,518**	7,933,149
		44,547,341	102,720,667
	Total	**44,547,341**	102,720,667
11.2	**Disposal of fixed assets**		
	The net book value of fixed assets disposed off during the period is as follows:		
	Freehold land	**8,088,120**	-
	Building on leasehold land (fences, glass sheets and others)	**2,549,386**	-
	Building ISE Tower	-	33,204,313
	Furniture and fixture	**157**	-
	Office equipment	**3**	13
	Vehicles	**2,052,755**	3,176,399
	Heating & air conditioning	**15**	-
	Elevators	-	6,096,325
	Security systems	**181,995**	-
	Electrical fitting, fire fighting equipment and others	**497,162**	-
	Total	**13,369,593**	42,477,050

		September 30, 2019	Audited December 31, 2018
12	**INTANGIBLE ASSETS**	----------Rupees----------	
	Computer Software	**4,324,828**	5,762,311
		4,324,828	5,762,311

		September 30, 2019	Un Audited September 30, 2018
12.1	**Additions to intangible assets**	----------Rupees----------	
	The following additions have been made to intangible assets during the period:		
	Directly purchased	401,150	6,581,639
	Total	401,150	6,581,639

13 OTHER ASSETS

	Note	September 30, 2019	Audited December 31, 2018
		Rupees	
Income/ Mark-up accrued in local currency - net of provision			
On investments		**235,808,866**	58,551,149
On advances		**207,710,883**	148,092,711
On lending to financial institutions		**-**	1,530,643
		443,519,749	208,174,503
Advances, deposits, advance rent and other prepayments		**24,157,550**	26,614,655
Advance taxation		**492,017,345**	345,471,829
Excise duty		**78,817,895**	78,817,895
Non-banking assets acquired in satisfaction of claims		**142,673,905**	144,819,528
Dividend receivable		**63,268,154**	20,825,170
Receivable from the Ministry of Finance, KSA		**-**	15,000,000
Other receivables		**9,225,090**	3,124,436
		1,253,679,688	842,848,016
Less: Provision held against other assets		**(4,075,062)**	(4,075,062)
Other Assets (Net of Provision)		**1,249,604,626**	838,772,954
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**10,380,320**	10,380,320
Other Assets - total		**1,259,984,946**	849,153,274

13.1 Provision held against other assets

Advances, deposits, advance rent & other prepayments		**4,075,062**	4,075,062
		4,075,062	4,075,062

14 BORROWINGS

Secured			
State Bank of Pakistan (SBP) refinance scheme			
Long term financing facility (LTFF)		**744,037,994**	471,338,282
Repurchase agreement borrowings		**9,926,471,570**	-
Against book debts/receivables		**5,350,000,001**	5,300,000,000
Total secured		**16,020,509,565**	5,771,338,282
Unsecured			
Call borrowings		**-**	-
Total unsecured		**-**	-
		16,020,509,565	5,771,338,282

15 DEPOSITS AND OTHER ACCOUNTS

Customers			
- Term deposits (local currency)	15.1	**510,000,000**	7,500,000

15.1 These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs 10 million and Port Qasim Authority for Rs. 500 million. These COIs carry mark up at the rate ranging from 13.85% to 13.93% (2018: 10.5%) per annum and are repayable during November 2019 to March 2020 (2018: March 2019).

		Note	September 30, 2019	Audited December 31, 2018
			Rupees	
16	**DEFERRED TAX LIABILITIES**			
	Deductible Temporary Differences on			
	Actuarial loss on defined benefit plan		**(4,970,470)**	(4,970,470)
	Surplus on revaluation of securities - AFS		**(44,963,437)**	(33,796,890)
	Provision on non-performing loans		**(569,097,000)**	(518,330,000)
	Impairment loss on available for sale quoted securities		**(94,053,055)**	(55,490,390)
			(713,083,962)	(612,587,750)
	Taxable Temporary Differences on			
	Accelerated tax depreciation		**23,602,566**	24,326,184
	Dividend receivable		**9,490,223**	3,123,776
	Net investment in leases		**32,669,753**	32,325,334
	Surplus on revaluation of operating fixed assets		**804,175,280**	825,173,482
			869,937,822	884,948,776
			156,853,860	272,361,026
17	**OTHER LIABILITIES**			
	Mark-up/ Return/ Interest payable in local currency		**199,146,707**	83,512,594
	Accrued expenses		**2,538,000**	36,491,159
	Advance rental income		**90,185,708**	194,331,790
	Security deposits against rented properties		**29,469,122**	27,323,682
	Payable to defined benefit plan		**5,429,538**	9,720,314
	Provision for compensated absences		**5,501,750**	7,561,742
	Directors' remuneration		**4,216,218**	3,194,934
	Payable to stock brokers - net		**61,651,547**	120,296,511
	Others		**16,683,213**	8,237,238
			414,821,803	490,669,964
18	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**			
	Surplus / (deficit) on revaluation of			
	- Available for sale securities	9.1	**(299,756,249)**	(225,881,508)
	- Fixed Assets		**2,773,018,212**	2,845,425,798
	- Non-banking assets acquired in satisfaction of claims		**10,068,911**	10,380,320
			2,483,330,874	2,629,924,610
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		**44,963,437**	33,796,890
	- Fixed Assets		**(804,175,280)**	(825,173,482)
			(759,211,843)	(791,376,592)
			1,724,119,031	1,838,548,018
19	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees	19.1	**200,000,000**	265,530,000
	-Commitments	19.2	**2,206,452,000**	2,145,337,810
			2,406,452,000	2,410,867,810
19.1	**Guarantees:**			
	Financial guarantees		**200,000,000**	265,530,000
19.2	**Commitments:**			
	Commitments for acquisition of:			
	- Fixed assets		**-**	15,459,235
	- Intangible assets		**452,000**	878,575
			452,000	16,337,810
	Non disbursed commitment for term and working capital finance		**2,206,000,000**	2,129,000,000
			2,206,452,000	2,145,337,810

19.3 Other contingent liabilities

19.3.1 Except for the matter outlined in note 19.3.2 and 19.3.3 there is no significant / material change in the status of contingencies and commitments of the Company from the status given in the preceding audited annual financial statements for the year ended December 31, 2018 including the contingencies relating to pending tax litigations before the Honourable High Court Islamabad where in Company is pleading its stance in respect of multiple proceedings relating to various tax years.

19.3.2 Tax contingencies

i) Commissioner Inland Revenue - Appeals (CIR-Appeals), in terms of appellate order dated February 27, 2019, has annulled the order dated June 22, 2018 passed by Officer Inland Revenue for tax year 2014. In this respect the Company had already paid an amount of Rs 62.5 million against alleged demand of Rs 90.7 million. During the quarter, Commissioner Inland Revenue filed an appeal against the appellate order issued by CIR-Appeals dated February 27, 2019 before ATIR which is pending for adjudication. No appeal effect has been received by the Company yet.

ii) The assessing officer issued orders for the tax year 2015 and 2016 giving effect to appellate order and thereby created aggregate demand of Rs 37.6 million. The Company's appeals in these respect are pending for adjudication before CIR-Appeals. In the meanwhile Company has obtained stay from Appellate Tribunal Inland Revenue (ATIR) against recovery of demands raised till the decision of appeal by CIR-Appeals.

iii) For the tax year 2017, Company's deemed assessment under section 120 was amended under section 122(5A) and order under section 161(1A) of the Income Tax Ordinance, 2001, issued by the assessing officer, thereby created aggregate demand of Rs 417.4 million. In the meanwhile, Company has obtained stay against recovery of impugned demand from CIR-Appeals. Further, majority of the issues have been remanded back in terms of appellate order from CIR-Appeals to Officer Inland Revenue with directions for re-assessment. No appeal effect has been received by the Company yet.

iv) The assessing officer amended the Company's assessment for the tax year 2018 and created a demand of Rs 383.82 million. The Company preferred an appeal before the CIR-Appeals, who has remanded majority of the issues and simultaneously upheld the actions of assessing officer on certain issue including that of actuarial loss, tax loss on sale of assets and income from property. During the quarter, Commissioner Inland Revenue filed an appeal against the appellate order issued dated 23.04.2019 by CIR-Appeals before ATIR which is pending for adjudication. No appeal effect has been received by the Company yet.

19.3.3 Other contingencies

Kohinoor Spinning Mills Limited (KSML) availed a finance facility of Rs. 400 million in 2014 from the Company, but defaulted in repayments. The company filed a suit for recovery of Rs. 396.085 million against the customer and its directors/guarantors in the Lahore High Court. Based on the views of the Company's legal counsel, the management of the Company is confident that the suit will be decreed in the Company's favour after final arguments of lawyers are heard by the Court. In the meanwhile KSML and its guarantors have also filed charges suit before the Lahore High Court against the Company claiming an amount of Rs 600 million. According to the Company's legal council the customer has filed a frivolous suit to frustrate the proceedings initiated by the Company and it is expected that the suit filed against the Company will be dismissed after due process of law.

		Note	**September 30, 2019**	September 30, 2018
			Rupees	
20	**MARK-UP/RETURN/INTEREST EARNED**			
	On:			
	Loans and advances		**646,998,055**	520,398,399
	Investments		**828,488,321**	121,845,311
	Lendings to financial institutions		**42,772,003**	80,430,966
	Balances with banks		**7,425,588**	11,559,252
			1,525,683,967	734,233,928

	Note	September 30, 2019	September 30, 2018
		-------Rupees-------	
21 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
Deposits	21.1	**22,699,664**	363,935
Borrowings			
Securities purchased under repurchase agreements		**375,085,687**	9,100,508
Other short term borrowings		**130,325,147**	109,881,588
SBP refinance scheme - LTFF		**9,133,467**	1,829,741
Long term borrowings		**414,292,084**	169,348,848
		928,836,385	290,160,685
Brokerage fee relating to borrowings		**2,424,127**	726,575
		953,960,176	291,251,195

21.1 The markup expensed amounting to Rs. 660,669 (2018: Rs. 363,935) relates to Saudi Pak Employees Contributory Provident Fund.

	Note	September 30, 2019	September 30, 2018
		-------Rupees-------	
22 FEE & COMMISSION INCOME			
Credit related fees		**13,275,812**	5,536,009
Commission on guarantees		**100,352**	692,088
		13,376,164	6,228,097
23 (LOSS) / GAIN ON SECURITIES			
Realised	23.1	**(29,768,495)**	69,688,990
Unrealised - held for trading		**-**	-
		(29,768,495)	69,688,990
23.1 Realised (loss) / gain on:			
Federal Government Securities		**5,177,347**	81,830,611
Mutual funds		**578,000**	3,074,875
Shares- listed		**(35,523,842)**	(15,216,496)
		(29,768,495)	69,688,990
24 OTHER INCOME			
Rent on property- net	24.1	**144,049,613**	124,742,640
Gain / (loss) on sale of fixed assets-net		**11,319,132**	37,033,176
Others	24.2	**935,277**	1,262,398
		156,304,022	163,038,214

		September 30, 2019	September 30, 2018
24.1	**Rent on property - net**	----------Rupees----------	
	Rental income	**281,307,887**	255,025,914
	Less: Property expense		
	Salaries, allowances and employee benefits	**20,217,258**	18,064,729
	Depreciation	**72,625,219**	70,796,157
	Other operating / general expenses	**44,415,797**	41,422,388
		137,258,274	130,283,274
		144,049,613	124,742,640

24.2 This includes income received from tender fee and sale of miscellaneous scrap items etc.

25 OPERATING EXPENSES

Total compensation expense	**156,639,628**	149,972,006
Property expense		
Rent and taxes	**14,905,712**	12,966,229
Insurance	**234,026**	149,134
Utilities cost	**7,381,638**	6,118,887
Security	**3,068,532**	3,186,719
Repair and maintenance	**1,932,964**	1,719,679
Depreciation	**10,375,031**	10,113,737
	37,897,903	34,254,385
Information technology expenses		
Software maintenance	**3,633,478**	2,177,734
Hardware maintenance	**1,031,427**	556,316
Amortisation	**1,838,625**	271,519
Network charges	**2,636,775**	2,505,031
	9,140,305	5,510,600
Other operating expenses		
Shareholders' fee	**4,216,217**	3,354,585
Directors' fees and allowances	**14,321,288**	10,492,350
Legal and professional charges	**4,178,390**	8,092,669
Consultancy, custodial and rating services	**3,606,001**	4,629,304
Outsourced services costs	**23,442,934**	22,469,631
Travelling and conveyance	**15,273,581**	13,577,318
Depreciation	**19,495,667**	18,133,834
Training and development	**2,138,463**	1,860,345
Postage and courier charges	**631,608**	579,575
Communication	**2,514,555**	2,199,526
Stationery and printing	**4,650,507**	4,356,794
Marketing, advertisement and publicity	**808,341**	540,145
Donations	**1,000,000**	200,000
Auditors remuneration	**3,396,282**	1,299,998
Repair and maintenance	**3,076,505**	3,083,468
Insurance	**1,619,091**	1,868,777
Office and general expenses	**7,478,720**	6,519,981
Bank charges	**376,142**	275,347
	112,224,292	103,533,647
	315,902,128	293,270,638

		Note	September 30, 2019	September 30, 2018
			Rupees	
26	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		**2,353,000**	-
			2,353,000	-
27	**PROVISIONS AND WRITE OFFS - NET**			
	Provisions for diminution in value of investments- net	9.2.1	**287,891,098**	(72,352,425)
	Provisions / (reversals) against loans and advances- net	10.3	**42,662,621**	153,380,842
			330,553,719	81,028,417
28	**TAXATION**			
	-Current		**131,224,331**	145,047,487
	-Prior years		-	618,329,380
	-Deferred tax		**(104,340,619)**	(566,172,486)
			26,883,712	197,204,381
29	**BASIC EARNINGS PER SHARE**			
	Profit for the period - Rupees		**160,759,343**	218,684,677
	Weighted average number of ordinary shares		**660,000,000**	660,000,000
	Basic earnings per share - Rupee		**0.244**	0.331

30 DILUTED EARNINGS/ (LOSS) PER SHARE

There are no dilutive instruments, hence basic and diluted earnings are same.

31	**CASH AND CASH EQUIVALENTS**			
	Cash and Balance with Treasury Banks		**36,530,370**	34,697,277
	Balance with other banks		**321,670,742**	122,656,761
			358,201,112	157,354,038

32. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

32.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association .

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 the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and non-banking assets acquired in satisfaction of claims.

	September 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	**Rupees**			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	**11,527,081,892**	-	**11,527,081,892**
Shares	**1,857,586,155**	-	-	**1,857,586,155**
Financial assets - disclosed but not measured at fair value				
Investments				-
Non-Government Debt Securities	-	-	**2,329,738,421**	**2,329,738,421**
Commercial paper	-	-	**92,729,028**	**92,729,028**
Unquoted Securities	-	-	**512,500,008**	**512,500,008**
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees			
Financial assets - measured at fair value				
Investments				
Shares	1,799,808,201	-	-	1,799,808,201
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	-	-	1,346,731,421	1,346,731,421
Unquoted Securities	-	-	512,500,008	512,500,008
Off-balance sheet financial instruments - measured at fair value	-	-	-	-

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	**Valuation approach and input used**
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Debentures and corporate debt instruments	Market rates of these securities are not available on MUFAP as at December 31, 2018, therefore, these securities are classified level 3.
Unquoted Investment	There are no observable inputs in respect of fair market valuation of unquoted investment, hence these securities are valued at lower of cost or breakup value. These securities are classified under level 3.

32.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

32.3 Fair value of non-financial assets

32.4 The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non-banking assets acquired from DJM AR Securities were last revalued by independent professional valuer in February 2019. The revaluation was carried out by M/s Surval on the basis of professional assessment of recent market values. The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in November 2018. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

	September 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	-	-	**2,989,251,143**	**2,989,251,143**
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	**153,054,225**	**153,054,225**

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	Rupees			
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	-	-	3,047,366,036	3,047,366,036
Other assets				
Non banking assets acquired in satisfaction of claims	-	-	155,199,848	155,199,848

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	**Valuation approach and input used**
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

33. Segment Details with respect to Business Activities

	September 30, 2019			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	**294,032,171**	**277,691,620**	**-**	**571,723,791**
Non mark-up / return / interest income	**13,376,164**	**106,367,057**	**144,984,890**	**264,728,111**
Total Income	**307,408,335**	**384,058,677**	**144,984,890**	**836,451,902**
Segment direct expenses	**141,487,992**	**176,767,136**	**-**	**318,255,128**
Total expenses	**141,487,992**	**176,767,136**	**-**	**318,255,128**
Reversals / (Provisions)	**58,560,396**	**271,993,323**	**-**	**330,553,719**
Profit before tax	**107,359,947**	**(64,701,782)**	**144,984,890**	**187,643,055**
Balance Sheet				
Cash & Bank balances	**-**	**358,201,112**	**-**	**358,201,112**
Investments	**1,240,353,000**	**15,579,282,504**	**-**	**16,819,635,504**
Lendings to financial institutions	**-**	**-**	**-**	**-**
Advances - performing	**6,443,452,870**	**-**	**-**	**6,443,452,870**
- non-performing net of provision	**1,590,867,552**	**-**	**-**	**1,590,867,552**
Others	**688,135,865**	**780,430,854**	**2,838,228,891**	**4,306,795,611**
Total Assets	**9,962,809,287**	**16,717,914,470**	**2,838,228,891**	**29,518,952,649**
Borrowings	**6,520,660,119**	**9,499,849,446**	**-**	**16,020,509,565**
Deposits & other accounts	**207,579,955**	**302,420,045**	**-**	**510,000,000**
Others	**(431,196,304)**	**86,191,598**	**916,680,369**	**571,675,663**
Total liabilities	**6,297,043,771**	**9,888,461,089**	**916,680,369**	**17,102,185,228**
Equity	**-**	**-**	**-**	**12,416,767,421**
Total Equity & liabilities	**6,297,043,771**	**9,888,461,089**	**916,680,369**	**29,518,952,649**
Contingencies & Commitments	**2,406,000,000**	**452,000**	**-**	**2,406,452,000**

	September 30, 2018			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	391,103,212	51,879,521	-	442,982,733
Non mark-up / return / interest income	6,228,097	214,972,245	126,005,038	347,205,380
Total Income	397,331,309	266,851,766	126,005,038	790,188,113
Segment direct expenses	175,441,999	117,828,639	-	293,270,638
Total expenses	175,441,999	117,828,639	-	293,270,638
Provisions	158,135,404	(77,106,987)	-	81,028,417
Profit before tax	63,753,906	226,130,114	126,005,038	415,889,058

	December 31, 2018			
	Corporate Finance	Trading and sales	Building rental services	Total
	Rupees			
Balance Sheet				
Cash & Bank balances	-	381,235,120	-	381,235,120
Investments	657,346,000	3,501,693,630	-	4,159,039,630
Lendings to financial institutions	-	2,818,407,389	-	2,818,407,389
Advances - performing	6,918,643,279	-	-	6,918,643,279
- non-performing net of provision	946,686,163	-	-	946,686,163
Others	651,986,308	390,178,267	2,924,409,385	3,966,573,960
Total Assets	9,174,661,750	7,091,514,406	2,924,409,385	19,190,585,542
Borrowings	3,349,855,098	2,421,483,184	-	5,771,338,282
Deposits & other accounts	4,353,221	3,146,779	-	7,500,000
Others	(385,978,930)	105,978,649	1,043,031,272	763,030,991
Total liabilities	2,968,229,389	2,530,608,611	1,043,031,272	6,541,869,273
Equity	-	-	-	12,648,716,269
Total Equity & liabilities	2,968,229,389	2,530,608,611	1,043,031,272	19,190,585,542
Contingencies & Commitments	2,395,947,150	1,024,404	13,896,256	2,410,867,810

34 RELATED PARTY TRANSACTIONS

The Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. The Company has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.

Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with Company maintained car.

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

	September 30, 2019					December 31, 2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Investments										
Opening balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	500,000,000	576,676,075	-	-	-	500,000,000	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-	-	-	-	576,676,075	-
Advances										
Opening balance	-	26,296,411	-	-	-	-	36,250,784	-	-	-
Addition during the year	-	1,174,500	-	-	-	-	26,738,500	-	-	-
Repaid during the year	-	(5,147,698)	-	-	-	-	(15,919,964)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	(20,772,909)	-	-	-
Closing balance	-	22,323,213	-	-	-	-	26,296,411	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other assets - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	-	-	-	-	-	15,000,000
Other assets - Prepaid rent	-	-	2,848,500	-	-	-	-	-	-	-
Other assets - security deposit	-	-	2,278,800	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	-	-	7,500,000	-	-	-	-	7,500,000
Received during the year	-	-	-	-	25,000,000	-	-	-	-	30,000,000
Withdrawn during the year	-	-	-	-	(22,500,000)	-	-	-	-	(30,000,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	10,000,000	-	-	-	-	7,500,000
Other Liabilities										
Interest / mark-up payable	-	-	-	-	49,614	-	-	-	-	32,363
Payable to defined benefit plan	-	-	-	-	5,429,538	-	-	-	-	9,720,314
Security deposit	-	-	401,960	-	-	-	-	401,960	-	-
Rent received in advance	-	-	1,161,277	-	-	-	-	1,065,194	-	-

Income

	September 30, 2019					September 30, 2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees					Rupees				
Mark-up / return / interest earned	-	750,843	-	-	-	-	1,436,003	-	-	-
Rental income	-	-	3,987,305	-	-	-	-	3,738,228	540,000	-
Expense										
Mark-up / return / interest expensed	-	-	-	-	660,669	-	-	-	-	363,935
Contribution to employees' funds	-	-	-	-	6,183,342	-	-	-	-	5,897,440
Directors' fees and allowances	14,321,288	-	-	-	-	10,492,350	-	-	-	-
Shareholders' fee	-	-	-	-	4,216,217	-	-	-	-	3,354,585
Operating expenses	-	83,462,591	9,684,900	241,693	-	-	81,424,964	-	269,638	-

	September 30, 2019	Audited December 31, 2018
	---------- Rs '000' ----------	

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	September 30, 2019	Audited December 31, 2018
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,000,000	6,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,234,148	10,390,995
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	10,234,148	10,390,995
Eligible Tier 2 Capital	1,469,374	1,607,216
Total Eligible Capital (Tier 1 + Tier 2)	11,703,522	11,998,211
Risk Weighted Assets (RWAs):		
Credit Risk	20,382,293	20,428,417
Market Risk	3,624,663	2,726,899
Operational Risk	2,344,868	2,344,868
Total	26,351,824	25,500,184
Common Equity Tier 1 Capital Adequacy ratio	38.84%	40.75%
Tier 1 Capital Adequacy Ratio	38.84%	40.75%
Total Capital Adequacy Ratio	44.41%	47.05%

As of September 30, 2019, the Company must meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 12.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

	September 30, 2019	Audited December 31, 2018
	---------- Rs '000' ----------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	10,234,148	10,390,995
Total Exposures	31,925,405	21,601,453
Leverage Ratio	32.06%	48.10%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	2,629,957	3,176,049
Total Net Cash Outflow	632,877	1,176,076
Liquidity Coverage Ratio	415.56%	270.05%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	22,925,590	17,671,704
Total Required Stable Funding	16,234,690	14,924,384
Net Stable Funding Ratio	141.21%	118.41%

36 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 17 NOV 2019.

Chief Financial Officer	GM/Chief Executive	Director	Director	Director/Chairman