

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Financial Position
As at September 30, 2019

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

LIABILITIES

Bills payable
Borrowings
Deposits and other accounts
Liabilities against assets subject to finance lease
Subordinated debt
Deferred tax liabilities
Other liabilities

NET ASSETS


REPRESENTED BY

Share capital
Reserves
Surplus / (Deficit) on revaluation of assets
Unappropriated profit


CONTINGENCIES AND COMMITMENTS

Note	(Un-Audited) September 30, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
6	54,645	653
7	2,088,600	504,566
8	-	912,000
9	9,362,680	1,009,632
10	7,458,812	1,200,000
11	76,573	45,067
12	9,805	11,112
	-	-
13	321,209	66,648
	<u>19,372,324</u>	<u>3,749,678</u>
	-	-
15	7,637,600	-
	-	-
16	7,050,716	-
	-	-
17	333,986	36,588
	<u>15,022,302</u>	<u>36,588</u>
	<u>4,350,022</u>	<u>3,713,090</u>
	3,658,506	3,658,506
	127,473	11,007
18	54,602	-
	<u>509,441</u>	<u>43,577</u>
	<u>4,350,022</u>	<u>3,713,090</u>
19		

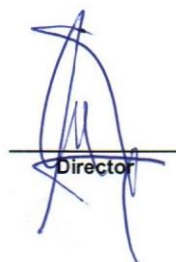
The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.



Chief Executive Officer



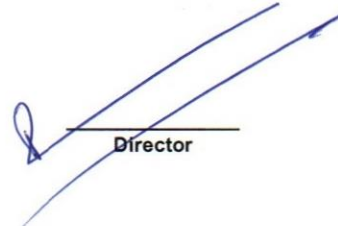
Chief Financial Officer



Director



Director





Director

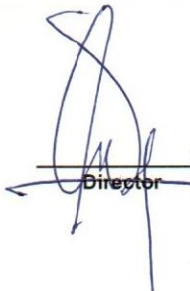
Pakistan Mortgage Refinance Company Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the nine months ended September 30, 2019


		Quarter ended		Nine months ended	
	Note	July - September 2019	July - September 2018	January - September 2019	January - September 2018
<hr/> <div>(Rupees in '000)</div> <hr/>					
Mark-up / return / interest / profit earned	20	497,125	66,388	976,629	142,021
Mark-up / return / interest expensed	21	100,581	-	184,032	-
Net Mark-up / interest income		396,544	66,388	792,597	142,021
Non mark-up / interest income					
Fee and commission income		-	-	-	-
Dividend income		-	-	-	-
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	22	11	-	17	-
Other income	23	-	30	-	30
Total non-markup / interest income		11	30	17	30
Total Income		396,555	66,418	792,614	142,051
Non mark-up / interest expense					
Operating expenses	24	64,451	40,230	197,241	105,073
Workers Welfare Fund		6,642	-	13,043	-
Other charges		-	-	-	-
Total non-markup / interest expenses		71,093	40,230	210,284	105,073
Profit before provisions		325,462	26,188	582,330	36,978
Provisions and write offs - net		-	-	-	-
Profit before taxation		325,462	26,188	582,330	36,978
Taxation	25	-	-	-	(1,721)
Profit after taxation		325,462	26,188	582,330	35,257
<hr/> <div>(Rupees)</div> <hr/>					
Basic and diluted earnings per share	26	0.89	0.08	1.59	0.27

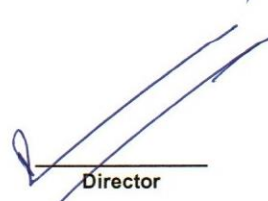
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 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Director

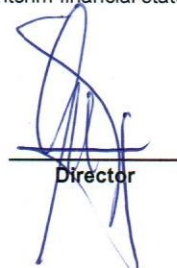
Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the nine months ended September 30, 2019


	Quarter ended		Nine months ended	
	July - September 2019	July - September 2018	January - September 2019	January - September 2018
	(Rupees in '000)			
Profit after taxation for the period	325,462	26,188	582,330	35,257
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 - net of tax	52,964	(49)	54,602	(49)
Items that will not be reclassified to the profit and loss account in subsequent periods				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Total comprehensive income	378,426	26,139	636,932	35,208

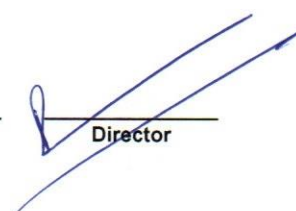
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Chief Executive Officer


Chief Financial Officer


Director


Director

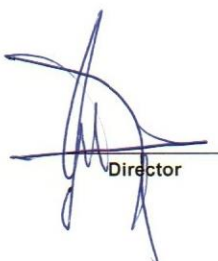

Director

Pakistan Mortgage Refinance Company Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the nine months ended September 30, 2019

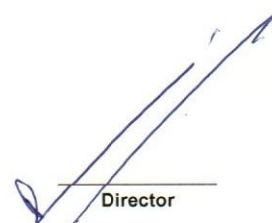
	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Fixed / non banking assets		
	(Rupees in '000)					
Balance as at December 31, 2017	150,001	-	-	-	343	150,344
Profit after taxation for the nine months ended September 30, 2018	-	-	-	-	35,257	35,257
Other comprehensive income - net of tax	-	-	-	-	-	-
Transfer to statutory reserve	-	7,051	-	-	(7,051)	-
Transactions with owners, recorded directly in equity						
- Issue of share capital	-	-	-	-	-	-
Surplus / (deficit) on revaluation of investments	-	-	-	-	-	-
Balance as at September 30, 2018	150,001	7,051	-	-	28,549	185,601
Profit after taxation for the three months ended December 31, 2018	-	-	-	-	19,780	19,780
Other comprehensive income - net of tax	-	-	-	-	(796)	(796)
Transfer to statutory reserve	-	3,956	-	-	(3,956)	-
Transactions with owners, recorded directly in equity						
- Issue of share capital	3,508,505	-	-	-	-	3,508,505
Surplus / (deficit) on revaluation of investments	-	-	-	-	-	-
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 - net of tax	-	-	-	-	-	-
Transfer to statutory reserve	-	116,466	-	-	(116,466)	-
Transactions with owners, recorded directly in equity						
- Issue of share capital	-	-	-	-	-	-
Surplus / (deficit) on revaluation of investments	-	-	54,602	-	-	54,602
Balance as at September 30, 2019	3,658,506	127,473	54,602	-	509,441	4,350,022

The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.


 Chief Executive Officer 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, 2019

September 30, September 30,
2019 2018
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation

582,330

36,978

Adjustments:

Depreciation

16,979

4,426

Amortization

1,877

-

Gain on sale of securities

(17)

-

Interest expense - lease liability against right-of-use assets

3,192

-

22,031

4,426

604,361

41,404

(Increase) / decrease in operating assets

Lendings to financial institutions

912,000

(1,001,622)

Advances

(6,258,812)

-

Others assets (excluding advance taxation)

(252,326)

8,378

(5,599,138)

(993,244)

Increase / (decrease) in operating liabilities

Borrowings from financial institutions

7,637,600

-

Other liabilities (excluding current taxation)

294,206

-

7,931,806

-

Income tax paid

(2,417)

(10,099)

Net cash flow generated from / (used in) operating activities

2,934,612

(961,939)

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities

(9,308,061)

(2,588,874)

Net investments in held-to-maturity securities

1,009,632

-

Investments in operating fixed assets

(48,983)

(8,257)

Proceeds from sale of fixed assets

110

-

Net cash flow used in investing activities

(8,347,302)

(2,597,131)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts of subordinated debt

7,050,716

-

Issue of share capital

-

2,348,600

Net cash flow from financing activities

7,050,716

2,348,600

Increase in cash and cash equivalents

1,638,026

(1,210,470)

Cash and cash equivalents at beginning of the period

505,219

1,240,575

Cash and cash equivalents at end of the period


2,143,245

30,105

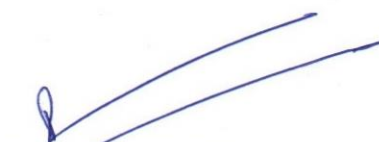
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Chief Executive Officer


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, 2019

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 existing 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 approved accounting 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under 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 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 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, 2018.

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

IFRS 16, the accounting standard for leases, became effective for annual reporting periods commencing on or after January 01, 2019. The impact of the adoption of IFRS 16 on the Company's condensed interim financial statements is disclosed in note 3.2.

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 01, 2019. 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 approved accounting 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, 2019:

	Effective date (annual periods beginning on or after)
- IFRS 3: Business Combinations (Amendments)	January 01, 2020
- IAS 1: Presentation of Financial Statements (Amendments)	January 01, 2020
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
	Effective date (annual periods ending on or after)
- IFRS 9: Financial Instruments	January 01, 2021

IFRS 9, Financial Instruments, addresses the recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of an impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an immaterial impact on all assets of the Company which are exposed to credit risk. The Company is in the process of assessing the full impact of this standard.

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, 2018 except as disclosed in Note 3.2.

3.1 Change in Accounting Policies

The SBP, vide BPRD Circular Letter No. 05, dated March 22, 2019 has amended the format of condensed interim financial statements of banks / DFIs in order to align it with the annual financial statements, issued vide BPRD Circular No. 02 of 2018. All banks / DFIs have been directed to prepare their condensed interim financial statements on the revised format effective from the accounting year beginning on January 01, 2019. Accordingly, the Company has prepared these condensed interim financial statements on the new format prescribed by the SBP.

3.2 During the period, IFRS 16 - Leases became applicable. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from January 01, 2019, and has not restated comparatives for the reporting period of 2018, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 11.68% per annum as of January 01, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at September 30, 2019 (Rupees in '000)	As at January 01, 2019
Total lease liability	<u>36,534</u>	<u>45,240</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:

	As at September 30, 2019 (Rupees in '000)	As at January 01, 2019
Property	<u>35,061</u>	<u>45,240</u>

The effect of change in accounting policy is as follows:

Impact on Statement of Financial Position:

Increase in fixed assets - right-of-use assets	35,061	45,240
Decrease in other assets - advances, deposits, advance rent and other prepayments	(4,312)	(4,312)
Increase in total assets	30,749	40,928
Increase in other liabilities - lease liability against right-of-use assets	(36,534)	(45,240)
Decrease in net assets	<u>(1,473)</u>	<u>-</u>

Impact on Profit and Loss account

Increase in mark-up expense - lease liability against right-of-use assets	(3,192)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(10,179)
- Rent expense	7,272
Decrease in profit before / after tax	<u>(6,099)</u>

For the nine
months ended
September 30,
2019
(Rupees in '000)

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, 2018.

5. FINANCIAL RISK MANAGEMENT

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

6. CASH AND BALANCES WITH TREASURY BANKS

With State Bank of Pakistan in
Local currency current account

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

54,536 500

With National Bank of Pakistan in
Local currency current accounts
Local currency deposit accounts

27	-
82	153
109	153
54,645	653

7. BALANCES WITH OTHER BANKS

In Pakistan
In current accounts
In deposit accounts

21	179
2,088,579	504,387
2,088,600	504,566

8. LENDINGS TO FINANCIAL INSTITUTIONS

Clean money lendings
Certificate of Investments

-	12,000
-	900,000
-	912,000

Less: Provision held against Lending to Financial Institutions
Lendings to Financial Institutions - net of provision

-	-
-	912,000

9. INVESTMENTS

9.1 Investments by type:

	(Un-Audited)				(Audited)			
	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 in '000)								
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	5,977,471	-	9,692	5,987,163	-	-	-	-
- Pakistan Investment Bonds	3,330,607	-	44,910	3,375,517	-	-	-	-
	9,308,078	-	54,602	9,362,680	-	-	-	-
Held-to-maturity securities								
Federal Government Securities								
- Market Treasury Bills	-	-	-	-	1,009,632	-	-	1,009,632
- Pakistan Investment Bonds	-	-	-	-	-	-	-	-
	-	-	-	-	1,009,632	-	-	1,009,632
Total Investments	9,308,078	-	54,602	9,362,680	1,009,632	-	-	1,009,632

9.2 The market value of securities classified as held-to-maturity as at September 30, 2019 amounted to Rs. nil (December 31, 2018: Rs. 1.016 billion).

10. ADVANCES

	(Un-Audited)		(Audited)		(Un-Audited)		(Audited)		(Un-Audited)		(Audited)	
	Performing		Non-Performing		Total		Total		September 30, 2019		December 31, 2018	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
(Rupees in '000)												
Loans, cash credits, running finances, etc.	6,458,812	1,200,000	-	-	6,458,812	1,200,000	6,458,812	1,200,000	6,458,812	1,200,000	6,458,812	1,200,000
Islamic financing and related assets	1,000,000	-	-	-	1,000,000	-	1,000,000	-	1,000,000	-	1,000,000	-
Advances - gross	7,458,812	1,200,000	-	-	7,458,812	1,200,000	7,458,812	1,200,000	7,458,812	1,200,000	7,458,812	1,200,000
Provision against advances												
- Specific	-	-	-	-	-	-	-	-	-	-	-	-
- General	-	-	-	-	-	-	-	-	-	-	-	-
Advances - net of provision	7,458,812	1,200,000	-	-	7,458,812	1,200,000	7,458,812	1,200,000	7,458,812	1,200,000	7,458,812	1,200,000

	(Un-Audited) September 30, 2019 (Rupees in '000)	(Audited) December 31, 2018
10.1 Particulars of advances (Gross)		
In local currency	<u>7,458,812</u>	<u>1,200,000</u>

11. FIXED ASSETS

Property and equipment	11.1	<u>76,573</u>	<u>45,067</u>
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11.1 This includes right-of-use asset amounting to Rs. 35.06 million (December 31, 2018: nil) due to adoption of IFRS 16 as detailed in note 3.2.

11.2 Additions to fixed assets

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

	(Un-Audited) September 30, 2019 (Rupees in '000)	(Audited) December 31, 2018
Property and equipment		
Furniture and fixture	998	-
Electrical office and computer equipment	2,421	10,753
Vehicles	-	8,270
	<u>3,419</u>	<u>19,023</u>
Total	<u>3,419</u>	<u>19,023</u>

11.3 Disposal of fixed assets

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

	(Un-Audited) September 30, 2019 (Rupees in '000)	(Audited) December 31, 2018
Electrical office and computer equipment	<u>110</u>	<u>104</u>

12. INTANGIBLE ASSETS

Computer Software	<u>9,805</u>	<u>11,112</u>
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12.1 Additions to intangible assets

Directly purchased - Software	<u>388</u>	<u>-</u>
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13. OTHER ASSETS

Income / mark-up / profit accrued in local currency - net of provision	277,170	26,661
Advances, deposits, advance rent and other prepayments	13,307	11,672
Advance taxation (payments less provisions)	<u>30,732</u>	<u>28,315</u>
	<u>321,209</u>	<u>66,648</u>
Less: Provision held against other assets	-	-
Other assets - net of provision	<u>321,209</u>	<u>66,648</u>

14. CONTINGENT ASSETS

There are no contingent assets as at September 30, 2019 (December 31, 2018: nil).

		(Un-Audited) September 30, 2019	(Audited) December 31, 2018
		(Rupees in '000)	
15. BORROWINGS			
<i>Secured - Repo Borrowing</i>		1,991,308	-
<i>Unsecured</i>	15.1	5,646,292	-
		7,637,600	-

- 15.1** It include borrowings from Government of Pakistan amounting Rs. 5.64 billion 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 loan against project based lending.

16. SUBORDINATED DEBT

On February 22, 2019, the Government of Pakistan lend Rs. 7.051 billion 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, 2019	(Audited) December 31, 2018
	(Rupees in '000)	
Issue amount	7,050,716	-
Issue date	February 22, 2019	-
Maturity date	February 21, 2049	-
Rating	N/A	-
Security	Unsecured	-
Profit payment frequency	Semi Annual	-
Redemption	N/A	-
Mark-up	3%	-

17. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	179,112	-
Accrued expenses	25,405	14,297
Provision for Government levies	13,043	-
Lease liability against right-of-use assets	36,534	-
Payable to defined benefit plan	11,106	4,937
Payable against purchase of fixed assets	3,564	5,551
Payable to defined contribution plan	17,303	9,778
Provision for employees' benefit	47,919	2,025
	333,986	36,588

18. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus on revaluation of - Available for sale securities	9.1	54,602	-
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19. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at September 30, 2019 (December 31, 2018: nil).

		(Un-Audited)	
		Nine months ended	
		September 30, 2019	September 30, 2018
		(Rupees in '000)	
20. MARK-UP / RETURN / INTEREST / PROFIT EARNED			
On:			
Loans and advances	388,014	-	
Investments	309,072	-	
Lendings to financial institutions	24,211	-	
Balances with banks	255,332	142,021	
	<u>976,629</u>	<u>142,021</u>	
21. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Borrowings	49,192	-	
Subordinated debt	128,072	-	
Interest Expense - Repo Borrowing	3,576	-	
Lease liability against right-of-use assets	3,192	-	
	<u>184,032</u>	<u>-</u>	
22. GAIN ON SECURITIES			
Realised gain on Federal Government Securities - Market Treasury Bills	17	-	
23. OTHER INCOME			
Gain on sale of fixed assets	-	30	
24. OPERATING EXPENSES			
Total compensation expense	140,365	65,257	
Property expense			
Rent & taxes	-	10,461	
Insurance	429	307	
Utilities cost	910	725	
Security (including guards)	427	396	
Repair & maintenance (including janitorial charges)	1,325	979	
Depreciation on right-of-use assets	10,179	-	
	<u>13,270</u>	<u>12,868</u>	
Information technology expenses			
Software maintenance	439	-	
Hardware maintenance	69	50	
Depreciation	2,468	1,402	
Amortisation	1,695	-	
Network charges	955	949	
	<u>5,626</u>	<u>2,401</u>	
Other operating expenses			
Directors' fees and allowances	3,035	2,977	
Legal & professional charges	21,509	12,605	
Outsourced services costs	2,028	1,602	
Travelling & conveyance	2,829	1,496	
Depreciation	4,332	3,024	
Training & development	579	18	
Postage & courier charges	147	54	
Communication	311	222	
Printing & stationery	922	278	
Marketing, advertisement & publicity	153	351	
Auditors' remuneration	231	369	
Insurance	833	1,153	
Vehicle repair & maintenance	151	-	
Others	920	398	
	<u>37,980</u>	<u>24,547</u>	
	<u>197,241</u>	<u>105,073</u>	

(Un-Audited)	
Nine months ended	
September 30, 2019	September 30, 2018
(Rupees in '000)	
Audit fee	191
Special certifications and sundry advisory services	-
Out-of-pocket expenses	40
	231
	189
	150
	30
	369

24.1 Auditors' remuneration

Audit fee
Special certifications and sundry advisory services
Out-of-pocket expenses

25. TAXATION

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

26. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the nine months ended	582,330	35,257
	(Number)	
Weighted average number of ordinary shares	365,850,600	131,950,267
	(Rupees)	
Basic and diluted earnings per share	1.59	0.27

27. 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 and liabilities.

27.1 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, 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	-	9,362,680	-	9,362,680
		</		

28. 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.

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

	(Un-Audited)			(Audited)		
	September 30, 2019			December 31, 2018		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Balances with banks						
In current accounts	-	-	48	-	-	179
In deposit accounts	-	-	51,098	-	-	4,540
	-	-	51,146	-	-	4,719
Advances						
Opening balance	-	-	1,200,000	-	-	-
Addition during the period	-	-	1,300,000	-	-	1,200,000
Repaid during the period	-	-	(17,474)	-	-	-
Closing balance	-	-	2,482,526	-	-	1,200,000
Other Assets						
Interest / mark-up accrued	-	-	79,345	-	-	10,578
Other Liabilities						
Payable to staff retirement fund	-	-	27,106	-	-	14,715

	(Un-Audited)			Audited		
	September 30, 2019			September 30, 2018		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000)						
Income						
Mark-up / return / interest earned	-	-	180,444	-	-	45,086
Issue to right shares	-	-	-	-	-	3,459,735
Expense						
Operating expenses	3,035	49,715	10,534	2,977	49,877	8,081

The Company has sub-ordinated loan and borrowings amounting to Rs. 7.05 billion and Rs. 5.64 billion respectively from Ministry of Finance.

29. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

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

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

3,658,506 3,658,506

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

4,285,615 3,701,981

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

4,285,615 3,701,981

Eligible Tier 2 Capital

54,602 -

Total Eligible Capital (Tier 1 + Tier 2)

4,340,217 3,701,981

Risk Weighted Assets (RWAs):

Credit Risk

1,276,511 462,937

Market Risk

- -

Operational Risk

220,106 220,106

Total

1,496,617 683,043

Common Equity Tier 1 Capital Adequacy Ratio

286.35% 541.98%

Tier 1 Capital Adequacy Ratio (%)

286.35% 541.98%

Total Capital Adequacy Ratio (%)

290.00% 541.98%

Leverage Ratio (LR):

Eligible Tier-1 Capital

4,285,615 3,701,981

Total Exposure

18,049,907 3,728,972

Leverage Ratio (%)

23.74% 99.28%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

7,423,979 653

Total Net Cash Outflow

51,223 463

Liquidity Coverage Ratio (%)

14493.38% 141.04%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

16,982,623 3,701,981

Total Required Stable Funding

6,095,454 1,689,582

Net Stable Funding Ratio (%)

278.61% 219.11%

30. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

There were no non-adjusting events after balance sheet date.


31. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised on October 25, 2019 by the Board of Directors of the Company.

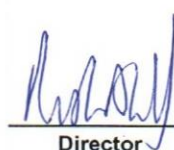
32. GENERAL

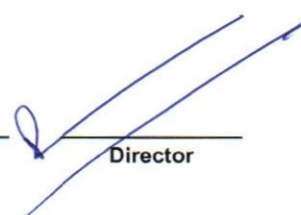
These condensed interim financial statements have been prepared in accordance with the revised format for financial statements issued by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and related clarifications / modifications.


Chief Executive Officer


Chief Financial Officer


Director


Director


Director

