

Pakistan Mortgage Refinance Company Limited
 Condensed Interim Statement of Financial Position
 As at September 30, 2020

(Un-Audited) (Audited)
 September 30, December 31,
 Note 2020 2019
 (Rupees in '000)

ASSETS

Cash and balances with treasury banks	6	68,803	50,780
Balances with other banks	7	4,041,254	2,382,641
Lendings to financial institutions		-	-
Investments	8	12,146,317	8,821,820
Advances	9	10,849,297	7,729,232
Fixed assets	10	64,726	78,340
Intangible assets	11	7,467	9,220
Deferred tax assets		-	-
Other assets	12	242,514	504,512
		27,420,378	19,576,545

LIABILITIES

Bills payable		-	-
Borrowings	13	14,045,245	7,565,788
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt	14	7,050,716	7,050,716
Deferred tax liabilities		-	-
Other liabilities	15	393,132	263,769
		21,489,093	14,880,273
		5,931,285	4,696,272

NET ASSETS

REPRESENTED BY

Share capital		3,658,506	3,658,506
Reserves		425,970	191,375
Surplus on revaluation of assets	16	142,284	80,244
Unappropriated profit		1,704,525	766,147
		5,931,285	4,696,272

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Director


 Director

Pakistan Mortgage Refinance Company Limited
Condensed Interim Profit and Loss Account (Un-Audited)

For the nine months ended September 30, 2020

	Note	Quarter ended		Nine months Ended	
		July - September 2020	July - September 2019	January - September 2020	January - September 2019
----- (Rupees in '000) -----					
Mark-up / return / interest / profit earned	18	601,240	497,125	1,964,537	976,629
Mark-up / return / interest expensed	19	174,222	100,581	541,551	184,032
Net Mark-up / interest income		427,018	396,544	1,422,986	792,597
NON MARK-UP / INTEREST INCOME					
Fee and commission income		-	-	-	-
Dividend income		-	-	-	-
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	20	-	11	-	17
Other income	21	1	-	7	-
Total non-markup / interest income		1	11	7	17
Total income		427,019	396,555	1,422,993	792,614
NON MARK-UP / INTEREST EXPENSE					
Operating expenses	22	77,553	64,451	226,081	197,241
Workers Welfare Fund		6,990	6,642	23,939	13,043
Other charges		-	-	-	-
Total non-markup / interest expenses		84,543	71,093	250,020	210,284
Profit before provisions		342,476	325,462	1,172,973	582,330
Provisions and write offs - net		-	-	-	-
PROFIT BEFORE TAXATION		342,476	325,462	1,172,973	582,330
Taxation	23	-	-	-	-
PROFIT AFTER TAXATION		342,476	325,462	1,172,973	582,330
----- (Rupees) -----					
Basic and diluted earnings per share	24	0.94	0.89	3.21	1.59

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Director


 Director

Pakistan Mortgage Refinance Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the nine months ended September 30, 2020

	Quarter Ended		Nine months Ended	
	July - September 2020	July - September 2019	January - September 2020	January - September 2019
----- (Rupees in '000) -----				
Profit after taxation for the period	342,476	325,462	1,172,973	582,330
Other comprehensive income				
Items that may be reclassified to the profit and loss account in subsequent periods				
Movement in surplus / (deficit) on revaluation of investments	(117,024)	56,240	62,040	54,602
Items that will not be reclassified to the profit and loss account in subsequent periods				
Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-
Total comprehensive income	<u>225,452</u>	<u>381,702</u>	<u>1,235,013</u>	<u>636,932</u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.




 Chief Financial Officer



 Director



 Director




 Director

Pakistan Mortgage Refinance Company Limited
 Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the nine months ended September 30, 2020

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of investments	Unappropriated profit	Total
----- (Rupees in '000) -----					
Balance as at December 31, 2018	3,658,506	11,007	-	43,577	3,713,090
Profit after taxation for the nine months ended September 30, 2019	-	-	-	582,330	582,330
Other comprehensive income					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	54,602	-	54,602
Transfer to statutory reserve	-	116,466	-	(116,466)	-
Balance as at September 30, 2019	3,658,506	127,473	54,602	509,441	4,350,022
Profit after taxation for the three months ended December 31, 2019	-	-	-	319,512	319,512
Other comprehensive income					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	1,096	1,096
- Movement in surplus / (deficit) on revaluation of investments	-	-	25,642	-	25,642
Transfer to statutory reserve	-	63,902	-	(63,902)	-
Balance as at December 31, 2019	3,658,506	191,375	80,244	766,147	4,696,272
Profit after taxation for the nine months ended September 30, 2020	-	-	-	1,172,973	1,172,973
Other comprehensive income					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	62,040	-	62,040
Transfer to statutory reserve	-	234,595	-	(234,595)	-
Balance as at September 30, 2020	3,658,506	425,970	142,284	1,704,525	5,931,285

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Director


 Director


 Director

Pakistan Mortgage Refinance Company Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months ended September 30, 2020

September 30, 2020 September 30, 2019
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	1,172,973	582,330
Adjustments:		
Depreciation	19,100	16,979
Amortization	2,168	1,877
Gain on sale of securities	-	(17)
Gain on sale of Fixed Assets	(7)	-
Interest expense - lease liability against right-of-use assets	2,234	3,192
	<u>23,495</u>	<u>22,031</u>
	1,196,468	604,361
(Increase) / decrease in operating assets		
Lendings to financial institutions	-	912,000
Advances	(3,120,065)	(6,258,812)
Others assets (excluding advance taxation)	257,468	(252,326)
	<u>(2,862,597)</u>	<u>(5,599,138)</u>
Increase in operating liabilities		
Borrowings from financial institutions	6,479,457	7,637,600
Other liabilities (excluding current taxation)	127,129	294,206
	<u>6,606,586</u>	<u>7,931,806</u>
Income tax paid	4,115	(2,417)
<i>Net cash flows generated from operating activities</i>	<u>4,944,572</u>	<u>2,934,612</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	(2,305,050)	(9,308,061)
Net investments in held-to-maturity securities	(957,407)	1,009,632
Investments in operating fixed assets	(5,487)	(48,983)
Proceeds from sale of fixed assets	8	110
<i>Net cash flows used in investing activities</i>	<u>(3,267,936)</u>	<u>(8,347,302)</u>


CASH FLOWS FROM FINANCING ACTIVITIES

Receipts of subordinated debt	-	7,050,716
<i>Net cash flows from financing activities</i>	<u>-</u>	<u>7,050,716</u>
Increase in cash and cash equivalents	1,676,636	1,638,026
Cash and cash equivalents at beginning of the period	2,433,421	505,219
Cash and cash equivalents at end of the period	<u>4,110,057</u>	<u>2,143,245</u>

The annexed notes 1 to 29 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Director



Director

Pakistan Mortgage Refinance Company Limited

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the nine months ended September 30, 2020

1. STATUS AND NATURE OF BUSINESS

Pakistan Mortgage Refinance Company Limited (PMRC), "the Company" is an unlisted public limited company incorporated in Pakistan on May 14, 2015 under repealed Companies Ordinance, 1984. The Company has been notified as a Development Financial Institution (DFI) by the Finance Division - Government of Pakistan on October 27, 2017. The State Bank of Pakistan (SBP) issued Certificate of Business Commencement on June 12, 2018.

The Company is engaged in promoting, developing and improving the housing finance market of Pakistan, to provide refinance facilities to banks and financial institutions against their conventional and Islamic housing finance portfolios and to develop and promote the capital market in Pakistan. Its registered office and principal office is situated at Bahria Complex I, MT Khan Road, Karachi.

The SBP has allowed the Company to operate with an Initial Paid Up Capital (net of losses) - Minimum Capital Requirement (MCR) level of at least Rs. 3.5 billion subject to MCR compliance with applicable paid up capital requirement within a period of five years from the commencement of its operations / business. Furthermore, during the forbearance period of five years, the Company will not be allowed to declare and make any cash dividend payment to its shareholders.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards as applicable in Pakistan for interim financial reporting comprise of:

- 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 Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 These condensed interim financial statements of the Company have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 05, dated March 22, 2019, International Accounting Standard (IAS) 34, 'Interim Financial Reporting', and do not include all the information and disclosures required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

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

There are certain amendments to existing accounting standards that have become applicable to the Company for accounting periods beginning on or after January 01, 2020. These are considered either not to be relevant or not to have any significant impact on the Company's financial statements.

2.4 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2021:

	Effective date (annual periods ending on or after)
- IFRS 9: Financial Instruments	January 01, 2021

IFRS 9 'Financial Instruments, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP BPRD circular Letter No.04 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the DFIs are required to have a parallel run of IFRS 9 from 1 July 2020. The DFIs are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 from the year ended 31 December 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim 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, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2019.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended December 31, 2019. These risk management policies continue to remain robust and the Company is reviewing its portfolio regularly and conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 does not have a direct impact on the risk profile of the Company and its overall risk management policies however risk committee is continuously monitoring the impact on the Company.

6. CASH AND BALANCES WITH TREASURY BANKS

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
With State Bank of Pakistan in Local currency current account	68,768	50,672
With National Bank of Pakistan in Local currency current accounts Local currency deposit accounts - NIDA	31 4 35	26 82 108
	<u>68,803</u>	<u>50,780</u>

7. BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	16	21
In deposit accounts	4,041,238	2,382,620
	<u>4,041,254</u>	<u>2,382,641</u>

8. INVESTMENTS

8.1 Investments by type:

	(Un-Audited) September 30, 2020				(Audited) December 31, 2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	4,882,992	-	24,849	4,907,841	5,376,539	-	11,139	5,387,678
- Pakistan Investment Bonds	6,163,634	-	117,435	6,281,069	3,365,037	-	69,105	3,434,142
	11,046,626	-	142,284	11,188,910	8,741,576	-	80,244	8,821,820
Held-to-maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	957,407	-	-	957,407	-	-	-	-
	957,407	-	-	957,407	-	-	-	-
Total Investments	<u>12,004,033</u>	<u>-</u>	<u>142,284</u>	<u>12,146,317</u>	<u>8,741,576</u>	<u>-</u>	<u>80,244</u>	<u>8,821,820</u>

8.2 The market value of securities classified as held-to-maturity as at September 30, 2020 amounted to Rs. 1,017 million (December 31, 2019: nil).

8.3 Investments given as collateral

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Market Treasury Bills	753,232	881,305
Pakistan Investment Bonds	1,771,848	1,021,876
	<u>2,525,080</u>	<u>1,903,181</u>

9. ADVANCES

	Performing		Non-Performing		Total	
	September 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	10,849,297	7,729,232	-	-	10,849,297	7,729,232
Advances - gross	10,849,297	7,729,232	-	-	10,849,297	7,729,232
Provision against advances						
- Specific	-	-	-	-	-	-
- General	-	-	-	-	-	-
	-	-	-	-	-	-
Advances - net of provision	<u>10,849,297</u>	<u>7,729,232</u>	<u>-</u>	<u>-</u>	<u>10,849,297</u>	<u>7,729,232</u>

	Note	(Un-Audited) September 30, 2020 (Rupees in '000)	(Audited) December 31, 2019
9.1 Particulars of advances (Gross)			
In local currency		<u>10,849,297</u>	<u>7,729,232</u>
9.1.1 This includes Islamic financing under Musharakah Facility amounting to Rs. 1.9 billion. The period of these financing facilities varies from 1 to 13 years with profit rates ranging from 5.33% to 11.21% (2019: 8.15% to 9.15%) per annum. These Musharakah financing Facilities are based on Shirkah-al-Aqd where the profit is distributed in accordance with the agreed ratio.			
10. FIXED ASSETS			
Capital work-in-progress		-	900
Property and equipment	10.1	<u>64,726</u>	<u>77,440</u>
		<u>64,726</u>	<u>78,340</u>
10.1 This includes right-of-use asset amounting to Rs. 24.88 million (December 31, 2019: Rs. 31.66 million).			
10.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
		(Un-Audited) September 30, 2020 (Rupees in '000)	(Un-Audited) September 30, 2019
Property and equipment			
Furniture and fixture		997	998
Electrical office and computer equipment		5,386	2,421
		6,383	3,419
Total		<u>6,383</u>	<u>3,419</u>
11. INTANGIBLE ASSETS		(Un-Audited) September 30, 2020 (Rupees in '000)	(Audited) December 31, 2019
Computer Software		<u>7,467</u>	<u>9,220</u>
12. OTHER ASSETS			
Mark-up / return / profit / interest accrued in local currency		204,280	463,319
Advances, deposits, advance rent and other prepayments		11,611	10,455
Advance taxation (payments less provisions)		26,623	30,738
		<u>242,514</u>	<u>504,512</u>
Less: Provision held against other assets		-	-
Other assets - net of provision		<u>242,514</u>	<u>504,512</u>

13. BORROWINGS	Note	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
(Rupees in '000)			
Secured			
- Term Finance Certificate	13.1	1,000,000	-
- Repurchase agreement borrowings		<u>2,756,504</u>	1,919,496
Total secured		<u>3,756,504</u>	1,919,496
Unsecured	13.2	<u>10,288,741</u>	5,646,292
		<u><u>14,045,245</u></u>	<u><u>7,565,788</u></u>

13.1 The Company has issued Term Finance Certificate amounting to Rs. 1,000 million with maturity of two years at a fixed rate of 10.2% per annum. The rate has been reduced to 8.2% per annum effective June 01, 2020. The principal is payable at maturity whereas interest is payable in four half yearly instalments.

13.2 It represents borrowings from Government of Pakistan under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum.

14. SUBORDINATED DEBT

On February 22, 2019, the Government of Pakistan on-lent Rs. 7,051 million under World Bank - Housing Finance Project for 30 years at fixed rate of 3% per annum. This has been disbursed in one tranche as a Sub-ordinated Loan, and if needed, can be converted into non-participatory Additional Tier 1 Capital.

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
(Rupees in '000)		
Issue amount	7,050,716	7,050,716
Issue date	February 22, 2019	February 22, 2019
Maturity date	February 21, 2049	February 21, 2049
Rating	N/A	N/A
Security	Unsecured	Unsecured
Profit payment frequency	Semi Annual	Semi Annual
Redemption	N/A	N/A
Mark-up	3%	3%

15. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	244,780	82,922
Provision for employees' benefit	49,131	62,919
Provision for Government levies	43,502	19,531
Accrued expenses	26,103	31,002
Lease liability against right-of-use assets	23,944	29,865
Payable to defined benefit plan	4,362	12,067
Payable to defined contribution plan	-	20,783
Others	1,310	4,680
	<u>393,132</u>	<u>263,769</u>

16. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus on revaluation of Available for sale securities	8.1	<u>142,284</u>	<u>80,244</u>
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17. CONTINGENCIES AND COMMITMENTS

There are no contingencies, contingent assets and commitments as at September 30, 2020 (December 31, 2019: nil).

18. MARK-UP / RETURN / INTEREST / PROFIT EARNED

	(Un-Audited)	
	Nine months Ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	
On:		
Loans and advances	692,889	388,014
Investments	1,120,689	309,072
Lendings to financial institutions	11,525	24,211
Balances with banks	139,434	255,332
	<u>1,964,537</u>	<u>976,629</u>

19. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Borrowings	221,927	49,192
Subordinated debt	158,641	128,072
Interest Expense - Repo Borrowing	106,378	3,576
Interest Expense - TFC	48,647	-
Interest Expense - Clean Borrowing	3,724	-
Lease liability against right-of-use assets	2,234	3,192
	<u>541,551</u>	<u>184,032</u>

20. GAIN ON SECURITIES

Realised gain on Federal Government Securities - Market Treasury Bills	-	17
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21. OTHER INCOME

Gain on sale of fixed assets	7	-
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22. OPERATING EXPENSES

Total compensation expense	171,503	140,365
Property expense		
Insurance	345	429
Utilities cost	1,057	910
Security	436	427
Repair and maintenance	1,017	1,325
Depreciation on right-of-use assets	10,179	10,179
	13,034	13,270
Information technology expenses		
Software maintenance	484	439
Hardware maintenance	365	69
Depreciation	4,502	2,468
Amortisation	1,753	1,695
Network charges	981	955
	8,085	5,626
Other operating expenses		
Directors' fees and allowances	4,240	3,035
Legal and professional charges	10,353	21,509
Outsourced services costs	2,687	2,028
Travelling and conveyance	1,248	2,829
Depreciation	4,419	4,332
Training and development	973	579
Postage and courier charges	87	147
Communication	407	311
Printing and stationery	197	922
Marketing, advertisement and publicity	962	153
Donations	3,500	-
Auditors' remuneration	1,792	231
Insurance	873	833
Vehicle repair and maintenance	92	151
Entertainment	232	-
Others	1,397	920
	<u>33,459</u>	<u>37,980</u>
	<u>226,081</u>	<u>197,241</u>

23. TAXATION

The Company has been exempted from Income Tax through Finance Act, 2018.

24. BASIC AND DILUTED EARNINGS PER SHARE

	(Un-Audited)	
	Nine months Ended	
	September 30, 2020	September 30, 2019
	(Rupees in '000)	
Profit for the period	<u>1,172,973</u>	<u>582,330</u>
	(Number in '000)	
Weighted average number of ordinary shares	<u>365,851</u>	<u>365,851</u>
	(Rupees)	
Basic and diluted earnings per share	<u>3.21</u>	<u>1.59</u>

25. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV rates
Non Government Debt Securities	Market prices

Fair value of fixed term advances of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets.

25.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	(Un-Audited)			
	September 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	11,188,910	-	11,188,910
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	957,407	-	957,407
	(Audited)			
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	8,821,820	-	8,821,820
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-

26. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise of major shareholders, directors, retirement benefit funds and key management personnel and their close family members.

Transactions with related parties of the Company are carried out on contractual basis in terms of the policy as approved by the Board of Directors. The transactions with employees of the Company are carried out in accordance with the terms of their employment.

Transactions with related parties, other than those disclosed elsewhere in these financial statements, are summarised as follows:

	(Un-Audited) September 30, 2020			(Audited) December 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Statement of financial position	----- (Rupees in '000) -----					
Balances with banks						
In current accounts	-	-	47	-	-	47
In deposit accounts	-	-	2,035,028	-	-	50,539
	-	-	2,035,075	-	-	50,586
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the period	-	-	3,905,000	-	-	-
Repaid during the period	-	-	(3,905,000)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	722	2,466,672	-	-	1,200,000
Addition during the period	-	11,499	2,400,000	-	1,000	1,300,000
Repaid during the period	-	(1,466)	(1,387,162)	-	(278)	(33,328)
Closing balance	-	10,755	3,479,510	-	722	2,466,672
Other Assets						
Interest / mark-up accrued	-	-	41,164	-	-	86,728
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the period	-	-	43,569,461	-	-	-
Settled during the period	-	-	(40,812,958)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	2,756,503	-	-	-
Other Liabilities						
Interest / mark-up payable	-	-	3,217	-	-	-
Payable to staff retirement fund	-	-	4,362	-	-	32,850
	-	-	7,579	-	-	32,850

	(Un-Audited) September 30, 2020			(Un-Audited) September 30, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Profit and loss account	----- (Rupees in '000) -----					
Income						
Mark-up / return / interest earned	-	244	294,665	-	-	180,444
Expense						
Mark-up / return / interest paid	-	-	59,818	-	-	-
Operating expenses	4,240	121,912	13,576	3,035	49,715	10,534

The Company has sub-ordinated loan and borrowings amounting to Rs. 7.05 billion and Rs. 10.29 billion respectively from Ministry of Finance.

The Company has provided refinancing facility to House Building Finance Corporation with outstanding amount of Rs. 2.9 billion.

27. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-Audited) September 30, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>3,658,506</u>	<u>3,658,506</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>5,781,534</u>	<u>4,606,808</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>5,781,534</u>	<u>4,606,808</u>
Eligible Tier 2 Capital	<u>142,284</u>	<u>80,244</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,923,818</u>	<u>4,687,052</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,949,152</u>	<u>1,344,869</u>
Market Risk	<u>-</u>	<u>-</u>
Operational Risk	<u>920,195</u>	<u>920,195</u>
Total	<u>2,869,347</u>	<u>2,265,064</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>201.49%</u>	<u>203.39%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>201.49%</u>	<u>203.39%</u>
Total Capital Adequacy Ratio (%)	<u>206.45%</u>	<u>206.93%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>5,781,534</u>	<u>4,606,808</u>
Total Exposure	<u>25,820,883</u>	<u>19,358,850</u>
Leverage Ratio (%)	<u>22.39%</u>	<u>23.80%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>8,499,964</u>	<u>6,930,825</u>
Total Net Cash Outflow	<u>62,161</u>	<u>1,812</u>
Liquidity Coverage Ratio (%)	<u>13674%</u>	<u>382601%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>24,120,991</u>	<u>17,303,816</u>
Total Required Stable Funding	<u>13,407,370</u>	<u>5,644,875</u>
Net Stable Funding Ratio (%)	<u>179.91%</u>	<u>306.54%</u>

28. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised on OCTOBER 29, 2020 by the Board of Directors of the Company.

29. GENERAL

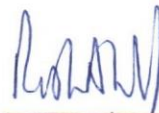
These condensed interim financial statements have been prepared in accordance with the revised format for financial statements issued by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and related clarifications / modifications.



Chief Financial Officer



Director



Director



Director