




**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Statement of Financial Position**  
**As at March 31, 2020**


	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	6 87,644	50,780
Balances with other banks	7 1,520,962	2,382,641
Lendings to financial institutions	-	-
Investments	8 14,203,014	8,821,820
Advances	9 10,823,292	7,729,232
Fixed assets	10 73,261	78,340
Intangible assets	11 8,636	9,220
Deferred tax assets	-	-
Other assets	12 386,470	504,512
	<u>27,103,279</u>	<u>19,576,545</u>
<b>LIABILITIES</b>		
Bills payable	-	-
Borrowings	14 14,480,553	7,565,788
Deposits and other accounts	-	-
Liabilities against assets subject to finance lease	-	-
Subordinated debt	15 7,050,716	7,050,716
Deferred tax liabilities	-	-
Other liabilities	16 350,882	263,769
	<u>21,882,151</u>	<u>14,880,273</u>
<b>NET ASSETS</b>	<u>5,221,128</u>	<u>4,696,272</u>
<b>REPRESENTED BY</b>		
Share capital	3,658,506	3,658,506
Reserves	272,129	191,375
Surplus on revaluation of assets	17 201,328	80,244
Unappropriated profit	1,089,165	766,147
	<u>5,221,128</u>	<u>4,696,272</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	18	


The annexed notes 1 to 30 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 period ended March 31, 2020

	Note	Quarter Ended	
		January - March 2020	January - March 2019
Mark-up / return / interest / profit earned	19	645,975	170,347
Mark-up / return / interest expensed	20	160,752	22,021
Net Mark-up / interest income		485,223	148,326
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income		-	-
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities	21	-	6
Other income		-	-
Total non-markup / interest income		-	6
Total Income		485,223	148,332
<b>NON MARK-UP / INTEREST EXPENSE</b>			
Operating expenses	22	73,211	50,485
Workers Welfare Fund		8,240	-
Other charges		-	-
Total non-markup / interest expenses		81,451	50,485
Profit before provisions		403,772	97,847
Provisions and write offs - net		-	-
<b>PROFIT BEFORE TAXATION</b>		403,772	97,847
Taxation	23	-	-
<b>PROFIT AFTER TAXATION</b>		403,772	97,847
Basic and diluted earnings per share	24	1.10	0.27

The annexed notes 1 to 30 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 Statement of Comprehensive Income (Un-Audited)  
 For the period ended March 31, 2020

	Quarter Ended	
	January - March 2020	January - March 2019
	----- (Rupees in '000) -----	
Profit after taxation for the period	403,772	97,847
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods</b>		
Movement in surplus / (deficit) on revaluation of investments	121,084	(114)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods</b>		
Remeasurement gain / (loss) on defined benefit obligations	-	-
<b>Total comprehensive income</b>	<u>524,856</u>	<u>97,733</u>

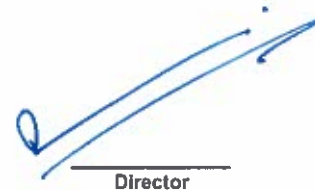
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 Chief Financial Officer

  
 Director

  
 Director

  
 Director

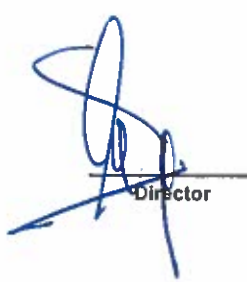
**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
*For the period ended March 31, 2020*

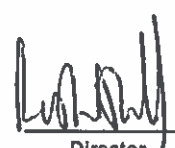
	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of Investments (Rupees in '000)	Unappropriated profit	Total
<b>Balance as at December 31, 2018</b>	<b>3,658,506</b>	<b>11,007</b>	<b>-</b>	<b>43,577</b>	<b>3,713,090</b>
Profit after taxation for the three months ended March 31, 2019	-	-	-	97,847	97,847
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	(114)	-	(114)
Transfer to statutory reserve	-	19,569	-	(19,569)	-
<b>Balance as at March 31, 2019</b>	<b>3,658,506</b>	<b>30,576</b>	<b>(114)</b>	<b>121,855</b>	<b>3,810,823</b>
Profit after taxation for the nine months ended December 31, 2019	-	-	-	803,995	803,995
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	1,096	1,096
- Movement in surplus / (deficit) on revaluation of investments	-	-	80,358	-	80,358
Transfer to statutory reserve	-	160,799	-	(160,799)	-
<b>Balance as at December 31, 2019</b>	<b>3,658,506</b>	<b>191,375</b>	<b>80,244</b>	<b>766,147</b>	<b>4,696,272</b>
Profit after taxation for the three months ended March 31, 2020	-	-	-	403,772	403,772
<b>Other comprehensive income</b>					
- Remeasurement gain / (loss) on defined benefit obligations	-	-	-	-	-
- Movement in surplus / (deficit) on revaluation of investments	-	-	121,084	-	121,084
Transfer to statutory reserve	-	80,754	-	(80,754)	-
<b>Balance as at March 31, 2020</b>	<b>3,658,506</b>	<b>272,129</b>	<b>201,328</b>	<b>1,089,165</b>	<b>5,221,128</b>

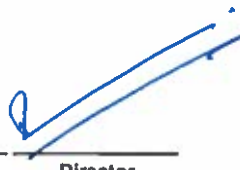
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 Chief Executive Officer

  
 Chief Financial Officer

  
 Director





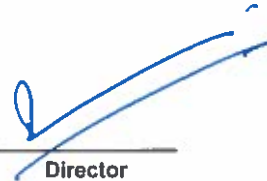
  
 Director

  
 Director

**Pakistan Mortgage Refinance Company Limited**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
*For the period ended March 31, 2020*

	March 31, 2020	March 31, 2019
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	403,772	97,847
<b>Adjustments:</b>		
Depreciation	6,200	2,251
Amortization	722	753
Interest expense - lease liability against right-of-use assets	836	-
	<u>7,758</u>	<u>3,004</u>
	411,530	100,851
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	-	(966,694)
Advances	(3,094,060)	(3,998,887)
Others assets (excluding advance taxation)	117,908	(52,610)
	<u>(2,976,152)</u>	<u>(5,018,191)</u>
<b>Increase in operating liabilities</b>		
Borrowings from financial institutions	6,914,765	-
Other liabilities (excluding current taxation)	86,277	28,154
	<u>7,001,042</u>	<u>28,154</u>
Income tax paid	(5)	(2,379)
<b>Net cash flow generated from / (used in) operating activities</b>	<u>4,436,415</u>	<u>(4,891,565)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(4,312,084)	(1,991,670)
Net investments in held-to-maturity securities	(948,026)	1,009,632
Investments in operating fixed assets	(1,120)	(1,747)
Proceeds from sale of fixed assets	-	-
<b>Net cash flow used in investing activities</b>	<u>(5,261,230)</u>	<u>(983,785)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts of subordinated debt	-	7,050,716
<b>Net cash flow from financing activities</b>	<u>-</u>	<u>7,050,716</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(824,815)</u>	<u>1,175,366</u>
Cash and cash equivalents at beginning of the period	2,433,421	505,219
Cash and cash equivalents at end of the period	<u>1,608,606</u>	<u>1,680,585</u>

The annexed notes 1 to 30 form an integral part of these condensed interim financial statements.

 _____ Chief Executive Officer	 _____ Chief Financial Officer	 _____ Director	 _____ Director	 _____ Director
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# Pakistan Mortgage Refinance Company Limited

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

For the period ended March 31, 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 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, 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, 2019.

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

There are certain 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, 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

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:

	<b>Effective date (annual periods ending on or after)</b>
- 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 circular 4 dated 23 October 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 January 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. These proforma financial statements are being prepared and according to initial exercise to estimate the impairment required under expected credit loss model.

### 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.

#### 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 of the Company for the year ended December 31, 2019.

#### 6. CASH AND BALANCES WITH TREASURY BANKS

With State Bank of Pakistan in  
Local currency current account

(Un-Audited) (Audited)  
March 31, December 31,  
2020 2019  
(Rupees in '000)

87,588 50,672

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

31	26
25	82
56	108

87,644 50,780

#### 7. BALANCES WITH OTHER BANKS

In Pakistan  
In current accounts  
In deposit accounts

16 21  
1,520,946 2,382,620  
1,520,962 2,382,641

#### 8. INVESTMENTS

##### 8.1 Investments by type:

	(Un-Audited) March 31, 2020				(Audited) December 31, 2019			
	Cost / amortised cost	Provision for dimlnution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
<b>Available-for-sale securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	9,652,379	-	68,960	9,721,339	5,376,539	-	11,139	5,387,678
- Pakistan Investment Bonds	3,401,281	-	132,368	3,633,649	3,365,037	-	69,105	3,434,142
	13,053,660	-	201,328	13,254,988	8,741,576	-	80,244	8,821,820
<b>Held-to-maturity securities</b>								
<b>Federal Government Securities</b>								
- Market Treasury Bills	-	-	-	-	-	-	-	-
- Pakistan Investment Bonds	948,026	-	-	948,026	-	-	-	-
	948,026	-	-	948,026	-	-	-	-
<b>Total Investments</b>	<b>14,001,686</b>	<b>-</b>	<b>201,328</b>	<b>14,203,014</b>	<b>8,741,576</b>	<b>-</b>	<b>80,244</b>	<b>8,821,820</b>

8.2 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 986 million (December 31, 2019 nil).

##### 8.3 Investments given as collateral

Market Treasury Bills  
Pakistan Investment Bonds

(Un-Audited) (Audited)  
March 31, December  
2020 31, 2019  
(Rupees in '000)

970,084 881,305  
1,949,492 1,021,876  
2,919,576 1,903,181

#### 9. ADVANCES

Loans, cash credits, running finances, etc.  
Advances - gross

	(Un-Audited)		(Audited)		(Un-Audited)		(Audited)	
	Performing		Non-Performing		Total			
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
(Rupees in '000)								
	10,823,292	7,729,232	-	-	10,823,292	7,729,232	10,823,292	7,729,232
Provision against advances								
- Specific	-	-	-	-	-	-	-	-
- General	-	-	-	-	-	-	-	-
<b>Advances - net of provision</b>	<b>10,823,292</b>	<b>7,729,232</b>	<b>-</b>	<b>-</b>	<b>10,823,292</b>	<b>7,729,232</b>	<b>10,823,292</b>	<b>7,729,232</b>



	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>9.1 Particulars of advances (Gross)</b>		
In local currency	<u>10,823,292</u>	<u>7,729,232</u>

#### 10. FIXED ASSETS

Capital work-in-progress	-	900
Property and equipment	10.1 <u>73,261</u>	<u>77,440</u>
	<u>73,261</u>	<u>78,340</u>

10.1 This includes right-of-use asset amounting to Rs. 28.27 million (December 31, 2019: Rs. 31.66 million) due to adoption of IFRS 16 as detailed in note 3.2.

#### 10.2 Additions to fixed assets

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

	(Un-Audited) March 31, 2020	(Un-Audited) March 31, 2019
	(Rupees in '000)	
<b>Property and equipment</b>		
Furniture and fixture	997	978
Electrical office and computer equipment	1,023	690
	2,020	1,668
<b>Total</b>	<u>2,020</u>	<u>1,668</u>

#### 10.3 Disposal of fixed assets

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

Electrical office and computer equipment	-	110
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#### 11. INTANGIBLE ASSETS

	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
Computer Software	<u>8,636</u>	<u>9,220</u>

#### 12. OTHER ASSETS

Mark-up / return / profit / interest accrued in local currency	345,627	483,319
Advances, deposits, advance rent and other prepayments	10,101	10,455
Advance taxation (payments less provisions)	30,742	30,738
	<u>386,470</u>	<u>504,512</u>
Less: Provision held against other assets	-	-
Other assets - net of provision	<u>386,470</u>	<u>504,512</u>

#### 13. CONTINGENT ASSETS

There are no contingent assets as at March 31, 2020 (December 31, 2019: nil).

	Note	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
<b>14. BORROWINGS</b>		(Rupees in '000)	
<b>Secured</b>			
- Term Finance Certificate	14.1	1,000,000	-
- Repurchase agreement borrowings	14.2	3,191,812	1,919,496
<b>Total secured</b>		<b>4,191,812</b>	<b>1,919,496</b>
<b>Unsecured</b>		10,288,741	5,646,292
		<b>14,480,553</b>	<b>7,565,788</b>

14.1 The Company has issued Term Finance Certificate amounting to Rs. 1 billion with maturity of two years at a fixed rate of 10.20% per annum. The principal is payable at maturity whereas interest is payable in four half yearly instalments.

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

#### 15. SUBORDINATED DEBT

On February 22, 2019, the Government of Pakistan on-lent 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) March 31, 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%

#### 16. OTHER LIABILITIES

Mark-up / return / interest payable in local currency	207,657	82,922
Accrued expenses	35,616	31,002
Provision for Government levies	27,804	19,531
Lease liability against right-of-use assets	30,702	29,865
Payable to defined benefit plan	5,752	12,067
Payable against purchase of fixed assets	1,304	4,680
Payable to defined contribution plan	12,655	20,783
Provision for employees' benefit	29,392	62,919
	<b>350,882</b>	<b>263,769</b>

#### 17. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus on revaluation of - Available for sale securities	8.1	<b>201,328</b>	<b>80,244</b>
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#### 18. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at March 31, 2020 (December 31, 2019: nil).

		(Un-Audited)	
		Period Ended	
	Note	March 31, 2020	March 31, 2019
(Rupees in '000)			
<b>19. MARK-UP / RETURN / INTEREST / PROFIT EARNED</b>			
On:			
Loans and advances		193,803	52,914
Investments		382,178	39,940
Lendings to financial institutions		5,996	11,150
Balances with banks		63,998	66,343
		<u>645,975</u>	<u>170,347</u>
<b>20. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Borrowings		68,373	-
Subordinated debt		52,591	22,021
Interest Expense - Repo Borrowing		34,794	-
Interest Expense - TFC		4,158	-
Lease liability against right-of-use assets	3.2	836	-
		<u>160,752</u>	<u>22,021</u>
<b>21. GAIN ON SECURITIES</b>			
Realised gain on Federal Government Securities - Market Treasury Bills		-	6
<b>22. OPERATING EXPENSES</b>			
Total compensation expense		57,249	40,182
<b>Property expense</b>			
Rent & taxes		-	3,567
Insurance		102	217
Utilities cost		327	150
Security (including guards)		145	88
Repair & maintenance (including janitorial charges)		279	390
Depreciation on right-of-use assets		3,393	-
		4,246	4,412
<b>Information technology expenses</b>			
Software maintenance		8	-
Hardware maintenance		57	5
Depreciation		1,350	814
Amortisation		584	565
Network charges		344	310
		2,343	1,694
<b>Other operating expenses</b>			
Directors' fees and allowances		2,010	1,070
Legal & professional charges		2,072	114
Outsourced services costs		974	742
Travelling & conveyance		690	127
Depreciation		1,457	1,437
Training & development		7	-
Postage & courier charges		15	28
Communication		122	187
Printing & stationery		153	19
Marketing, advertisement & publicity		77	-
Donations		-	-
Auditors' remuneration	22.1	625	8
Insurance		299	-
Vehicle repair & maintenance		28	-
Entertainment		132	-
Others		712	465
		<u>9,373</u>	<u>4,197</u>
		<u>73,211</u>	<u>50,485</u>

	(Un-Audited)	
	Period Ended	
	March 31, 2020	March 31, 2019
	(Rupees in '000)	
<b>22.1 Auditors' remuneration</b>		
Audit fee	200	8
Half Yearly Review	125	-
Special certifications and sundry advisory services	275	-
Out-of-pocket expenses	25	-
	<u>625</u>	<u>8</u>

## 23. TAXATION

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

## 24. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	<u>403,772</u>	<u>97,847</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>1.10</u>	<u>0.27</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 and liabilities.

### 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)			
	March 31, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial Instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	13,217,045	-	13,217,045
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	985,969	-	985,969
	(Audited)			
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial Instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	8,821,820	-	8,821,820
<b>Financial assets - disclosed but not measured at fair value</b>				
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)			(Audited)		
	March 31, 2020			December 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Statement of financial position ----- (Rupees in '000) -----						
<b>Balances with banks</b>						
In current accounts	-	-	47	-	-	47
In deposit accounts	-	-	483	-	-	50,539
	-	-	530	-	-	50,586
<b>Advances</b>						
Opening balance	-	-	2,467,394	-	-	1,200,000
Addition during the period	-	9,499	1,500,000	-	1,000	1,300,000
Repaid during the period	-	(276)	(1,184)	-	(278)	(33,328)
Closing balance	-	9,223	3,966,210	-	722	2,466,672
<b>Other Assets</b>						
Interest / mark-up accrued	-	-	153,338	-	-	86,728
<b>Other Liabilities</b>						
Payable to staff retirement fund	-	-	18,407	-	-	32,850

	(Un-Audited)			(Un-Audited)		
	March 31, 2020			March 31, 2019		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Profit and loss account ----- (Rupees in '000) -----						
<b>Income</b>						
Mark-up / return / interest earned	-	68	71,968	-	-	36,897
Issue to right shares	-	-	-	-	-	-
<b>Expense</b>						
Operating expenses / payment	2,010	64,455	4,547	1,070	14,668	3,391

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

**27. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	(Un-Audited) March 31, 2020	(Audited) December 31, 2019
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>3,658,506</u>	<u>3,658,506</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	5,011,164	4,606,808
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	5,011,164	4,606,808
Eligible Tier 2 Capital	<u>201,328</u>	<u>80,244</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,212,492</u>	<u>4,687,052</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	1,486,978	1,344,869
Market Risk	-	-
Operational Risk	<u>920,195</u>	<u>920,195</u>
Total	<u>2,407,173</u>	<u>2,265,064</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>208.18%</u>	<u>203.39%</u>
Tier 1 Capital Adequacy Ratio (%)	<u>208.18%</u>	<u>203.39%</u>
Total Capital Adequacy Ratio (%)	<u>216.54%</u>	<u>206.93%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	5,011,164	4,606,808
Total Exposure	<u>24,526,241</u>	<u>19,358,850</u>
Leverage Ratio (%)	<u>20.43%</u>	<u>23.80%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	11,345,097	6,930,825
Total Net Cash Outflow	<u>22,550</u>	<u>1,812</u>
Liquidity Coverage Ratio (%)	<u>50311.92%</u>	<u>382601%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	23,350,621	17,303,816
Total Required Stable Funding	<u>10,586,224</u>	<u>5,644,875</u>
Net Stable Funding Ratio (%)	<u>220.58%</u>	<u>306.54%</u>

**28. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

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

**29. DATE OF AUTHORISATION FOR ISSUE**

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

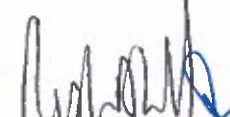
**30. GENERAL**

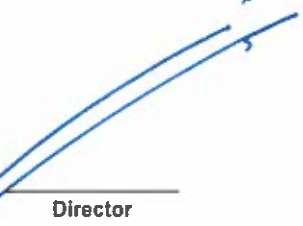
These condensed interim financial statements have been prepared in accordance with the revised format for financial statements issued by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and related clarifications / modifications.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

  
Director

  
Director