PakLibya

Chairman's review

I am pleased to present the annual financial statements of Pak-Libya Holding Company (Private) Limited for the year ended 31 December 2021.

Since the emergence of novel corona virus (COVID-19) towards the end of 2019 internationally, the challenges continue for the entire world; no one remained unaffected due to this disease and related measures to contain the pandemic. The economies are still facing supply chain issues, exponential freight charges and delayed deliveries.

In Pakistan, overall economic scenario started to give mixed signals after the sudden change in interest rate scenario, uncontrolled inflation and negative behaviour of capital and money markets; macro-level indicators of the economy and changing global landscape proved tough for the business environment.

In the uncertain times, the shareholders remained committed to support the Company and injected additional equity to resolve long outstanding matter of statutory capital requirements. The management of the Company, carefully re-adjusted its position and aligned with the economic and market situations. The year proved good for the Company as it managed to demonstrate its commitment and resilience while accepting any challenge that came in its way. Resultantly, the Company managed to generate profit before tax of PKR 42.4 million even after taking provision on non-banking assets despite signing a restructuring deal in year 2020 and impairment on equity securities. It has, however, been important for the Board to consider the position of the Company in the markets in which it operates and to ensure that outcome of potential future challenges would be materialised in the manner in which the Board wants them to be transpired.

The Company has been regularly revisiting its business processes and continuously evolving regulatory environment and adopting necessary changes in a cost effective manner to ensure compliance with statutory requirements together with attainment of its objectives especially long-term sustainable growth.

Hence, the Board will keep its work and performance under regular review and will revisit the governance principles to ensure best practices.

I firmly believe that the Company, management and staff will face all challenges with positivity to achieve Company's ultimate objective of *creating long-term value for our clients, shareholders, employees and other stakeholders.*

I have no doubt that given the continuous dedication and team spirit of our employees as well as the continuous support of our shareholders, Pak Libya shall prosper in the years ahead.

Acknowledgements

I would like to express my sincere gratitude to all the stakeholders for the confidence they continue to repose in the Company. I also want to express my sincere appreciation to the shareholders; LAFICO, MoF and SBP, for their continued support.

-Sd/-

Chairman
10th March 2022

PakLibya

Directors' Report

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Pak Libya Holding Company (Private) Limited ("Pak-Libya") along with annual audited financial statements and the auditor's report thereon for the year ended 31 December 2021.

Economic Overview

The challenges continued from prior year due to pandemic, global conflicts along with related repercussions, however, things were crawling towards normalcy. Economic activities resumed gradually due to favourable business environment well supported by low interest rate regime and incentive schemes like TERF and Wages & Salaries together with profuse wheat and cotton crops that gave the economy much need encouragement. Resultantly, the GDP reached to an impressive 3.9% for fiscal year end June 2021.

The Country's economy gained momentum in the second half of year 2021 with increase in local demand in large scale manufacturing, autos and POL products. Exports and remittances have also shown improvement while this recovery also faced challenges like continuous increase in oil & energy prices, supply chain issues, commodity supercycle prices as well as continuously increasing inflation. Inflation kept creeping up during the year and was CPI was clocked at 12.3% in December 2021.

Protracted negotiations with IMF and delay in conclusion of an agreement with stiff prior actions also unnerved the markets resulting in weakening of Pak Rupees against US Dollar and nervousness in the stock market. Recently concluded IMF agreement along with disbursement of first tranche is positive, allowing for more multilateral inflows that should address the balance of payment issue. However, the stock market remained subdued and range bound, posting a mere 1.9% return for the year. It oscillated between a low of KSE-100 index 42,780 in March to a peak of 48,726 in June. Despite record profitability by many listed companies market succumbed to selling pressure. The market kept looking for triggers but failed to gain momentum on account of multi-pronged factors such as interest rates rise, inflation, current account deficit and related pressure on Rupee/Dollar parity.

Political uncertainties, current account deficit and rising inflation resulting in possibility of further abrupt rise in interest rates are the main challenges being faced by the economy in the current year.

Corporate Performance

The world economies, including Pakistan, have been facing unsettling fear of continuous waves of COVID-19 and its impacts on international and domestic markets. The energy prices, interest rates and inflation are on the increasing trajectory thus, challenging the sustainability of economic achievements.

The quality of asset mix remained dominant with investments in debt securities due to interest rate scenario together with gradual build-up of loan & advances portfolios. The Capital market remained volatile due to pandemic and political developments. However, the increase in policy rates toward the 4th quarter gave a disconcerting signal to money, stock or foreign exchange markets. The US$ has seen its all-time high exchange price whilst the energy prices are continuously rising.

Consequently, the margins of the Company also seen decline, compared to last year, due to the business model of the DFIs i.e. unavailability of non-remunerative funds. The gross mark-up income during the year was PKR 2.958 billion compared to PKR 3.209 billion in last year.

However, the current year profitability was badly impacted due to creation of provision on Power Plant assets despite continuous negotiations on power purchase agreement.

The main focus was to somehow make use of KEL project work either by deploying those assets into economic use or exit via an outright sale. The management of the Company after critically evaluating its options finalised the terms of restructuring deal for the disposal of KEL assets (non-banking assets) with a specialised engineering firm.

In March 2020, Pak-Libya signed the term sheet with its business partner and after finalising legal documentation both the parties signed relevant agreements on 30th June 2020. Under the arrangement, both business partners agreed to enter into a business venture whereby the assets of KEL would be used for setting up of captive power plants to be used for industrial units through power purchase agreements on 'Build Own Operate' or 'Build Own Operate Transfer' basis against total consideration of PKR 1.2 billion (and dividend) which will be paid from the power plant cash flows. In this regard, Pak-Libya has disposed of its major shareholding in its wholly owned subsidiary Kamoke Powergen (Pvt) Limited (KPL) and transferred 80% of its shares together with management control of KPL to its business partner. The relevant formalities in terms of change of management have been completed in December 2020.

However, due to continuous waves of COVID-19 variants, significant increase in inflation, devaluation of Pak rupee and volatility in interest rate, the 1st power purchase agreement (PPA) with identified buyer has not been signed yet.

Consequent to the delays faced by the business partner (engineering firm) in signing the 1st PPA with the potential power purchase buyer, SBP has already enforced PLHC to create certain provision against these assets despite the fact that revised market/assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values. Therefore, the Company has taken a hit of PKR 364.72 million in year 2021. The management of the Company, is doing its utmost efforts to realise its stuck-up amount in the most efficient way.

Resultantly, the Company generated profit before tax of PKR 42.46 million as compared to 459.97 million.

Each of our business segments contributed to support the management's business strategy despite challenging business environment vis-à-vis operational limitation and pandemic.

The asset base of the Company has increased by 9.75% reflecting growth in Lending to FIs, Debt Investment and Credit portfolios compared to FY2020. On the assets side, management aims to double the total asset in 5 years having focus on sustainable growth in Loans & Advances being the main driver of growth.

The borrowings have also increased by 12.88%, with noticeable continuous increase in deposits which increased by 13.19% in line with strategy. The continued focus is to have stable funding resources including individual deposit mobilisation activity. The objective is to reduce the reliance on repo borrowing and have a leverage ratio ranging between six to ten times.

During the year, the Company has increased its paid up capital against the equity received in tranches from shareholders. Furthermore, the Company has also received the remaining final tranche of PKR 135 million from GoP while Libyan shareholder had already injected the entire equity. Consequently, the paid up capital of the Company has increased from PKR 7.871 billion to PKR 8.141 billion.

The Company's capital free of loss after issuance of remaining shares stood at PKR 6.041 billion.

Corporate & Investment Banking (CIB) and SME & Retail Banking (SME-RB)

Considering the core activity of the Company, significant efforts are being made to increase the credit portfolio. The loan & advances portfolio (net of recoveries and provisions) has increased from PKR 5.674 billion last year to PKR 6.312 billion. However, despite economic disruption due to pandemic, overall the debt portfolio has been maintained. The overall performing portfolio yielding a return of 8.62% (8.76% including debt investments).

The management exercised extra caution in selecting clients, for CIB and SME-RB, through stringent risk assessment and pressed hard on rigorous post disbursement monitoring. Recently, the management has reorganised front office business teams, split the portfolio and renamed CIB as *Investment Banking, Syndication & Advisory (IBSA)* and SME&RB as *Corporate, Commercial & SME (CC&SME)*. Consequently, capital free of losses has been reallocated to all business departments accordingly.

Treasury & Fund Management (TFM)

TFM carefully selected instruments and managed to build a portfolio yielding positive spread and contributed significantly in current year's profitability of the Company. However, considering huge volatility in interest rate curve together with increase in frequency of MPC meeting, it has become a speculative matter showing negative market sentiments and uncertain future outlook.

TFM, in addition to mobilising resources at competitive rates for business units continued to supplement our core business income through secondary market investments and selected investments in debt instruments. During the year, TFM earned net interest income of PKR 408.20 million while didn't realise any capital gain on its investment portfolios due to interest rate scenario.

Securities Portfolio Management (SPM)

Economic and political uncertainty, at domestic and international levels, showing no signs of stable capital market; low trading volumes and current weighted average cost of equity securities portfolio had already impacted the profitability due to impairment and fewer opportunities for capital gains.

During the year, SPM increased its dividend income on the equity securities portfolio. The management has been continuously reviewing its equity AFS portfolio and making efforts to make the portfolio diversified and dynamic. The additional impairment charged at yearend was of PKR 95.69 million whilst PKR 27.06 million has reversed, during the year, due to disposal of related shares.

Our SPM department on the basis of our overall risk appetite and resources available posted returns of around 3.01% despite restricted prudential limits due to minimum capital requirement (MCR) shortfall.

Back Offices Support (Risk Control Functions)

The Risk Control Functions have performed their role diligently and ensured smooth operations of the Company with limited resources and lean staff structure during COVID-19 restrictions as well as overall during the entire year. The cross functional teams provided end-to-end support to conclude the activities. The challenge was unique therefore non-traditional solutions were devised specially work from home experience was completely new, and successful, to cater the once in a life time scenario. The coordinated efforts achieved business objectives while mitigated operational risks, continuity of business activities under an efficient business continuity plan.

A brief summary of the financial results and financial position is as follows:

	2021	2020
	PKR in thousands	
Year-end balances:		
Total assets	**40,621,202**	37,010,462
Total liabilities	**35,046,344**	31,047,397
Net assets	**5,574,858**	5,963,065
Shareholders' equity (net):		
Share capital	**8,141,780**	7,871,780
Reserves	**380,654**	372,477
(Deficit)/Surplus on revaluation of assets – net of tax	**(847,361)**	(281,624)
Accumulated loss	**(2,100,215)**	(2,134,569)
Advance against shares subscription	**-**	135,000
Total	**5,574,858**	5,963,065
For the year:		
Profit/(Loss) before taxation	**42,467**	459,973
Profit/(Loss) after taxation	**40,883**	304,138
Earnings/(Loss) per share – PKR	**50.63**	443.23

The Company had transferred an amount equal to 20% of profit after taxation to statutory reserves as per the applicable legal requirements.

In view of the minimum capital requirement (MCR), at yearend, no amount could be considered for distribution of dividends (bonus or cash) to the shareholders. We are, however, confident that since the MCR requirement is completed, the Company will earn sufficient profits to enable dividend distributions to its shareholders.

The Pakistan Credit Rating Agency (PACRA) maintained its credit ratings from the previous year for Pak Libya in the year 2021, however, as a result of persistent efforts and commitment to focus on core issues, the future outlook of the Company has been assigned as 'Stable':

Short term A1+

Long term AA–

These ratings denote a low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement. Further, changes in the accounting policies are duly disclosed in the financial statements.

- International Financial Reporting Standards, as applicable in Pakistan for DFIs, have been followed in the preparation of financial statements.
- There are no doubts regarding the Company's ability to continue as a going concern.
- Tax contingencies have been disclosed in the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The system of internal controls including internal controls over financial reporting is sound in design and has been effectively implemented and monitored.
- Summary of key operational and financial data for the last six years is enclosed.

Corporate Social Responsibility

The Company has always remained active in fulfilling its social responsibility and will continue its efforts on this front in future as well. However, currently, we were unable to support certain notable, reputed charitable institution due to the minimum capital requirement and related SBP prudential regulations.

Green Banking Initiative

The Company has adopted a Green Banking policy wherein Pak-Libya aims to obtain relevant documents, for loaning to new projects, that have been specified in the Environment Protection Act whilst for existing loans, management will evaluate adherence to the Environment Quality Standards established by the environment agencies. In an event, where the borrower is not compliant to any of the set standards, the Company will encourage and assist them in coming up with better environment protection measures.

The management has nominated a Green Banking Officer and is in the process of establishing a Green Banking Office to collect and consolidate data/information on green banking activities and initiatives for its onward reporting to the senior management/Board and SBP, as and when such data/information is sought.

Consumer Grievances Handling Mechanism

The Company is committed to providing its customers quality services and highest level of satisfaction therefore has adopted a formal policy and established process to deal with consumer grievances. The management through complaint handling mechanism, ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible.

All complaints get handled through Centralised Complaint Management System under the supervision of Head of HRA and SVP (RMRC).

Board Composition

During the year, no vacancy existed on the Board.

Performance Evaluation of the Board

The Company engages Pakistan Institute of Corporate Governance (PICG), a specialised institute, for the performance evaluation of the Board members. The external evaluator gives an independent view and perspective about overall performance of Board. The Chairman of the Board communicates the results internally to all board members.

Risk Management Framework

The Risk Management Structure of the Company is overseen by the Board's Risk Management Committee (BRMC) which has further entrusted the task to the Management's Risk Management Committee (MRMC) to carry out the assessment and supervision/monitoring of all types of risks, the

Company is exposed to and work on a strategy and action plan to mitigate the risks on the basis of Company's overall risk appetite.

The Credit Policy and Credit Manuals for the Company are updated and modified based on changing risk and regulatory environment and are being implemented for a better and comprehensive evaluation, on a continuous basis, of credit exposure that each client brings in. The Obligor Risk Rating model and Facility Risk Rating model emphasising upon internal ratings model covering objective aspects are used for respective evaluation of risks. Consequently, the risk appetite has been further elaborated to include specific limits. Furthermore, the monitoring and reporting mechanism has also been strengthened with an aim to improve the overall credit risk management process.

We believe that a sound and effective Operational Risk Function is critical for uninterrupted workflow of operations round the year. Thus, staying watchful of any contingency that may arise and to ensure continuity of our business operations a BCP site is being maintained. Moreover, an operational risk database is being regularly maintained to comply with the regulatory requirement as well as to keep a regular check on the incidents that need to be addressed on a prompt basis and also to evaluate the effective functioning of the operational risk mechanism.

We also have in place a Company-wide documented business continuity plan at each business unit with a view to manage risk emanating from operational activities. During the year, we continued to strengthen our Internal Controls and hence brought about various improvements in our integrated IT system keeping in view the best practices and to cater our reporting requirements. Furthermore, our Compliance, Risk Management and overall Internal Control structure remained robust and the implementation of SBP guidelines and framework on Internal Control over Financial Reporting (ICFR) remained steadfast.

The market risk function continues to monitor market related risks. Stress Testing analyses are used to assess impact of key potential risks on existing exposures. The market risk policy with elaborated interest rate risk is in place. Also, the guidelines on monitoring and reporting of interest rate risks have been enhanced in the overall market risk management framework.

The Company also has a Liquidity Risk Management Policy, in addition to the Liquidity Management Policy, in place. The Liquidity Risk Management Manual includes detailed and comprehensive processes to manage various liquidity aspects and Contingency Funding Plan.

The Company continues to maintain its CAR well above prescribed regulatory thresholds throughout the year based on applicable Basel II and Basel III requirements. Internal Capital Adequacy Assessment Process (ICAAP) framework has been reviewed in view of the guidelines issued by SBP and implemented to make the process more robust and effective. Moreover, efforts are underway to comply with regulatory Minimum Capital Requirement (MCR) of PKR 6 billion. The MoF and LAFICO (both the shareholders) have injected additional equity to increase the loss absorption capacity, smooth operations and long-term sustainable growth of the Company. In this regard, the authorised capital of the Company has increased to PKR 10 billion.

Growth in the Company's portfolio is being managed effectively to avoid risk concentration through established limits in every important/relevant area. Amendments in the limits had/have been duly made in line with revision in the Prudential Regulations, if any. The Company aims at business growth by assuming direct exposure or through risk participation. Risk Management function proactively contributes for taking exposure within the defined risk parameters.

The Company continued to strengthen compliance program during the year with appropriate KYC/AML controls in place and ensuring regulatory compliance and awareness through the forum of

Compliance Committee of the Management. All policies, procedures and products are reviewed from compliance perspective along with maintaining relationship with regulatory authorities. The Company's overall Risk Management Framework is robust. The Company continues to put in efforts to further improve and strengthen the risk management and internal control framework.

Statement on Internal Controls

A sound system of internal controls is in place to achieve organisational objectives and continuous improvement is made therein in light of the changing requirements of the business and operating environment. Management has evaluated the internal controls, including internal controls over financial reporting as effective and the Board endorses the same evaluation. The State Bank of Pakistan, in view of the strengthened control environment has granted exemption to the Company from annual submission of external auditor's long form report on internal control over financial reporting (ICFR).

Comments of Auditors in their Audit Report

The external auditors have expressed a qualified opinion on the investment in Summit Banks' (counter party) TFC's amounting to PKR 398.58 million, as referred in note 8.2.6 to the accompanying financial statements as they were unable to obtain sufficient appropriate audit evidence to determine the recoverability of these TFCs.

Furthermore, they have added emphasis of matter paragraph in their audit report while referred note 13 & 42.2 to the accompanying financial statements relating to the Company's plan and actions for disposal of asset relating to Kamoki Energy Limited (KEL). The opinion of auditors is not qualified in respect of this matter.

Comments of Auditors in their Review Report on Best Practices of Corporate Governance

Auditors have not highlighted any material non-compliance in their review report on Company's Statement of Best Practices of Corporate Governance.

Statement of Investment of Provident and Gratuity Funds

The values of investments (excluding cash at bank) of provident fund and gratuity fund as at 31 December 2020 were PKR 122.49 million and PKR 141.22 million respectively based on the audited accounts of these funds.

Details of Board Meetings and Board Sub-committee meetings attendances and their memberships

During the year, five meetings of the Board of Directors were held and attended by directors as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	5	5
Dr. Muhammad Tahir Noor	Director	5	5
Mr. Abrar Ahmed Mirza	Director	5	5
Mr. Abdulfatah Ashour Ali Ejayedi	Director	5	5
Mr. Khurram Hussain	Managing Director	5	5
Mr. Khaled Joma Ezarzor	Deputy Managing Director	5	5

Details of Audit Committee Meetings

During the year, four meetings of the audit committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Dr. Muhammad Tahir Noor	Chairman	4	4
Mr. Abrar Ahmed Mirza	Member	4	4
Mr. Abdulfatah Ashour Ali Ejayedi	Member	4	4

Details of Risk Management Committee Meetings

During the year, two meetings of the risk management committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Abrar Ahmed Mirza	Chairman	2	2
Mr. Abdulfatah Ashour Ali Ejayedi	Member	2	2
Mr. Khaled Joma Ezarzor	Member	2	2

Details of Human Resource Management Committee Meetings

During the year, no human resource management committee meeting was held.

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	-	-
Dr. Muhammad Tahir Noor	Member	-	-
Mr. Abdulfatah Ashour Ali Ejayedi	Member	-	-

Details of Credit/Investment Committee Meeting of the Board

During the year, no credit/investment committee meeting was held.

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	-	-
Mr. Abrar Ahmed Mirza	Member	-	-
Mr. Khurram Hussain	Member	-	-

Auditors

The present auditors, M/s Grant Thornton Anjum Rahman, Chartered Accountants (A member firm of Grant Thornton International Ltd) have retired and completed five consecutive audit periods. The Audit Committee has recommended the appointment of new auditors for the year ending 31 December 2022 which has been endorsed by the Board of Directors.

Pattern of Shareholding

Shareholders	Shareholding (%)
Government of Pakistan through Ministry of Finance/State Bank of Pakistan	50
Government/State of Libya through Libyan Foreign Investment Company (LAFICO)	50
Total	**100**

Company Outlook

The economic disruption resulting from the ongoing pandemic caused great uncertainties for businesses around the Country. The situation caused significant delays in finalisation and signing of the power purchase agreement; therefore, the Company has to create a provision of PKR 364.7 million therefore significant portion of entire year profitability has been expensed out. Despite such circumstances, the Company has shown great resilience by achieving its certain strategic objectives.

However, the management is still working on the non-banking assets considering the most efficient ways to recover stuck-up funds in a timely manner. The disposal of Power Plant (non-banking assets), deposit mobilisation as stable funding source and determination to increase the advances portfolio, being the core activity, we understand and believe that the Company will be able to achieve its target of sustainable profitability and long term growth.

In terms of recoverability of investment in TFCs amounting to PKR 398.58 million, the management has evaluated overall situation vis-à-vis issuer Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to its minimum capital requirements. In this regard, SBP has given its final approval for the period till 27 October 2021 however the issuer Bank has requested a separate in-principal approval (similar to prior year) for the period covering till 27 October 2022. Therefore, management has not provided any impairment on the said TFCs on subjective basis due to the recent developments & negotiations, and has been following up for the amicable resolution of the matter and complete recovery.

The Company, being a DFI, has a specific business model, therefore, business aspects and commercial sense cannot be ignored. The Company managed to generate sufficient profits which enabled the Company to absorbed around PKR 460 million provisions on its non-banking assets and AFS equity securities portfolio yet keeping its MCR complaint status intact. We believe that further impairment and then its reversal or even agreeing with further adjustment on above-mentioned items would imply lack of business understanding. However, existing and evolving regulatory requirements governing capital, leverage, and liquidity, together with the steps we have taken/need to take to adapt to them, have been critical for the Company in terms of its long-term sustainable growth and to create a safer and more resilient financial system overall.

The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets which are a source of potential earnings. Moreover, new long-term credit lines are being negotiated to fill in the liquidity gaps and to ensure contingency funding planning. Therefore, the Company has been regularly reviewing its assets and liabilities mix together with available resources, and has taken various measures to tighten the controls over operating cost to ensure favourable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

In view of the efforts being made by the management we are optimistic about our Company's future growth, profitability and sustainability.

Acknowledgements

On behalf of the Board and the Management, we would like to express our sincere gratitude to the customers and all stakeholders of Pak-Libya for their confidence that they continue to repose in the Company. We would also like to express our appreciation to the shareholders; LAFICO and SBP, including MoF, for their continued support and guidance and to the employees of the Company for their steadfast trust and loyalty.

On behalf of the Board of Directors

-Sd/-

Khaled Joma Ezarzor
Deputy Managing Director

-Sd/-

Khurram Hussain
Managing Director & CEO

10th March 2022

Summary of key operational and financial data for last six years

PKR in millions	**FY2021**	**FY2020**	**FY2019**	**FY2018**	**FY2017**	**FY2016**
Gross Approvals*	5,784	4,401	2,357	2,313	2,427	1,613
Disbursements	2,757	2,500	1,767	2,540	1,799	986
Investments - net	2,929	5,907	7,188	2,132	-	2,891
Recoveries - Principal	2,506	1,031	1,598	2,151	1,001	1,190
Redemption - Investments	616	698	672	259	225	540
Gross Income	2,988	3,713	1,954	1,507	1,335	1,298
Net interest income	606	713	77	260	265	313
Net profit/(loss) before tax	42	460	(277)	(261)	84	1,032
Taxation - net	2	156	27	62	36	241
Net profit/(loss) after tax	41	304	(304)	(323)	48	791
Shareholders' Equity - net	5,575	5,963	5,254	4,168	4,555	4,761
Total assets	40,621	37,010	29,089	20,428	19,163	18,895
Staff strength (number)**	98	104	103	106	111	106

* Include rollover
** Including outsourced staff

Note: Figures of respective years include impacts of restatements (as applicable)

ناظمین کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021کو اختتام پذیر سال پر ہم پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ("پاک لیبیا") کی ڈائریکٹرز رپورٹ بمع محاسب شدہ (audited) سالانہ مالیاتی گوشوارے اور محاسبین (auditor’s) کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معا شی جائزہ

گذشتہ سال میں وبااور عالمی تنازعات اور ان سے منسلک اثرات جیسی مشکلات کا تسلسل جاری رہا ، تاہم، چیزیں آستہ آہستہ معمول پر آرہی ہیں۔ معاشی سرگرمیوں کا بتدریج آغاز ہو گیا ہے جس کی وجہ معاون کاروباری ماحول ، بہتر معاونت کرتا ہوا سودی شرح کا نظام اور ترغیب دینے والی اسکیمیں جیسا کہ TERF اور اجرتیں اور تنخواہوں کی اسکیم کے ساتھ گندم اور کپاس کی شاندار فصلیں ، جس نے معیشت کی مطلوبہ حوصلہ افزائی کی۔ نتیجتاً جون 2021 پر اختتام پذیر اقتصادی سال میں مجموعی قومی پیداوار 3.9فیصد کی متاثر کن سطح پر پہنچی۔

2021 کے دوسرے نصف سال میں بڑے پیمانے کی اشیاء سازی (large scale manufacturing)، گاڑیاں اور POL کی مصنوعات کی مقامی طلب نے ملک کی معیشت کی رفتار میں اضافہ ہوا ۔ برآمدات اور ترسیلات زر نے بھی بہتری دکھائی جبکہ مسلسل تیل اور توانائی کی قیمتوں میں اضافہ، سپلائی -چین کے مسائل، اجناس کی بلند ترین قیمتیں کے ساتھ مسلسل بڑھتی ہوئی افراط زر کے وجہ سے معیشت کی بحالی میں مشکلات کا سامنا رہا۔ سال کے دوران افراط زر میں اضافہ ہوتا رہا اور دسمبر 2021 میں اعشاریہ قیمت (CPI) 12.3 فیصد رہا۔

IMFسے طویل مذاکرات اور اور معاہدے کے نتیجے پر پہنچنے میں تاخیر کے ساتھ قبل از معاہدہ سخت اقدامات لینے کی وجہ سے منڈیوں کو بے چین کرنے کی وجہ سے پاک روپیہ، امریکی ڈالر کے مقابلے میں کمزور ہوا اور حصص منڈی میں بھی گھبراہٹ ہوئی۔ حالیہ IMF سے حالیہ معاہدہ اور پہلی قسط کا اجرا ایک مثبت صورتحال ہے جو مزید کثیر الجہت مالی بہاؤ کا سبب ہو گا اور اس کو ادائیگی کے توازن کے معاملے کو درست کرنے کے کام آنا چاہیے۔ تاہم، حصص منڈ ی سست رہی اور سال کے لیے 1.9 فیصد کی آمدنی کا اندراج کیا ۔، KSE-100 انڈیکس مارچ میں42,780 کی کم اور جون میں 48,726 کی بلند سطح کے درمیان گردش کرتا رہا۔ متعدد لسٹڈ کمپنیوں کی رکارڈ منافع بخشی کے باوجود فروخت کے دباؤ کے آگے ہتھیار ڈال دیے۔ منڈی کسی محرکات کا انتظار کرتی رہی لیکن کثیر الجحت عوامل مثلاً سودی شرح میں اضافہ، افراط زر، جاری کھاتے کا خسارہ اور روپے/ڈالر کی مساوات مبادلہ کے دباؤ کے سبب اپنی رفتار بڑھانے میں ناکام رہیں۔

جاری سال میں معیشت کو درپیش بڑی مشکلات کا سامنا ہے جس میں سیاسی غیر یقینی، جاری کھاتے کا خسارہ اور بڑھتے ہوئے افراط زر کی وجہ سے امکان ہے کی یکا یک سودی شرح میں اچانک اضافے کا امکان ہے۔

اداراتی کارکردگی

عالمی معیشتیں ، بشمول پاکستان، کو کووڈ -19 کی جاری لہر اور اس کے بین لالقوامی اور ملکی منڈیوں پر اس کے اثرات کے ایک پریشان کن خوف کا سامنا ہے ۔ توانائی کی قیمتیں، سودی نرخ اور افراط زر کے بڑھنے کا رجحان ہے جو تسلسل سےمعاشی نتائج کے حصول کے لیے ایک مسئلہ ہے۔

اثاثہ جات کا آمیزہ (asset mix) کا معیار نمایاں رہا اور اس کے ساتھ سودی نرخوں کے پس منظرمیں ڈیٹ تمسکات (debt securities) میں سرمایہ کاری کے ساتھ بتدریج قرضوں اور ایڈوانسز پورٹ فولیوز میں اضافہ ہے۔ وبا ء اور سیاسی صورتحال کی وجہ سے سرمایہ منڈی میں اتار چڑھاؤ (volatility) رہا۔ تاہم، چوتھی سہ ماہی میں پالیسی شرح میں اضافے نے بازارِ زر، بازارِحصص اور غیر ملکی زرمبادلہ کی مارکیٹ میں بے چین کرنے والے سگنل سے دیے ہیں ۔ امریکی ڈالر نے مبادلہ کی بلند ترین سطح دیکھی جبکہ توانائی کی قیمتوں میں مسلسل اضافہ ہو رہا ہے۔

نتیجتاً ، گذشتہ سال کے مقابلے میں کمپنی کے منافع میں کمی دیکھی گئی جس کی وجہ ترقیاتی مالیاتی اداروں کا بزنس ماڈل ہے، یعنی غیر منافع بخش فنڈز کی عدم دستیابی۔ گذشتہ مالی سال کی 3.209 ارب روپے کی مجموعی

مارک اپ (mark-up) آمدنی کے مقابلے میں زیر جائزہ مالی سال کے دوران اس کی مالیت 2.958 ارب روپے تھی۔

تاہم، توانائی کی خرید کے معاہدے پر مسلسل مذاکرات کے باوجود توانائی کے پلانٹ اثاثہ جات کی مد میں تموین (provision)کرنی پڑی جس کی وجہ سے جاری سال کی منافع بخشی بری طرح متاثر ہوئی۔

کسی نہ کسی طرح ااصل توجہ ، کاموکی انرجی لمیٹڈ (KEL)کے کام پر رہی کہ کسی طرح ان اثاثہ جات کا معاشی استعمال کیا جائے یا اسے فروخت کرکے ان سے جان چھڑائی جائے۔ کمپنی کی انتظامیہ نے تنقیدی طور پر تخمینہ لگانے کے بعد کاموکی انرجی لمیٹڈ(KEL) اثاثہ جات (غیر بینکاری اثاثہ جات) سے تصفیئے کے لئےایسے کاموں کی ایک انجینئرنگ فرم سے ری اسٹرکچرنگ ڈیل کی شرائط کو حتمی شکل دے دی ہے۔

مارچ 2020 میں پاک لیبیاء اپنے بزنس پارٹنر کے ساتھ ایک ٹرم شیٹ پر دستخط کیے اور دستاویزات کی تکمیل کے بعد دونوں پارٹنرز نے 20 جون 2020 کو متعلقہ دستاویزات پر دستخط کیے۔ اس معاہدے کے تحت ، دونوں پارٹنرز اس بات پر متفق ہوئے کہ ان کو بزنس ونچر میں جا نا چاہیے جس میں کاموکی انرجی لمیٹڈ (KEL)کے اثاثہ جات کو کیپٹیو (captive)پاور پلانٹس کے قیام میں استعمال کیا جائے جو " بلڈ اون آپریٹ" یا " بلڈ اون آپریٹ ٹرانسفر "کی بنیاد پر صنعتی یونٹس سے خریداری کے معاہدے کے تحت ہو گی اوریہ معاہدہ 1.2 ارب روپے (اور منقسمہ منافع) جس کی ادائیگی پاور پلانٹس کے کیش فلو سے ہوگی۔ اس سلسلے میں، پاک لیبیاء نے اپنی حصص کی ملکیتی کا بڑا حصہ مکمل طور پر اس کی ایک ذیلی کمپنی " کاموکی پاورجن (پرائیویٹ) لمیٹڈ" کو دے دئیے ہیں اور اس کے 80 فیصد حصص بمع انتظامی کنٹرول کے کمپنی " کاموکی پاورجن (پرائیویٹ) لمیٹڈ" سے بزنس پارٹنر کو منتقل کر دیا ہے۔ انتظامیہ کی تبدیلی سے متعلقہ ضروری کاروائیاں دسمبر 2020 میں مکمل کی جا چکی ہیں۔

تاہم، کووڈ-9 ویرئنٹس کی جاری لہر کی وجہ سے افراط زر ، پاک روپے کی قدر میں کمی اورسودی نرخوں کی زد پذیری (volatility) میں اضافے کے باوجود پہلا توانائی کی خریداری کا معاہدہ کسی معلوم خریدار سے نہیں ہو سکا ہے۔

بزنس پارٹنر (انجینئرنگ فرم) کے کسی خریدار سے پہلے توانائی کی خریداری کا معاہدے میں تاخیر کا نتیجے میں ، بینک دولت پاکستان(SBP) ، ان اثاثہ جات کی مد میں PLHC پر تموین(provision) زور دیا گیا ہے ، یہ بات اس بات کے باوجود ہے کہ ایک ماہر تخمینہ کار کی رپورٹ کے مطابق ان اثاثہ جات کی نظر ثانی شدہ مارکیٹ/تخمینہ اور دباؤ میں فروخت کی قدر ان اثاثہ جات کو رکھنے کی قدر سے زیادہ ہے۔ اس لیے ، کمپنی کو سال 2021 میں 364.72 ملین روپے کی تموین(provision) کرنی پڑی۔ اس لیے کمپنی کی انتظامیہ بہت زیادہ کوشش کر رہی ہے کہ پھنسی ہوئی رقم بہت موئثر طریقے سے وصول کی جائے۔

نتیجتاً کمپنی نے اس سال 42.46 ملین روپے کا منافع قبل از محصول حاصل کیا جو کہ گذشتہ سال اس کی مالیت 459.97ملین روپےتھی۔

مشکل کاروباری حالات یعنی آپریشن کی قیود اور وباء کے باوجود ہماری ہر کاروباری اکائی نے انتظامیہ کی کاروبار کی حکمت عملی کی معاونت میں حصہ ڈالا ۔

کمپنی کے اساس سرمایہ میں 9.75 فیصد کا اضافہ ہوا جومالی سال 2020 کے مقابلے میں رواں سال مالیاتی اداروں(FI) کو قرضوں کی فراہمی، ڈیٹ میں سرمایہ کاری اور کریڈٹ پورٹ فولیو کی نمو کو ظاہر کرتا ہے ۔اثاثہ جات کے سلسلے میں انتظامیہ کا ارادہ ہے کہ اگلے پانچ سالوں میں کل اثاثہ جات کو دو گنا کر دے اور تسسل سے نمو دینے والے قرضہ اور قرضوں کے پورٹ فولیو ز میں اضافہ نہ کرےجو نمو کی اصل محرک ہیں۔

قرضوں میں 12.88 فیصد کا اضافہ ہوا جس میں مسلسل امانتی قرضوں میں قابلِ توجہ اضافہ حکمت عملی کے مطابق ہواجس شرح 13.19فیصد رہی۔ مستحکم فنڈنگ کے ذرائع بشمول انفرادی ڈپازٹس کو متحرک کرنے کی

سرگرمی پر مسلسل توجہ دینا ہے۔ مقصد یہ ہے کہ ریپو(Repo) ادھار قرضوں پر انحصار کم کیا جائے اور لیوریج (leverage) کا تناسب چھ سے دس گنا کی رینج میں رہے۔

سال کے دوران کمپنی ، حصص کنندگان کی جانب سے قسطوں میں وصول شدہ ملکیتی سرمائے (equity) سے اپنے ادا شدہ سرمائے میں اضافہ کر چکی ہے۔ علاو ہ ازیں ، کمپنی کو حکومت پاکستان کی جانب سے 135 ملین روپے کی حتمی قسط موصول ہو چکی ہے جبکہ لیبین (Libyan)حصص کنندہ پہلے ہی کل ملکیتی سرمایہ جمع کروا چکا ہے۔ نتیجتاً کمپنی کا ادا شدہ سرمایہ 7.871 ارب روپے سے بڑھ کر8.141 ارب روپے ہو چکا ہے۔

بقایا حصص کے اجراء کے بعد ،کمپنی کا سرمایہ (بغیر کسی نقصان کے) 6.041ارب روپے رہا۔

اداراتی اور سرمایہ کاری بینکاری (CIB)

کمپنی کی بنیادی کاروباری سرگرمیوں کو مد نظر رکھتے ہوئے کریڈٹ قرضداری جز دان میں اضافے کے لیے خاصی اہم کوششیں کی جا رہی ہیں۔قرضداری کا پورٹ فولیو (خالص وصولیابیوں اور مختصات) بڑھ کر6.312ارب پاکستانی روپے تک پہنچ گیا جو گذشتہ سال 5.674 ارب پاکستانی روپے تھا ۔ تاہم، عالمی وبا ء کی وجہ سے ہونے والے معاشی خلل کے باوجود مجموعی ڈیٹ (Debt) پورٹ فولیو کو برقرار رکھا۔ مجموعی کارکردگی دکھانے والا پورٹ فولیو 8.62 فیصد)(8.76فیصد بشمول ڈیٹ انویسٹمنٹ) کا منافع دے رہا ہے۔

انتظامیہ CIB اور SME-RB کے لیے گاہکوں کے انتخاب میں غیر معمولی احتیاط کا استعمال کرتی ہے اور ایسا کرنے میں خطرے کے سخت تخمینے اور بعد از قرضہ کی فراہمی سخت نگرانی کے عمل کے ذریعے سے کیا جاتا ہے۔ حالیہ دنوں میں انتظامیہ نے فرنٹ آفس کی بزنس ٹیم کی تنظیم نو کی ہے اور پورٹ فولیو کو الگ الگ کر دیا ہے اور ان کو نیا نام دیا ہے جیسا کہ CIB کا نام " سرمایہ کاری بینکاری، سنڈیکیشن اینڈ ایڈوائزری (IBSA) " اور SME-RB نام تبدیل کرکے " کارپوریٹ، کمرشل اینڈ SME (CC& SME)رکھ دیا ہے اور نقصان سے پاک کیپیٹل کو تمام شعبہ جات میں تقسیم کیا جا چکا ہے۔

خزانہ اور فنڈ مینجمنٹ (TFM)

خزانہ اور فنڈ مینجمنٹ (TFM) ڈپارٹمنٹ نے، مالی دستاویزات (instruments) کا انتخاب دھیان سے کیا اور مثبت نتائج دینے والے پورٹ فولیو کی تعمیر کی جس نے کمپنی کے زیر جائزہ سال میں منافع بخشی میں خاصہ حصہ ڈالا۔ تاہم ، خطِ شرح سود میں بہت زیادہ زد پذیری (volatility) کے ساتھ MPCمیٹنگ کی تعداد میں اضافے کو مد نظر رکھتے ہوئے یہ معاملہ قیاس آرائی بن چکا ہے جو منفی کیفیت اور غیر یقینی مستقبل کا منظر نامہ دکھاتا ہے۔

خزانہ اور فنڈ مینجمنٹ (TFM) نے، کاروبا ر کی اکائیوں کے لیے مالی ذرائع کو مسابقتی نرخوں پر متحرک کیا تاکہ وہ ہمارے بنیادی کاروبار میں ثانوی بازار میں سرمایہ کاری اور منتخب علاوہ ازیں، کاروباری اکائیوں کے لیے مسابقتی نرخوں پر وسائل کو متحرک کرنے کے علاوہ، ہمارے خزانہ اور فنڈ مینجمنٹ(TFM)، نے ثانوی منڈی اور ڈیٹ (debt) کی مالیاتی دستاویزات (instruments) میں سرمایہ کاری کے ذریعے ،بنیادی کاروبار کی آمدنی میں اضافے میں حصہ ڈالنا جاری رکھا ۔ زیر جائزہ سال کے دوران ، خزانہ اور فنڈ مینجمنٹ(TFM) نے،408.20 ملین روپے کی خالص سودی آمدنی حاصل کی جبکہ سودی شرح کے پس منظر کی وجہ سے سرمایہ کاری پورٹ فولیو کے سرمایہ میں اضافہ نہیں ہوا۔

تمسکات پورٹ فولیو مینجمنٹ (SPM)

ملکی اور عالمی سطح پر معاشی اور سیاسی غیر یقینی کی صورتحال بازارِ حصص کے استحکام کے اشارے نہیں دکھا رہا ہے؛ تجارت کا کم حجم، اور موجودہ ملکیتی سرمائے کے تمسکات پورٹ فولیو (equity securities portfolio) کا وہیٹڈ اوسط (weighted average) لاگت، نا مساعد حالات اور سرمایے ماحصل کے گنے چنے مواقعوں کی وجہ سے پہلے ہی منافع بخشی کو متاثر کر چکا تھا۔

سال کے دوران، ملکیتی سرمایہ کے تمسکات پورٹ فولیو(SPM) میں منقسمہ منافع(dividend) کی آمدنی میں اضافہ دکھایا ۔ انتظامیہ، ملکیتی سرمایہ AFS پورٹ فولیو کا مسلسل جائزہ لیتی رہتی ہے اور کوشش کر رہی ہے کہ پورٹ فولیو کو متنوع (diversified) اور متحرک (dynamic) بنایا جائے۔ سال کے اختتام پر خرابی (impairment)کا اضافی خرچہ 95.69 ملین روپے تھا جس میں سے متعلقہ حصص کی فروخت سے 27.06ملین روپے واپس ہو چکے ہیں۔

کم سے کم سرمایہ کی پا بندی (MCR) میں کمی کی وجہ سے عائد پابندیوں کے باوجود ہمارے ملکیتی سرمایہ کے تمسکات پورٹ فولیو(SPM) کےشعبے نے مجموعی خطرہ کے لیے رغبت اور دستیاب وسائل بنیاد پر تقریباً 3.01 فیصد کی آمدنی دکھائی۔

پس منظر سے معاونت کرنے والے دفاتر (خطرے کو کنٹرول کرنے والے فنکشنز)

عالمی وبا ء کے دوران نقل و حرکت پر سخت پابندیوں کے ساتھ خطرے کے کنٹرول کرنے کے فنکشنز نے اپنا کام عمدگی سے سرانجام دیا اور محدود وسائل اور کم عملے کے ساتھ رہتے ہوئے کمپنی کے آپریشن کو یقینی بنایا۔ دوسرے شعبوں کی فعال ٹیموں نے، اول تا آخر ، کاروباری سرگرمیوں کو نتیجہ خیز بنانے میں معاونت فراہم کی۔ ایسی مشکل صورتحال منفرد تھی، اس لیے غیر روایتی حل تیار کئے گئے خاص طور پر زندگی میں ایک دفعہ، گھر سے کام کرنے کا تجربہ جو بالکل نیا تھا اور کامیاب تھا۔ مربوط کوششوں سےکاروبار کے مقاصد حاصل کیے، جبکہ ایک مؤثر کاروبار کے تسلسل کے منصوبے کے تحت آپریشن سے متعلق خطرات کو کم کیا اور کاروباری سرگرمیوں کا تسلسل بھی جاری رکھا۔

مالیاتی نتائج اور مالیاتی صورتحال کا مختصر خلاصہ درج ذیل ہے؛

	2021		2020
اختتام سال کے بقایا جات	**پاکستانی روپے 000 میں**		
کل اثاثہ جات	**40,621,202**		37,010,462
کل مالیاتی واجبات	**35,046,344**		31,047,397
خالص اثاثہ جات	**5,574,858**		5,963, 065
حصص کنندگان کا ملکیتی سرمایہ (خالص)			
ادا شدہ سرمایہ	8,141,780		7,871,780
ذخائر	**380,654**		372,477
اثاثہ جات دوبارہ قدر پیمائی پر (کمی)/ اضافہ - محصول کا خالص	**(847,361)**		(281,624)
جمع شدہ مجموعی نقصان	**(2,100,215)**		(2,134,569)
شیئرز سبسکرپشن پر ایڈوانس	**-**		135,000
مجموعہ	**5,574,858**		5,963,066

برائے سال			
منافع/ (نقصان)قبل از محصول	**42,467**		459,973
نافع/ (نقصان) بعد از محصول	**40,883**		304,138
آمدنی/(نقصان) فی حصص (پاکستانی روپے)	**50.63**		443.23

مالی سال 2021 میں کمپنی نے منافع بعد از محصو ل کا 20 فیصد کی مالیت کے مساوی رقم لازمی ذخائر میں منتقل کر دیا ہے جو مروجہ قانونی ضروریات کے مطابق ہے۔

کمپنی کو کم سے کم سرمایہ رکھنے کی ضرورت(MCR) میں در پیش کمی کو مدِنظر رکھتے ہوئے منقسمہ آمدنی (بونس یا نقد) کی حصص یافتگان میں تقسیم کے لیے کسی رقم پر غور نہیں کیا جا سکا ہے۔ تاہم ہم پر اعتماد ہیں کہ جیسے ہی ایک مرتبہ 2 ارب پاکستانی روپے کے سرمایہ کی فراہمی کا معاملہ مکمل ہوا جس سے کمپنی کی MCR کی تعمیل بھی مکمل ہوتے ہی کمپنی مناسب منافع کمانے لگے گی اور اس قابل ہو گی کہ اپنے حصص کنندگان کی منقسمہ منافع تقسیم کر سکے گی۔

سال 2021 کے لیے پاکستان کی کریڈٹ ریٹنگ ایجنسی (PACRA)نے پاک لیبیا کی گذشتہ سال کی کریڈٹ درجہ بندی کو برقرار رکھا جو درج ذیل ہے.تاہم، مسلسل کوششوں اور پابندی سے بنیادی مسائل کے حل پر توجہ رکھنے کے نتیجے میں کمپنی کے مستقبل کا منظر نامہ میں بہتری ہونے پر منفی سے مستحکم ہو گئی ہے جو درج ذیل ہے ؛

قلیل المدت A1+

طویل المدت AA-

یہ درجہ بند یاں قرضہ جات کی وصولیابی کے کم خطرے کی نشاندہی کرتی ہے اور مالیاتی ادائیگیوں کی یقین دہانیوں کی بروقت ادا کرنے کی انتہائی مضبوط صلاحیت کو ظاہر کرتی ہیں

اداراتی اور مالیاتی رپورٹنگ کے ڈھانچے پر بیان

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت ، عملی امور کے نتائج، نقد بہاؤ (cash flows,) اور ملکیتی سرمائے (equity) میں تبدیلی بہتر طور پر پیش کرتے ہیں۔
- کمپنی نے موزوں کھاتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں یکساں طور پر اپنائی گئی ہے اور اکا ؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط تخمینوں پررکھی ہے۔ مزید یہ کہ ان پالیسیوں میں تبدیلیوں کو مناسب طور پر مالیاتی گوشواروں میں بیان کیا گیا ہے۔
- پاکستان میں ترقیاتی مالیاتی اداروں (DFIs)پر قابلِ اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں۔
- کمپنی کی ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- مستقبل میں محصول کی غیر یقینی ضروریات کو مالیاتی دستاویزات میں ظاہر کر دیا گیا ہے۔
- اداراتی نظم و ضبط کی بہترین مشقوں (practices) سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- اندرونی نگرانی کا نظام اور اندرونی نگرانی کی مالیاتی رپورٹنگ کا ڈیزائن مضبوط ہے اور اس کا موئثر طور پر نفاذ کیا جا چکا ہے اور نگرانی کی جاتی ہے۔

- گذشتہ چھ سالوں کے آپریشنل اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

اداراتی سماجی ذمہ داری

کمپنی ہمیشہ سے اپنی سماجی ذمہ داری پوری کرنے کے لیے سرگرم رہی ہے اور مستقبل میں بھی اس محاذ پر کوششیں جاری رکھے گی۔ تاہم، کمپنی کی کار کردگی کے باوجود، ہم بینک دولت پاکستان کے کم سے کم سرمایہ کی پابندی اور SBP محتاطیہ و ضوابط (Prudential Regulations) کی وجہ سے ہم نمایاں اور معروف خیراتی اداروں کی مدد نہیں کر سکے۔

سبز بینکاری کا آغاز

کمپنی سبز بینکاری کی پالیسی اپنا چکا ہے، جس کے تحت پاک لیبیا نئے منصوبوں کے لیے قرضہ کی فراہمی کے لیے متعلقہ دستاویزات طلب کرتا ہے جن کو ماحول کے تحفظ ایکٹ میں بیان کیا جا چکا ہے جبکہ موجودہ قرضہ جات میں، انتظامیہ ماحول کی ایجنسیز کے تشکیل کردہ ماحول کے معیار کی کسوٹی کی پیروی کا اندازہ لگاتی ہے۔ کسی موقع پر، جہاں قرض لینے والا ماحول کے متعین کسی کسوٹی کی تعمیل نہیں کرتا، تو کمپنی اس کی حوصلہ افزائی اور معاونت کرتی ہے کہ وہ ماحول کے تحفظ کے لیے بہتر اقدامات کرے۔

انتظامیہ سبز بینکاری آفیسر نامزد کر چکی ہے اور گرین بینکاری آفس کی قیام کے مراحل میں ہے تاکہ وہ گرین بینکاری کی سرگرمیوں اور پیشرفتوں کے بارے میں اعداد و شمار / معلومات جمع اور ان کا انضمام (consolidate)کرکے اعلیٰ انتظامیہ/بورڈ اور SBP کوان کے طلب کرنے پر فراہم کرے ۔

صارف کی شکایتوں کے تدارک کا طریقہ کار (Mechanism)

کمپنی اپنے گاہکوں کو معیاری خدمات اور بلند ترین سطح کے اطمینان فراہم کرنے کے لیے پر عزم ہے اس کے لیے باقائدہ پالیسی اپنا چکی ہے اور گاہکوں کی شکایات کے تدارک کے لیے ایک طریقہ کار وضع کر چکی ہے۔ انتظامیہ نے شکایت کے تدارک کے طریقہ کار (mechanism) کے ذریعے سے اس بات کو یقینی بناتی ہے کہ شکایات کا بروقت ازالہ ہو جائے اور جہاں تک ممکن ہو شکایات کےاعادہ کو روکا جائے۔

تمام شکایات سربراہ HRA اور SVP (RMRC) کی زیر نگرانی مرکزی شکائت مینجمنٹ سسٹم کے ذریعے نپٹائی جاتی ہیں۔

بورڈ کی ساخت

سال کے دوران بورڈ کی کوئی آسامی موجود نہیں تھی۔

بورڈ کی کارکردگی کا جائزہ

کمپنی نے بورڈ کے ارکان کی کارکردگی جانچنے کی ذمہ داری ، پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG)، جو ایک بورڈ کے ارکان کی کارکردگی کے تخمینے کے لیے ماہر انسٹیٹیوٹ ہے، کو سونپ دی ہے۔ بیرونی تخمینہ کار، بورڈ کی مجموعی کارکردگی کے بارے میں ایک آزادنہ اور مخصوص نقطہ نظر دیتا ہے۔ بورڈ کا چیر مین کارکردگی کے بارے میں نتائج کی اطلاع تمام بورڈ ارکان کو دیتا ہے۔

خطرے سے نپٹنے کا انتظامی ڈھانچہ (Risk Management Framework)

کمپنی کے رسک مینجمنٹ کی ساخت کی نگرانی بورڈ کی رسک مینجمنٹ کمیٹی (BRMC)کرتی ہے جس نے اس کی مزید ذمہ داری، مینجمنٹ رسک مینجمنٹ کمیٹی (MRMC) کو سونپی ہے کہ وہ کمپنی کے مجموعی کاروباری

طلب کی بنیاد پر اس کو در پیش خطرات کا تخمینہ لگائے اور ان کو کم کرنے کے لیے حکمتِ عملی بنائے اور عملی اقدام کرے۔

کمپنی کے قرضہ پالیسی اور قرضہ کی ہدایات کے کتا بچے (manual) میں خطرات اور قوائد و ضوابط کے تبدیل ہوتے ہوئے ماحول کے مطابق ا ترمیم یا تجدید کر دی گئی ہے اور ان کا نفاذ کیا جا رہا ہے تاکہ ہر گاہک جو خطرہ اپنے ساتھ لاتا ہے اس کی تسلسل سے بہتر اور جامع قدر پیمائی کی جاتی رہے۔ متعلقہ خطرات کی قدر پیمائی کے لیے Obligor Risk Rating Model اور Facility Risk Rating Model کا تبدیل شدہ ڈیزائن مقاصد کا بھر پور احاطہ کرنے کے لیے اندرونی خطرے کی درجہ بندی کے نمونے (Internal Rating Model) پر زور دیتا ہے۔ نتیجتاً، خطرے کے جذب ہونے کی مخصوص حدود کو شامل کرنے کے لیے مزید وضاحت کی جا چکی ہے۔ مزید یہ کہ نگرانی اور رپورٹنگ کے طریقہ کار کو بھی مضبوط کر دیا گیا ہے جس کا مقصد مجموعی قرضوں کے خطرات کے انتظامی طریقِ عمل کو بہتر کیا جانا ہے۔

ہمارا خیال ہے کہ سال کے دوران بنا رکاوٹ کے آپریشن کے کاموں کو جاری رکھنے کے لیے مستحکم نظام نہایت اہم ہے۔ اس لیے کسی بھی ناگہانی طور پر در پیش خطرے کے لیے چوکس رہنے اور اپنے کاروبار کے آپریشن کے تسلسل کو یقینی بنانے کے لیے ہم نے، BCP سائٹ کو برقرار رکھا ہے۔ مزید یہ کہ قوائد کی تعمیل کے ساتھ ساتھ کوئی حادثہ جس کا تدارک فوری ضروری ہو اور اپریشنل رسک میکنزم کے مؤثر ہونے کی قدر پیمائی کے لیے آپریشنل رسک کا ڈیٹا بیس با قائدگی سے رکھا جا رہا ہے۔

عملی سرگرمیوں سے پیدا ہونے والے خطرے کے انتظام کو مدِنظر رکھتے ہوئے ہم پوری کمپنی میں ہر کاروباری یونٹ کے کاروبار کے تسلسل کے لیے دستاویزی منصوبے کو باضابطہ بنا چکے ہیں۔ سال کے دوران ہم نے مروجہ بہترین مشقوں (practices) اور رپورٹنگ کی ضروریات کو مدِنظر رکھتے ہوئے اپنے اندرونی نگرانی کے نظام کو مضبوط کرنے کا عمل جاری رکھتے ہوئے متعدد اقدامات کئے اور مزید بہتر ی کے ساتھ مربوط IT سسٹم نافذ کیا جا چکا ہے ۔ علاوہ ازیں ہماری تعمیل ، رسک مینجمنٹ اور مجموعی اندرونی نگرانی کا نظام مضبوط ہے اور SBP کی ہدایات کا نفاذ اور مالیاتی رپورٹنگ (ICFR) کے لیے اندرونی نگرانی کا ڈھانچہ مستحکم ہے۔

مارکیٹ رسک فنکشن نے مارکیٹ سے متعلق خطرات کی نگرانی جاری رکھی۔ دباؤ کے جانچ (Stress Testing) کا ستعمال جاری ہے تاکہ موجودہ قرضہ جات کو درپیش اہم خطرات کے ممکنہ اثرات کا اندازہ لگایا جا سکے۔ ترمیم شدہ مارکیٹ رسک پالیسی بمع مفصل شرح سود کے نرخ کا نفاذ کیا جا چکا ہے۔ مجموعی مارکیٹ رسک مینجمنٹ کے ڈھانچے سودی نرخ کے خطرات کے لئے نگرانی اور رپورٹنگ کے رہنما اصول کو بڑھا دیا گیا ہے۔

کمپنی کے پاس سیا لیت (liquidity) مینجمنٹ پالیسی کے علاوہ سیالیت رسک مینجمنٹ پالیسی بھی موجود ہے۔ تبدیل شدہ سیالیت رسک مینجمنٹ کی ہدایات کےکتابچے میں سیالیت کے لیے تفصیلی اور جامع ہنگامی پلان شامل ہے۔

کمپنی نے پورے سال میں Basel-II اور Basel-III کی ضروریات کے مطابق اپنےشرح کفایت شعاری (CAR) کوضوابط میں دیئے گئے معیار سے بھی بلند درجے پر برقراری جاری رکھی ہے۔ اندرونی سرمایہ کی موزونیت کے تخمینہ کے پراسس (ICAAP) کے ڈھانچہ کا SBPکے فراہم کردہ رہنما اصولوں کی روشنی میں جائزہ لیا گیا تاکہ پراسس کو مضبوط اور مؤثر بنایا جا سکے۔ مزید یہ کہ SBP کے 6 ارب کے کم سے کم سرمایہ کی دستوری پابندی (MCR) کی تعمیل کے لیے کوششیں جاری ہیں ۔ MoF اور LAFICO (دونوں حصص کنندگان ہیں) نے اضافی ملکیتی سرمایہ کو ڈالا ہے تاکہ کمپنی میں نقصان برداشت کرنے کی استعداد ، ہموار آپریشن اور طویل المدت تسلسل سے جاری رہنے والی نمو میں اضافہ کیا جا سکے۔ اس سلسلے میں کمپنی کا منظور شدہ کیپٹل بڑھا کر 10 ارب روپے کر دیا گیا ہے۔

کمپنی کے پورٹ فولیو کی نمو کی موئثر نگرانی کی جا رہی ہے تاکہ ہر اہم /متعلقہ ایریا میں اس کی متعین حدود کے ذریعے سے خطرات کے ارتکاز (concentration) کو روکا جا سکے۔ محتاط ضوابط میں ترمیم ، اگر کوئی واقع ہوئی یا ہو گی تو، اس کے بعد ان حدود کو بھی با ضابطہ طور سے تبدیل کر دیا گیا ہے یا کر دیا جائے گا۔ کمپنی کا

ارادہ ہے کہ کاروبار کی ترقی کے لیے براہِ راست شمولیت کے ذریعے اور خطرہ میں اپنا حصہ ڈالے ۔ رسک مینجمنٹ فنکش رسک کے طے شدہ مثبت نکات پر مستعد ی سے حصہ لیتا ہے۔

سال کے دوران کمپنی نے تعمیل کے پروگرام کے کو مستحکم کرنے کا عمل جاری رکھا اور اس کے ساتھ مناسب KYC/ AML کے کنٹرول لاگو کیے اور وہ ضوابط کی تعمیل کو یقینی بناتے ہیں اور انتظامیہ کی آگاہی تعمیل (compliance) کمیٹی کے فورم کے ذریعے کرتے رہتے ہیں۔ تمام پالیسیاں، طریق کار اور مالی مصنوعات کا جائزہ تعمیل کے تناظر میں لیا جاتا ہے اور اس کے ساتھ ریگولیٹری اتھاریٹیز کے ساتھ تعلقات برقرار رکھے جاتے ہیں۔

کمپنی کا مجموعی مالیاتی خطرے سے نپٹنے کا ڈھانچہ مضبوط ہے۔ کمپنی اپنے رسک منیجمنٹ اور اندرونی کنٹرول ڈھانچے کو مزید بہتر اور مضبوط کرنے کے عمل کو جاری رکھے ہوئے ہے۔

اندرونی کنٹرول پر بیان

کمپنی کے مقاصد کو حاصل کرنے کے لیے ایک مضبوط اندرونی کنٹرول کا نظام موجود ہے اور اس میں کاروبار کی ضروریات اور آپریشن کے ماحول میں تبدیلی کی روشنی میں مسلسل بہتری لائی جا رہی ہے۔ انتظامیہ اندرونی کنٹرول بمع مالیاتی رپورٹنگ کا اندرونی کنٹرولز کا اندازہ لگا چکی ہے اور اس کو مؤثر قرار دے چکی ہے جس کی توثیق بورڈ نے بھی کردی ہے۔ کمپنی کے مضبوط کنٹرول کے ماحول کو مد نظر رکھتے ہوئے بینک دولت پاکستان نے کمپنی کو سالانہ بیرونی محتسب کے مالیاتی رپورٹنگ کے اندرونی کنٹرول (ICFR) کے طویل فارم کو جمع کروانے سے استثنیٰ کی منظوری دی ہوئی ہے۔

محاسبین (Auditors) کا اپنی آڈٹ رپورٹ پر تبصرہ

کمپنی کے بیرونی محاسبین (External Auditors) نے سمٹ بینک (کاؤنٹر فریق) کی معیادی مالکاری وثیقہ (TFC's) میں سرمایہ کاری جس کی مالیت 398.58 ملین روپے ہے اس پر اپنی qualified رائے دے دی ہے جس کا حوالہ منسلک مالیاتی دستاویزات کے نوٹ نمبر 8.2.6 دیا گیا ہے جس میں وہ معیادی مالکاری وثیقہ (TFC's) کی وصولی کے سلسلے میں کافی، مناسب آڈٹ کی شہادت حاصل نہ کر سکے۔ علاوہ ازیں انہوں نے اپنی آڈٹ رپورٹ میں مذکورہ اضافی پیراگراف پر نوٹ 13 اور42.2 کا حوالہ دیتے ہوئے منسلک مالیاتی دستاویزات کمپنی کے " کاموکی انرجی لمیٹڈ (KEL)" کے تصفیئے کے منصوبے پر عمل پر زیادہ زور دیا ہے ۔محاسبین (Auditors) کی رائے مذکورہ بالا معاملے پر qualified نہیں ہے۔

محاسبین (Auditors) کا اداراتی نظم و ضبط کی بہترین مشقوں (Practices) پر ان کی جائزہ رپورٹ میں تبصرہ

محاسبین (Auditors)نے اپنی جائزہ رپورٹ میں اداراتی نظم و ضبط کارکردگی کی بہترین مشقوں (Practices) پر کسی مادی عدم تعمیل کی نشاندہی نہیں کی ہے۔

پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کا بیان

31 دسمبر 2020 پر آڈٹ شدہ گوشواروں کی بنیاد پر پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کی مالیت (علاوہ بینک میں نقد رقم) بالترتیب 122.49 ملین پاکستانی روپے اور 141.22 ملین پاکستانی روپے رہی۔

بورڈ کے اجلاس اور بورڈ کی ذیلی کمیٹی کے اجلاس کی حاضری اور ان کی رکنیت کی تفصیلات

سال کے دوران بورڈ کے ناظمین کے 5 اجلاس ہوئے اور ان میں ڈائریکٹرز کی شرکت کی تفصیلات درج ذیل ہیں ۔

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی ۔عمر	چیئرمین	5	5
ڈاکٹر محمد طاہر نور	ڈائریکٹر	5	5
جناب ابرار احمد مرزا	ڈائریکٹر	5	5
جناب عبدالفتح عشور علی ایجائیدی	ڈائریکٹر	5	5
جناب خرم حسین	ناظم اعلیٰ (Managing Director)	5	5
جناب خالد جمعہ الزرزور	نائب ناظم اعلیٰ (Deputy Managing Director)	5	5

آڈٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران آڈٹ کمیٹی کے 4 اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
ڈاکٹر محمد طاہر نور	چیئرمین	4	4
جناب ابرار احمد مرزا	رکن	4	4
جناب عبدالفتح عشور علی ایجائیدی	رکن	4	4

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران رسک مینجمنٹ کمیٹی کے دو اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں ؛

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب ابراراحمد مرزا	چیئرمین	2	2
جناب عبدالفتح عشور علی ایجائیدی	رکن	2	2
جناب خالد جمعہ الزرزور	رکن	2	2

انسانی وسائل کمیٹی کے اجلاس کی تفصیلات

سال کے دوران بھرتی اور معاوضہ کمیٹی کا کوئی اجلاس نہیں ہوا؛

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی ۔ عمر	چیئرمین	-	-
ڈاکٹر محمد طاہر نور	رکن	-	-
جناب عبدالفتح عشور علی ایجائیدی	رکن	-	-

کریڈٹ /سرمایہ کاری کمیٹی کے اجلاس کی تفصیلات

سال کے دوران کریڈٹ/سرمایہ کاری کمیٹی کا کوئی اجلا س منعقد نہیں ہوا ۔

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی ۔ عمر	چیئرمین	-	-
ڈاکٹر ابرار احمد مرزا	رکن	-	-
جناب خرم حسین	رکن	-	-

محاسبین

موجودہ محاسب میسرز گرانٹ تھورٹن انجم رحمان (گرانٹ تھورٹن انٹرنیشنل سے منسلک ادارہ) ، چارٹرڈ اکاؤنٹینٹس ، کی مدت معاہدہ ختم ہوگئی ہے اور مسلسل پانچ سال آڈٹ کی مدت مکمل کر چکے ہیں۔ آڈٹ کمیٹی نے نئے محاسب ، 31 دسمبر2022 تک کے لیے انتخاب کرنے کی تجویز دی ہے جس کی بورڈ کے ناظمین نے توثیق کر دی ہے۔

حصص کی ملکیت رکھنے کا رجحان

حصص کنندگان	حصص کی ملکیت(٪)
گورنمنٹ آف پاکستان بذریعہ وزارت مالیات /بینک دولت پاکستان	50
گورنمنٹ/ریاست آف لیبیا بذریعہ لیبئین فارن انویسٹمنٹ کمپنی (LAFICO)	50
کل	**100**

کمپنی کی امیدِ مستقبل (Company Outlook)

جاری عالمی وباء کے نتیجے میں معاشی تعطل سے ملک بھر میں کاروبار کے لیے غیر معمولی غیر یقینی کی صورتحال پیدا ہو گی ہے۔ اس صورتحا ل سے توانائی کی خریداری کے معاہدوں کو مکمل ہونے اور ان پر دستخط ہونے میں خاصہ تاخیر ہوئی ہے، اس لیے کمپنی کو 364.7ملین روپے کو تموین (provision) کرنا پڑا اور اس وجہ سے تمام سال کی منافع بخشی (profitability) کا خاصہ حصہ اس مد میں استعمال ہوگیا۔ اسصورتحال کے باوجود کمپنی نے اپنے کچھ تزویراتی (strategic) مقاصد حاصل کرنے میں بہت زیادہ لچک دکھائی ہے۔

تاہم، پھنسے ہوئے فنڈز کی بروقت وصولی کے لیے انتظامیہ اب بھی غیر بینکاری اثاثہ جات بہترین طریقہ کار پر غور کر رہی ہے۔ پاور پلانٹ(غیر بینکاری اثاثہ جات) کی فروخت، امانت کو بطور مستحکم فنڈز کے زریعہ کےمتحرک کرنا اور قرضداری پورٹ فولیو میں اضافہ کرنا کمپنی کی بنیادی سرگرمی ہے، اور ہم سمجھتے ہیں اور یقین رکھتے ہیں کہ کمپنی اپنے تسلسل سے منافع بخشی (profitability) اور طویل المدت نمو کے اہداف حاصل کرنے کے قابل ہو گی۔

معیادی مالکاری وثیقے (TFCs) میں کی گئی سرمایہ کاری جن کی مالیت 398.58 ملین روپے ہے،اس سرمایہ کی وصولیانی (recoverability) کے حوالے سے، اس کے جاری کرنے والے بینک کے ارادے اور ادائیگی کی صلاحیت کے بارے میں کمپنی کی انتظامیہ مجموعی صورتحال کا تجزیہ کیا ؛ نتیجتاً اس کا خلاصہ یہ ہے کہ دونوں عناصر موجود ہیں جیسا کہ وہ قرضہ (debt) تسلیم کرتے ہیں اور اس کے آپریشن پر کوئی پابندی نہیں ہے، اس ادائیگی میں تاخیر کی وجہ " کم سے کم کیپیٹل کی ضروریات " کا پورا نہ ہونا ہے۔اس سلسلے میں بینک دولت پاکستان، TFCs کا اجراء کنندہ بینک کو 27 اکتوبر 2021 تک کی حتمی منظوری دے چکا ہے، تاہم اس کے اجراء کرنے والے بینک نے درخواست کی ہے کہ اسے علحدہ سے 27 اکتوبر 2022 تک کی مدت کی اصولی منظوری (سابقہ سال کی طرح) دی جائے۔ اس لیے کمپنی کی انتظامیہ نے مذکورہ TFCs پر بے بنیاد (subjective) خدشات کی بناء پر اس خرابی (impairment) کی تلافی فراہم نہیں کی ہے جس کی وجہ حالیہ پیش رفت اور مذاکرات جاری ہیں کہ اس معاملے کا باہمی رضامندی سے حل ہو اور رقم کی مکمل وصولی۔

ہماری کمپنی ، جو ایک ترقیاتی مالی ادارہ (DFI)ہے، اس کے کاروبار کا ایک مخصوص ماڈل ہے، اس لیے ، کاروبار کے پہلو اور تجارتی فہم (sense) کو نظر انداز نہیں کیا جا سکتا۔ کمپنی کافی منافع حاصل کر پائی جس نے یہ ممکن بنایا کہ کمپنی تقریباً 460 ملین روپے کی غیر بینکاری اثاثہ جات اور AFS ملکیتی سرمایہ کے تمسکات (securities)پورٹ فولیو کی مد میں تموین (provisions) کو جذب کر سکے اور اپنی کم از کم MCR کی تعمیل کی حیثیت کو بھی برقرار رکھے۔ ہمار ا یقین ہے کہ مزید نقصان اور ان کی واپسی (reversal) یا مذکورہ بالا معاملات میں مزید ترمیم کا مطلب کاروباری سوجھ بوجھ کی کمی ہوگی۔ تاہم، سرمایہ کے انتظام کے سلسلے میں موجودہ اور آنے والے ضوابطی شرائط، اس کے اثرات (leverage) اور سیالیت کے ساتھ ہم نے ان کو اپنانے کے لیے جو اقدامات کیے ہیں وہ کمپنی کی طویل المدت تسلسل سے نمو اور مجموعی طور پر ایک زیادہ لچکدار مالیاتی نظام کی تشکیل کے لیے اہم ہیں۔

انتظامیہ کمپنی کے منافع بخش آپریشن بشمول مشکلات کا شکار اور ناکارکردگی دکھانے والے اثاثہ جات ، جو ایک ممکنہ آمدنی کا ذریعہ ہیں کی وصولیابی کے لیے تمام ممکنہ حل پر توجہ دے رہی ہے۔ علاوہ ازیں، کمپنی کی سیالیت (liquidity) کا خلا کو پورا کرنے اور غیر یقینی صورتحال کے لیے فنڈ کرنے کی منصوبہ بندی کو یقینی بنانے کے لیے ایک طویل مدت کی نئی کریڈٹ لائن کے لیے مذاکرات جاری ہیں۔ مزید یہ کہ کمپنی نے اپنے کاروبار کے ماڈل، اثاثہ جات کے آمیزہ (mix) اور دستیاب وسائل پر نظر ثانی کی ہے تاکہ منافع بخشی پر مناسب اثرات ہوں اور دستوری ضروریات کی تعمیل کے ساتھ ساتھ طویل المدت تسلسل سے جاری رہنے والی نمو کو حاصل کیا جا سکے۔

انتظامیہ کی جانب سے کی جانے والی کوششوں کی بنیاد پر ہم کمپنی کی مستقبل میں ترقی، منافع بخش ہونے اور اس کے تسلسل کے بارے میں بہت پرامید ہیں۔

ستائش

بورڈ اور انتظامیہ کی جانب سے، ہم اپنے گاہکوں اورپاک-لیبیا کے تمام شرکاء مفاد (stakeholders) کا کمپنی پر مسلسل اعتماد کرتے رہنے پر اظہار ممنونیت کرتے ہیں۔ ہم اپنے حصص یا فتگان: LAFICOاور بینک دولت پاکستان بشمول وزارت خزانہ کی مسلسل حمایت اور رہنمائی اور کمپنی کے ملازمین کے مسلسل اعتماد اور وفاداری کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

خرم حسین	**خالد جمعہ الزرزور**
مینجنگ ڈائریکٹر اور CEO	ڈپٹی مینجنگ ڈائریکٹر

10 مارچ 2022

گذشتہ چھ سالوں کا اہم آپریشن اور مالیاتی اعداد و شمار

	پاکستانی روپیے ملین میں					
مالی سال	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
مجموعئی منظوریاں*	5,784	4.401	2,357	2,313	2,427	1,613
فراہمی قرضہ جات	2,757	2,500	1,767	2,540	1,799	986
سرمایہ کاری- خالص	2,929	5,907	7,188	2,132	-	2,891
وصولیابیاں – اصل	2506	1,031	1,598	2,151	1,001	1,190
واگذاری (Redemption)-سرمایہ	616	698	672	259	225	540
مجموعئی آمدن	2,988	3,713	1,954	1,507	1,335	1,298
خالص سودی آمدن	606	713	77	260	265	313
خالص نفع/نقصان قبل از محصول	42	460	(277)	(261)	84	1,032
محصولات- خالص	2	156	27	62	36	241
خالص نفع/نقصان بعد از محصول	41	304	(304)	(323)	48	791
حصص کنندگان کا ملکیتی سرمایہ- خالص	5,575	5,963	5,254	4,168	4,555	4,761
کل اثاثہ جات	40,621	37.010	29,089	20,428	19,163	18,895
افرادی قوت (تعداد) **	98	104	103	106	111	106

* دوبارہ کی جانے والے سرمایہ کاری شامل ہے

** ٹھیکہ پر کام دئے جانے والا عملہ شامل ہے

نوٹ: متعلقہ سالوں کے اعداد واشمار میں دوبارہ بیان کے اثرات شامل ہیں (جیسا کہ قابل اطلاق ہے)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAK LIBYA HOLDING COMPANY (PRIVATE) LIMITED

Report on the audit of the financial statements

Qualified Opinion

We have audited the annexed financial statements of **Pak Libya Holding Company (Private) Limited** (the Company), which comprise the statement of financial position as at **December 31, 2021**, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the profit and loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

As disclosed in (refer note 8.2.6) (TFC) amounting to Rs. 398.58 million (2020: Rs. 398.58 million) comprising 79,955 units. The repayment of principal and interest on these TFCs are outstanding since 2018. On the basis of limited information available, we were unable to obtain sufficient appropriate audit evidence to determine the recoverability of these TFCs. There are no other sufficient alternative audit procedures that we could adopt to determine whether any allowance for non-recovery of the amount should be made in these financial statements for the year ended December 31, 2021. Adjustment to the figures described above might have consequential effects on the Company's profits for the year ended December 31, 2021 and the financial position of the Company as at December 31, 2021, disclosures presented in note 46 to the financial statements related to minimum capital requirement.

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Emphasis of Matter

We draw attention to the following matter:

Refer note 13.1 & 42.2 to the accompanying financial statements relating to the company's plan and actions for disposal of asset relating to Kamoki Energy Limited (KEL).

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion except for the effects of the matters discussed in Basis for Qualified Opinion paragraph, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017) have been found adequate for the purpose of our audit;

b) the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Company and the transactions of the Company which have come to our notice have been within the powers of the Company; and

d) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: 25th March 2022

UDIN: AR202110126MigBDFUR9

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices of Corporate Governance (the Statement) prepared by the Board of Pak-Libya Holding Company (Private) Limited (the Company) for the year ended December 31, 2021. The Code of Corporate Governance is no longer applicable on Development Finance Institutions (DFI's) vide BPRD Circular no. 14 dated October 20, 2016 issued by the State Bank of Pakistan. However, DFI's are expected to continue to follow the best practice on corporate governance.

The responsibility for voluntary compliance with the Statement is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of compliance reflects the status of the Company's compliance with the provisions of the Statement and report if it does not and to highlight any non-compliance with the requirement of the Statement. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Statement.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risk.

As a best practice, the Company place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length priced recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices of corporate governance followed by the Company for the year ended December 31, 2021.

Date : 28th March 2022
Karachi

UDIN: CR202110126pxPQ7Bi6K

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

PakLibya

STATEMENT OF INTERNAL CONTROLS
FOR THE YEAR ENDED 31 DECEMBER 2021

OVERVIEW OF INTERNAL CONTROL SYSTEM

It is the responsibility of the Company's management to establish and maintain a sound system of internal controls that helps in effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control system comprises of various inter-related components including Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

Due to inherent limitation, internal controls may not prevent or detect and correct, misstatements. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Following is the brief on the internal control systems:

- Management identifies control objectives for key areas, makes necessary policies and procedures for effective controls and ensures implementation of the same.
- Policies for various key areas have been made which have been approved by the Board of Directors.
- Policies and procedures are reviewed and amendments are made to continuously bring required improvements in the same from time to time.
- The Company has internal audit function which reports to the Audit Committee and reviews the application of policies and procedures and ensures identification for rectification of control weaknesses (if any).
- On a regular basis, observation of control environment, appropriate test of transactions, sharing of findings of internal control systems and implementation of relevant appropriate corrective actions are carried out.
- The observations and weaknesses identified and reported by the auditors (internal, external and the State Bank of Pakistan (SBP)) are duly taken into account by the management and necessary control measures are taken to avoid repetition of those observations and exceptions.
- Management endeavors to ensure timely and satisfactory response to the recommendations and suggestions made by the auditors and the same are periodically reviewed for implementation by the internal audit department.
- Budgets and plans are approved by the Board of Directors which are monitored for implementation on periodic basis.
- Due attention is given to enhance overall competence level and knowledge of the employees to achieve the desired level of internal control systems.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

- Documentation for Internal Controls Over Financial Reporting (ICFR) has been updated in current financial year, as well, to incorporate the updated status of processes and controls as a result of new operating activities and implementation of related controls/system. This is aimed to bring further improvement in the ICFR framework of the Company.
- SBP's instructions (specific or general) issued on the matter of ICFR from time to time are being complied at earliest possible timelines.
- The SBP has granted exemption, to the Company, from the requirement of Statutory Auditors' Long Form Report on ICFR. Consequently, the Company has been submitting the Audit

Committee's annual assessment report on the efficacy of the Internal Control over Financial Reporting as required under circular 'OSED Circular No. 01 of 2014' dated 7 February 2014.

EVALUATION OF INTERNAL CONTROL SYSTEMS INCLUDING INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's internal controls including internal controls over financial reporting are sound in design and are being effectively implemented and monitored. The Company has made efforts during the financial year 2021 to bring further improvements in the internal control systems through implementation of integrated Credit system and related automated controls. The new system is under user acceptance testing process therefore any gaps identified are being reviewed vis-à-vis in the internal control systems, including internal controls over financial reporting and are targeted to be completed at the earliest possible timeline.

-Sd/-

Khaled Joma Ezarzor

Deputy Managing Director

-Sd/-

Khurram Hussain

Managing Director & CEO

PakLibya

STATEMENT OF BEST PRACTICES OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

This statement is being presented to conform with the best practices of Corporate Governance which are being practiced by Pak-Libya Holding Company (Private) Limited ("the Company"). The Code of Corporate Governance (the Code) as framed by the Securities and Exchange Commission of Pakistan is not mandatory for the DFIs as per BPRD circular 14 of 2016 issued on 20 October 2016 by the State Bank of Pakistan (SBP).

The Company nevertheless, has applied the principles considered to be the best practices in Corporate Governance in the following manner:

1. As per the joint venture arrangement between Government of Pakistan (GoP) and Government of Libya (State of Libya), the Company's board of directors comprises of six directors with three directors nominated by each Government. The Company encourages representation of non-executive directors on its board of directors (the Board). At present the Board includes:

Category	Names
Executive Directors (two)	Mr. Khurram Hussain – Managing Director Mr. Khaled Joma Ezarzor – Deputy Managing Director
Non-Executive Directors (Four)	Mr. Bashir Blkasm Omer Mr. Abrar Ahmed Mirza Mr. Abdulfatah Ashour Ali Ejayedi Dr. Muhammad Tahir Noor

2. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.
3. The Company has prepared code of conduct and statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any finance facility to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
6. During the year, no vacancy existed on the Board. However, in January 2022, we have received new nominations from the LAFICO, which are in process of seeking approval from the SBP.
7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and relevant Rules, Regulations, Circulars/directions etc.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, Rules and respective Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

9. The Board of Directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Companies Act, 2017, Banking Companies Ordinance, 1962, Rules, Regulations, Circulars/Directions etc.

10. All directors were provided with an Orientation Package on their appointment. Currently, one director has completed the Director's Training Certificate under the Director's Training Program.

11. The appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms of employment are approved by the Board and have complied with relevant requirements of the Regulations.

12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.

13. The Board has formed committees comprising of members given below:

Committee	Name of Chairman / Members
Audit Committee	Dr. Muhammad Tahir Noor – Chairman Mr. Abrar Ahmed Mirza – Member Mr. Abdulfatah Ejayedi – Member
Risk Management Committee	Mr. Abrar Ahmed Mirza – Chairman Mr. Abdulfatah Ejayedi – Member Mr. Khaled Joma Ezarzor – Member
Human Resource Management Committee	Mr. Bashir B. Omer – Chairman Mr. Abdulfatah Ejayedi – Member Dr. Muhammad Tahir Noor – Member
Credit / Investment Committee	Mr. Bashir B. Omer – Chairman Mr. Abrar Ahmed Mirza – Member Mr. Khurram Hussain – Member

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the respective Committees for compliance.

15. The frequency of meeting of the committees, during the year, were as per follows:

Audit Committee	4
Risk Management Committee	2

16. The Board has set up an effective internal audit function.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the 'Quality Control Review Program' of The Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors confirmed that they have observed IFAC guidelines in this regard.

19. The SBP vide BPRD circular No. 05 of 2021 dated November 22, 2021, has intimated that Listed Companies (Code of Corporate Governance) Regulations are not applicable on DFIs, however, it is expected that all DFIs will continue to follow the best practices on corporate governance.

-Sd/-
Khaled Joma Ezarzor
Deputy Managing Director

-Sd/-
Khurram Hussain
Managing Director & CEO

Pak Libya Holding Company (Private) Limited

Financial Statements

For the year ended December 31, 2021

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	5	**110,575**	63,155
Balances with other banks	6	**197,264**	82,159
Lendings to financial institutions	7	**3,800,000**	3,400,000
Investments	8	**27,211,914**	24,912,515
Advances	9	**6,312,475**	5,674,009
Fixed assets	10	**96,472**	97,813
Intangible assets	11	**973**	1,964
Deferred tax asset - net	12	**434,796**	189,306
Non-banking assets acquired in satisfaction of claim - held for sale	13	**814,645**	1,179,360
Other assets	13	**1,642,088**	1,410,181
		40,621,202	37,010,462
LIABILITIES			
Bills payable	15	**-**	-
Borrowings	16	**30,149,418**	26,391,955
Deposits and other accounts	17	**4,576,353**	4,042,892
Liabilities against assets subject to finance lease	18	**-**	-
Sub-ordinated loans	19	**-**	-
Deferred tax liabilities	20	**-**	-
Other liabilities	21	**320,573**	612,550
		35,046,344	31,047,397
NET ASSETS		**5,574,858**	5,963,065
REPRESENTED BY			
Share capital	22	**8,141,780**	7,871,780
Reserves		**380,654**	372,477
(Deficit) on revaluation of assets - net of tax	23	**(847,361)**	(281,624)
Unappropriated / unremitted (loss)		**(2,100,215)**	(2,134,569)
Advance against shares subscription		**-**	135,000
		5,574,858	5,963,065

CONTINGENCIES AND COMMITMENTS 24

The annexed notes 1 to 51 and annexures I & II form an integral part of these financial statements.

Chief Financial Officer **Managing Director & CEO**

Director **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
Mark-up / return / interest earned	26	2,957,598	3,208,957
Mark-up / return / interest expensed	27	2,351,649	2,496,438
Net mark-up / interest income		605,949	712,519
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	15,797	15,183
Dividend income		80,017	55,339
Foreign exchange income		(7)	99
Income / (loss) from derivatives		-	-
(Loss) / gain on securities - net	29	(79,711)	428,909
Other income	30	14,058	4,070
Total non mark-up / interest income		30,154	503,600
Total Income		636,103	1,216,119
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	476,925	559,328
Workers welfare fund	24.3.9	-	-
Other charges	32	16,609	16,525
Total non mark-up / interest expenses		493,534	575,853
Profit / (loss) before provisions		142,569	640,266
Provisions / (reversal) and write offs - net	33	100,102	180,293
Extraordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		42,467	459,973
Taxation	34	1,584	155,835
PROFIT / (LOSS) AFTER TAXATION		40,883	304,138
		-------- (Rupees) -------	
Basic earnings / (loss) per share	35	50.63	443.23
Diluted earnings / (loss) per share	36	50.63	443.23

The annexed notes 1 to 51 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer **Managing Director & CEO**

Director **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		------------(Rupees in '000)------------	
Profit after taxation		**40,883**	304,138
Other comprehensive income - net			
Items that may be reclassified to profit and loss account in subsequent years:			
Effect of translation of net investment in foreign branches		-	-
Movement in (deficit) / surplus on revaluation of investments - net of tax*		(565,737)	(245,288)
Others		-	-
		(565,737)	(245,288)
Items that will not be reclassified to profit and loss account in subsequent years:			
Remeasurement gain on defined benefit obligations	39.8.2	2,997	5,367
Movement in surplus on revaluation of operating fixed assets - net of tax		-	-
Movement in surplus on revaluation of non-banking assets - net of tax		-	-
		2,997	5,367
Total comprehensive (loss) / income		(521,857)	64,217

*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes 1 to 51 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer	Managing Director & CEO
Director	Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital/ Head office capital account	Statutory reserve*	Surplus/(Deficit) on revaluation of		Unappropriated/ Unremitted profit/ (loss)	Total
			Investments	Fixed / Non Banking Assets		
	(Rupees in '000)					
Opening balance as at 1 January 2020	6,141,780	311,650	(36,336)	-	(2,363,577)	4,053,517
(Loss) after taxation for the year 2019	-	-	-	-	304,138	304,138
Other comprehensive income - net of tax	-	-	(245,288)	-	-	(245,288)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	60,828	-	-	(60,828)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	-	-	5,367	5,367
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	1,730,000	-	-	-	-	1,730,000
Stamp duty on shares issuance	-	-	-	-	(19,669)	(19,669)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 01 January 2021	**7,871,780**	**372,478**	**(281,624)**	**-**	**(2,134,569)**	**5,828,065**
Profit after taxation for the year 2021	-	-	-	-	40,883	40,883
Other comprehensive income - net of tax	-	-	(565,737)	-	-	(565,737)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	8,177	-	-	(8,177)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	-	-	2,997	2,997
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	270,000	-	-	-	-	270,000
Stamp duty on shares issuance	-	-	-	-	(1,350)	(1,350)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the year 2021	**8,141,780**	**380,654**	**(847,361)**	**-**	**(2,100,215)**	**5,574,858**

According to BPD Circular No. 15 dated 31 May 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve.

The annexed notes 1 to 51 and annexures I and II form an integral part of these financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		42,467	459,973
Less: Dividend income		(80,017)	(55,339)
		(37,550)	404,634
Adjustments:			
Depreciation	10.2	35,272	30,720
Amortization	11	1,075	1,226
(Reversal) of provision against lendings to financial institutions	7	(2,497)	-
Unrealised loss on revaluation of investments classified as 'held-for trading'		-	412
(Reversal) of provision/provision for diminution in the value of investments - net	8.3.1	(49,401)	17,811
(Reversal) of provision against loans and advances	9.4	(302,367)	(52,518)
Provision against non-banking assets acquired in satisfaction of claim - held for sale	13.2.1	364,715	-
(Reversal) of provision/provision against other assets	13.3.1	20,221	-
(Reversal) of provision/provision against contingencies	21	(215,000)	215,000
(Gain) on sale of operating fixed assets	30	(10,325)	(544)
		(158,307)	212,107
		(195,857)	616,741
(Increase) / decrease in operating assets			
Lendings to financial institutions		(47,503)	50,000
Held-for-trading securities		14,803	(7,313)
Advances		(336,100)	(1,096,340)
Others assets (excluding advance taxation)		34,168	26,809
		(334,632)	(1,026,844)
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		3,757,463	4,477,808
Deposits		533,461	2,491,872
Other liabilities		(73,980)	23,745
		4,216,944	6,993,425
		3,686,456	6,583,322
Income tax paid		(302,973)	(356,337)
Net cash generated from operating activities		3,383,483	6,226,985
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		(2,910,175)	(6,393,230)
Investments in 'held-to-maturity' securities - net		(150,760)	130,695
Dividend received		80,017	55,339
Investments in operating fixed assets - net		(34,015)	(43,282)
Proceeds from sale of operating fixed assets		10,325	2,448
Proceeds from sale of shares of subsidiary company		-	4,000
Net cash flow (used) in investing activities		(3,004,608)	(6,244,030)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Issue of share capital		270,000	1,730,000
Advance against share subscription		(135,000)	(1,065,000)
Stamp duty on shares issuance		(1,350)	(19,669)
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from financing activities		133,650	645,331
Net increase in cash and cash equivalents		512,525	628,286
Cash and cash equivalents at beginning of the year		2,495,314	1,867,029
Cash and cash equivalents at end of the year	37	3,007,839	2,495,314

The annexed notes 1 to 51 and Annexures I & II form an integral part of these financial statements.

Chief Financial Officer | Managing Director & CEO

Director | Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure of the Company for further thirty years upto 14 October 2038. The objectives of the Company interalia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion.

Consequent to the approval of revised business strategy including 5 year plan by the BoD together with projections, the management of the Company has taken various steps to improve the financial position of the Company which is evident in the results.

During the year, the Company has received remaining portion of final tranche of Rs.135 million from GoP and issued shares amounting to Rs.270 million (Rs.135 million each shareholder); therefore, the paid up capital of the Company has increased to Rs.8.141 billion and its capital free of losses met the minimum capital requirements.

Consequently, the paid-up capital of the Company (free of losses) at year end amounted to Rs. 6.042 billion (31 December 2020: Rs. 5.737 billion).

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- The accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFASs) issued by the ICAP, as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962;

- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan ("the SECP").

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

The SBP through its BSD circular No. 10 dated 26 August 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement', and IAS 40 'Investment Property' for Non-Bank Financial Institutions (NBFIs) in Pakistan. The SECP has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated 28 April 2008. Accordingly, the requirements of these IASs have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The SBP vide BPRD circular No. 2 dated 25 January 2018 has issued revised format of annual financial statements. These financial statements have been presented in accordance with such revised format.

These financial statements represents standalone financial statements of the Company.

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

There are certain new amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 January 2021 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements, except as follows:

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

The adoption of IFRS does not have any material impact on the Company's financial statements.

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

There are certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have any material impact on the Company's financial statements in the period of their initial application.

The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

	Effective date (annual periods beginning on or after)
Annual improvements to IFRS standards 2018 - 2020 Cycle	1 January 2022
IFRS 3 - References to Conceptual Framework	1 January 2022
IAS 16 - Proceeds before intended use	1 January 2022
IAS 37 - Onerous Contracts - Cost of Fulfilling a contract	1 January 2022
IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2022
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS 8 - 'Definition of Accounting Estimates	1 January 2023
IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021	1 April 2021

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	1 January 2023

2.4 Critical accounting estimates and judgments

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for bad and doubtful advances including net investment in lease (note 4.5)

b) Classification and provisioning of investments (note 4.4 & 4.15)

c) Depreciation of property and equipment and amortisation of intangible assets (note 4.6)

d) Assumptions and estimation in recognition of deferred taxation (note 4.13)

e) Accounting for defined benefit plan and compensated absences (note 4.9)

f) Impairment (note 4.14)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments have been stated at revalued amounts in accordance with the directives of the SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2020.

4.1 These financial statements have been prepared in accordance with SBP revised format of financial statements for Banks / DFIs issued vide BPRD circular No. 02 of 2018.

4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks and placements with financial institutions having maturities of three (3) months or less.

4.3 Securities under repurchase / resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Company does not obtain control over the securities. Amounts paid under these agreements are included in lendings. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

4.4 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

The Company has classified its investments, except for strategic investment in joint venture, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' portfolios as follows:

Held-for-trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related gain / (loss) on revaluation being taken to profit and loss account.

Intra day trading
The cost of acquisition of 'dealing securities' (i.e. listed securities purchased and sold on the same day) is not considered for calculating the 'moving average cost' of other listed securities (i.e. listed securities sold after the date of purchase).

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.

Available-for-sale

These are investments that do not fall under the held-for-trading or held to maturity categories. Investments are initially recognised at cost being its fair value which includes transaction costs associated with the investment. These are carried at market value except for unlisted securities where market value is not available, which are carried at lower of cost and break-up value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account. Provision for diminution in value of investments in respect of unlisted shares is calculated with reference to book value of the same. On derecognition of quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of investments' is included in the profit and loss account for the period.

The Company amortises the premium / discount on acquisition of government securities using the effective yield method.

Provision for diminution in value of investments for unlisted debt securities is calculated as per the SBP's Prudential Regulations.

The Company follows the 'Settlement date' accounting for investments.

Gains and losses arising on sale of investments are recognised in the profit and loss account.

Investment in subsidiary

Investment in subsidiary are valued at cost less impairment, if any. Gains and losses on disposal of investments is recognised in the profit and loss account.

Investment in associate

Associates are those entities in which the Company has significant influence but does not have control over the financial and operating policies. The Company recognizes gains and losses of the associates on equity accounting basis, from the date significant influence commences until the date that significant influence ceases, until the share of losses exceeds its interest in associate.

4.5 Advances including net investment in finance leases

Advances are stated as net of provisions for bad and doubtful debts, if any, which are charged to the profit and loss account currently. Advances are written off where there is no realistic prospect of recovery.

The Company determines the provisions against advances on a prudent basis keeping in view the stipulations of the prudential regulations issued by the SBP. The provision is charged to profit and loss account.

Leases

When substantially all risks and rewards related to ownership of the assets are transferred to the lessee, such leases are classified as finance lease.

A receivable is recognised at an amount equal to the present value of the lease payment. The difference between gross receivable and the present value of the receivable is recognised as unearned finance income.

Provisions

Specific

Specific provision against funded loans is determined in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the profit and loss account.

General provision

General provision is maintained on consumer financing portfolio in accordance with the requirements of Prudential Regulations for Consumer Financing issued by SBP and charged to the profit and loss account.

4.6 Operating fixed assets and depreciation

4.6.1 Owned

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost, and these are transferred to specific assets as and when assets are available for use.

Residual values and useful lives are reviewed at each balance sheet date, and adjusted if impact on depreciation is considered significant.

Depreciation is charged to the profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated service life.

Depreciation on additions in the first half of the month and disposals in the second half of the month is charged for the whole month whereas no depreciation is charged on additions during the second half of the month and disposals in the first half of the month.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.

Assets are derecognised when no future economic benefit is expected from its use or disposal. Profit or loss on sale or retirement of fixed assets is included in the profit and loss account.

4.6.2 Leased

Assets held under finance leases are accounted for by recording the assets and related liabilities at the amounts determined on the basis of lower of fair value of assets and the present value of minimum lease payments. Finance charge is allocated to accounting periods in a manner as to provide a constant rate on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.6.3 Right of use assets (ROUA)

The Company recognises 'Right of use asset' (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Company. These 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. These assets are also reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

4.6.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight line method over their estimated useful lives after taking into account the residual value, if any.

Amortisation on additions and deletions of intangible assets during the year is charged in proportion to the period of use.

Amortisation on additions in the first half of the month and disposals in the second half of the month is charged for the whole month whereas no amortisation is charged on additions during the second half of the month and disposals in the first half of the month.

4.7 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at cost / forced sale value at the time of acquisition. These assets are revalued as per SBP's requirement by independent professionally qualified valuer to ensure that their carring value does not exceed their fair value / valuation.

4.8 Borrowings and deposits

Borrowings and deposits are recorded at the amount of proceeds received. Mark-up on borrowings and deposits are charged to profit and loss account on a time proportion basis.

4.9 Staff retirement benefits

Defined benefit plan

- **Gratuity Fund**

The Company operates a funded gratuity scheme for all its permanent employees in accordance with the human resource policy of the Company and terms of employment for managing director and deputy managing director. Contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method.

Actuarial gains or losses are recognised in accordance with the requirements of IAS-19 (Revised).

The last actuarial valuation of the scheme was carried out as at 31 December 2021. The benefit under the gratuity scheme is payable on retirement at the age of 60 or earlier cessation of service, in lump sum.

- **Benevolent Fund**

The Company operates a benevolent fund scheme for its employees where equal fixed contributions are being made by employees and the Company. Employees or their legal heirs are entitled to certain pre-defined benefits on happening of specified events including retirement, incapacitation, marriage and death etc. as per their entitlement. Contributions paid by Company to the fund are included in expenses for the year.

Defined contribution plan

The Company also operates a recognised provident fund scheme for its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at a rate of 3.5 and 4 (2020: 3.5 and 4) percent respectively and 10 percent of salary for the managing director and deputy managing director, as applicable. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction of the future payments is available.

Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which it is earned in terms of salary earned upto the statement of financial position date.

The Company recognises provision for compensated absences on the basis of actuarial valuation under Projected Unit Credit Method. The last actuarial valuation was carried out as at 31 December 2021.

Deferred Bonus

The Company has implemented a deferred bonus policy wherein 20 percent annual bonus amount, for every year, will be deferred and be payble over three year. The annual bonus amount, for any year must meet already approved threshold, and will be based on Company's overall performance (encompassing individual business lines assessed through respective departmental key performance indicators KPIs). A separate Bonus Pool will be created from the Profit before Tax. The Company will set aside a percentage of this profit before tax as the Combined Bonus Pool for all Employees (permanent and contractual) including the material risk takers (MRTs), material risk controller/risk controllers (MRCs/RCFs). The performance bonus of Material Risk Takers (MRTs) is subject to appropriate risk adjustments, with the objective to limit performance bonus for excessive risk taking. Company's Risk adjusted Remuneration Framework is based on the following components:

- Risk profiling;
- Identification of risk takers, risk controllers and others;
- Materiality assessment; and
- Risk adjustments (including deferment and malus).

The deferred amount has been invested and will continue to be reinvested in debt securities until paid to the eligible employees.

4.10 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

4.11 Foreign currencies

Foreign currency transactions during the year are recorded at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the rates of exchange prevailing on the balance sheet date. Exchange gains and losses are included in the profit and loss account. Non-monetary items that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction.

Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

4.12 Revenue recognition

Revenue is recognized to the extent that the economic benefits associated with a transaction will flow to the Company and the revenue can be reliably measured.

Dividend income is recognised when the Company's right to receive payment is established.

Gain on sale of securities is recognised at the time of sale of relevant securities.

Project evaluation, arrangement and front end fee are accounted for on receipt basis.

Income from loans, term finance certificates, sukuks, debentures, bank deposits, government securities and reverse repo transactions are recognised on accrual basis using the effective interest method except where recovery is considered doubtful in which case the income is recognised on receipt basis.

Premium or discount on debt securities is amortised using the effective interest method and taken to profit and loss account.

The Company follows the finance method in recognising income on lease contracts. Under this method the unearned income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a constant rate of return on net investment in the lease.

4.13 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account the tax credits and tax rebates available, if any.

Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the applicable tax rates. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Impairment

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

4.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Company to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the provision is classified under other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.16 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is set off and the net amount reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.17 Dividend and reserves

Dividend declared and appropriations, except for transfer of statutory reserve, made subsequent to the balance sheet date are recognised as liability and recorded as changes in reserves respectively in the period in which these are approved by the directors / shareholders as appropriate.

4.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.19 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company's primary format of reporting is based on its business segments for which individual business strategies are formulated based on Company's overall business strategy and implementation plan.

Business segments

Following are the main segments of the Company:

Corporate & Investment Banking	Includes loans, advances, lease financing, advisory services, mergers and acquisitions and other such corporate and investment banking transactions.
Treasury	Undertakes Company's fund management activities through leveraging and investing in liquid assets such as short term placements, government securities and reverse repo activities. It carries out spread based activities in the interbank market and manages the interest rate risk exposure of the Company.
Capital Market	Undertakes trading and investment primarily in listed securities with an aim to earn trading gains from market fluctuation and to hold securities for dividend income and price appreciation in the form of capital gain.
SME & Retail Banking	Undertakes SME and Retail Finance activities via bills discounting, business loans against mortgaged property, auto-lease financing and consumer financing.

Geographical segments

The geographical spread of Company's operations is limited to Pakistan only.

4.20 Borrowing cost

Borrowings are recorded at the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of qualifying asset in which case such costs are capitalised as part of the cost of that asset.

4.21 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

	Note	2021	2020
		------- (Rupees in '000) -------	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6	6
Foreign currency		5,324	5,749
		5,330	5,755
With State Bank of Pakistan in			
Local currency current account	5.1	103,460	56,448
		103,460	56,448
With other central banks in			
Foreign currency current account		-	-
Foreign currency deposit account		-	-
		-	-
With National Bank of Pakistan in			
Local currency current account		1,785	952
Local currency deposit account		-	-
		1,785	952
Prize bonds		-	-
		110,575	63,155

5.1 This includes a balance required to be maintained with the SBP by the Company in accordance with the SBP's regulations for cash reserve requirements.

	Note	2021	2020
		------- (Rupees in '000) -------	
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		14,613	29,992
In deposit accounts	6.1	182,651	52,167
		197,264	82,159
Outside Pakistan			
In current accounts		-	-
In deposit accounts		-	-
		-	-
		197,264	82,159

6.1 The return on these balances ranges from 5.50 to 7.25 (31 December 2020: 5.50 to 11.30) percent per annum.

	Note	2021	2020
		------- (Rupees in '000) -------	
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	7.1.1	3,830,567	3,433,064
		3,830,567	3,433,064
Less: provision held against lending to financial institutions	7.3	(30,567)	(33,064)
Lending to financial institutions - net of provision		3,800,000	3,400,000
7.1 Particulars of lending			
In local currency		3,800,000	3,400,000
In foreign currencies		-	-
		3,800,000	3,400,000

7.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 8.60 to 12.50 (31 December 2020: 7.65 to 9.50) percent per annum. These are due to mature between 31 January 2022 and 28 June 2022 (31 December 2020: 29 January 2021 and 28 April 2021).

7.2 Securities held as collateral against-Lending to financial institutions

	2021			2020		
	------- (Rupees in '000) -------					
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
Market treasury bills	-	-	-	-	-	-
Pakistan investment bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

7.3 Category of classification

	2021		2020	
	Classified Lending	Provision held	Classified Lending	Provision held
	------- Rupees in '000 -------			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	30,567	30,567	33,064	33,064
Total	30,567	30,567	33,064	33,064

Overseas

The Company does not have any overseas lending as at 31 December 2021 (31 December 2020 : Nil).

8 INVESTMENTS

8.1 Investments by type:

	2021 Cost / amortised cost	2021 Provision for diminution	2021 Surplus / (deficit)	2021 Carrying value	2020 Cost / amortised cost	2020 Provision for diminution	2020 Surplus / (deficit)	2020 Carrying value
	------ (Rupees in '000) ------				------ (Rupees in '000) ------			
Held-for-trading securities								
Federal government securities	-	-	-	-	-	-	-	-
Shares	-	-	-	-	15,214	-	(412)	14,803
	-	-	-	-	15,214	-	(412)	14,803
Available-for-sale securities								
Federal government securities	24,973,269	-	(1,092,638)	23,880,631	22,033,674	-	(367,698)	21,665,976
Shares	1,319,925	(323,765)	(96,619)	899,541	1,227,537	(373,166)	(35,798)	818,573
Non government debt securities	2,568,938	(343,758)	(14,074)	2,211,106	2,690,747	(343,758)	(3,701)	2,343,287
	28,862,132	(667,523)	(1,203,331)	26,991,278	25,951,957	(716,924)	(407,197)	24,827,836
Held-to-maturity securities								
Non government debt securities	225,502	(6,366)	-	219,136	74,742	(6,366)	-	68,376
	225,502	(6,366)	-	219,136	74,742	(6,366)	-	68,376
Associates	706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Subsidiaries	-	-	-	-	-	-	-	-
Total	29,794,001	(1,378,756)	(1,203,331)	27,211,914	26,748,280	(1,428,157)	(407,609)	24,912,515

Particulars of Associates

Name of investee	% Holding	Number of shares 2021	Number of shares 2020	Cost 2021	Cost 2020	Assets	Liabilities	Based on Audited financial statements as at
				--- (Rupees in '000) ---		--- (Rupees in '000) ---		
FTC Management Company Limited								
(CEO - Mr. Kalim Sheikh)								
Unlisted ordinary Shares	9.10%	50,000	50,000	500	500	559,964	118,935	30 June 2021
Kamoki Energy Limited (under liquidation)								
Unlisted ordinary shares	50%	50,000,000	50,000,000	404,867	404,867	-	-	
Unlisted preference shares	100%	30,000,000	30,000,000	300,000	300,000	-	-	Under liquidation
Kamoke Powergen (Private) Limited								
(CEO - Mr. Farooq Mughal)								
Unlisted ordinary shares	20%	100,000	-	1,000	1,000	5,714	1,516	################
				706,367	706,367	565,678	120,451	

	Note	2021 Cost / amortised cost	2021 Provision for diminution	2021 Surplus / (deficit)	2021 Carrying value	2020 Cost / amortised cost	2020 Provision for diminution	2020 Surplus / (deficit)	2020 Carrying value
		------- (Rupees in '000) -------				------- (Rupees in '000) -------			
8.2 Investments by segments:									
Federal government securities									
Market treasury bills*		5,969	-	-	5,969	-	-	-	-
Pakistan investment bonds		24,967,299	-	(1,092,638)	23,874,661	22,033,674	-	(367,698)	21,665,976
		24,973,268	-	(1,092,638)	23,880,630	22,033,674	-	(367,698)	21,665,976
Shares									
Listed companies		1,267,624	(271,464)	(96,619)	899,541	1,190,450	(320,865)	(36,210)	833,376
Unlisted companies		52,301	(52,301)	-	-	52,301	(52,301)	-	-
		1,319,925	(323,765)	(96,619)	899,541	1,242,751	(373,166)	(36,210)	833,376
Non government debt securities									
Listed	8.2.6	752,253	(22,387)	(14,074)	715,792	867,300	(22,387)	(3,701)	841,212
Unlisted		2,042,188	(327,737)	-	1,714,451	1,898,189	(327,737)	-	1,570,452
		2,794,441	(350,124)	(14,074)	2,430,243	2,765,489	(350,124)	(3,701)	2,411,663
Associates									
FTC Management Company Limited									
Unlisted ordinary shares	8.2.4	500	-	-	500	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)									
Unlisted ordinary shares	8.2.2	404,867	(404,867)	-	-	404,867	(404,867)	-	-
Unlisted preference shares	8.2.3	300,000	(300,000)	-	-	300,000	(300,000)	-	-
Kamoke Powergen (Pvt.) Limited									
Unlisted ordinary shares	8.2.5	1,000	-	-	1,000	1,000	-	-	1,000
		706,367	(704,867)	-	1,500	706,367	(704,867)	-	1,500
Total		29,794,001	(1,378,756)	(1,203,331)	27,211,914	26,748,281	(1,428,157)	(407,609)	24,912,515

* The deferred bonus related to eligible empoyees have been invested/revinvested in market treasury bills amounting to Rs. 5.969 million whilst its related income has been recorded in other liabilities.

8.2.1 Investments given as collateral

	2021	2020
	Cost	
	------- (Rupees in '000) -------	
Market treasury bills	6,000	-
Pakistan investment bonds	22,695,000	17,885,000
	22,701,000	17,885,000

8.2.2 This represents 50% shareholding in the ordinary shares (Rs.10 each) of Kamoki Energy Limited (KEL), which has been fully provided. The book value represents cost of investment amounting to Rs. 500 million less share of loss on interest in joint venture amounting to Rs. 95.133 million upto 30 June 2012. This investment was designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

8.2.3 These include preference shares amounting to Rs.300 million which are cumulative, convertible, redeemable and non-participatory carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These were redeemable within four years of the allotment date. If preference shares are not fully redeemed by the issuer in this time period, the remaining part along with the unpaid dividend thereon would be convertible at the option of preference shareholder at par value of Rs.10 into ordinary shares ranking pari passu in all respects with the ordinary shares except for participation in dividend / bonus distribution for the period for which preference share dividend has been paid.

8.2.4 It includes unlisted ordinary shares of FTC Management Company (Private) Limited. FTC Management Company (Private) Limited was incorporated in Pakistan. It is engaged in managing, operating and maintaining building housing offices with the name Finance and Trade Centre (FTC) for the mutual benefits of its owners and thus providing a nucleus for all joint and common services which are available in the FTC situated in Karachi.

8.2.5 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited with a paid-up capital of Rs. 5 million representing 500,000 ordinary shares of Rs. 10 each. KPL has been established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. In the year 2020, the Company has disposed off its major shareholding and management control, therefore, the subsidiary has become an associate.

8.2.6 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its mark-up and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause is mandatorily invoked for the time being until proposed merger; however, the pending merger had been called off and the Bank started working to resolve the issue. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms.

Considering the delay is resolution, the TFC holders again agreed to extend the maturity period for another year ending 27 October 2022 so the Bank could finalise new arrangement with the investors for equity injection. The Bank acknowledges the debt and related mark-up as payable on the TFC Issue.

In this regard, SBP has given its final approval for the period till 27 October 2021 however the Bank has requested a separate in-principal approval (similar to prior year) for the period covering till 27 October 2022.

The management has evaluated overall situation vis-à-vis Bank's intention and ability to pay; accordingly, concluded that both the elements exist as it acknowledges the debt and there are no restrictions on its operations while the payment is delayed due to minimum capital requirements. Therefore, management has not provided any impairment on the said TFCs on subjective basis due to above facts and the recent developments & negotiations, in these financial statements.

		Note	2021	2020
			-- (Rupees in '000) ---	
8.3	**Provision for diminution in value of investments**			
8.3.1	Opening balance		1,428,156	1,410,345
	Add: adjustments during the period / year		-	-
	Charge / reversals			
	Charge for the year		95,689	77,339
	Reversals for the year		-	-
	(Reversal) / charge on disposals		(145,089)	(59,528)
		33	(49,400)	17,811
	Transfers / Mark-to-market - net		-	-
	Amounts written off		-	-
	Closing balance		1,378,756	1,428,156

8.3.2 **Particulars of provision against debt securities**

Category of classification	2021		2020	
	Classified	Provision	Classified	Provision
	---- (Rupees in '000) ----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard*	99,920	11,209	99,940	11,209
Doubtful	-	-	-	-
Loss	338,915	338,915	338,915	338,915
	438,835	350,124	438,855	350,124

* Included herein is subjective provision on a certain exposure.

Overseas
The Company does not have any overseas investment during the year ended 31 December 2021 (31 December 2020 : Nil).

8.4 **Quality of Available for Sale securities**
Details regarding quality of Available for sale (AFS) securities are as follows:

	Note	2021	2020
		-- (Rupees in '000) ---	
		Cost	Cost
Federal Government Securities - Government guaranteed			
Market treasury bills		6,000	-
Pakistan investment bonds	8.4.1	22,695,000	17,885,000
Ijarah sukuk		-	-
Others		-	-
		22,701,000	17,885,000

8.4.1 Pakistan Investment Bonds

Floater

These Pakistan investment bonds carry interest rate ranging from 8.23 to 10.55 (31 December 2020: 7.89) percent per annum. Effective yield on investment ranges from 7.89 to 11.33 (31 December 2020: 7.57) percent per annum maturing latest by August 2029 (31 December 2020: August 2029). These are held by the SBP and are eligible for rediscounting.

Fixed

These Pakistan investment bonds carry interest rate ranging from 9.50 to 10.00 (31 December 2020: 9.50 to 10.00) percent per annum. Effective yield on investment ranges from 8.25 to 11.50 (31 December 2020: 8.25 to 11.51) percent per annum and will be maturing latest by September 2029 (31 December 2020: September 2029). These are held by the SBP and are eligible for rediscounting.

Provincial government securities - government guaranteed

The Company does not have any investment in provincial government guaranteed securities (31 December 2020: Nil).

		2021		2020	
		Cost	Sector Wise Exposure	Cost	Sector Wise Exposure
8.4.2	**Shares**	(Rupees in '000)		(Rupees in '000)	
8.4.2.1	**Listed companies**				
	- Fertilizer	280,724	22.15%	506,110	43.06%
	- Commercial banks	233,618	18.43%	214,660	18.27%
	- Financial services	63,567	5.01%	42,025	3.58%
	- Chemicals	5,810	0.46%	-	0.00%
	- Non life insurance	139,341	10.99%	174,808	14.87%
	- Food & Personal care products	28,422	2.24%	31,386	2.67%
	- Pharmaceuticals	4,232	0.33%	-	-
	- Cement	48,648	3.84%	-	-
	- Automobile	34,416	2.71%	-	-
	- Textile	58,376	4.61%	80,764	6.87%
	- Power generation & dibtribution	87,032	6.87%	25,012	2.13%
	- Engineering	58,852	4.64%	11,507	0.98%
	- Oil & gas	199,012	15.70%	77,069	6.56%
	- Cable & electrical goods	25,575	2.02%	11,893	1.01%
		1,267,624		1,175,236	

8.4.2.1.1 The nominal value of each share held in a listed company is Rs.10 per share as at 31 December 2021 and 31 December 2020.

			2021		2020	
8.4.2.2	**Unlisted companies**	**% holding**	Cost	Breakup value	Cost	Breakup value
			(Rupees in '000)		(Rupees in '000)	
	Agro Dairies Limited	*	2,301	*	2,301	*
	CEO - Mr. Mukhtar Hussain Rizvi					
	Pakistan Textile City Limited	4%				
	CEO - Mr. Muhammad Hanif		50,000	**	50,000	**
			52,301		52,301	
			1,319,925		1,227,537	

* Under litigation

** Latest financial statements of Pakistan Textile City Limited are not available. The Company was under liquidation however, Ministry of Commerce & textile vide letter F.5(7) TID/18/Dev-II dated 24 April 2019 has stopped the process of liquidation and is working on a business plan for submission to ECC.

8.4.2.2.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2021 and 31 December 2020.

8.4.3 Non government debt securities

		Cost 2021	Cost 2020
		------- (Rupees in '000) -------	
8.4.3.1	**Listed**		
	A	331,287	446,333
	CCC and below	398,580	398,580
	Unrated	22,387	22,387
		752,253	867,300
8.4.3.2	**Unlisted**		
	AA+	200,000	231,250
	A+	118,590	237,220
	A	778,175	635,000
	A-	189,758	189,814
	AA-	220,000	220,000
	Unrated	310,163	310,163
		1,816,686	1,823,447
		2,568,938	2,690,747

8.4.4 Equity securities

		2021	2020
8.4.4.1	**Listed**		
	Habib Bank Limited	26,838	40,257
	MCB Bank Limited	85,285	77,573
	United Bank Limited	14,241	17,871
	Bank Alfalah Limited	62,380	62,380
	The Bank of Punjab	16,580	16,580
	Pakistan Stock Exchange	5,092	-
	Agritech Limited	139,527	266,766
	Fauji Fertilizer Company Limited	141,197	141,197
	Engro Corporation Limited	-	24,619
	Engro Fertilizers Limited	-	73,528
	Dawood Hercules Corporation Limited	45,551	42,025
	Pakistan Reinsurance Company Limited	87,265	87,265
	Adamjee Insurance Company Limited	32,095	47,469
	IGI holdings Limited	19,981	19,981
	Atlas Insurance Limited	-	20,093
	Treet Corporation Limited	-	17,400
	The Organic Meat Company Limited	8,070	13,986
	Gul Ahmed Textile Mills Limited	-	39,812
	Nishat Mills Limited	28,121	40,952
	Lalpir Power Limited	-	25,012
	Agha Steel Industries Limited	18,397	11,507
	Pakistan Petroleum Limited	50,484	36,214
	Pakistan State Oil	70,653	11,052
	Sui Southern Gas Company Limited	4,773	4,773
	Sui Northern Gas Pipeline Ltd	25,031	25,031
	Waves Singer Pakistan Limited	13,997	11,893
	Meezan Bank Limited	28,294	-
	Arif Habib Limited	12,923	-
	Nimir Resins Limited	5,810	-
	Honda Atlas Cars (Pakistan) Limited	22,560	-
	Pak Suzuki Motor Co. Limited	11,856	-
	Attock Cement Pakistan Limited	18,323	-
	DG Khan Cement Co. Limited	30,325	-
	Pak Elektron Limited	11,578	-
	GlaxoSmithkline Pakistan Limited	4,232	-
	Interloop Limited	30,255	-
	Hub Power Co. Limited	61,722	-
	Kot Addu Power Co. Limited	25,310	-
	International Industries Limited	24,661	-
	Al Shaheer Corporation Limited	20,352	-
	International Steel Limited	15,795	-
	Oil & Gas Development Co. Limited	48,072	-
		1,267,624	1,175,236

		Cost 2021	Cost 2020
8.4.4.2	**Unlisted**	------- (Rupees in '000) -------	
	Agro Dairies Limited	2,301	2,301
	Pakistan Textile City Limited	50,000	50,000
		52,301	52,301
		1,319,925	1,227,537

Foreign securities

The Company does not have any investment in foreign securities (31 December 2020: Nil).

		Cost 2021	Cost 2020
8.5	**Particulars relating to held to maturity securities are as follows:**		
8.5.1	**Federal government securities - government guaranteed**	------- (Rupees in '000) -------	
	Market treasury bills	-	-
	Pakistan investment bonds	-	-
	Sukuk	-	-
	Others	-	-
		-	-

8.5.2 **Provincial government securities - government guaranteed**

The Company does not have any investment in provincial government guaranteed securities (31 December 2020: Nil)

		Note	Cost 2021	Cost 2020
8.5.3	**Non government debt securities**		------- (Rupees in '000) -------	
8.5.3.1	**Listed**			
	- AAA		-	-
	- AA+, AA, AA-		-	-
	- A+, A, A-		-	-
	- BBB+, BBB, BBB-		-	-
	- BB+, BB, BB-		-	-
	- B+, B, B-		-	-
	- CCC and below		-	-
	- Unrated		-	-
			-	-
8.5.3.2	**Unlisted**			
	A+		150,000	-
	A		69,137	68,376
	Unrated		6,366	6,366
			225,502	74,742

8.5.3.2.1 The carrying value of securities classified as held-to-maturity as at 31 December 2021 is approximate to their fair values due to the shorter tenor of these securities.

Foreign securities

The Company does not have any foreign debt investment during the year 2021 (31 December 2020: Nil).

9 ADVANCES

	Note	Performing 2021	Performing 2020	Non Performing 2021	Non Performing 2020	Total 2021	Total 2020
		(Rupees in '000)					
Loans		4,702,447	4,259,574	965,673	1,266,807	5,668,120	5,526,381
Net investment in finance lease	9.1	248,206	322,717	146,938	146,938	395,144	469,655
Staff loans		143,243	145,087	-	-	143,243	145,087
Consumer loans and advances		4,183	2,309	33,263	38,014	37,446	40,323
Long-term financing of export oriented projects (LTF-EOP)		-	-	60,179	60,179	60,179	60,179
Long-term financing facility (LTFF)		396,539	318,830	-	-	396,539	318,830
Refinance scheme for payment of wages & salaries		300,098	506,666	-	-	300,098	506,666
Temporary economic relief facility (TERF)		459,269	56,816	-	-	459,269	56,816
Advances - gross		6,253,985	5,611,999	1,206,053	1,511,939	7,460,038	7,123,938
Provision against advances							
- Specific	9.4	-	-	1,147,510	1,449,884	1,147,510	1,449,884
- General		-	-	53	46	53	46
		-	-	1,147,563	1,449,930	1,147,563	1,449,930
Advances - net of provision		6,253,985	5,611,999	58,490	62,009	6,312,475	5,674,009

9.1 Net investment in finance lease as disclosed below:

	2021 Not later than one year	2021 Later than one and less than five years	2021 Over five years	2021 Total	2020 Not later than one year	2020 Later than one and less than five years	2020 Over five years	2020 Total
	(Rupees in '000)							
Lease rentals receivable	321,522	88,803	-	410,325	335,597	158,552	-	494,149
Residual value	58,532	19,150	-	77,682	58,532	19,150	-	77,682
Minimum lease payments	380,054	107,953	-	488,007	394,129	177,702	-	571,831
Financial charges for future periods	86,358	6,505	-	92,863	91,421	10,755	-	102,176
	86,358	6,505	-	92,863	91,421	10,755	-	102,176
Present value of minimum	-	-	-	-	-	-	-	-
lease payments	293,696	101,448	-	395,144	302,708	166,947	-	469,655

9.1.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amounts recoverable under these arrangements are receivable by the year 2024 and carry mark-up at rates ranging between 10.16 to 14.74 (31 December 2020: 9.19 to 16.57) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs.77.682 million (31 December 2020: Rs.77.682 million) as security deposits on behalf of the lessees which are included under 'other liabilities'.

	2021	2020
	(Rupees in '000)	
9.2 Particulars of advances (Gross)		
In local currency	7,460,038	7,123,938
In foreign currency	-	-
	7,460,038	7,123,938

9.3 Advances include Rs.1,206.05 million (31 December 2020: Rs.1,511.94 million) which have been placed under non-performing status as detailed below:-

Category of classification	2021 Non Performing Loans	2021 Provision	2020 Non Performing Loans	2020 Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	764	-
Substandard	-	-	3,018	755
Doubtful	23	12	992	497
Loss	1,206,030	1,147,498	1,507,164	1,448,632
Total	1,206,053	1,147,509	1,511,939	1,449,884

Overseas
The Company does not have any overseas advances as at 31 December 2021 (31 December 2020: Nil).

9.4 **Particulars of provision against advances**

	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
	(Rupees in '000)					
Opening balance	1,449,884	46	1,449,930	1,502,343	105	1,502,448
Charge for the year	12	7	19	2,284	-	2,284
Less: Reversal during the year	(20,193)	-	(20,193)	(54,743)	(58)	(54,801)
Net (reversal) for the year	(20,181)	7	(20,174)	(52,459)	(58)	(52,517)
Less: Amounts written off	(282,193)	-	(282,193)	-	-	-
Closing balance	1,147,510	53	1,147,563	1,449,884	46	1,449,930

9.4.1 Particulars of provision against advances

In local currency	1,147,510	53	1,147,563	1,449,884	46	1,449,930
In foreign currency	-	-	-	-	-	-
	1,147,510	53	1,147,563	1,449,884	46	1,449,930

9.4.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2020: Nil) in respect of consumer financing and Rs. million (31 December 2020: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

9.4.3 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP for Consumer Financing.

	Note	2021	2020
9.5 **PARTICULARS OF WRITE OFFs:**		(Rupees in '000)	
9.5.1 Against provisions	9.4	282,193	-
Directly charged to profit & loss account		-	-
		282,193	-
9.5.2 Write offs of Rs. 500,000 and above	9.6		
- Domestic		282,193	-
- Overseas		-	-
Write offs of below Rs. 500,000		-	-
		282,193	-

9.6 **Details of loans written off of Rs.500,000 and above (refer Annexure I)**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended 31 December 2021 is given in Annexure I.

	Note	2021	2020
		---- (Rupees in '000) ----	
10 FIXED ASSETS			
Capital work-in-progress	10.1	-	1,350
Property and equipment	10.2	96,472	96,463
		96,472	97,813

10.1 Capital work-in-progress

The Company has no capital work-in-progress as at yearend (31 December 2020: Rs.1.35 million).

10.2 Property and equipment

	2021									
	Freehold land	Leasehold land	Building on Freehold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) (10.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (10.2.7)	Total
	-----	-----	-----	-----	-----Rupees '000 -----	-----	-----	-----	-----	-----
At 1 January 2021										
Cost	-	1,952	-	88,432	11,363	50,382	47,612	19,580	88,656	307,976
Accumulated depreciation	-	(668)	-	(55,539)	(10,683)	(43,962)	(38,160)	(16,403)	(46,096)	(211,513)
Net book value	-	1,283	-	32,893	679	6,419	9,452	3,176	42,561	96,463
Year ended December 2021										
Opening net book value	-	1,283	-	32,893	679	6,419	9,452	3,176	42,561	96,463
Additions	-	-	-	-	-	13,519	5,008	15,404	-	33,931
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Impairment loss recognised in the										-
profit and loss account - net	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(22)	-	(2,656)	(104)	(2,948)	(3,421)	(3,889)	(22,232)	(35,272)
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	1,350	-	-	-	1,350
Closing net book value	-	1,261	-	30,237	575	18,340	11,039	14,691	20,329	96,472
At 31 December 2021										
Cost	-	1,952	-	88,432	11,363	65,251	52,620	34,984	88,656	343,257
Accumulated depreciation	-	(690)	-	(58,195)	(10,787)	(46,910)	(41,581)	(20,292)	(68,328)	(246,785)
Net book value	-	1,261	-	30,237	575	18,340	11,039	14,691	20,329	96,472
Rate of depreciation (percentage)		1.11%		5%	5%	15%-25%	10%-30%	25%	33.33%	

	2020									
	Free hold land	Lease hold land	Building on Free hold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) (10.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (10.2.7)	Total
	--------	--------	--------	--------	--Rupees '000	--------	--------	--------		
At 1 January 2020										
Cost	-	1,952	-	88,432	11,363	49,285	40,179	19,337	55,496	266,044
Accumulated depreciation	-	(647)	-	(52,871)	(10,575)	(41,356)	(35,206)	(14,347)	(23,888)	(178,889)
Net book value	-	1,305	-	35,561	788	7,929	4,973	4,991	31,608	87,154
Year ended December 2020										
Opening net book value	-	1,305	-	35,561	788	7,929	4,973	4,991	31,608	87,155
Additions	-	-	-	-	-	1,097	7,433	242	33,160	41,932
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	(74)	(1,830)	(1,904)
Depreciation charge	-	(22)	-	(2,668)	(109)	(2,606)	(2,954)	(1,983)	(20,378)	(30,720)
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	-	1,283	-	32,893	679	6,419	9,452	3,176	42,561	96,463
At 31 December 2020										
Cost	-	1,952	-	88,432	11,363	50,382	47,612	19,580	88,656	307,976
Accumulated depreciation	-	(668)	-	(55,539)	(10,683)	(43,962)	(38,160)	(16,403)	(46,096)	(211,513)
Net book value	-	1,283	-	32,893	679	6,419	9,452	3,176	42,561	96,463
Rate of depreciation (percentage)		1.11%		5%	5%	15%-25%	10%-30%	25%	33.33%	

10.2.1 Assets shown above in fixed assets do not include any items under finance lease arrangement (31 December 2020: Nil).

10.2.2 Assets shown above in fixed assets do not include any items which have been revalued (31 December 2020: Nil).

10.2.3 Furniture and fixture includes house hold furnishing items provided to employees (SVP and above) under the human resource policies of the Company.

10.2.4 During the year, following items have been disposed off to related parties of the Company:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	----------	(Rupees in '000)	----------			
Key Management Personnel						
Furniture and fixtures	**1,687**	**1,687**	-	-		
House hold furnishing items	222	222	-	-	Company Policy	Atif Mahmud**
House hold furnishing items	428	428	-	-	Company Policy	Syed Ghazanfar Ali**
House hold furnishing items	632	632	-	-	Company Policy	Muhammad Ali Yaqoob**
House hold furnishing items	182	182	-	-	Company Policy	Muhammad Mukhatar-ul-Haq**
House hold furnishing items	223	223	-	-	Company Policy	Nasim Ahmed Khan**

** These are related parties of the Company.

10.2.5 The transfer of title to leasehold land and building thereon in respect of the Company's premises at the Finance and Trade Centre, Karachi in favour of the Company is pending.

10.2.6 Assets having cost of Rs. 103.018 million (31 December 2020: Rs.100.946 million) are fully depreciated, however, these assets are still in use.

10.2.7 The Managing Director (MD) and Deputy Managing Director (DMD) are entitled for the fully furnished accomodation and company maintained cars as per their terms of appointment.

11 INTANGIBLE ASSETS

	2021		
	Computer software	Others	Total
	---- (Rupees in '000) ----		
At 1 January 2021			
Cost	8,935	-	8,935
Accumulated amortisation and impairment	6,971	-	6,971
Net book value	1,964	-	1,964
Year ended December 2021			
Opening net book value	1,964	-	1,964
Additions:			
- developed internally	-	-	-
- directly purchased	84	-	84
- through business combinations	-	-	-
	84	-	84
Impairment loss recognised in the profit and loss account - net	-	-	-
Disposals	-	-	-
Amortisation charge	(1,075)	-	(1,075)
Exchange rate adjustments	-	-	-
Other adjustments	-	-	-
Closing net book value	973	-	973
At 31 December 2021			
Cost	9,019	-	9,019
Accumulated amortisation and impairment	8,046	-	8,046
Net book value	973	-	973
Rate of amortisation (percentage)	20%	-	20%
Useful life	5	-	5

	2020		
	Computer software	Others	Total
	---- (Rupees in '000) ----		
At 1 January 2020			
Cost	8,935	-	8,935
Accumulated amortisation and impairment	5,745	-	5,745
Net book value	3,190	-	3,190
Year ended December 2020			
Opening net book value	3,190	-	3,190
Additions:			
- developed internally	-	-	-
- through acquisitions / purchased	-	-	-
- through business combinations	-	-	-
	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-
Disposals			
Amortisation charge	(1,226)	-	(1,226)
Exchange rate adjustments	-	-	-
Other adjustments	-	-	-
Closing net book value	1,964	-	1,964
At 31 December 2020			
Cost	8,935	-	8,935
Accumulated amortisation and impairment	6,971	-	6,971
Net book value	1,964	-	1,964
Rate of amortisation (percentage)	20%	-	20%
Useful life	5	-	5

Intangible assets having cost of Rs.1.407 million (31 December 2020: Rs.1.407 million) are fully depreciated, however, these intangible assets are still in use.

12 DEFERRED TAX ASSETS

	2021			
	At 1 Jan 2020	Recognised in P&L A/c	Recognised in OCI	At 31 Dec 2020
	(Rupees in '000)			
Deductible temporary differences on				
- Tax losses carried forward	-	-	-	-
- Post retirement employee benefits	5,828	714	-	6,542
- Deficit on revaluation of investments	125,637	(63)	230,395	355,969
- Accelerated tax depreciation	(1,705)	(2,436)	-	(4,141)
- Provision against advances, off balance sheet etc.	77,568	-	-	77,568
- Net investment in finance lease	(18,022)	16,880	-	(1,142)
	189,306	15,095	230,395	434,796
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	-	-	-	-
- Surplus on revaluation of investments	-	-	-	-
- Accelerated tax depreciation	-	-	-	-
- Net investment in finance lease	-	-	-	-
	-	-	-	-
	189,306	15,095	230,395	434,796

	2020			
	At 1 Jan 2020	Recognised in P&L A/c	Recognised in OCI	At 31 Dec 2020
	(Rupees in '000)			
Deductible temporary differences on				
- Tax losses carried forward	-	-	-	-
- Post retirement employee benefits	4,876	952	-	5,828
- Deficit on revaluation of investments	15,895	2	109,740	125,637
- Accelerated tax depreciation	(51)	(1,654)	-	(1,705)
- Provision against advances, off balance sheet etc.	77,568	-	-	77,568
- Net Investment in finance lease	(45,762)	27,740	-	(18,022)
	52,526	27,040	109,740	189,306
Taxable remporary differences on				
- Surplus on revaluation of fixed assets	-	-	-	-
- Surplus on revaluation of investments	-	-	-	-
- Accelerated tax depreciation	-	-	-	-
- Net Investment in finance lease	-	-	-	-
	-	-	-	-
	52,526	27,040	109,740	189,306

12.1 As at 31 December 2021, the Company has available provision for advances, investments and other assets amounting to Rs.1,430.38 million (31 December 2020: Rs.1,731.52 million) and unused tax losses upto 31 December 2021 amounting to nil (31 December 2020: Rs.265.640 million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

		Note	2021	2020
			---- (Rupees in '000) ----	
13	**OTHER ASSETS**			
	Income / mark-up accrued in local currency-net of provision		827,678	844,071
	Advances, deposit, advance rent and other prepayments		29,181	38,740
	Advance taxation (payments less provisions)		832,653	546,357
	Staff retirement gratuity - asset / (liability)	21.1 & 39.7	2,582	10,683
	Other receivables		8,401	8,516
			1,700,495	1,448,367
	Less: provision held against other assets	13.3	(58,407)	(38,186)
	Other assets - (net of provison)		1,642,088	1,410,181
13.1	**Non-banking assets acquired in satisfaction of claims - held for sale**	13.2.1	814,645	1,179,360
	Surplus on revalution of non-banking assets acquired in satisfaction of claims		-	-
			814,645	1,179,360

13.2 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 13.2.1 & note 42.2.

		2021	2020
13.2.1	**Non-banking assets acquired in satisfaction of claims - held for sale**	---- (Rupees in '000) ----	
	Opening balance	1,179,360	1,179,360
	Additions	-	-
	Revaluation	-	-
	Disposals	-	-
	Depreciation	-	-
	Impairment/provision (refer note 42.2)	(364,715)	-
	Closing balance	814,645	1,179,360

This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at 31 December 2019. As per the new valuation the assessed value of these assets were Rs.2.531 billion (31 December 2020: Rs.2.531 billion) whilst forced sale value was Rs.1.570 billion (31 December 2020: Rs.1.570 billion). However, the surplus on revaluation on the non-banking assets has not been recorded in these financial statements on prudent basis.

		2021	2020
13.2.2	**Gain / loss on disposal of non-banking assets acquired in satisfaction of claims**	---- (Rupees in '000) ----	
	Disposal proceeds	-	-
	less		
	- Cost	-	-
	- Impairment / depreciation	-	-
		-	-
	Gain/loss	-	-

		Note	2021	2020
			---- (Rupees in '000) ----	
13.3	**Provision held against other assets**			
	Advances, deposits, advance rent & other prepayments		58,407	38,186
	Non banking assets acquired in satisfaction of claims	42.2	364,715	-
	Others		-	-
			423,122	38,186
13.3.1	**Movement in provision held against other assets**			
	Opening balance		38,186	38,186
	Charge for the period / year		22,459	-
	Reversals		(2,238)	-
	Amount written off / (recovered)		-	-
	Closing balance		58,407	38,186

14. CONTINGENT ASSETS

The Company does not have any contingent assets as at 31 December 2021 (31 December 2020: Nil).

15. BILL PAYABLE

The Company does not have any bills payable as at 31 December 2021 (31 December 2020: Nil).

16 BORROWINGS

	Note	2021	2020
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	16.1	257,644	318,723
Refinance scheme for payment of wages & salaries	16.1	345,630	506,666
Temporary economic relief facility (TERF)	16.1	541,182	41,138
Repurchase agreement borrowings - Repo	16.2	21,907,795	17,885,000
Borrowings from financial institutions	16.3	6,353,167	5,199,000
Total secured		29,405,418	23,950,528
Unsecured			
Clean borrowings		744,000	1,596,000
Bai Muajjal	16.4	-	845,427
		30,149,418	26,391,955

16.1 This includes borrowings from State Bank of Pakistan as under:

(a) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long.term financing facility (LTFF) to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.0 to 2.5 (31 December 2020: 2.0 to 2.5) percent per annum.

(b) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for refinance scheme for payment of wages & salaries to customers. According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry Nil (31 December 2020: nil) percent per annum interest for all types of eligible borrowers that are on active tax payer list.

(c) The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for temporary economic relief facility (TERF). According to terms of respective agreements, SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing carry 1.0 (31 December 2020: 1.0) percent per annum.

16.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 7 January 2022 (31 December 2020: 18 January 2021). The rate of mark-up on these facilities range from 10.05 to 10.75 (31 December 2020: 6.92 to 7.20) percent per annum.

16.3 This includes borrowings from financial institutions as under:

(a) Rs.6,154.17 million (31 December 2020: Rs.5,000.00 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis (2020: six months KIBOR plus 0.25 percent to 0.50 percent per annum payable on semi-annual basis). As at 31 December 2021, the applicable interest rates were 7.84 to 11.77 (31 December 2020: 7.13 to 7.85) percent per annum. These borrowings are due for maturity latest by December 2024 (31 December 2020: December 2023).

(b) This represents short term borrowings (running finance) amounting to Rs.199 million (31 December 2020: Rs.199 million) from certain financial institutions for the period ranging from overnight to 12 months. They carry mark-up rate of three months KIBOR plus 0.75 (31 December 2020: three months KIBOR plus 0.75) percent per annum. The borrowing is secured by way of hypothecation on all present and future assets of the Company with 30 percent margin.

16.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by nil (31 December 2020: 22 February 2021). The rate of mark-up on this facility is nil (31 December 2020: 7.4) percent per annum.

		2021	2020
16.2	**Particulars of borrowings with respect to currencies**	---- (Rupees in '000) ----	
	In local currency	**30,149,418**	26,391,955
	In foreign currency	**-**	-
		30,149,418	26,391,955

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	--------Rupees in '000--------					
Customers						
Certificate of Investment	**4,576,353**	**-**	**4,576,353**	4,042,892	-	4,042,892
Term deposits	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
	4,576,353	**-**	**4,576,353**	4,042,892	-	4,042,892
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	4,576,353	**-**	**4,576,353**	4,042,892	-	4,042,892

The profit rates on these Certificates of Investment (COIs) range from 7.65 to 11.70 (31 December 2020: 7.00 to 13.26) percent per annum. These COIs are due for maturity on various dates latest by 29 June 2022 (31 December 2020: 17 December 2021).

	2021	2020
	---- (Rupees in '000) ----	
17.1 Composition of deposits		
- Individuals	**70,922**	46,000
- Government (Federal and Provincial)	**2,911,761**	2,878,756
- Public sector entities	**-**	-
- Banking companies	**-**	-
- Non-banking financial institutions	**-**	-
- Private sector	**1,593,670**	1,118,136
	4,576,353	4,042,892

17.2 This includes deposits amounting to nil eligible to be covered under insurance arrangements (31 December 2020: Nil).

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance as at 31 December 2021 (31 December 2020: Nil)

19 SUBORDINATED DEBT

The Company does not have any subordinated debt as at 31 December 2021 (31 December 2020: Nil)

20 DEFERED TAX LIABILITIES

The deferred tax liabilities have been considered in note 12, since a net deferred tax asset amount has been disclosed.

21 OTHER LIABILITIES

	Note	2021	2020
		---- (Rupees in '000) ----	
Mark-up/ Return/ Interest payable in local currency		104,271	123,457
Accrued expenses		103,284	148,462
Advance payments		12,024	27,339
Current taxation (provisions less payments)		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Employees' compensated absences	21.1	23,312	20,095
Charity fund balance		-	-
Provision against off-balance sheet obligations		-	-
Security deposits against lease		77,682	77,682
Provision against contingencies	21.2	-	215,000
Other		-	514
		320,573	612,550

21.1 This is based on actuarial valuation carried out as of 31 December 2021 for regular employees and MD & DMD of the Company.

21.2 Movement in provision held against other assets

	Note	2021	2020
		---- (Rupees in '000) ----	
Opening balance	33.1	215,000	-
Addition during the year		-	215,000
Reversal/utilised during the year		(215,000)	-
Closing balance		-	215,000

21.3 Provision against off-balance sheet obligations

The Company does not have any provision against off-balance sheet obligations.

22 SHARE CAPITAL

22.1 Authorized Share Capital

2021	2020			
Number of shares				
1,000,000	1,000,000	Ordinary shares of Rs.10,000 each	10,000,000	10,000,000

22.2 Issued, subscribed and paid up share capital

2021	2020			
Number of shares				
		Ordinary shares		
671,836	644,836	Fully paid in cash	6,718,360	6,448,360
142,342	142,342	Issued as bonus shares	1,423,420	1,423,420
814,178	787,178		8,141,780	7,871,780

22.3 Government of Pakistan and State of Libya hold 407,089 each (2020: 393,589 each) ordinary shares of the Company through their representatives (MoF/SBP and LAFICO) as at 31 December 2021.

23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

	2021	2020
	---- (Rupees in '000) ----	
Surplus / (deficit) on revaluation of		
- Available for sale securities	(1,203,330)	(407,198)
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	(1,203,330)	(407,198)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	355,969	125,574
- Fixed Assets	-	-
- Non-banking assets acquired in satisfaction of claims	-	-
	355,969	125,574
	(847,361)	(281,624)

	Note	2021	2020
		---- (Rupees in '000) ----	
24 CONTINGENCIES AND COMMITMENTS			
-Guarantees	24.1	873,460	870,743
-Commitments	24.2	3,631,323	2,475,708
-Other contingent liabilities	24.3	348,141	213,227
		4,852,924	3,559,678
24.1 Guarantees:			
Financial guarantees	24.1.1	841,120	841,120
Performance guarantees	24.1.1	32,340	29,623
Other guarantees		-	-
		873,460	870,743

24.1.1 This represents the guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, there cannot be any exposure of the Company under the same.

	Note	2021	2020
		---- (Rupees in '000) ----	
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		350,000	350,000
Commitments in respect of:			
- forward foreign exchange contracts		-	-
- forward government securities transactions		-	-
- derivatives		-	-
- forward lending		-	-
- operating leases		-	-
Commitments for acquisition of:			
- operating fixed assets		-	3,150
- intangible assets		708	708
Other commitments	24.2.2	3,280,615	2,121,850
		3,631,323	2,475,708

24.2.1 Commitments in respect of forward foreign exchange contract, government securities transactions, derivatives, forward lending

The Company does not have any commitment in respect to foreign exchange contract, government securities transactions, crivates and forward lending as at 31 December 2021 (31 December 2020: Nil).

	2021	2020
	---- (Rupees in '000) ----	
24.2.2 Other commitments		
Commitments to extend credit	3,279,190	2,087,891
Unsettled investment transactions for sale / purchase of listed ordinary shares	-	32,534
Commitments against other services	1,425	1,425
	3,280,615	2,121,850

24.3 Other contingent liabilities

24.3.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.

24.3 **Other contingent liabilities**

24.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

24.3.3 For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vides his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

24.3.4 For the tax year 2014, the ACIR passed an order wherein tax demand of Rs.57.866 million was raised, disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vides his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is pending before ATIR and has not been fixed yet.

24.3.5 For the tax year 2015, the ADCIR passed an order wherein tax demand of Rs.46.669 million was raised, disallowing the provision for non-performing advances, write off against KSE-TREC and loss on sale of non-banking assets, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed penalty imposed by the State Bank of Pakistan and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company.Therefore, an appeal before CIR(A), to contest various treatments adopted in the above mentioned order issued by ADCIR, has been filed on 16 April 2019. The appeal has been heard and the order is pending.

24.3.6 For the tax year 2016, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 102.965 million was raised, disallowing the provision against non performing advances, loss on sale of non-banking assets, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest the various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. The appeal has been heard and the order is pending.

24.3.7 For the tax year 2017, the DCIR passed an order under section 122(1)/ (5) of the Ordinance on September 30, 2019. As a result, there is no change in the tax liability, however, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed, DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, disallowed board meeting expenses and treated expenditure incurred on privately placed TFCs as capital expenditure. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order was filed. The CIR(A) vide his order No. 29 dated 27-01-2021, confirmed the treatment of the DCIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest various treatments of the DCIR upheld by CIR(A) has been filed on 31 March 2021 before the Appellate Tribunal Inland Revenue, Karachi (ATIR). The appeal is pending before ATIR and has not been fixed yet.

24.3.8 For the tax year 2018, the ADCIR passed an order u/s 122(5A) wherein tax demand of Rs. 31.948 million was raised disallowing the provision against non performing advances, provision against other assets, other charges-KEL, expenses for privately placed TFCs and the penalty imposed by the State Bank of Pakistan. Further, ADCIR allocated the expenditure on gross receipts basis to capital gain and dividend income. Therefore, an appeal before CIR(A), to contest various adverse treatments adopted in the above mentioned order issued by ADCIR, has been filed on 25 March 2021. Appeal is pending. Further, rectification application has been filed vide our letter T-1079/2021 dated April 01, 2021. After due rectification the outstanding demand will be eliminated and there will be a refund of Rs. 23.021 million.

No provision has been made in these financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters considering the appellate history and tax advisor's opinion.

24.3.9 The Company, through its lawyer, has challenged in Sindh High Court (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing. At period end, the outcome was still pending.

25 DERIVATIVE INSTRUMENTS

The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the year (31 December 2020: Nil)

		Note	2021	2020
			---- (Rupees in '000) ----	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		511,025	530,525
	Investments		2,125,531	2,368,029
	Lendings to financial institutions		314,232	306,692
	Balance with banks		6,810	3,711
	Others		-	-
			2,957,598	3,208,957
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		368,283	200,104
	Borrowings		1,983,366	2,296,334
	Subordinated debt		-	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			2,351,649	2,496,438
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		-	-
	Card related fees (debit and credit cards)		-	-
	Credit related fees		10,848	10,234
	Investment banking fees		-	-
	Commission on trade		-	-
	Commission on guarantees		4,949	4,949
	Commission on cash management		-	-
	Commission on remittances including home remittances		-	-
	Commission on bancassurance		-	-
	Others		-	-
			15,797	15,183
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	(79,711)	429,321
	Unrealised-held for trading	8.1	-	(412)
			(79,711)	428,909
29.1	**Realised gain on:**			
	Federal government securities		(3,924)	426,290
	Shares		(75,787)	3,555
	Non-government debt securities		-	(524)
	Associates		-	-
	Subsidiaries		-	-
	Others		-	-
			(79,711)	429,321
30	**OTHER INCOME**			
	Rent on property		1,104	3,512
	Gain on sale of operating fixed assets		10,325	544
	Gain on sale of non-banking assets - net		-	-
	Bank charges on consumer and SME-RBD portfolio		-	14
	Others		2,629	-
			14,058	4,070

31 OPERATING EXPENSES

	Note	2021	2020
		---- (Rupees in '000) ----	
Total compensation expense	31.1	343,939	426,478
Property expense			
Rent and taxes		437	235
Insurance		3,221	3,705
Utilities cost		5,421	4,453
Security (including guards)		1,094	1,072
Repair and maintenance (including janitorial charges)		19,743	16,744
Depreciation		2,782	2,799
Others		-	-
		32,698	29,009
Information technology expenses			
Software maintenance		1,918	2,157
Hardware maintenance		1,367	1,146
Depreciation		2,188	1,814
Amortisation		1,075	1,226
Network charges		1,345	1,122
BCP expense		732	732
		8,625	8,197
Other operating expenses			
Directors' fees and allowances		16,100	16,472
Fees and allowances to Shariah Board		-	-
Legal and professional charges		6,616	12,677
Outsourced services costs *		5,497	5,403
Travelling and conveyance		4,199	3,907
NIFT clearing charges		-	-
Depreciation		30,301	26,106
Training and development		856	538
Postage and courier charges		313	266
Communication		4,462	5,134
Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)		-	-
Stationery and printing		1,902	2,281
Marketing, advertisement & publicity		3,364	3,346
Donations	31.2	-	-
Auditors' remuneration	31.3	3,006	3,225
Board meeting expenses		11,548	13,558
Meal and business networking expenses		980	334
Canteen expenses		811	702
Liveries and uniform		330	316
Hajj expense		919	1,021
Bank charges		414	314
Miscellaneous expenses		45	45
		91,663	95,643
		476,925	559,328

* All amounts were related to the payment to the outsourcing companies incorporated in Pakistan. These activities were not with related parties.

	Note	2021	2020
31.1 Total compensation expense		---- (Rupees in '000) ----	
Fees and allowances		-	-
Managerial remuneration			
i) Fixed		301,543	297,215
ii) Variable			
of which;			
a) Cash bonus / awards		2,563	46,543
b) Bonus and awards in shares			
Charge for defined benefit plan	39.8.1	12,997	12,297
Contribution to defined contribution plan		8,356	8,587
Rent and house maintenance		4,850	1,856
Utilities		3,811	3,844
Medical		6,838	11,096
Conveyance		1,258	710
Group insurance		771	1,181
Benevolent fund		114	115
EOBI		573	579
Club Membership		265	456
Others		-	-
Sub-total		343,939	384,478
Sign-on Bonus		-	-
Severance	31.1.1	-	42,000
Grand Total		343,939	426,478

31.1.1 The Board of Directors have granted an approval of a severance scheme/package on 31 December 2020 keeping in view the revised business strategy already approved in August 2019.

31.2 The Company did not make any donation during 2021 (31 December 2020: Nil).

		2021	2020
		---- (Rupees in '000) ----	
31.3 Auditors' remuneration			
Audit fee		1,129	1,119
Fee for other statutory certifications		416	366
Fee for audit of foreign branches (for banks incorporated in Pakistan)		-	-
Fee for audit of employee funds	31.3.1	-	-
Special certifications and sundry advisory services		309	323
Tax services		900	1,160
Out-of-pocket expenses		251	257
		3,005	3,225

31.3.1 The Auditors of the Company are also engaged in the audit of the Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund and Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund. However, audit fee for both the Funds amounting to Rs.88 thousand and was borne by the respective Funds (31 December 2020: Rs. 88 thousand).

	2021	2020
	---- (Rupees in '000) ----	
32 OTHER CHARGES		
Arrangement fee and documentation charges	5,637	229
Brokerage commission	6,627	8,457
Expenses for privately placed term finance certificates	-	-
Expenses pertaining to KEL	4,345	7,556
Penalties imposed by State Bank of Pakistan	-	183
Penalties imposed by other regulatory bodies	-	100
	16,609	16,525

	Note	2021	2020
		---- (Rupees in '000) ----	
33 PROVISIONS / (REVERSALS) & WRITE OFFS - NET			
Provisions against lending to financial institutions		(2,497)	-
Loss on non-banking assets acquired in satisfaction of claims		364,715	-
Provisions for diminution in value of investments	8.3.1	(49,400)	17,811
(Reversal)/provisions against loans and advances	9.4	(20,174)	(52,518)
(Reversal)/provision against other receivable		22,459	-
Bad debts written off directly		-	-
Recovery of written off/charged off bad debts		-	-
(Reversal)/provision against contingencies	33.1	(215,000)	215,000
		100,102	180,293

33.1 In light of the extraordinary circumstances triggered due to the COVID-19 pandemic, the global economies have been severely affected and Pakistan was no exception. The banking industry thrives on industrial and economic activities, therefore, the impact of the slowdown on business of banks and financial institutions, including Pak Libya, was inevitable. However, the general market environment remained conducive for Company's business operation despite COVID-19 pandemic. After reduction in policy rate by 625 bps there has been no change in interest rates after June 2020. Consequently, after various developments during last 12 months keeping in view the 2nd and 3rd waves of COVID-19 and expiry of relaxation period allowed by SBP for financial relief under different schemes to various customer, the portfolio remained intact. Therefore, the management after review of loans & advances portfolio considered it appropriate to release a portion of provision in June 2021. Moreover, subsequent to the sudden sharp increase of 275 bps in policy rate, the management utilised the remaining amount.

	Note	2021	2020
34 TAXATION		---- (Rupees in '000) ----	
Current		58,664	182,876
Prior years		(41,985)	-
Deferred	12	(15,095)	(27,041)
		1,584	155,835

Due to minimum tax applicable on the Company at fixed rates. Therefore, relationship between tax expense and accounting profit for the period / year has not been presented.

	Note	2021	2020
35 BASIC EARNINGS/(LOSS) PER SHARE		---- (Rupees in '000) ----	
Profit/(loss) for the year		40,883	304,138
Weighted average number of ordinary shares		807,520	686,181
Basic earnings per share (Rupees)		50.6	443.2
36 DILUTED EARNINGS/(LOSS) PER SHARE			
Profit/(loss) for the year		40,883	304,138
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		807,520	686,181
Diluted earnings per share (Rupees)		50.6	443.2
37 CASH AND CASH EQUIVALENTS			
Term deposit receipts (TDRs)	37.1	2,700,000	2,350,000
Cash and balance with treasury banks	5	110,575	63,155
Balance with other banks	6	197,264	82,159
Others		-	-
		3,007,839	2,495,315

37.1 These term deposit receipts (TDRs) are due for maturity on various dates between January 2022 to March 2022 (31 December 2020: January 2021 to March 2021).

	2021	2020
38 STAFF STRENGTH	-------- Number--------	
Permanent	72	73
Temporary / on contractual basis	4	6
Daily wagers	11	11
Bank's own staff strength at the end of the year	87	90
Outsourced (Third Party)	11	14

38.1 In addition to the above no employee (2020: Nil) of outsourcing services companies were assigned to the Company during the year to perform services other than guarding and janitorial services.

39 DEFINED BENEFIT PLAN

39.1 General description

Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund was established for the benefit of all eligible employees of Pak-Libya Holding Company (Private) Limited through a trust deed dated 01 January 1999. The fund has been approved by the Commissioner of Income tax under Rule 1 of Part III of the sixth schedule to the repealed Income tax ordinance 1979 to take effect from 01 February 1999.

39.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2021	2020
	(Number)	
- Pension fund	-	-
- Gratuity fund	75	76
- Other benefits schemes	-	-

39.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2021 using the following significant assumptions:

	2021	2020
	Per annum	
Discount rate	11.75	9.75
Expected rate of return on plan assets	11.75	9.75
Expected rate of salary increase	10.25	8.25
Expected rate of increase in pension	-	-
Expected rate of increase in medical benefit	-	-

39.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	2021		2020	
		(Rupees in '000)		(Rupees in '000)	
		Pension fund	Gratuity fund	Pension fund	Gratuity fund
Present value of obligations	39.5	-	147,412	-	132,233
Fair value of plan assets	39.6	-	(149,994)	-	(142,916)
(Receivable) / payable		-	-	-	-
	39.7	-	(2,582)	-	(10,683)

39.5 Movement in defined benefit obligations

	Pension fund 2021	Gratuity fund 2021	Pension fund 2020	Gratuity fund 2020
Obligations at the beginning of the year	-	132,233	-	125,477
Current service cost	-	14,376	-	13,763
Interest cost	-	12,268	-	13,211
Benefits paid	-	(7,796)	-	(16,096)
Past service cost	-	-	-	-
Re-measurement loss / (gain)	-	(3,669)	-	(4,122)
Obligations at the end of the year	-	147,412	-	132,233

39.6 Movement in fair value of plan assets

	Pension fund 2021	Gratuity fund 2021	Pension fund 2020	Gratuity fund 2020
Fair value at the beginning of the year	-	142,916	-	133,914
Interest income on plan assets	-	13,647	-	14,676
Contributions	-	1,899	-	9,177
Benefits paid	-	(7,796)	-	(16,096)
Re-measurements: Net return on plan assets over interest income gain / (loss)	-	(672)	-	1,245
Fair value at the end of the year	-	149,994	-	142,916

39.7 Movement in (receivable) / payable under defined benefit schemes

	Note	Pension fund 2021	Gratuity fund 2021	Pension fund 2020	Gratuity fund 2020
Opening balance		-	(10,683)	-	(8,437)
Charge / (reversal) for the year - net		-	12,997	-	12,298
Contribution by the Company - net		-	(1,899)	-	(9,177)
Re-measurement loss / (gain) recognised in OCI during the year	39.8.2	-	(2,997)	-	(5,367)
Benefits paid		-	-	-	-
Closing balance		-	(2,582)	-	(10,683)

39.8 Charge for defined benefit plans

39.8.1 Cost recognised in profit and loss

	2021		2020	
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
Current service cost	-	14,376	-	13,763
Net interest on defined benefit asset / liability	-	(1,379)	-	(1,465)
	-	12,997	-	12,298

39.8.2 Re-measurements recognised in OCI during the year

	2021 Pension fund	2021 Gratuity fund	2020 Pension fund	2020 Gratuity fund
Loss / (gain) on obligation				
- Demographic assumptions	-	-	-	-
- Financial assumptions	-	-	-	(2,317)
- Experience adjustment	-	(2,997)	-	(3,050)
Return on plan assets over interest income	-	-	-	-
Total re-measurements recognised in OCI	-	(2,997)	-	(5,367)

39.9 Components of plan assets

	2021		2020	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
Cash and cash equivalents - net	-	46	-	61
Government securities	-	149,948	-	142,855
Shares	-	-	-	-
Non-government debt securities	-	-	-	-
Units of mutual funds	-	-	-	-
	-	149,994	-	142,916

39.9.1 Amounts for the current year and previous four annual periods of the present value of the defined benefit obligation, the fair value of plan assets, surplus / deficit and experience adjustments arising thereon are as follows:

Financial year	Present value	Fair value	Surplus / (deficit)
	---- (Rupees in '000) ----		
2021	147,412	149,994	2,582
2020	132,233	142,916	10,683
2019	125,477	133,914	8,437
2018	116,781	113,384	(3,397)
2017	110,649	121,764	11,115

39.10 Sensitivity analysis

Sensitivity analysis given below disclosed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes:

	Gratuity fund	
	2021	2020
	---- (Rupees in '000) ----	
1% increase in discount rate	(7,585)	(7,328)
1% decrease in discount rate	8,394	8,103
1 % increase in expected rate of salary increase	9,073	8,789
1 % decrease in expected rate of salary increase	(8,362)	(8,068)
1% increase in expected rate of pension increase	-	-
1% decrease in expected rate of pension increase	-	-
1% increase in expected rate of medical benefit increase	-	-
1% decrease in expected rate of medical benefit increase	-	-

	2021	2020
39.11 Expected contributions to be paid to the funds in the next financial year	11,020	1,899
39.12 Expected charge / (reversal) for the next financial year	13,602	12,582

39.13 Maturity profile

Particulars	Undiscounted	
	2021	2020
	(Rupees in '000)	
Year 1	13,865	14,629
Year 2	4,144	13,133
Year 3	25,585	3,616
Year 4	43,418	22,547
Year 5	8,213	37,647
Year 6 to Year 10	85,525	73,784
Year 11 and above	156,335	105,020

39.14 **Funding Policy**

The Company funds it annual contribution, based on actual valuation, in quarterly instalments during the year.

39.15 The scheme has various risks associated with it, however, following risks have been considered significant:

Asset volatility	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Changes in bond yields	The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.
Inflation risk	The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.
Life expectancy / Withdrawal rate	The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

40 **DEFINED CONTRIBUTION PLAN**

Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund was established for the benefit of all permanent employees of Pak-Libya Holding Company (Private) Limited through a trust deed dated 20 September 1981. The fund has been approved by the Commissioner of Income tax under Part I of the sixth schedule to the repealed Income tax ordinance 1979 to take effect from 30 November 1981.

	2021	2020
	---- (Rupees in '000) ----	
Contribution from the Company	8,910	8,792
Contribution from the Employees	8,910	8,792

40.1 **Provident Fund Disclosures**

The following information is based on the latest financial statements of the Fund:

	Note	Unaudited 2021	Audited 2020
		------ (Rupees in '000) ------	
Size of the Fund - total assets		142,646	123,687
Cost of investment made		141,529	122,488
Fair value of investments	40.2	141,786	122,679
Percentage of investment made		99%	99%

40.2 The break-up of fair value of investments is:

	Unaudited 2021		Audited 2020	
	Rupees in '000	Percent	Rupees in '000	Percent
Bank balances	257	0.2%	191	0.2%
Market treasury bills	141,529	99.8%	122,488	99.8%
Pakistan investment bonds	-	-	-	-
Certificate of Investment (COIs) - at amortised cost	-	-	-	-
Units of mutual funds	-		-	
	141,786	100%	122,679	100%

40.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Act, 2017 and the rules formulated for this purpose.

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

2021

Items	Directors			Members Shariah Board	CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
Fees and allowances etc.	3,000	-	13,100	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-
i) Fixed	-	45,051	-	-	40,116	66,294	30,895
ii) Total variable	-	5,889	-		5,859	13,240	3,100
of which	-	-	-	-	-	-	-
a) Cash bonus / awards	-	5,889	-	-	5,859	13,240	3,100
b) Bonus and Awards in shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	2,260	-	-	2,180	5,190	1,232
Contribution to defined contribution plan	-	2,289	-	-	1,989	2,033	601
Rent and house maintenance	-	4,513	-	-	306	-	-
Utilities and communication	-	2,228	-	-	1,200	794	326
Medical	-	490	-	-	-	1,056	1,126
Conveyance / Vehicle running expense	-	1,736	-	-	1,042	714	491
Leave fare assistance	-	9,183	-	-	9,104	5,096	2,069
Club membership and subscription		-			-	240	88
Children education	-	5,639	-	-	5,640	-	-
Repatriation expense	-	-	-	-	-	-	-
House furnishing		-			-	-	-
Security services	-	633	-	-	464	-	-
Visa fee and immigration		153			-	-	-
Others		296			122	218	47
Total	3,000	80,360	13,100	-	68,022	94,875	39,975
Number of persons	1	1	4	-	1	12	5

2020

Items	Directors			Members Shariah Board	CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
Fees and allowances etc.	2,486	-	13,986	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-
i) Fixed	-	44,042	-	-	37,553	57,815	29,450
ii) Total variable	-	-	-	-	-	-	-
of which	-	-	-	-	-	-	-
a) Cash bonus / awards	-	-	-	-	-	-	-
b) Bonus and Awards in shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	2,200	-	-	2,058	4,836	1,478
Contribution to defined contribution plan	-	2,257	-	-	1,965	1,828	670
Rent and house maintenance	-	1,263	-	-	563	-	-
Utilities and communication	-	2,172	-	-	1,437	628	328
Medical	-	601	-	-	-	858	1,936
Conveyance / Vehicle running expense	-	1,310	-	-	925	772	431
Leave fare assistance	-	12,205	-	-	9,006	4,428	2,553
Club membership and subscription	-	-	-	-	-	-	-
Children education	-	5,693	-	-	5,757	-	-
Repatriation expense	-	-	-	-	-	-	-
House furnishing	-	-	-	-	-	-	-
Security services	-	763	-	-	529	-	-
Visa fee and immigration	-	431	-	-	-	-	-
Others	-	241	-	-	88	484	374
Total	2,486	73,178	13,986	-	59,881	71,649	37,220
Number of persons	1	1	4	-	1	12	5

The Managing Director and Deputy Managing Director (Executive Committee) are also entitled to usage of certain Company maintained assets as per their terms of employment and human resource policy.

Key management personnel are those executives reporting directly to the CEO / MD of the Company, whilst other material risk takers / controllers are those executives, other than key management personnel, involved in material risk taking and related controlling activities respectively.

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2021							
		Meeting Fees and Allowances Paid					
			For Board Committees				
Sr. No.	Name of Director	For Board Meetings	Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	Total Amount Paid
		Rs. in '000'					
1	Mr. Bashir B. Omer	3,000	-	-	-	-	3,000
2	Dr Muhammad Tahir Noor	2,500	1,400	-	-	-	3,900
3	Mr. Abdulfatah Ashour Ejayedi	2,500	1,400	700	-	-	4,600
4	Mr. Abrar Ahmed Mirza	2,500	1,400	700	-	-	4,600
	Total Amount Paid	10,500	4,200	1,400	-	-	16,100

2020							
		Meeting Fees and Allowances Paid					
			For Board Committees				
Sr. No.	Name of Director	For Board Meetings	Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	Total Amount Paid
		Rs. in '000'					
1	Mr. Bashir B. Omer	2,400	-	-	86	-	2,486
2	Dr Muhammad Tahir Noor	2,500	1,400	-	436	-	4,336
3	Mr. Abdulfatah Ashour Ejayedi	2,500	1,400	700	350	-	4,950
4	Mr. Abrar Ahmed Mirza	2,600	1,400	700	-	-	4,700
	Total Amount Paid	10,000	4,200	1,400	872	-	16,472

41.3 Remuneration paid to Shariah Board Members

The Company does not have shariah board members, being a conventional financial institution, therefore, there is no remuneration to shariah board.

42 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

42.1 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:

	Note	2021			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		----------Rupees in '000----------			
Financial assets - measured at fair value					
Investments					
Federal government securities	8.2	-	23,880,631	-	23,880,631
Provincial government securities	8.2	-	-	-	-
Shares	8.2	899,541	-	1,500	901,041
Non-government debt securities	8.2	-	715,792	-	715,792
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	8.2	-	-	1,714,451	1,714,451
Cash and balances with treasury banks	5	-	-	110,575	110,575
Balances with other banks	6	-	-	197,264	197,264
Lendings to financial institutions	7	-	-	3,800,000	3,800,000
Advances	9	-	-	6,312,475	6,312,475
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(30,149,418)	(30,149,418)
Deposits and other accounts	17	-	-	(4,576,353)	(4,576,353)
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-
		899,541	24,596,423	(22,589,506)	2,906,458

	Note	2020			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		----------Rupees in '000----------			
Financial assets - measured at fair value					
Investments					
Federal government securities	8.2	-	21,665,976	-	21,665,976
Provincial government securities	8.2	-	-	-	-
Shares	8.2	833,376	-	1,500	834,876
Non-government debt securities	8.2	-	841,212	-	841,212
Foreign securities		-	-	-	-
Others		-	-	-	-
Financial assets - disclosed but not measured at fair value					
Investments	8.2	-	-	1,570,452	1,570,452
Cash and balances with treasury banks	5	-	-	63,155	63,155
Balances with other banks	6	-	-	82,159	82,159
Lendings to financial institutions	7	-	-	3,400,000	3,400,000
Advances	9	-	-	5,674,009	5,674,009
Financial liabilities - disclosed but not measured at fair value					
Borrowings	16	-	-	(26,391,955)	(26,391,955)
Deposits and other accounts	17	-	-	(4,042,892)	(4,042,892)
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange		-	-	-	-
Forward sale of foreign exchange		-	-	-	-
Forward agreements for lending		-	-	-	-
Forward agreements for borrowing		-	-	-	-
Derivatives purchases		-	-	-	-
Derivatives sales		-	-	-	-
		833,376	22,507,187	(19,643,572)	3,696,991

42.2 Fair value of non-financial assets

	2021			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	----------Rupees in '000----------			
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
	-	2,530,518	-	2,530,518

	2020			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	----------Rupees in '000----------			
Non-banking assets acquired in satisfaction of claims	-	2,530,518	-	2,530,518
	-	2,530,518	-	2,530,518

Methodology and Valuation Approach

For the purposes of valuation, valuer carried out inspection and survey of the land, building, plant and machinery. They verified the capacity of the Engines and Alternators from their nameplate rating. The plant is mostly second-hand and the engines have run 50/60,000 hours.

Land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.56.500 million (31 December 2020: Rs.56.500 million).

Buildings And Civil Works

All civil works were physically inspected to ascertain the type of construction, finishes and present condition. The structures covered are the owned and developed assets on owned land and long leased land holdings. The verification was also made from the architectural drawings and completion drawings as available. The buildings were checked to ascertain the maintenance standard and construction at site in accordance with the drawings. A suitable depreciation factor depending upon the present condition and life of the buildings was applied to arrive at the present assessed value is Rs.150.570 million (31 December 2020: Rs.150.570 million).

Plant and Machinery including Spares

The machinery at the site (including spares) were physically verified as far as possible, according to their description, specification and location. Purchase invoices were used in order to determine the historical cost.

For the purpose of valuation of plant, machinery and equipment, valuer enquired values of second-hand machinery and checked their own archives, apart from the local market, keeping in view the make, model, capacity & present condition of the plant, which resulted in valuation of Rs.1,363.009 million (31 December 2020: Rs.1,363.009 million).

As the machinery items are also lying at the port and segments are distributed into various containers at the Plant site, this will present some problems in assembling and in absence of comprehensive assembly drawings and technical specification / rusting problems, the realisable value will suffer.

Management of the Company, after critically evaluating its options finalized the terms of restructuring deal for the disposal of these non-banking assets with a specialized engineering firm. Under the arrangement, both the parties agreed to enter into a business venture whereby the assets of KEL would be used for setting up of captive power plants to be used for industrial units through power purchase agreements on 'Build Own Operate' or 'Build Own Operate Transfer' basis. As per the agreement, the total consideration will be paid from the power plant cashflows to be received time to time and on such dates and with such amounts as mutually agreed by the parties. The parties involved, currently, negotiating the terms of power purchase agreement (PPA) with identified buyers which will become the basis for relevant PPAs expected to be signed in due course accordingly.

The Company performed an impairment review to ascertain that the carrying amount of the power plant does not exceed its recoverable amount; the review was based on a financial model with various assumptions, as the power plant has not started its operations yet. Considering the assets being non-operational, the management also engaged an external valuation expert to assess the value of these assets. As a result of the assessment, the management considered that no impairment on these assets would be required as the revised market/assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values.

However, the delays faced by the engineering firm in signing the 1st PPA with the potential power purchase buyer, certain provision has been created against these assets as per the instructions of the SBP (refer note 13.2.1).

Considering the strategic importance of these non-banking assets, the management of the Company has been engaged in negotiations with other interested parties and evaluated out-right sell options. In this regard, the offer received exceeds the carrying value of these non-banking assets which indicates that no further impairment is required. Further, the interested party has also deposited Rs. 50 million, subsequent to yearend, to demonstrate its commitment to purchase.

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follow:

	2021					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Profit and loss						
Net mark-up/return/profit	212,859	408,190	-	13,845	(28,945)	605,949
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	(83,190)	(3,931)	102,604	612	14,059	30,154
Total Income	129,669	404,259	102,604	14,457	(14,886)	636,103
Segment direct expenses	16,529	23,870	15,082	13,836	137,701	207,018
Inter segment expense allocation	6,007	3,599	3,265	8,027	265,618	286,516
Total expenses	22,536	27,469	18,347	21,863	403,319	493,534
(Reversal) / (recovery) / provision	78,202	(45,497)	68,629	(1,232)	-	100,102
Profit / (loss) before tax	28,931	422,287	15,628	(6,174)	(418,205)	42,467

	2021					
Statement of Financial Position	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	307,839	-	-	-	307,839
Investments	3,476,247	24,083,435	1,025,020	-	5,969	28,590,671
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,830,567	-	-	-	3,830,567
Advances - performing	4,831,224	-	-	1,275,335	147,427	6,253,986
- non-performing	1,112,610	-	-	60,179	33,263	1,206,052
Others	1,319,694	665,564	-	15,048	1,411,787	3,412,093
Less: Provision (Loan and advances)	(1,114,259)	-	-	(33,304)	-	(1,147,563)
Less: Provision (Investments)	(1,225,811)	(9,371)	(143,574)	-	-	(1,378,756)
Less: Provision (Lending)	-	(30,567)	-	-	-	(30,567)
Less: Provision (Others)	(407,255)	(9,757)	-	-	(6,108)	(423,120)
Total Assets	7,992,450	28,837,710	881,446	1,317,258	1,592,338	40,621,202
Borrowings	5,162,570	24,065,667	-	921,182	-	30,149,419
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,576,353	-	-	-	4,576,353
Net inter segment borrowing	-	-	-	-	-	-
Others	86,205	103,592	969	5,882	123,924	320,572
Total liabilities	5,248,775	28,745,612	969	927,064	123,924	35,046,344
Equity	3,146,280	-	1,128,097	-	1,300,481	5,574,858
Total equity and liabilities	8,395,055	28,745,612	1,129,066	927,064	1,424,405	40,621,202
Contingencies and commitments	3,738,240	-	-	764,410	350,274	4,852,924

	2020					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Profit and loss						
Net mark-up/return/profit	168,331	543,385	-	30,438	(29,634)	712,519
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	15,172	425,864	58,482	24	4,057	503,600
Total Income	183,503	969,249	58,482	30,462	(25,577)	1,216,119
Segment direct expenses	25,084	22,233	15,858	14,206	205,069	282,450
Inter segment expense allocation	2,875	3,369	2,204	5,688	279,267	293,403
Total expenses	27,958	25,603	18,062	19,894	484,336	575,853
(Reversal) / (recovery) / provision	(42,689)	215,000	6,602	1,379	-	180,293
Profit / (loss) before tax	198,233	728,646	33,818	9,189	(509,913)	459,973

	2020					
Statement of Financial Position	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	145,314	-	-	-	145,314
Investments	3,590,715	21,874,748	863,998	-	-	26,329,462
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	3,433,064	-	-	-	3,433,064
Advances - performing	5,041,383	-	-	425,530	145,087	5,611,999
- non-performing	1,473,926	-	-	38,013	-	1,511,939
Others	1,323,491	684,223	-	9,049	900,046	2,916,808
Less: Provision (Loan and advances)	(1,415,394)	-	-	(34,535)	-	(1,449,929)
Less: Provision (Investments)	(1,334,110)	(9,371)	(73,466)	-	-	(1,416,948)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,108)	(38,185)
Total Assets	8,657,691	26,085,157	790,532	438,057	1,039,025	37,010,462
Borrowings	4,063,034	21,865,378	-	463,543	-	26,391,955
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	4,042,892	-	-	-	4,042,892
Net inter segment borrowing	-	-	-	-	-	-
Others	106,702	121,777	304	7,936	375,833	612,551
Total liabilities	4,169,736	26,030,046	304	471,479	375,833	31,047,397
Equity	4,259,810	-	923,272	-	779,982	5,963,065
Total equity and liabilities	8,429,546	26,030,046	923,576	471,479	1,155,815	37,010,462
Contingencies and commitments	3,001,196	-	32,534	299,668	226,280	3,559,678

44 **TRUST ACTIVITIES**

The Company did not act as trustee during the year and in corresponding year.

45 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its parent, associate, joint venture, subsidiary, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	31 December 2021 (Audited)							31 December 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	105,245	-	-	-	-	-	-	57,400
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	250,000
Addition during the year	-	-	-	-	-	-	4,450,000	-	-	-	-	-	-	1,250,000
Repaid during the year	-	-	-	-	-	-	(4,750,000)	-	-	-	-	-	-	(500,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	700,000	-	-	-	-	-	-	1,000,000
Investments														
Opening balance	-	-	-	-	1,500	704,867	22,272,681	-	-	-	5,000	500	704,867	15,726,138
Investment made during the year	-	-	-	-	-	-	8,654,188	-	-	-	(4,000)	-	-	17,013,578
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(5,575,432)	-	-	-	(1,000)	1,000	-	(10,467,035)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	27,563,049	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-					
Closing balance	-	-	-	-	1,500	704,867	25,351,437	-	27,563,049	-	-	1,500	704,867	22,272,681
Provision for diminution in value of investments	-	-	-	-	-	704,867	83,134	-	-		-	-	704,867	72,448
Surplus / (deficit) in value of investments	-	-	-	-	-	-	(1,167,164)	-	-	-	-	-	-	(383,585)
Advances														
Opening balance	-	-	48,454	-	-	-	42,825	-	-	49,273	-	-	-	38,835
Addition during the year	-	-	20,262	-	-	-	-	-	-	12,588	-	-	-	21,275
Repaid during the year	-	-	(17,068)	-	-	-	(2,633)	-	-	(25,442)	-	-	-	(3,496)
Transfer in / (out) - net	-	-	19,502	-	-	-	(19,502)	-	-	12,035	-	-	-	(13,789)
Closing balance	-	-	71,150	-	-	-	20,690	-	-	48,454	-	-	-	42,825
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 December 2021 (Audited)							31 December 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
Other Assets														
Interest / mark-up accrued	-	-	-	-	-	-	621,538	-	-	1,996	-	-	-	603,863
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable (4)	-	5,983	-	-	1,466	-	-	-	5,983	-	-	1,466	-	-
Other advances	-	-	250	-	-	-	160	-	4,830	350	-	-	-	100
Advance taxation	-	-	-	-	-	-	790,668	-	-	-	-	-	-	546,392
Provision against other assets	-	(5,983)	-	-	-	-	-	-	(5,983)	-	-	-	-	-
Borrowings														
Opening balance	-	-	-	-	-	-	9,611,528	-	-	-	-	-	-	6,059,105
Borrowings during the year	-	-	-	-	-	-	547,829,245	-	-	-	-	-	-	352,445,482
Settled during the year	-	-	-	-	-	-	(539,274,117)	-	-	-	-	-	-	(348,893,059)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	18,166,656	-	-	-	-	-	-	9,611,528
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	185,000	-	3,603,756	-	-	-	-	185,000	-	1,336,020
Received during the year	-	-	-	-	552,500	-	28,792,836	-	-	-	-	360,000	-	14,466,087
Withdrawn during the year	-	-	-	-	(512,500)	-	(28,672,832)	-	-	-	-	(360,000)	-	(12,198,351)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	225,000	-	3,723,760	-	-	-	-	185,000	-	3,603,756
Other Liabilities														
Interest / mark-up payable	-	-	-	-	284	-	45,122	-	-	-	-	150	-	51,533
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,378)
Other liabilities	5,324	2,058	3,406	-	-	1,008	1,237	4,808	-	-	-	-	1,008	463
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	873,922	348,141	-	-	-	-	-	870,743	213,227

	31 December 2021 (Audited)							31 December 2020 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
Income														
Mark-up / return / interest earned -net	-	-	1,393	-	-	-	1,977,215	-	-	3,015	-	-	-	2,132,592
Fee and commission income				-	-	-	-				-	-	-	-
Dividend Income	-	-	-	-	-	-	20,080	-	-	-	-	-	-	5,350
Gain on sale of securities - net	-	-	-	-	-	-	4,023	-	-	-	-	-	-	12,230
Gain on disposal of fixed assets	-	-	-	-	-	-	-	-	366	-	-	-	-	-
Expense														
Mark-up / return / interest expensed	-	-	-	-	15,606	-	1,185,000	-	-	-	-	19,015	-	751,785
Operating expenses														
Office maintenance and related expenses	-	1,700	-	-	16,798	-	-	-	1,700	-	-	16,031	-	-
Non-executive directors' remuneration	-	16,100	-	-	-	-	-	-	16,472	-	-	-	-	-
Board Meeting Expense	-	4,996	3,482	-	-	-	803	-	5,431	3,737	-	-	-	1,514
Remunerations	-	142,264	87,652	-	-	-	38,140	-	126,702	64,985	-	-	-	35,072
Consultancy expense	-	-	-	-	-	-	-	-	-	-	-	-	1,392	-
Contribution to defined contribution plan	-	4,278	2,033	-	-	-	601	-	4,222	1,828	-	-	-	670
Contribution to defined benefit plan	-	4,440	5,190	-	-	-	1,232	-	4,257	4,836	-	-	-	1,478
Depreciation	-	22,337	823	-	-	-	256	-	20,118	785	-	-	-	177
Other Charges														
Others	-	-	-	-	-	4,345	-	-	-	-	4	-	2,772	-
Insurance premium paid	-	-	-	-	-	1,497	-	-	-	-	-	-	3,388	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Executives directors and key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

(2) It includes state controlled entities, certain other material risk takers and controllers.

(3) Transactions with owners have been disclosed in "Statement of changes in equity".

(4) In financial year 2017, Rs. 26.11 million was paid to former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD partly from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off in financial year 2018 against sale proceeds of Rs. 9.11 million in addition to actual cash received amounting to Rs. 11.004 million. The management has been following up for the remaining amount of 5.983 million, which is appearing in other receivables (Note 13).

(5) Remuneration and short term employee benefits are disclosed in note 41 to the financial statements.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,041,565	5,737,211
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	4,750,019	4,565,709
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	4,750,019	4,565,709
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	4,750,019	4,565,709
Risk Weighted Assets (RWAs):		
Credit Risk	13,613,829	12,217,871
Market Risk	5,089,600	5,466,114
Operational Risk	1,054,835	803,417
Total	19,758,264	18,487,402
Common Equity Tier 1 Capital Adequacy ratio	24.04%	24.70%
Tier 1 Capital Adequacy Ratio	24.04%	24.70%
Total Capital Adequacy Ratio	24.04%	24.70%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	4,750,019	4,565,709
Total Exposures	65,186,811	56,743,118
Leverage Ratio	7.29%	8.05%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	2,032,257	3,722,130
Total Net Cash Outflow	667,962	2,065,310
Liquidity Coverage Ratio	304%	180%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	15,835,910	14,459,512
Total Required Stable Funding	10,860,903	9,832,361
Net Stable Funding Ratio	146%	147%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS is available at https://paklibya.com.pk/financial_reports.php?type=Capital_Adequacy_Statements

46.1 CAPITAL ASSESSMENT AND ADEQUACY

46.1.1 Capital adequacy

SBP's regulatory capital guidelines under Basel III allow for three tiers of capital. Common Equity Tier I capital includes common shares and retained earnings. Pak Libya currently does not hold any instruments in Additional Tier 1 or Tier 2 capital. The authorised share capital of the Company is Rs.10,000 million and the paid-up capital is Rs. 8,141.780 million consisting of 814,178 shares with a par value of Rs.10,000 per share.

Company's regulatory capital is divided into three tiers.

* Common Equity Tier 1 capital (CET1), which includes fully paid up capital and statutory reserves as per the financial statements and unappropriated loss after all regulatory adjustments applicable on CET1.
* There is no amount for Additional Tier 1 Capital (AT1) of the Company.
* Tier 2 capital includes revaluation reserves on account of unrealised gain on available-for-sale investments and general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets).

The table below illustrates the following approaches that are adopted at Pak Libya for capital requirements calculation under Basel III in relation to the various risk types under Pillar 1:

Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic Indicator Approach

Minimum capital requirement

SBP has prescribed that the minimum paid-up capital (free of losses) for DFI is required to be maintained at Rs.6 billion and ratio of total regulatory capital to risk weighted asset is to be maintained at or above 10% alongwith Capital Conservation Buffer (CCB) of 1.5% which is reduced from 2.5% as a result of COVID-19 pandemic. The paid-up capital (free of losses) of the Company as of 31 December 2021 amounted to Rs. 6.042 billion, which is above the minimum capital requirement of Rs.6 billion. During the year, the Company has increased its paid-up capital to Rs.8.142 billion after the injection of remaining equity contribution from Government of Pakistan.

Capital management

A strong capital position is essential to the Company's business strategy and competitive position. The Company's capital strategy focuses on long-term stability, which aims to build and invest in core business activities. The Company seeks to maintain adequate levels of capital in order to:

- comply with the capital requirement set by the regulators of the Company;
- safeguard Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- acquire, develop and maintain a strong capital base to support the development of its business activities;
- support the underlying risks inherited in the core business activities; and
- be able to withstand capital demands under market shocks and stress conditions.

The Company carries out Capital Planning annually to ensure the sufficiency of capital keeping in view the business strategy, expected growth, regulatory requirements, Basel III guidelines and risks associated with the business operations. The capital planning is normally undertaken for the horizon of next three to five years. The plan takes the following into account:

- current capital requirement
- growth of core financing and investment business based on activities plans of the various business units (Investment Banking, Advisory & Syndication, Corporate/Commercial & SME, Treasury and Capital Market)
- the funding structure and sources of funding, liabilities and equity to support the asset growth taking into consideration the need to maintain strong liquidity position based on Basel III guidelines
- maintenance of regulatory capital requirements and capital adequacy ratios

The Company has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Company's ICAAP covers the capital management, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections for a period of three to five years. The ICAAP report is produced on an annual basis and is approved by the Board of Directors.

Under the ICAAP methodology, the following risk types are identified and measured:

- risks covered under Pillar 1 (credit risk, market risk and operational risk)
- risks not fully covered under Pillar 1 (Residual Risk)
- risks covered under Pillar 2 (concentration risk, interest rate risk, liquidity risk, reputational risk, strategic/business risk)

The Company has also implemented Stress Testing Framework as per the SBP guidelines. This involves the use of various techniques to assess the Company's susceptibility to plausible yet extreme stress scenarios. The stress tests cover shocks related to credit risk, interest rate risk, exchange rate risk, equity price risk, liquidity risk and operational risk. The stress tests are performed quarterly and results are reported to Management and Board of Directors through respective Risk Management Committee.

Scope of applications

The Basel III Capital Regulations (Basel III) are applicable to Pak Libya Holding Company (Private) Limited in line with the guidelines issued by State Bank of Pakistan (SBP).

SBP has issued the framework and guidance regarding implementation of the capital reforms under Basel III - which are effective from 31 December 2013. Accordingly, the Company's Risk Weighted Assets (RWA), total capital and related ratios are calculated under the Basel framework.

Basel-III framework enables a more risk-sensitive regulatory capital calculation along with tightening of capital requirements, raising the quality, consistency and transparency of capital base to promote long term viability of the Company. As the Company carry on the business, it is critical that the Company is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Company to a particular segment of business.

Significant subsidiary

Currently, Pak Libya does not have any subsidiary as the Company has disposed off 80% of its shareholding and management control in Kamoke Powergen (Privat) Limited (KPL). Furthermore, the Company does not have significant investment in any insurance entity.

47. RISK MANAGEMENT

The Company has an independent risk management function and developed sound risk management framework to continuously manage and mitigate risks emanating from the regular course of its operational and financial activities. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate salient risk elements in the operational facets of the Company. The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. The Board's Risk Management Committee along with various management committees supports Board of Directors in order to achieve this task. It involves identification, measurement, monitoring and controlling risks with a view to ensure that:

- Adequate capital is available as a buffer;
- Exposures remain within the limits prescribed by the Board of Directors; and
- Risk taking decisions are in line with the policy guidelines, business strategy and objectives set by the Board.

Scope of application of Basel III framework

State Bank of Pakistan, through BPRD circular no. 06 dated 15 August 2013, requires Banks/DFIs to report the Capital Adequacy Ratio (CAR) under the Basel III framework with CAR requirements increasing in a transitory manner through 2019.

The Company is exposed to a number of risks, which it manages at different levels.

The main categories of risk associated to / with the Company are as follows:

Credit risk

The risk of losses resulting from counterparties' failure to meet all or part of their obligations towards the Company. The Company has adopted Standardized Approach for credit risk reporting under Basel III framework.

The Company has established an appropriate credit risk structure and culture whereby policies are reviewed and revamped to maintain sound credit granting procedures, maintaining appropriate credit administration, measurement, monitoring processes and adequate controls.

Risk management structure facilitates the Credit approval function by its Internal Credit Risk Rating model through which an appropriate risk level of the borrower / counterparty is assessed for credit sanctioning and disbursement.

The Company manages credit risk through:

- Establishment of acceptable risk appetite and tolerance levels;
- Sound procedures, tools and controls for the management of risk assets and credit documentation;
- Target market planning and overall market intelligence; and
- Accurate and detailed information about the borrower, its financial position and operations.

Market risk

The risk of losses resulting from the variance in the market value of the Company's assets and liabilities owing to changes in market conditions. The Company has adopted Standardized Approach for market risk reporting under Basel III framework.

Market risk measures and controls are applied at the portfolio level and limits and other controls are applied to particular books and to specific portfolios. Controls and established parameters are applied to prevent any undue risk concentrations in the trading book and include controls on exposure to individual market risk factors and on positions in securities of individual issuers.

The principal market risk in respect to the Company's assets and liability management is primarily associated with the capital market exposure and the maturity and repricing mismatches of its assets and liabilities. The Board is responsible for reviewing and recommending all market risk policies and ensures that sound market risk and effective risk management systems are established and complied with regulatory guidelines.

Operational risk

The risk of losses resulting from deficient or erroneous internal procedures, human or system errors, or external events. The Company has adopted Basic Indicator Approach for operational risk reporting under Basel III framework.

The Company has in place a duly approved operational risk policy, manual, disaster recovery system (DRS) and a business continuity plan (BCP). These are continuously reviewed to strengthen operational controls prevailing in the Company.

Operational risk policy and manual set minimum standards and require all business units to identify and assess risks through loss data collection, Risk Control Self Assessment (RCSA) and key risk indicators (KRIs). The departments are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The department is responsible to report any potential deviation giving rise to operational risk events in the Company.

The Company is in the process of continuously improving its internal controls which aids in strengthening the Operational Risk Management of the Company. In this regards, the Company maintains a detailed internal control over financial reporting (ICFR) documentation.

Liquidity risk

The risk arising due to failure in raising funds at reasonable cost within the required time duration to finance the Company's operations and meet its liabilities when these become due is categorised as liquidity risk.

The Company's approach to liquidity risk management is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due. The Liquidity Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel III principles on sound liquidity management. The Company has also formulated Liquidity Risk Management policy as per SBP's guidelines. The risk management division uses different tools for identifying, assessing, measuring and controlling liquidity risk and periodically reports to senior management and risk management committees. The Company is also preparing leverage ratio report on quarterly basis for senior management, risk management committees and regulator.

The Basel Committee on Banking Supervision has developed two standards intended for use in liquidity risk supervision: the "Liquidity Coverage Ratio" and "Net Stable Funding Ratio".

The LCR is a regulatory requirement set to ensure that the Company has unencumbered high quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario. The Company monitors and reports its liquidity position under the State Bank of Pakistan (SBP) guidelines on Basel III Liquidity Standards implementation in Pakistan. The LCR became effective on 31 March 2017, with currently no minimum ratio requirement in Pakistan for DFIs, however, the Company ratio stood at 153% on an average during the year 2021 while the ratio stood at 304% as on December 31, 2021.

The Net Stable Funding Ratio is the regulatory metric for assessing the Company's structural funding profile. The NSFR is intended to reduce long-term funding risks by requiring banks/DFIs to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (ASF) (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (RSF) (a function of the liquidity characteristics of various assets held). Banks/DFIs are expected to meet the NSFR requirement of at least 100% on an ongoing basis from 31 December 2017, however, the Company remained above the required level while maintaining the ratio at 146% as on 31 December 2021.

The management is responsible for managing liquidity profile of the Company although strategic management of liquidity has been delegated to Asset & Liability Committee (ALCO). The ALCO of the Company deliberate and recommend liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. It is also responsible for ensuring that the Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

47.1 Credit risk

Credit risk management objectives and policies

Credit risk refers to the risk of financial loss arising from defaults by counterparties in meeting their obligations. Exposure to credit risks for the Company arises primarily from the lending and investment activities.

Credit exposures include both individual borrowers, corporates and groups of connected counterparties & SMEs and portfolios in the Company's banking/trading books.

The management of credit risk is governed by the credit policy and procedure approved by the Board and the Management respectively. The procedure and policy guideline spell out relevant process flow, approval authorities, limits, risks, credit ratings and other matters involved in order to ensure sound credit granting and approving standards in compliance with the Prudential Regulations and Risk Management Guidelines of the State Bank of Pakistan.

Appropriate levels of facilities are approved by the Board of Directors through Policy Guidelines. The Executive Committee (EC) approves facilities of upto the limit defined in Credit Policy guidelines based on the internal or external risk rating of the borrower and escalated/enhanced up to the limit approved by the Board. The facilities exceeding this limit require approval from the Board of Directors on recommendation of the EC. Credit Committee (CC) considers and recommends the said facilities to EC upon identifying key opportunities and risks prevalent in taking requisite exposure towards the borrower / counterparty.

The Company currently uses Standardised Approach for computing capital charge on credit risk weighted assets. Currently, the Company does not employ Credit Risk Mitigation (CRM) approach as there is no hedging (in whole or in part) by a collateral posted by the third party on the behalf of the counterparty.

Credit risk rating

Credit risk rating is an important tool in assessing, monitoring and controlling credit risk. In order to identify changes in risk profiles at early stages, credits with deteriorating ratings are subject to additional oversight and monitoring.

The Internal Credit Risk Rating System (ICRRS) is intended to reflect the overall risk profile of the borrower / guarantor / counterparty. Risk ratings are assigned according to the perception of risk on a numerical scale, determined within the qualitative and quantitative set of parameters and variables encompassing the risk levels of the borrower / guarantor / counterparty. The Credit scoring in the ICRRS is being conducted by Investment Banking, Advisory & Syndication Department/ Corporate,Commercial & SME Department which is reviewed by the Risk Management Function on periodic basis and from time to time upon receiving the required information and documents of the credit proposal/obligor for its credit approval.

Objective of Internal Credit Risk Rating (ICRR)

Credit ratings are aimed at achieving one or more of the following:

- Internal risk reporting;
- Portfolio management; and
- Setting of credit risk concentration limits.
- identifying key financial trends.

The Company constantly updates and improves upon its rating system to facilitate prudent lending decisions along with proactive and effective identification and monitoring of potential credit risks emanating from the lending activities of the Company.

The Company also uses and give due weightage to external rating while evaluating the risk. The Company considers external ratings assigned by external credit rating agencies including PACRA and / or VIS.

Exposures	VIS	PACRA	Other
Corporate	Yes	Yes	x
Banks	Yes	Yes	x

Credit exposures subject to standardised approach

Exposures	Rating Category	2021 Amount outstanding	2021 Deduction CRM*	2021 Net amount	2020 Amount outstanding	2020 Deduction CRM*	2020 Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	-	-	-	-	-	-
	1	648,551	-	648,551	99,626	-	99,626
	2	3,798,649	-	3,798,649	3,113,163	-	3,113,163
	3-4	449,422	-	449,422	639,099	-	639,099
	5-6	-	-	-	-	-	-
	Unrated	2,384,688	-	2,384,688	2,598,238	-	2,598,238
		7,281,310	-	7,281,310	6,450,125	-	6,450,125
Banks	0	-	-	-	-	-	-
	1	2,110,065	-	2,110,065	580,567	-	580,567
	2-3	2,103,819	-	2,103,819	2,901,592	-	2,901,592
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		4,213,884	-	4,213,884	3,482,159	-	3,482,159
Sovereigns		-	-	-	-	-	-
Total Credit Exposure		11,495,194	-	11,495,194	9,932,285	-	9,932,285

*CRM= Credit Risk Mitigation

The accounting policies and methods used by the Company are in accordance with the requirements of SBP guidelines and prudential regulations. These policies are disclosed in note 4 to these financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.4 of these financial statements.

47.1.1 *Lendings to financial institutions*

Credit risk by public / private sector

	Gross 2021	Gross 2020	Non-performing 2021	Non-performing 2020	Provision held 2021	Provision held 2020
	-Rs '000-					
Public/ Government	30,567	33,064	30,567	33,064	30,567	33,064
Private	-	-	-	-	-	-
	30,567	33,064	30,567	33,064	30,567	33,064

47.1.2 *Investment in debt securities*

Credit risk by industry sector

	Gross 2021	Gross 2020	Non-performing 2021	Non-performing 2020	Provision held 2021	Provision held 2020
Agriculture, Forestry, Hunting and Fishing	1,925	1,925	1,925	1,925	1,925	1,925
Mining and Quarrying	-	-	-	-	-	-
Textile	806,103	841,817	291,817	291,817	291,817	291,817
Chemical and Pharmaceuticals	-	-	-	-	-	-
Cement	-	-	-	-	-	-
Sugar	-	-	-	-	-	-
Footwear and Leather garments	-	-	-	-	-	-
Automobile and transportation equipment	-	-	-	-	-	-
Electronics and electrical appliances	87,191	15,957	15,957	15,957	15,957	15,957
Construction	-	-	-	-	-	-
Power (electricity), Gas, Water, Sanitary	-	-	-	-	-	-
Vehicle & Asset Tracking	355,543	105,876	-	-	-	-
Food & Agricultue	75,000	85,000	-	-	-	-
Transport, Storage and Communication	-	-	-	-	-	-
Financial	1,464,240	1,710,472	124,695	24,775	35,984	24,775
Insurance	-	-	-	-	-	-
Services	-	-	-	-	-	-
Individuals	-	-	-	-	-	-
Others	4,441	4,441	4,441	4,441	4,441	4,441
	2,794,443	2,765,488	438,835	338,915	350,124	338,915

Credit risk by public / private sector

	Gross 2021	Gross 2020	Non-performing 2021	Non-performing 2020	Provision held 2021	Provision held 2020
Public/ Government	-	-	-	-	-	-
Private	2,794,443	2,765,488	438,835	338,915	350,124	338,915
	2,794,443	2,765,488	438,835	338,915	350,124	338,915

47.1.3 *Advances*

Credit risk by industry sector

	Gross 2021	Gross 2020	Non-performing 2021	Non-performing 2020	Provision held 2021	Provision held 2020
Agriculture, Forestry, Hunting and Fishing	417,375	323,003	7,354	7,354	7,354.00	7,354.00
Mining and Quarrying						
Textile	1,114,056	1,131,856	201,758	201,758	193,227	193,227
Chemical and Pharmaceuticals	936,330	573,617	500,000	500,000	500,000	500,000
Cement	200,000	200,000	200,000	200,000	200,000	200,000
Sugar	896,154	539,318	70,999	70,999	70,999	70,999
Footwear and Leather garments	-	-	-	-	-	-
Automobile and transportation equipment	338,781	338,781	138,781	138,781	138,781	138,781
Electronics and electrical appliances	688,189	907,371	-	-	-	-
Construction	5,493	2,711	-	-	-	-
Power (electricity), Gas, Water, Sanitary	1,138,291	1,454,815	-	301,135	-	301,135
Wholesale and Retail Trade	-	-	-	-	-	-
Engineering	589,461	478,897	53,897	53,897	3,897	3,897
Transport, Storage and Communication	352,746	360,630	-	-	-	-
Financial	-	91,838	-	-	-	-
Insurance	-	-	-	-	-	-
Services	51,132	102,409	-	-	-	-
Individuals	180,690	185,411	33,263	38,014	33,251	34,491
Manufacturing	551,338	433,281	-	-	-	-
Others	-	-	-	-	-	-
	7,460,036	7,123,938	1,206,052	1,511,938	1,147,509	1,449,884

Credit risk by public / private sector	2021	2020	2021	2020	2021	2020
	Gross advances		Non-performing advances		Provision held	
	Rs '000					
Public/ Government	-	-	-	-	-	-
Private	7,460,036	7,123,938	1,206,052	1,511,938	1,147,509	1,449,884
	7,460,036	7,123,938	1,206,052	1,511,938	1,147,509	1,449,884

47.1.4 *Contingencies and Commitments*

Credit risk by industry sector

	2021	2020
	---- (Rupees in '000) ----	
Agriculture, Forestry, Hunting and Fishing	-	-
Mining and Quarrying	-	-
Textile	1,414,780	500,000
Chemical and Pharmaceuticals	-	175,000
Cement	-	-
Sugar	-	-
Footwear and Leather garments	-	-
Automobile and transportation equipment	-	-
Electronics and electrical appliances	-	-
Construction	70,845	77,152
Power (electricity), Gas, Water, Sanitary	2,023,460	1,720,743
Wholesale and Retail Trade	851	-
Exports/Imports	-	-
Transport, Storage and Communication	-	-
Financial	-	300,000
Insurance	-	-
Engineering	-	350,000
Services	524,674	-
Individuals	-	-
Manufacturing	468,040	177,969
Others	-	40,304
	4,502,650	3,341,168

Credit risk by public / private sector

Public / Government	1,764,780	-
Private	2,737,870	3,341,168
	4,502,650	3,341,168

47.1.5 **Concentration of Advances**

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) aggregated to Rs 4,777.75 million (2020: Rs 4,825.50) are as following:

	2021	2020
	---- (Rupees in '000) ----	
Funded	3,554,292	3,604,761
Non Funded	1,223,460	1,220,743
Total Exposure	4,777,752	4,825,504

The sanctioned limits against these top 10 expsoures aggregated to Rs 4,313.00 million (2020: Rs 4,091.13 million)

Total funded classified therein	2021		2020	
	Amount	Provision held	Amount	Provision held
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	500,000	500,000	801,135	801,135
Total	500,000	500,000	801,135	801,135

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

47.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2021						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	-	-	-	-	-	-	-
Sindh	3,136,476	2,001,602	1,134,874	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	3,136,476	2,001,602	1,134,874	-	-	-	-

	2020						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	-	-	-	-	-	-	-
Sindh	2,286,446	2,234,219	52,227	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	2,286,446	2,234,219	52,227	-	-	-	-

Disbursements mean the amounts disbursed by banks either in Pak Rupee or in foreign currency against loans.

"Disbursements of Province/Region wise" refers to the place from where the funds are being issued by scheduled banks to the borrowers.

"Utilization of Province/Region wise" refers to the place where the funds are being utilized by borrower.

47.2 Market Risk

Market risk refers to the impact on the Company's financial condition resulting from future price volatility or adverse movements in the value of assets contained in its trading book and / or investment portfolio. The principal market risk in respect of the Companys's assets and liabilities is primarily associated with the maturity and repricing mismatches of its assets and liabilities and equity price risk. The risk emanating from any potential changes in market prices, due to changes in the interest rates, foreign exchange rates and equity prices are duly identified and accounted for.

A trading book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must either be free of any restrictive covenants on their tradability or able to be hedged completely.

Transaction undertaken by the financial institution for the banking book means any position or financial instrument held by the Company in the normal course of business, not for trading purpose, or financial instrument that the financial institution intends to hold until maturity. All investment excluding trading book are considered as part of banking book which includes Available-for-Sale, Held-to-Maturity and Strategic Investments. Due to diversified nature of investments in banking book, it shall be subject to interest rate and equity price risk.

The Company has a sound framework for Market Risk management with the Treasury Investment Policy and Market Risk Management policy duly approved by the Board.

The Market Risk Management framework of the Company comprises of exposure limits, a series of stop loss limits and potential loss limits recommended by Asset and Liability Committee (ALCO) / Investment committee of the Company to ensure that front line risk-takers do not exceed or breach the defined boundaries set by the management. Limit management is a control mechanism to ensure that all business activities are conducted in compliance with the risk management guidelines and policies. Gap analysis is conducted on regular basis in order to assess the quantum of market risk and liquidity position of the Company. The limits are set and reviewed regularly after taking into account number of factors, including market trading, liquidity of the instruments, returns and Company's business strategy.

Management of interest rate risk of the banking and / or trading book is primarily focused on interest cum fair value through Re-pricing Gap Analysis and Fair Value Sensitivity. The management of interest rate risk of the trading book is achieved through mark-to-market practice. On quarterly basis, the Stress Test reports are being prepared for senior management, risk management committees and regulator to have an accurate understanding of Company's risk tolerance levels.

The description of portfolios covered under the approach shall also be detailed along with the capital charge required there against.

47.2.1 Statement of financial position split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	110,575	-	110,575	63,155	-	63,155
Balances with other banks	197,264	-	197,264	82,159	-	82,159
Lendings to financial institutions	3,800,000	-	3,800,000	3,400,000	-	3,400,000
Investments	26,312,373	899,541	27,211,914	24,079,139	833,376	24,912,515
Advances	6,312,475	-	6,312,475	5,674,009	-	5,674,009
Fixed assets	96,472	-	96,472	97,813	-	97,813
Intangible assets	973	-	973	1,964	-	1,964
Deferred tax assets	434,796	-	434,796	189,306	-	189,306
Other assets	2,456,733	-	2,456,733	2,589,541	-	2,589,541
	39,721,661	899,541	40,621,202	36,177,086	833,376	37,010,462

47.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Group's exposure to this risk is negligible as its assets and liabilities are primarily denominated in Pakistan rupees.

	2021				2020			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000				Rupees in '000			
Pak-rupee	-	-	-	-	-	-	-	-
United States Dollar	128	-	32,340	-	115	-	29,623	-
Great Britain Pound Sterling	-	-	-	-	-	-	-	-
Euro	-	-	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
	128	-	32,340	-	115	-	29,623	-

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	1	-	1	-
- Other comprehensive income	-	-	-	-
- Other*	323	-	296	-

* 1) The impact of changes in foreign exchange rate will not affect profitability of the Company since the exposure is off-balance sheet.
* 2) Off-balance sheet items include a guarantees issued on behalf of KEL, a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, as per the opinion of the legal advisor, there cannot be any exposure of the Group under the same.

47.2.3 Equity position Risk

The risk arising from taking long or short positions, in the trading book ,in the equities and all instruments that exhibit market behavior similar to equities. Banks/DFIs are required to disclose their objectives and polices regarding trading in equities.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	740
- Other comprehensive income	-	44,977	-	40,929

47.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. Apart from the gap analysis between the market rate sensitive assets and liabilities as per the table given below, the banks/DFIs are required to disclose as the following also:-

- The nature of IRRBB and key assumptions, including assumptions regarding loan repayments and behavior of non-maturity deposits, and frequency of IRRBB measurements

- The increase (decline) in earnings or economic value (or any other relevant measures used by management) for upward and downward shocks according to management's method for measuring IRRBB, broken down by currencies (if any, and than translated into Rupees)

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(2,043,960)	-	(1,048,390)	-

47.2.4 Mismatch of interest rate sensitive assets and liabilities

		2021										
			Exposed to yield / interest rate risk									
	Effective yield / interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
				(Rupees in '000)								
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	110,575	30,934	-	-	-	-	-	-	-	-	79,641
Balances with other banks	5.5% - 7.25%	197,264	182,664	-	-	-	-	-	-	-	-	14,600
Lendings to financial institutions	8.60% - 12.50%	3,800,000	1,200,000	1,500,000	1,100,000	-	-	-	-	-	-	-
Investments	7.89% - 14.97%	27,211,914	5,258,397	10,276,797	-	71,234	-	7,169,288	-	3,535,157	-	901,041
Advances	3.00% - 14.74%	6,312,475	1,139,560	4,685,050	151,718	36,512	33,990	36,571	65,402	84,712	-	78,960
Other assets		2,456,733	-	-	-	-	-	-	-	-	-	2,456,733
		40,088,961	7,811,555	16,461,847	1,251,718	107,746	33,990	7,205,859	65,402	3,619,869	-	3,530,975
Liabilities												
Borrowings	1.00% - 11.77%	30,149,418	23,358,771	2,338,594	3,487,161	241,231	338,711	149,620	178,263	57,067	-	-
Deposits and other accounts	7.65% - 11.70%	4,576,353	2,077,074	1,878,181	621,098	-	-	-	-	-	-	-
Other liabilities	-	320,573	-	-	-	-	-	-	-	-	-	320,573
		35,046,344	25,435,845	4,216,775	4,108,259	241,231	338,711	149,620	178,263	57,067	-	320,573
On-balance sheet gap		5,042,617	(17,624,290)	12,245,072	(2,856,541)	(133,485)	(304,721)	7,056,239	(112,861)	3,562,802	-	3,210,402
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(17,624,290)	12,245,072	(2,856,541)	(133,485)	(304,721)	7,056,239	(112,861)	3,562,802	-	
Cumulative yield / interest rate risk sensitivity gap			(17,624,290)	(5,379,218)	(8,235,759)	(8,369,244)	(8,673,965)	(1,617,726)	(1,730,587)	1,832,215	1,832,215	

Reconciliation of assets exposed to yield / interest rate risk with total assets

Total financial assets	40,088,961
Non financial instruments	
Operating fixed assets	97,445
Deferred taxation	434,796
	40,621,202

	Effective yield / interest rate	2020 Total	Exposed to yield / interest rate risk Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	63,155	-	-	-	-	-	-	-	-	-	63,155
Balances with other banks	5.5% - 11.30%	82,159	50,247	-	-	-	-	-	-	-	-	31,912
Lendings to financial institutions	7.65% - 9.50%	3,400,000	500,000	1,850,000	1,050,000	-	-	-	-	-	-	-
Investments	7.56% - 12.71%	24,912,515	798,187	10,703,866	608,610	300,000	-	-	7,654,388	4,012,588	-	834,876
Advances	3.00% - 16.58%	5,674,009	1,993,551	3,267,976	50,513	220,301	32,665	1,845	4,430	-	-	102,728
Other assets		2,589,541	-	-	-	-	-	-	-	-	-	2,589,541
		36,721,379	3,341,985	15,821,842	1,709,123	520,301	32,665	1,845	7,658,818	4,012,588	-	3,622,212
Liabilities												
Borrowings	1.00% - 7.85%	26,391,955	19,206,000	1,157,927	490,150	982,124	4,172,590	244,420	138,743	-	-	-
Deposits and other accounts	7.00% - 13.26%	4,042,892	2,139,044	1,201,548	552,300	150,000	-	-	-	-	-	-
Other liabilities	-	612,550	-	-	-	-	-	-	-	-	-	612,550
		31,047,397	21,345,044	2,359,475	1,042,450	1,132,124	4,172,590	244,420	138,743	-	-	612,550
On-balance sheet gap		5,673,982	(18,003,059)	13,462,367	666,673	(611,823)	(4,139,925)	(242,575)	7,520,074	4,012,588	-	3,009,662
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(18,003,059)	13,462,367	666,673	(611,823)	(4,139,925)	(242,575)	7,520,074	4,012,588	-	
Cumulative yield / interest rate risk sensitivity gap			(18,003,059)	(4,540,692)	(3,874,019)	(4,485,842)	(8,625,767)	(8,868,342)	(1,348,268)	2,664,320	2,664,320	

Reconciliation of assets exposed to yield / interest rate risk with total assets

Total financial assets	36,721,379
Non financial instruments	
Operating fixed assets	99,777
Deferred taxation	189,306
	37,010,462

47.3 **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

PLHC has a minimal appetite for operational risk and seeks to limit risk from the impact of unforeseen operational failures within the organization. However, any unforeseen event beyond the risk appetite level might be a cause or consequence of operational loss, whenever it affects or impacts adversely on PLHC's tolerance level in terms of capital, profitability or risk profile.

Operational risk tolerance level consists of zero tolerance for fraud, forgeries and theft, strict compliance for avoiding any regulatory and legal risk, preventing any deviations from approved policies and procedures of respective departments thereby ensuring an acceptable assessment, with a positive risk-reward trade-off, under the controlled environment and ensuring proper mechanism to avoid system failures or information and data

Operational risk may arise through various events, including internal fraud, external fraud, employment practices and workplace safety, clients, products, & business practices, damage to physical assets, business disruption & system failures and execution, etc. The causes, consequences, effect and impact are all mapped to mitigate the occurrence of such events in future.

The ultimate accountability for operational risk management rests with the board with all business and support functions forming an integral part of the overall operational risk management framework with adequate support from line management in order to establish processes for the identification, assessment, mitigation, monitoring and reporting of operational risks.

The tools and techniques used for operational risk identification, assessment and monitoring covering internal loss data collection, analysis, control and self-assessment aspects by each business unit and support function.

In addition, the Disaster Recovery and Business Continuity Plan enables the company to operate as a going concern and minimize losses in the event of severe business disruption at the main site(s). These alternate arrangements are periodically reviewed and tested for any contingencies that may arises due to an internal or external event leading to business disruption and / or failure.

Considering the pandemic of COVID-19, the global economy has been severely impacted and a lot more efforts will be required to control the impact of the disease, and ensure avoidance of overall actual and potential financial losses around the globe. In this situation, Pakistan would be no exception and will be exposed to such type of global crises. Consequently, all sectors of the economy will continue to show subdued activities which will impact the banking sector as well; however, well placed alternative arrangements could be helpful in curtailing the negative impact on the

47.4 **Liquidity Risk**

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to finance its commitments as they fall due without incurring unacceptable cost or losses. In addition, liquidity risk may be a result of a financial institution's inability to unwind or offset underlying risks from assets it currently holds or a situation, which will force the financial institution to sell its assets at a loss as the assets are illiquid or the market is suffering a liquidity crunch.

The Company's approach towards liquidity risk management is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due. The Liquidity Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel III principles on sound liquidity management. The Company has also formulated Liquidity Risk Management policy as per SBP's guidelines. The Risk Management Function uses different tools for identifying, assessing, measuring and controlling liquidity risk and periodically reports to senior management and risk management committees. The Company is also preparing leverage ratio report on quarterly basis for senior management, risk

The management is responsible for managing liquidity profile of the Company although strategic management of liquidity has been delegated to Asset & Liability Committee (ALCO). The ALCO of the Company deliberate and recommend liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. It is also responsible for ensuring that the Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

The Company has established a robust liquidity Risk Management framework, which ensures sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Company has clearly articulated liquidity risk tolerance level that is appropriate for business strategy and manage liquidity risk within the risk tolerance limit while ensuring that the Company maintains sufficient liquidity. The liquidity management framework provides the Board, Senior Management and other appropriate committees with timely information on the liquidity position of the Company. The Company has also incorporated liquidity costs, benefits and risk in the internal pricing, performance measurement and new product approval process for all significant business activities, thereby aligning the risk taking incentives of individual business lines with the liquidity exposures.

Pak-Libya has two available sources to raise funds for meeting the liquidity requirements to cater the business operations. These funding sources comprises of primary market and secondary market. Under the primary market the corporate or non banking sources are taped whereas the secondary market source is mainly the banks & financial institutions. Since Pak Libya may raise funds against CoIs, so the reliance of raising funds through Clean borrowing would be based on wholesale funds as well as retail deposits. In order to increase funding base, Pak Libya continues to explore other funding sources including secured long term borrowings from FIs.

In order to assess liquidity levels for PLHC's needs, the Company uses different parameters that set minimum liquidity buffers for both asset-based liquidity and total liquidity. Pak-Libya believes that in order to reduce liquidity risk, access to reliable funding sources with relatively low liquidity risk is of high importance than volatile sources of fund. The distinction between reliable and volatile sourcesis based on prudent liquidity planning. Apart from liability side, liquidity risk is also mitigated by maintaining the liquidity on the asset side of the balance sheet which mostly dependent on unencumbered high quality liquid assets.

The Company conducts stress tests on a regular basis for a variety of short term and protracted institution-specific and market wide scenarios to identify sources of potential liquidity strain and to ensure that current exposures should remain in accordance with the established liquidity risk

The Asset & Liability Committee is responsible for reviewing and monitoring of Liquidity Position in its meeting on regular basis and communicates its views and recommendations to the respective front office(s) and Executive Committee. Besides, the liquidity aspects are also deliberated in the meetings of Board's/ Management's Risk Management Committee (BRMC & MRMC) on regular basis.

The Company has well-defined Contingency Funding Plan in-place. The objective of the contingency plan is to ensure that when any of the indicators or tools being monitored by ALCO enters into the warning or stress zone, corrective measures/plans would be in place. The monitoring of liquidity position and funding strategies is an ongoing activity, but any change must be noted and reported with respect to unexpected events, economic or market conditions, earnings problems or situations beyond its control causing either a short or long term funding crisis.

The Company's LCR is mainly dependent on the availability of high quality unencumbered government securities along with short term REPOs and clean borrowings to manage liquidity position of the company. Being DFI, the Company is largely dependent on short term as well as long-term borrowing from financial institutions, which affects LCR position.

47.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Company

2021

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	110,575	79,641	-	-	30,934	-	-	-	-	-	-	-	-	-
Balances with other banks	197,264	197,264	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	-	-		1,200,000		1,500,000	1,100,000	-	-	-	-	-	-
Investments	27,211,914	-	-	20	582,761	5,000	299,585	117,614	85,703	302,970	7,847,573	4,210,859	749,889	13,009,940
Advances	6,312,475	-	5,744	52,926	65,368	153,345	453,042	342,122	499,515	408,536	1,147,934	1,030,693	847,904	1,305,346
Operating fixed assets	96,472	-	-	-	3,331	-	6,634	9,870	-	13,881	17,832	11,277	12,902	20,745
Intangible assets	973	-	-	-	-	-	-	-	-	-	-	-	-	973
Deferred tax asset - net	434,796	-	-	-	15,602	-	47,983	3,878	-	7,756	24,995	113,712	24,995	195,875
Other assets	2,456,733	-	-	-	223,015	-	791,206	581,585	-	856,630	-	-	-	4,298
	40,621,202	276,905	5,744	52,946	2,121,011	158,345	3,098,450	2,155,069	585,218	1,589,773	9,038,334	5,366,541	1,635,690	14,537,177
Liabilities														
Borrowings	30,149,418	-	22,201,796	-	557,975	50,000	237,594	1,112,161	150,000	1,157,898	3,097,044	1,349,620	178,263	57,067
Deposits and other accounts	4,576,353	-	143,750	54,602	1,878,722	96,194	1,781,987	621,098	-	-	-	-	-	-
Other liabilities	320,573	-	-	-	76,878	-	44,938	78,515	-	20,002	-	-	22,557	77,683
	35,046,344	-	22,345,546	54,602	2,513,575	146,194	2,064,519	1,811,774	150,000	1,177,900	3,097,044	1,349,620	200,820	134,750
	5,574,858	276,905	(22,339,802)	(1,656)	(392,566)	12,151	1,033,931	343,295	435,218	411,873	5,941,290	4,016,921	1,434,870	14,402,427
Share capital	8,141,780													
Reserves	380,654													
Deficit on revaluation of assets - net of tax	(847,361)													
Unappropriated/ Unremitted profit/ (Loss)	(2,100,215)													
Advance against share subscription	-													
	5,574,858													

2020

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	63,155	63,155	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	82,159	82,159	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,400,000	-	-		500,000		1,850,000	1,050,000	-	-	-	-	-	-
Investments	24,912,515	-	-	-	609,842	-	252,238	137,332	-	68,868	627,131	277,691	8,814,825	14,124,588
Advances	5,674,009	15,625	2,501	4,622	67,838	31,417	232,753	458,282	479,000	738,776	1,075,372	858,542	1,092,506	616,774
Operating fixed assets	97,813	-	-	-	2,778	-	6,882	8,175	-	16,010	25,652	11,427	7,258	19,631
Intangible assets	1,964	-	-	-	-	-	-	-	-	-	1,964	-	-	-
Deferred tax asset - net	189,306	-	-	-	-	-	63,825	3,878	-	8,025	16,774	16,774	(20,606)	100,636
Other assets	2,589,540	-	-	-	81,638	-	713,550	63,418	-	1,234,088	246,274	246,274	-	4,298
	37,010,462	160,940	2,501	4,622	1,262,096	31,417	3,119,248	1,721,085	479,000	2,065,767	1,993,167	1,410,708	9,893,983	14,865,927
Liabilities														
Borrowings	26,391,955	-	16,006,000	3,000,000	200,000	845,425	338,335	497,092	-	972,333	4,047,529	165,028	280,058	40,155
Deposits and other accounts	4,042,892	-	137,220	1,321,641	710,183	26,000	1,145,548	552,300	92,500	57,500	-	-	-	-
Other liabilities	612,550	-	-	-	296,682	-	188,612	47,605	-	33,643	-	26,500	514	18,994
	31,047,397	-	16,143,220	4,321,641	1,206,865	871,425	1,672,495	1,096,997	92,500	1,063,476	4,047,529	191,528	280,572	59,149
	5,963,065	160,940	(16,140,719)	(4,317,019)	55,232	(840,008)	1,446,753	624,088	386,500	1,002,291	(2,054,362)	1,219,180	9,613,411	14,806,778
Share capital	7,871,780													
Reserves	372,477													
Deficit on revaluation of assets - net of tax	(281,624)													
Unappropriated/ Unremitted profit/ (Loss)	(2,134,569)													
Advance against share subscription	135,000													
	5,963,065													

47.4.2 Maturities of assets and liabilities - based on expected maturity of the assets and liabilities of the Company

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		(Rupees in '000)								
Assets										
Cash and balances with treasury banks	110,575	110,575	-	-	-	-	-	-	-	-
Balances with other banks	197,264	197,264	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,800,000	1,200,000	1,500,000	1,100,000	-	-	-	-	-	-
Investments	27,211,914	582,781	304,585	117,614	388,673	7,847,573	4,210,859	749,889	13,009,940	-
Advances	6,312,475	124,039	606,387	342,122	908,051	1,147,934	1,030,693	847,904	824,772	480,573
Operating fixed assets	96,472	3,331	6,634	9,870	13,881	17,832	11,277	12,902	20,745	-
Intangible assets	973	-	-	-	-	-	-	-	973	-
Deferred tax asset - net	434,796	15,602	47,983	3,878	7,756	24,995	113,712	24,995	9,482	186,393
Other assets	2,456,733	223,015	791,206	581,585	856,630	-	-	-	4,298	-
	40,621,202	2,456,606	3,256,795	2,155,069	2,174,991	9,038,334	5,366,541	1,635,690	13,870,210	666,966
Liabilities										
Borrowings	30,149,418	22,759,771	287,594	1,112,161	1,307,898	3,097,044	1,349,620	178,263	57,067	-
Deposits and other accounts	4,576,353	2,077,074	1,878,181	621,098	-	-	-	-	-	-
Other liabilities	320,573	76,879	44,938	78,515	20,002	-	-	22,557	77,682	-
	35,046,344	24,913,724	2,210,713	1,811,774	1,327,900	3,097,044	1,349,620	200,820	134,749	-
	5,574,858	(22,457,118)	1,046,082	343,295	847,091	5,941,290	4,016,921	1,434,870	13,735,461	666,966
Share capital	8,141,780									
Reserves	380,654									
Deficit on revaluation of assets - net of tax	(847,361)									
Unappropriated/ Unremitted profit/ (Loss)	(2,100,215)									
Advance against share subscription	-									
	5,574,858									

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		(Rupees in '000)								
Assets										
Cash and balances with treasury banks	63,155	63,155	-	-	-	-	-	-	-	-
Balances with other banks	82,159	82,159	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,400,000	500,000	1,850,000	1,050,000	-	-	-	-	-	-
Investments	24,912,515	609,841	252,239	137,332	68,868	627,131	277,691	8,814,825	14,124,588	-
Advances	5,674,009	90,587	263,397	459,055	1,217,776	1,075,372	858,542	1,092,506	592,400	24,374
Operating fixed assets	97,813	2,778	6,882	8,175	16,010	25,652	11,427	7,258	12,482	7,149
Intangible assets	1,964	-	-	-	-	1,964	-	-	-	-
Deferred tax asset - net	189,306	-	63,825	3,878	7,757	16,774	16,774	(20,338)	-	100,636
Other assets	2,589,541	81,640	713,550	63,418	1,234,088	246,274	246,274	-	4,297	-
	37,010,462	1,430,160	3,149,893	1,721,858	2,544,499	1,993,167	1,410,708	9,894,251	14,733,767	132,159
Liabilities										
Borrowings	26,391,955	19,206,000	1,183,760	497,092	972,333	4,047,529	165,028	280,058	40,155	-
Deposits and other accounts	4,042,892	2,169,044	1,171,548	552,300	150,000	-	-	-	-	-
Other liabilities	612,550	296,681	188,612	47,605	33,643	-	26,500	514	-	18,995
	31,047,397	21,671,725	2,543,920	1,096,997	1,155,976	4,047,529	191,528	280,572	40,155	18,995
	5,963,065	(20,241,565)	605,973	624,861	1,388,523	(2,054,362)	1,219,180	9,613,679	14,693,612	113,164
Share capital	7,871,780									
Reserves	372,477									
Deficit on revaluation of assets - net of tax	(281,624)									
Unappropriated/ Unremitted profit/ (Loss)	(2,134,569)									
Advance against share subscription	135,000									
	5,963,065									

48 CUSTOMER SATISFACTION AND FAIR TREATMENT

The management through complaint handling mechanism, ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our office, Company's website and through email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of recurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Company. During the year, one complaint was received directly by Pak-Libya and the time taken to resolve the complaint was three working days.

49 NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There is no event subsequent to the statement of financial position date that requires disclosure in these financial statements.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 10 March 2022 by the Board of Directors of the Company.

51 GENERAL

51.1 In its latest rating announcement (June 2021), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+ (A One Plus) in the short term with Stable outlook assigned to ratings.

51.2 Amounts in these financial statements have been rounded off to the nearest thousand rupee, unless otherwise stated.

51.3 Certain comparative figures have been rounded off and reclassified in order to present information on a basis consistent with current year.

Chief Financial Officer

Managing Director & CEO

Director

Director

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2021

Annexure - I

31 December 2021

(Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total
					Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	DHA COGEN LTD. D-35, BLOCK-5, CLIFTON, KARACHI	MUHAMMAD SERAJ UL HAQ COL(RETD.) MANSOOR AHMAD TAYYABA RASHEED MANSOOR M. KHAN FAREED VARDAG KHALID MOHSAIN SHAIKH SAEED IQBAL BILAL ASGHAR	54400-0734835-5 35204-1635432-5 42301-0986480-4 42301-4543451-3 42000-0504128-9 61101-0142651-9 42201-1992656-9 42301-5741517-5	MUHAMMAD IZHAR UL HAQ MUHAMMAD USMAN ABDUL RASHEED MASOOD A. KHAN IJAZ A. KHAN M. MOSHIN SHAIKH ZAFAR IQBAL SIDDIQI SHEIKH MUHAMMAD ASGHAR	301,135	471,851	745,983	1,518,969	282,193	471,851	745,983	1,500,027
	Total:				301,135	471,851	745,983	1,518,969	282,193	471,851	745,983	1,500,027

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDERED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2020

Annexure - I

31 December 2020

(Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total
					Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	Zulfiqar Ali House No. D-321/5, Khudadad Colony, New Town,Karachi	-	42201-5446845-1	Younus Ali	-	3,284	8,940	12,223	-	9,223	-	9,223
	Total:				-	3,284	8,940	12,223	-	9,223	-	9,223

Annexure - II

ISLAMIC BANKING BUSINESS

The Company, being a conventional financial institution / DFI, does not have any Islamic banking operation / activities.