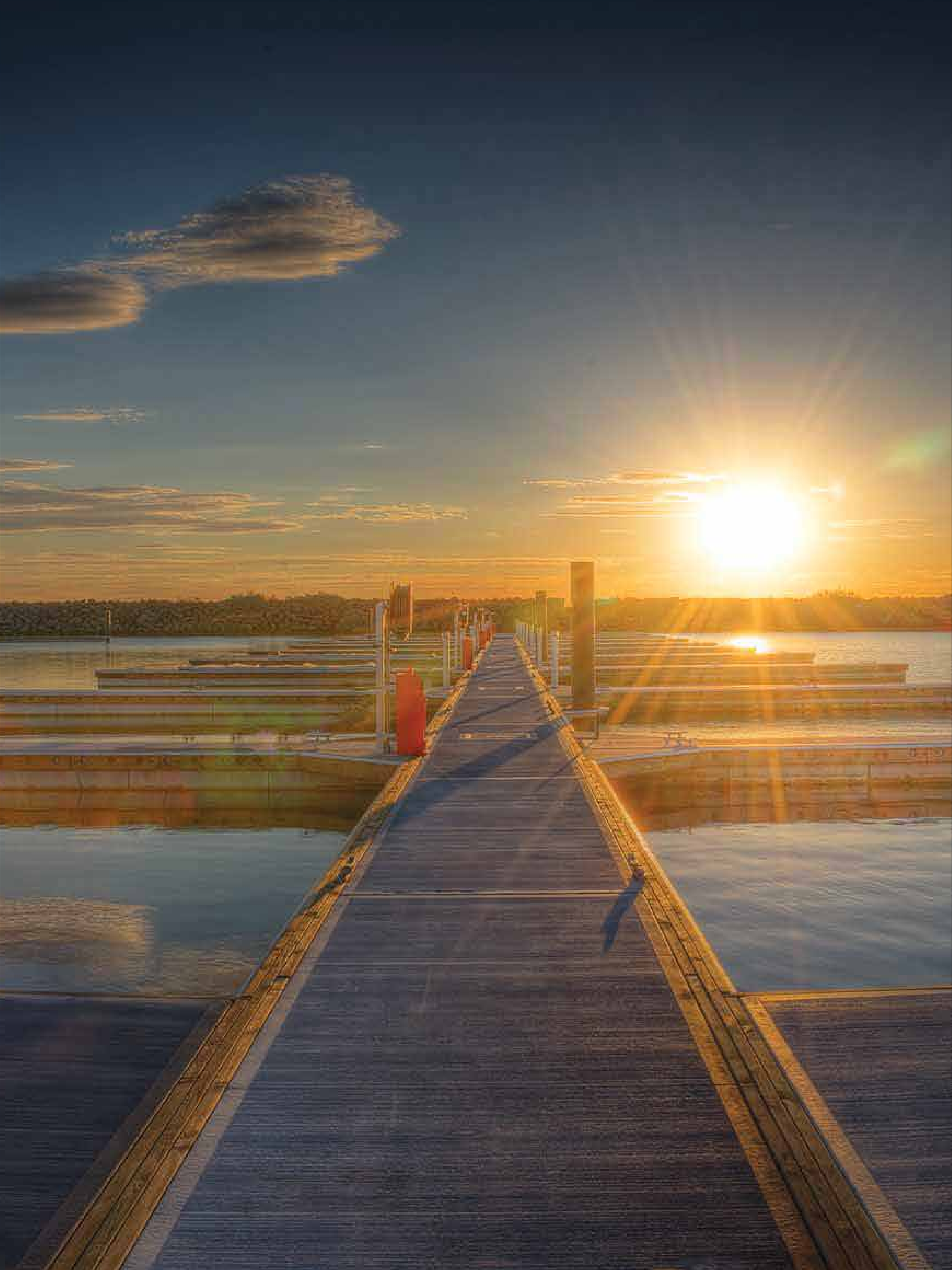
PakLibya

BRIDGING THE APPROACH TO

DEVELOPMENT

Annual Report 2016



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PakLibya

VISION

To be amongst the leading and prominent contributors to the industrial and economic development of the country alongside creating value for all stakeholders concerned.

MISSION

To sustain long-term growth and optimize returns through smart financing and prudent investment decisions as well as evolving as a socially responsible vibrant organization and a dynamic employer.

CORE VALUES (CLEAR)

OUR CORE VALUES ARE CLEAR!

- **C**lient deserves the best – We are committed, honest and open in our conversation, and think out of the box.
- **L**ead by example – We believe in action.
- **E**mpower – We equip our individuals to provide best possible solutions to our customers.
- **A**ccountability – We are accountable for our actions.
- **R**esilient – We are focused and resilient against all odds.

STRATEGIC TARGETS

Acquiring the status of **Industry Leader** through **fostering Industrial Growth** with our **trusted Business Management** alongside inculcating **Corporate Social Responsibility**.

RATINGS

Entity Rating
Maintained By PACRA

Short Term:
A1+
(A One Plus)

Long Term:
AA-
(Double A Minus)

BOARD OF DIRECTORS

Mr. Bashir B. Omer
Chairman

Mr. Fazal-ur-Rehman
Director

Mr. Ramadan A. Haggiagi
Director

Mr. Haque Nawaz
Director

Mr. Abid Aziz
Managing Director / Director

Mr. Khalid S.T. Benrjoba
Deputy Managing Director / Director

CORPORATE INFORMATION

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Ramadan A. Haggiagi	Chairman
Mr. Haque Nawaz	Member
Mr. Fazal-ur-Rehman	Member
Mr. Merajuddin	Secretary

RISK MANAGEMENT COMMITTEE

Mr. Fazal-ur-Rehman	Chairman
Mr. Ramadan A. Haggiagi	Member
Mr. Khalid S.T. Benrjoba	Member
Mr. Abdul Latif Memon	Secretary

CREDIT/ INVESTMENT COMMITTEE

Mr. Bashir B. Omer	Chairman
Mr. Haque Nawaz	Member
Mr. Abid Aziz	Member
Mr. Merajuddin	Secretary

RECRUITMENT AND COMPENSATION COMMITTEE

Mr. Bashir B. Omer	Chairman
Mr. Fazal-ur-Rehman	Member
Mr. Abid Aziz	Member
Ms. Bushra Nauman	Secretary

COMPANY SECRETARY

Mr. Merajuddin

AUDITORS

M/s. EY Ford Rhodes
Chartered Accountants

LEGAL ADVISORS

M/s. Mohsin Tayebaly & Company

REGISTERED OFFICE

5th Floor, Block ‘C’, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan

WEBSITE

www.paklibya.com.pk

OUR TEAM

EXECUTIVE COMMITTEE

Mr. Abid Aziz
Managing Director & CEO

Mr. Khalid S.T. Benrjoba
Deputy Managing Director

SENIOR MANAGEMENT

Syed Ghazanfar Ali
Head of Corporate & Investment Banking Division

Mr. Muhammad Ali Yacoob
Head of Securities Portfolio Management Division

Mr. Suhail Faruqi
Head of Treasury & Fund Management Division

Mr. Mukhtar ul Haque
Head of SME & Retail Banking Division

Mr. Muhammad Masood Ebrahim
Chief Financial Officer

Mr. Muhammad Sabihuddin
Head of Compliance & Regulatory Reporting Division

Mr. Abdul Latif Memon
Head of Risk Management Division

Ms. Tasneem Lotia
Head of Operations

Mr. Shakiluddin
Head of Internal Audit Division

Mr. Minhaj-ul-Islam Farooqi
Head of Law Division

Mr. Farid Ahmed
Head of Human Resources & Administration Division

Mr. Saqib Hussain
Head of Information Technology Division

Mr. Irfan Iftikhar
Head of North Region, Lahore

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 2016 as we conquer obstacles and continue our efforts of being a pacesetter DFI in the overall economic development of the Country. *No challenge is too big to make it impossible!*

Year 2016 was a year of many positive developments for Pak-Libya. The most significant being the repossession of our power plant which uplifted the equity to a level where the Company's requisite support from sponsors slashed down to half, hence increased business opportunities. With the relentless efforts, painstaking determination and perseverance to overcome all odds by the staff and management, I believe the Company would not only touch new heights of growth and prosperity but also comfortably outshine the peer group.

I see the overall pace of economic development and macro-economic stability would continue to provide the opportunities for Pak-Libya's business strategy to gain ground and flourish. Even in these challenging times, Pakistan economy has been maintaining its growth. As CPEC would enter in the mature stage in the forthcoming years, the benefits of economic incentives and regional integration would get more pronounced and inclusive. Moreover, the upgrading of Pakistan from a frontier economy to an emerging market in the MSCI Index is yet another development that together with CPEC would be instrumental in uplifting Pakistan's growth trajectory.

The positive developments however are accompanied by various challenges that would merit timely addressing including increasing debt servicing cost and continuity of policies for sustainable economic growth.

Pak-Libya is equally geared up to contribute and has already started to implement its business plan with clear strategy; with our strategic focus to capitalise on the evolving business environment, we continue to explore new business opportunities alongside enhancing our geographical spread and concentrating on core business objectives.

I believe that with firm determination and incessant hardwork Pak-Libya would certainly emerge as a prominent contributor to the overall economic fabric of Pakistan in the years to come.

We are committed to create long-term value for our clients, shareholders, employees and other stakeholders.

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 and SBP, including MoF, for their continued support and guidance.

Bashir B. Omer
Chairman

Date: 9 March 2017

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 2016 – *with undaunted belief in accomplishing and making things happen we leap all hurdles and continue to achieve our targets*.

ECONOMIC OVERVIEW

Pakistan's economy continued its journey towards a new era of prosperity in the year 2016. With China Pakistan Economic Corridor (CPEC) projects gaining momentum through infrastructure and energy projects, Pakistan being upgraded from a frontier economy to an emerging market in the MSCI Index, divestment of Pakistan Stock Exchange (PSX) to Chinese Consortium and GDP growth reaching to the highest in eight years of 4.7% are factors that led renowned world economic forums acknowledge Pakistan as a most favourite country for investment. The average Consumer Price Index (CPI) inflation clocked in at 3.7% primarily due to stable exchange rate and oil prices although the same are on an increasing trend in the international market. Foreign exchange reserves moved up to US$ 23 billion. The overall sustainable and pro-growth economic reforms by the Government upgraded Pakistan's long-term credit rating from B-Negative to B with a stable outlook – Standard and Poor's.

The State Bank of Pakistan (SBP) further brought down its policy rate to 5.75% in the year 2016 as private sector credit picked momentum, exchange rate remained stable and visible improvements in energy supply all provided an environment conducive for business to recuperate and boost the macroeconomic stability.

With an absolute no tolerance policy for fixing the law and order situation, the government is swiftly moving towards its target of a peaceful and prosperous Pakistan. The modest improvement of Pakistan's ranking in the Global Peace Index (GPI) as well as improved rating by Transparency International testifies the incessant efforts made by the government over the last four years to strengthen the strategic placement of Pakistan in the South Asian region.

CORPORATE PERFORMANCE

We are pleased to present the results for the year 2016 with profit before tax surpassing a billion mark, after having achieved yet another milestone of acquiring the assets of Kamoki Energy Limited (KEL). Besides the positive impact in profitability that accrued due to acquisition of KEL's assets, efficient treasury management and investment in listed shares continued to have a positive impact on the profitability both in terms of dividend income and capital gain as PSX witnessed phenomenal growth in the year 2016. Ranked as 5th best perfoming market in the World by Bloomberg International, the PSX touched new heights with KSE-100 Index closing at around 46%. This stellar performance of the bourse enabled us to revamp our shares portfolio and hence we managed to clear the unrealised losses that had accumulated on the oil & gas portfolio.

Considering the favourable performance of the Company, initial capital injection requirement of PKR 4 billion in relation to the shortfall in statutory minimum capital has been revisited. Both the shareholders in the AGM held on 15 April 2016 have agreed to reduce the injection of capital to PKR 2 billion only as the Company has bridged the gap through organic growth.

As the government retired its borrowing to the banking sector, private sector credit picked momentum. Capitalizing on this opportunity and our strategic priority of building and maintaining a high quality of advances portfolio, SME and Retail Banking activities were launched around mid of 2016. The first avenues to tap into were small business loan against mortgage property; interest income from which started to contribute to the underlying profitability from the latter half of 2016.

The Company's overall liquidity profile during the year improved and consequently the borrowing against PPTFCs were pre-paid in full. This move was also aimed at securing better and reduced rates on the long term borrowings. Hence, the PPTFCs were replaced by new credit lines and borrowings from non-conventioanl sources through financing on profit basis were also added to the overall borrowings portfolio.

Moreover, the Pakistan Credit Rating Agency (PACRA) maintained its credit ratings from the previous year for Pak Libya in the year 2016 as follows;

Short term: A1+ (A one plus)
Long term: AA- (Double A minus)

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

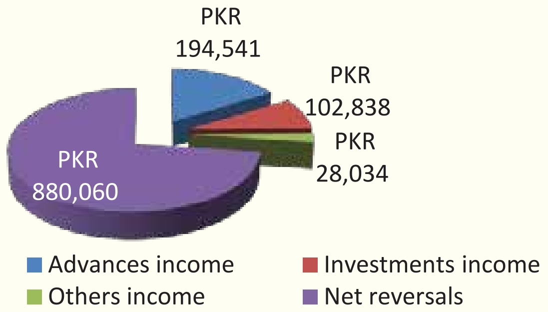
Team Efforts

Each of our business units strove to support the management business strategy and hence played its fair share in the successful implementation over the years. Highlights on our business units' performance during the year is as follows:

Corporate & Investment Banking (CIB)

The overall credit expansion in terms of private sector borrowing in second half of FY2016 was PKR 375 billion as compared to PKR 283 billion in the same period of corresponding year (per statistics). With rise in momentum for infrastructure activities and CPEC, new avenues and opportunities surfaced which our business teams tapped into and the positive impacts of which would ensue from the year 2017.

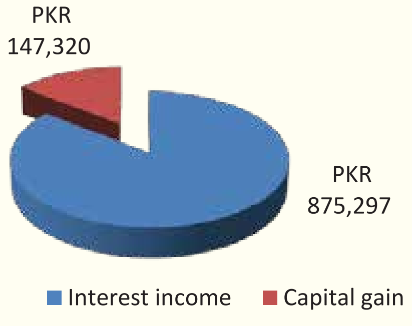
Consequent to acquiring the strategic (non-banking) assets of KEL in the first quarter of 2016, the efforts of CIB remained largely directed towards structuring a financially viable deal for these assets so that healthy returns could be generated therefrom. Furthermore, exercising a cautious stance in selecting clients through stringent risk assessment, the advances portfolio increased conservatively during the year however to supplement the interest income stream, investments in debt securities also have had its fair share in meeting the overall business targets of the department for 2016.



Recoveries from delinquent clients remained a critical dimension to success of business strategy for CIB in 2016 as well. Hence, the business team in coordination with special asset management (SAM) and legal department materialised notable recoveries. All these efforts, along with timely repayments from advances' portfolio, translated into positive results in terms of departmental performance. Nevertheless, the challenge that lay ahead for CIB is expanding its loan book so that the core business is uplifted in line with the overall business plan of the Company.

Treasury & Fund Management (TFM)

As interest rates further went down in the year 2016, our TFM department made further efforts to mobilize resources at competitive rates for business units. Comforted by ease in overall liquidity position, PPTFCs were prepaid in full and new credit lines were secured at cheaper rates. Furthermore, efforts were also directed towards shift in the borrowings portfolio from short to medium and long term to meet with the assets' profile.

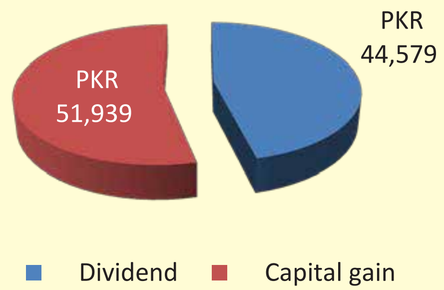


On the income front TFM continued to support our core business income through maintaining a reasonable portfolio in secondary market investments alongside selected investments in debt instruments. Returns in terms of both interest income and capital gains added to the bottom line profitability and would continue to do so till the targeted loan book is built up to occupy a dominant position in the overall asset mix.

Securities Portfolio Management (SPM)

Year 2016 brought about many positive developments for Pakistan. From the long awaited merger of the three stock exchanges, particularly Karachi Stock Exchange, to form Pakistan Stock Exchange to taking over of 40 percent of stake by Chinese investors, the developments bode not only well for the Exchange but as well for Pakistan overall. The KSE 100 index hence touched new heights and gaining 47,807 points closed at 46%. Ranked 5th best performing stock market in 2016, PSX gains benefited investors in more than one way. Pak-Libya equally benefited from these unprecedented positive developments both in the form of realised returns and upscaling of the overall portfolio valuation.

The benefits of transformation from KSE to PSX are yet to translate in results for Pak-Libya on its direct investment in PSX. Our SPM department on the basis of our overall risk appetite and resources available posted returns of 14.97% in the year 2016 despite curtailment of prudential limits due to minimum capital requirement (MCR) shortfall. Moreover, owing to the positive developments in the market, SPM first cleaned up the unrealised losses that had piled up on the oil & gas portfolio and thereafter efficiently built a fresh portfolio with an aim to achieve diversification, growth through revaluation gains as well as regular returns both as dividends and capital gains. Furthermore, the partial divestment of PSX to the Chinese Consortium will not only afford capital gains but will also result in substantial revaluation gains on the remaining investment in 2017.



SME & Retail Banking (SME-RB)

Considering the overall economic conditions and business strategy of the Company, SME and Retail Banking operations were launched in the second half of year 2016. With an aim to tap potential demand in the SME sector, specific sub-sectors were identified and earmarked for kicking off the department's operations. Hence, in the first phase portfolio was built in auto loans and business loans against mortgage property as demand from both these sectors was strong and dominant owing to the overall rise in activity in both sectors. Furthermore, the regulatory target for SME financing was also successfully achieved and the business team is confident that the portfolio would increase further to a decent level in the years to come.

Financial highlights 2016 – 2015

Statement of Financial Position – Year end balances

	2016	2015
	(PKR in thousands)	
Total Assets	18,895,441	15,274,279
Total Liabilities	14,134,026	11,379,536
Net Assets	4,761,415	3,894,743
Represented by:		
Share Capital	6,141,780	6,141,780
Reserves	302,094	143,860
Accumulated loss	(1,774,710)	(2,411,691)
	4,669,164	3,873,949
Surplus on revaluation of assets – net of tax	92,251	20,794
	4,761,415	3,894,743
Profit and Loss Account - For the year		
Profit before taxation	1,031,819	472,415
Profit after taxation	791,170	305,026
Earnings per share (PKR)	1,288	497

The Company has 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) shortfall faced by the Company, no amount could be considered for distribution of dividends (bonus or cash) to the shareholders.

We are, however, confident that once the capital injection, even in tranches, started, the Company will be MCR compliant and based on the existing performance trend will be able to distribute dividend to its shareholders.

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 judgment. 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 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, despite the performance of the Company, we were unable to support certain notable, reputed charitable institution due to SBP prudential regulations. Therefore we requested SBP to approve us a limit for certain charitable institution so that we could give back something in return to the society.

Board Composition

During the year no vacancy existed on the Board.

Risk Management Framework

The Company's overall Risk Management Framework is robust. The Risk Management Structure of the Company is overseen by the Board Risk Management Committee (BRMC) which has further entrusted the task to the Management Risk Management Committee (MRMC) to carry out the assessment 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 were 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 redesigned 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 improvise the overall credit risk management process.

We believe that a sound 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, we shifted our BCP site to one of our peer DFIs under a reciprocal arrangement. 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 effectiveness of the operational risk mechanism in function.

We have also formalised a Company-wide documented business continuity plan at each business unit level considering the operational risk. During the year, we continue to strengthened our Internal Controls and hence brought about various improvements and initiated development of an integrated IT system keeping in view the best practices and to cater our reporting requirements. The new integrated system would be fully implemented in year 2017. 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 revised market risk policy with elaborated interest rate risk has been implemented. Also, the guidelines on monitoring and reporting of interest rate risks have been enhanced in the overall market risk management framework.

The Company has also a Liquidity Risk Management Policy, in addition to the Liquidity Management Policy, in place. The revised Liquidity Risk Management Manual included a detailed and comprehensive Liquidity Contingency 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 Rs. 6 billion. SBP has allowed exemption to the Company from meeting the required MCR till 30 June 2017.

Growth in the Company's portfolio is being handled effectively to avoid risk concentration through established limits. Amendments in the limits have been duly made following revision in the Prudential Regulations. The Company aims at business growth by assuming direct exposure or through risk participation. Risk Management Division proactively contributes in exposure selection within the defined risk parameters.

The Company continues to put in efforts to further improve and strengthen the risk management and internal control framework of the Company.

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 Company auditors have added emphasis of matter paragraphs in their audit report. They have drawn attention to note 1.2 to the accompanying financial statements and stated that the State Bank of Pakistan (SBP) has granted exemption to the Company from the required minimum paid-up capital (free of losses) of Rs. 6 billion till 30 June 2017 and has advised the Company to provide equity injection timeline by the Government of Pakistan by 31 March 2017.

The opinion of auditors is not qualified in respect of the above matter.

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

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 2015 were PKR 79.811 million and PKR 101.941 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, six 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	6	6
Mr. Fazal-ur-Rehman	Director	6	6
Mr. Ramadan A. Haggiagi	Director	6	6
Mr. Haque Nawaz	Director	6	6
Mr. Abid Aziz	Managing Director	6	6
Mr. Khalid S.T. Benrjoba	Deputy Managing Director	6	6

Details of Audit Committee Meetings
During the year, five meetings of the audit committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Ramadan A. Haggiagi	Chairman	5	5
Mr. Fazal-ur-Rehman	Member	5	5
Mr. Haque Nawaz	Member	5	5

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. Fazal-ur-Rehman	Chairman	2	2
Mr. Ramadan A. Haggiagi	Member	2	2
Mr. Khalid S.T. Benrjoba	Member	2	2

Details of Recruitment & Compensation Committee Meetings
During the year, two meetings of the recruitment and compensation committee were held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	2	2
Mr. Fazal-ur-Rehman	Member	2	2
Mr. Abid Aziz	Member	2	2

Details of Credit/Investment Committee Meeting
During the year, one credit/investment committee meeting was held and attended by member(s) as follows:

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	1	1
Mr. Haque Nawaz	Member	1	1
Mr. Abid Aziz	Member	1	1

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants (A member firm of Ernst and Young Global Limited) have retired and completed their five consecutive audit periods. The Board of Directors on recommendation of the Audit Committee has recommended the appointment of M/s Grant Thornton Anjum Rahman as auditors of the Company for the financial year ending 31 December 2017.

Pattern of Shareholding

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

Company Outlook

With the overall positive developments in the macro-economic variables, Pakistan would continue to enhance its strategic importance in the region in medium to long term. As CPEC gains momentum and the supporting infrastructure developments pace up further, overall credit requirements for fixed investment would further escalate and consume the liquidity that retirement of government borrowings have created.

As we successfully achieve many of the targets set for the financial year 2016 and work towards achievement of remaining milestones with same zeal and fervour, we are confident that we will turn our challenges into opportunities and continue to grow and achieving our long term business objectives.

We hold a firm stance towards our future business strategy and outlook. Moving forth with an aim to increasing the advances portfolio size to almost double in the next three years, we understand and believe that a performing portfolio from our core business, growing at a steady rate, would provide a solid ground for our business targets to propel towards one of our core objectives of long-term growth and return optimisation. Additionally, our other business units would continue to contribute to the overall performance through individual strategies in line with the prevailing business environment to augment the core business objective i.e. economic growth of the Country through industrial development.

After having successfully acquired the assets of KEL, the management is all geared to strike a financially viable deal for these assets so that the earning capacity of the Company could be enhanced. Thereafter, the only impediment that would need to be overcome is *remaining* shortfall in statutory minimum regulatory capital on which we are hopeful of a positive outcome. We believe that with shareholders' support and consistent performance we would soon get to a level where we would outperform our peer group.

In view of the overall efforts being made by the management and the consistent positive results that we have managed to achieve over the years, we are much optimistic about our Company's future growth, profitability and attainment of competitive edge.

The government however would need to continue to make its efforts more pronounced in improving the overall law and order situation as well as resolve the energy woes as these two issues have shaken investors' confidence time and again resulting in flight of capital and resources from Pakistan. Pak-Libya is equally committed to accomplish its vision of long term growth and sustainability through our uncompromising "to-do" attitude and team work as we believe that ***"We"*** equals ***"Power & Success."***

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

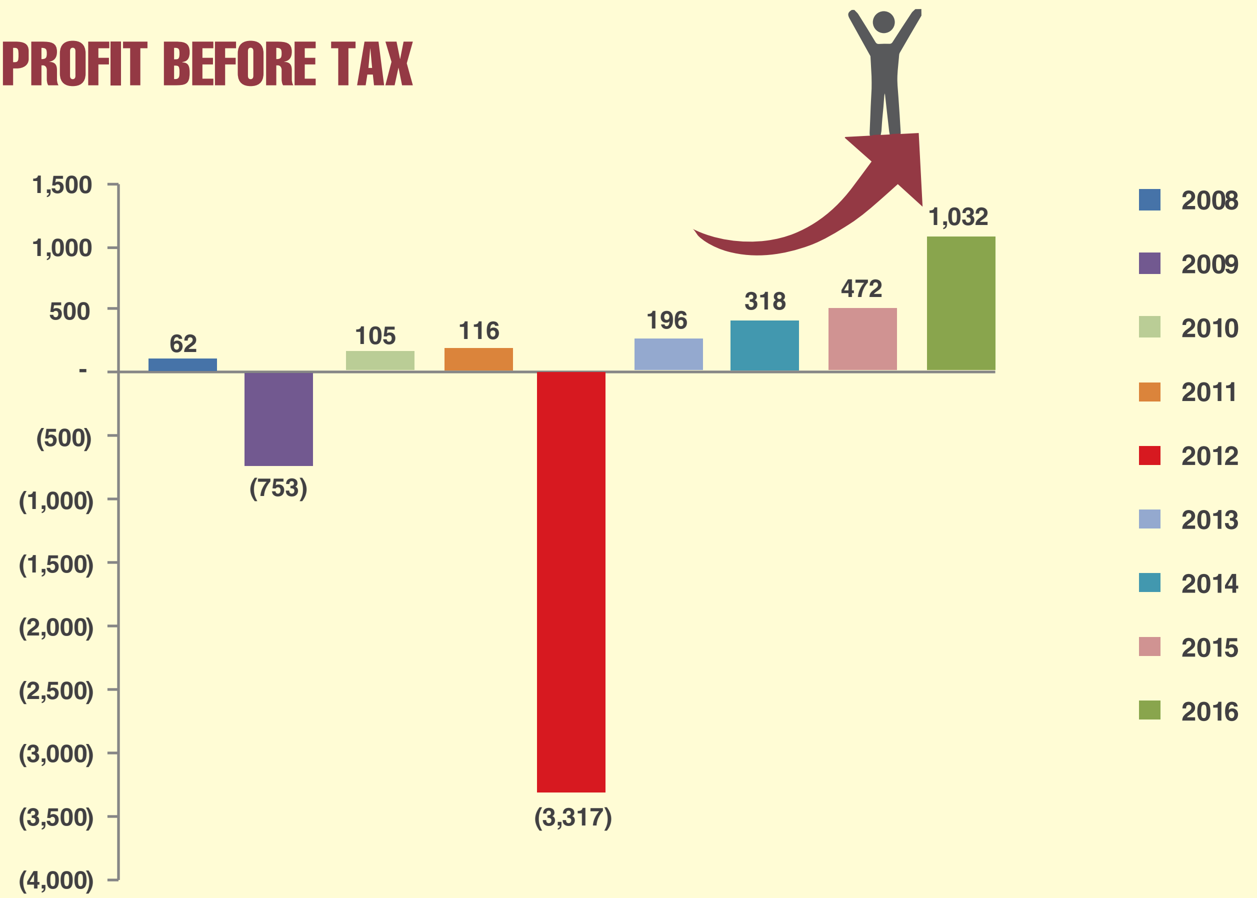
Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

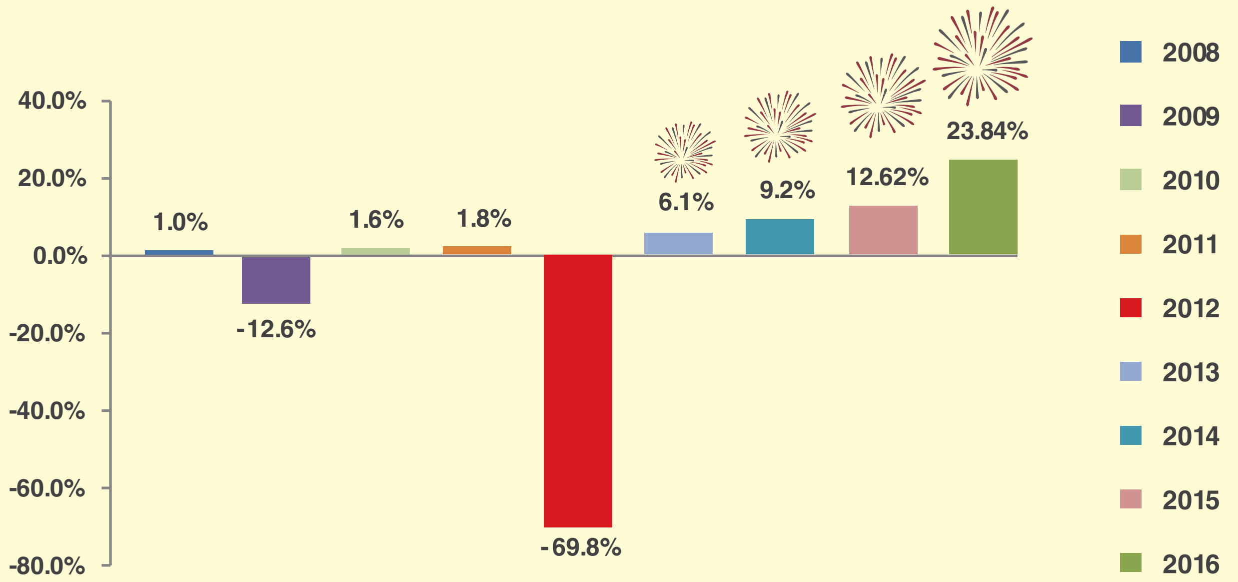
Date: 9 March 2017

PakLibya

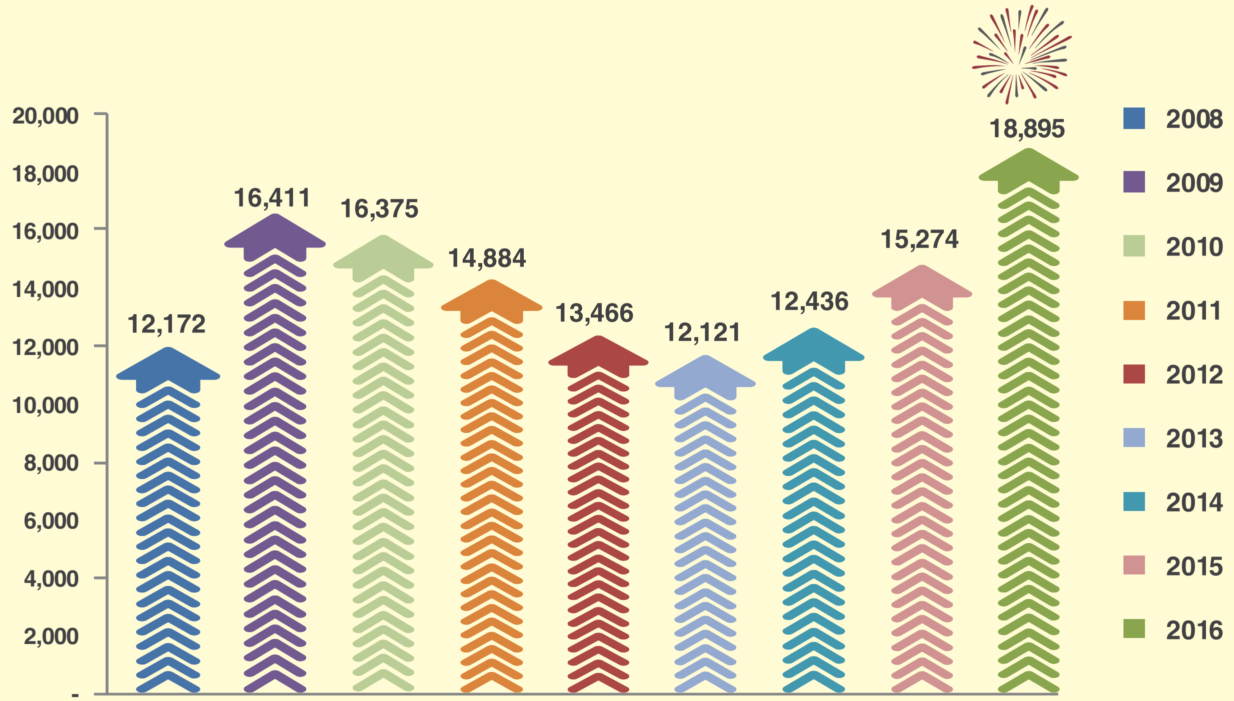
NET PROFIT BEFORE TAX



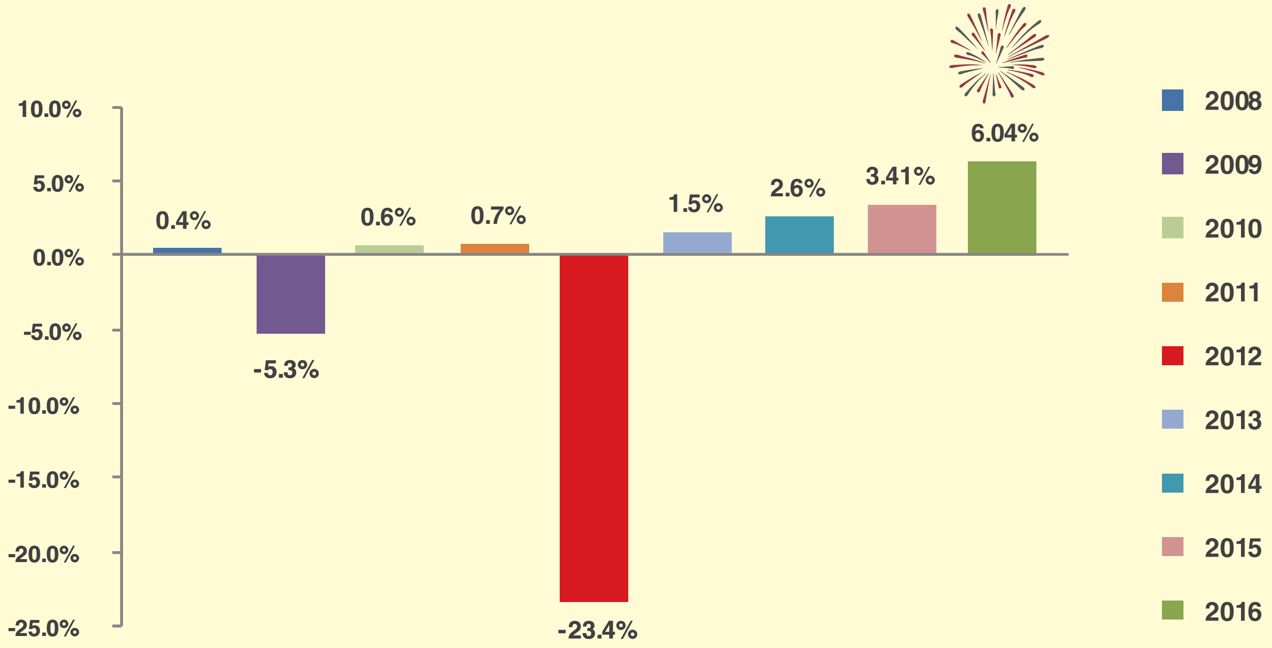
RETURN ON EQUITY BEFORE TAX



TOTAL ASSETS

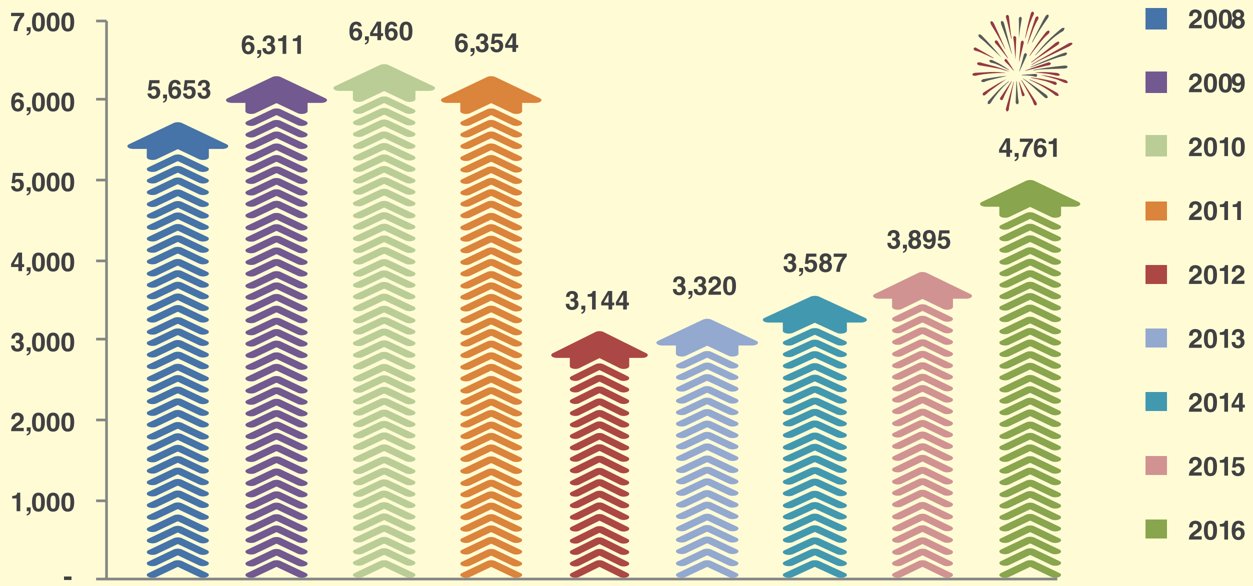


RETURN ON ASSETS BEFORE TAX

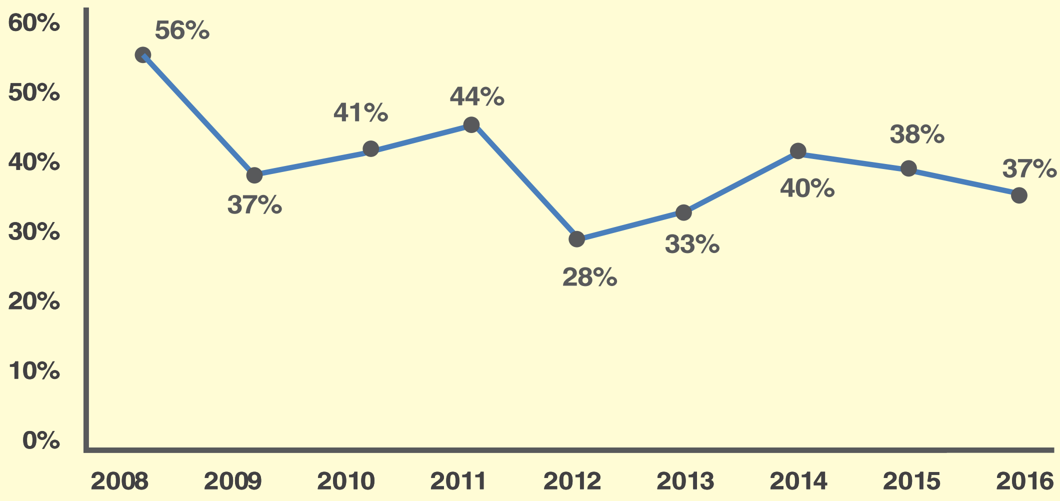


PakLibya

NET EQUITY



CAPITAL ADEQUACY RATIO (CAR)



SUMMARY OF KEY OPERATIONAL AND FINANCIAL DATA 2011-2016

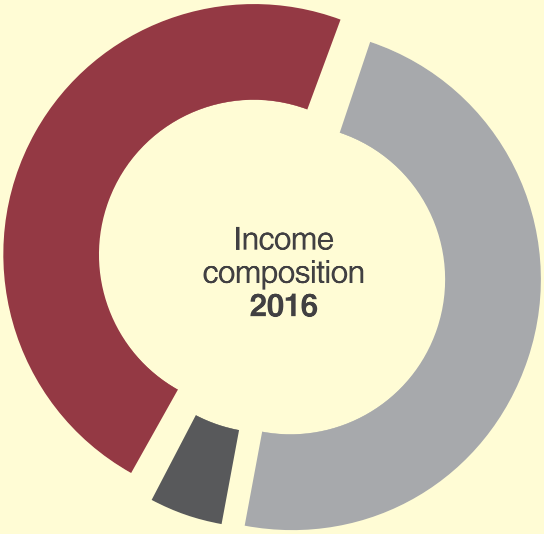
(Rs. In Million)

	2016	2015	2014	2013	2012	2011
Gross Approvals*	1,613	782	553	1,805	1,355	1,366
Disbursements	986	479	807	1,213	1,295	1,108
Investments - net	2,891	3,539	997	-	1,319	-
Recoveries - principal	1,190	1,218	1,586	851	745	1,340
Redemption - Investments	540	138	433	68	183	401
Gross Income	1,298	1,830	1,532	1,331	1,349	1,799
Net interest income	313	360	315	254	245	628
Net Profit/Loss before tax	1,032	472	318	196	(3,317)	116
Taxation - net	241	167	85	14	111	179
Net Profit/Loss after tax	791	305	233	182	(3,429)	(64)
Shareholders' Equity (net)	4,761	3,895	3,586	3,320	3,144	6,357
Total assets	18,895	15,274	12,436	12,121	13,466	14,884
Staff strength (number)**	106	105	110	111	104	109

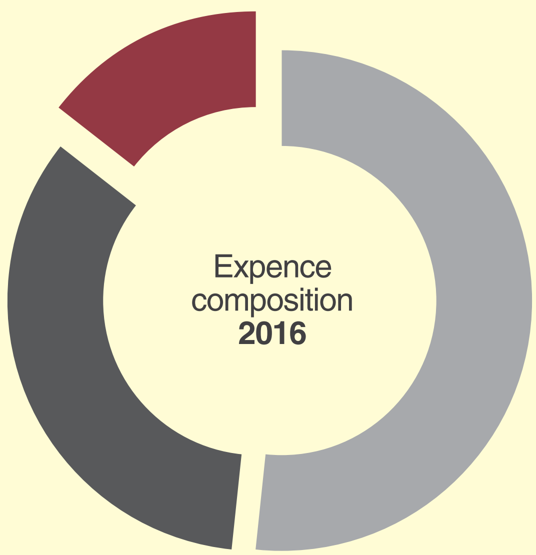
*   Includes rollover

** Including outsourced staff

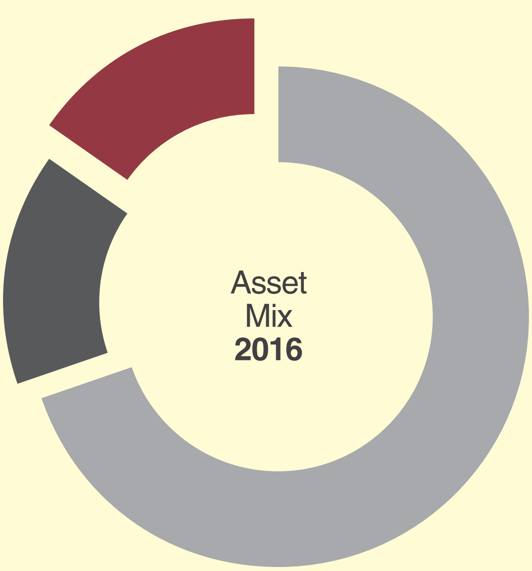
Note: Figures of respective years include impact of restatements (as applicable)



Markup earned	**1,179,031**
Non Markup Income	**118,497**
Provision Reversal	**1,161,501**



Mark up expenses	**865,788**
Non markup expenses	**561,422**
Taxation	**240,649**



Investments	**13,183,821**
Advances	**2,837,523**
Others	**2,874,097**

STATEMENT OF INTERNAL CONTROLS

For The Year Ended 31 December 2016

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 broadly comprises of control procedures and control environment. 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 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

- Previous documentation for Internal Controls Over Financial Reporting (ICFR) has been updated in financial year 2016 to incorporate the updated status of processes and controls. 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 complied/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 2016 to bring further improvements in the internal control systems. Moreover, gaps identified in the internal control systems, including internal controls over financial reporting from time to time are targeted to be completed at the earliest possible timeline.

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

Date: 9 March 2017

STATEMENT OF BEST PRACTICES OF CORPORATE GOVERNANCE

For The Year Ended 31 December 2016

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" or "Pak-Libya" or "PLHC"). Until prior year the Code of Corporate Governance (the Code) as framed by the Securities and Exchange Commission of Pakistan was applicable to all Development Financial Institutions (DFIs) including the Company, however through BPRD circular 14 of 2016 issued on 20 October 2016 by the State Bank of Pakistan (SBP) the Code is no longer mandatory for the DFIs.

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. Abid Aziz – Managing Director Mr. Khalid S.T. Benrjoba – Deputy Managing Director
Non-Executive Directors (Four)	Mr. Bashir Blkasm Omer Mr. Fazal ur Rehman Mr. Ramadan A. Haggiagi Mr. Haque Nawaz

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including PLHC.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan 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.

4. During the year no vacancy existed on the Board.

5. The Company has prepared employee 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.

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. Further, as per the process, the appointment, remuneration and terms of employment of the CEO, other executive and non-executive directors are taken by the board / shareholders, as applicable.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every calendar quarter. Written notices of the Board meeting, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. Further, roles and responsibilities of the Chairman and Chief Executive Officer have been defined by the Board as per the requirements of the regulations and best practices.

9. The directors are professionally trained and have vast experience to effective discharge their fiduciary duties.

10. The appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms of employment are approved by the Board.

11. The Directors' Report for the year has been prepared in compliance with the requirements of related laws and regulations and fully describes the applicable salient matters required to be disclosed.

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 Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company.

14. The Company has complied with all applicable corporate and financial reporting requirements of the applicable laws and regulations.

15. The Board has formed an Audit Committee. As per its approved structure, this committee comprises of three members, all of whom are non-executive Directors including its Chairman.

16. The meetings of the Audit Committee are held at least once every quarter prior to the approval of interim and final results of the Company. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. The Board has also constituted a Recruitment and Compensation Committee. As per the approved structure, it comprises of two non-executives and one executive director. The chairman of the committee is a non-executive Director.

18. The Board has set up an effective internal audit function. Personnel of the Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. 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.

20. 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.

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

Date: 9 March 2017

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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Building a better working world

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Pak Libya Holding Company (Private) Limited** (the Company) as at **31 December 2016** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 with which we concur;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the profit, comprehensive income, cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.2 to the accompanying financial statements which explains that State Bank of Pakistan (SBP), has granted further exemption to the Company from the required minimum paid-up capital (free of losses) of Rs.6 billion till 30 June 2017 and has advised the Company to provide specific timeline for equity injection by the Government of Pakistan in the Company by 31 March 2017; and

Our opinion is not qualified in respect of the above matter.

Chartered Accountants
Audit Engagement Partner: Shabbir Yunus
Date: 9 March 2017
Karachi

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	20,420	65,712
Balances with other banks	6	72,705	30,481
Lendings to financial institutions	7	950,000	320,000
Investments	8	13,183,821	10,922,328
Advances	9	2,837,523	3,238,411
Operating fixed assets	10	87,697	69,960
Deferred tax asset - net	11	26,419	193,663
Other assets	12	1,716,856	433,724
		18,895,441	15,274,279
LIABILITIES			
Bills payable		-	-
Borrowings	13	13,391,904	9,441,099
Deposits and other accounts	14	463,117	1,737,389
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	15	279,005	201,048
		14,134,026	11,379,536
NET ASSETS		4,761,415	3,894,743
REPRESENTED BY			
Share capital	16	6,141,780	6,141,780
Reserves	17	302,094	143,860
Accumulated loss		(1,774,710)	(2,411,691)
		4,669,164	3,873,949
Surplus on revaluation of assets - net of tax	18	92,251	20,794
		4,761,415	3,894,743
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 42 and Annexures I & II form an integral part of these financial statements.

Muhammad Masood Ebrahim
Chief Financial Officer

Abid Aziz
Managing Director & CEO

Abid Aziz
Director

Khalid S.T. Benrjoba
Director

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2016

	Note	2016	2015
		------ (Rupees in '000) ------	
Mark-up / return / interest earned	21	1,179,031	1,385,571
Mark-up / return / interest expensed	22	865,788	1,025,661
Net mark-up / interest income		313,243	359,910
(Reversal of provision) / provision against non-performing advances - net	9.3.1	(1,019,869)	10,733
Reversal of provision against lendings to financial institutions		-	(11,500)
Reversal of provision for diminution in the value of investments - net	8.13	(141,632)	(59,838)
Bad debts written-off directly		-	-
		(1,161,501)	(60,605)
Net mark-up / interest income after provisions		1,474,744	420,515
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		12,461	9,407
Dividend income		44,579	33,738
Income from dealing in foreign currencies		-	-
Gain on sale of securities - net	23	55,330	398,473
Unrealised loss on revaluation of investments classified as 'held-for-trading'		-	(929)
Other income	24	6,127	3,544
Total non mark-up / interest income		118,497	444,233
		1,593,241	864,748
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	25	409,099	367,407
Other provisions / write offs	26	118,298	(304)
Other charges	27	34,025	25,230
Total non mark-up / interest expenses		561,422	392,333
		1,031,819	472,415
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		1,031,819	472,415
Taxation			
- current		64,089	150,975
- prior years		-	-
- deferred		176,560	16,414
	28	240,649	167,389
PROFIT AFTER TAXATION		791,170	305,026
		------------ (Rupees) ------------	
Earnings per share - basic and diluted	29	1,288	497

The annexed notes 1 to 42 and Annexures I & II form an integral part of these financial statements.

Muhammad Masood Ebrahim Chief Financial Officer	**Abid Aziz** Managing Director & CEO
Abid Aziz Director	**Khalid S.T. Benrjoba** Director

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

	2016	2015
	------- (Rupees in '000) -------	
Profit after taxation	**791,170**	305,026
Other comprehensive income - net		
Items not to be reclassified in profit and loss account in subsequent periods		
Actuarial gain on defined benefit plan	**4,045**	78
Total comprehensive income for the year	**795,215**	305,104
Components of comprehensive income not reflected in equity		
Surplus on revaluation of 'available-for-sale securities' - net of tax*	**71,457**	2,952
Total comprehensive income	**866,672**	308,056

*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 42 and Annexures I & II form an integral part of these financial statements.

Muhammad Masood Ebrahim
Chief Financial Officer

Abid Aziz
Managing Director & CEO

Abid Aziz
Director

Khalid S.T. Benrjoba
Director

CASH FLOW STATEMENT

For the Year Ended 31 December 2016

	Note	2016	2015
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,031,819	472,415
Less: Dividend income		(44,579)	(33,738)
		987,240	438,677
Adjustments:			
Depreciation	10.2	24,971	22,511
Amortisation	10.4	717	561
(Reversal of provision) / provision against non-performing loans and advances - net	9.3.1	(1,019,869)	10,733
Unrealised loss on revaluation of investments classified as 'held-for trading'		-	929
Reversal of provision against lendings to financial institutions		-	(11,500)
Reversal of provision against other assets	12.3	(233,804)	(3,051)
Reversal of provision for diminution in the value of investments - net	8.13	(141,632)	(59,638)
Gain on sale of operating fixed assets	24	(1,944)	(2,760)
		(1,371,561)	(42,415)
		(384,321)	396,262
(Increase) / decrease in operating assets			
Lendings to financial institutions		70,000	(308,500)
Investments classified as 'held-for-trading'		1,103,418	(1,103,195)
Advances		1,420,757	458,770
Other assets (excluding advance taxation)		(949,184)	115,742
		1,644,991	(837,183)
Increase / (decrease) in operating liabilities			
Borrowings		3,950,805	3,343,634
Deposits and other accounts		(1,274,272)	(733,218)
Other liabilities		82,002	(80,300)
		2,758,535	2,530,116
		4,019,205	2,089,195
Income tax paid		(162,010)	(98,957)
Net cash generated from operating activities		3,857,195	1,990,238
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		(3,161,139)	(2,058,530)
Investments in 'held-to-maturity' securities - net		-	-
Dividend received		42,354	33,863
Investments in operating fixed assets - net		(43,478)	(7,630)
Proceeds on sale of operating fixed assets		2,000	5,263
Net cash used in investing activities		(3,160,263)	(2,027,034)
Increase / (decrease) in cash and cash equivalents		696,932	(36,796)
Cash and cash equivalents at beginning of the year		96,193	132,989
Cash and cash equivalents at end of the year	30	793,125	96,193

The annexed notes 1 to 42 and Annexures I & II form an integral part of these financial statements.

Muhammad Masood Ebrahim
Chief Financial Officer

Abid Aziz
Managing Director & CEO

Abid Aziz
Director

Khalid S.T. Benrjoba
Director

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2016

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital reserve	Revenue reserve		
		Statutory reserve (refer note 17)	Accumulated loss	Total Reserve	
	---------- (Rupees in '000) ----------				
Balance as at 01 January 2015	6,141,780	82,855	(2,655,790)	(2,572,935)	3,568,845
Total comprehensive income for the year					
Profit after taxation for the year ended 31 December 2015	-	-	305,026	305,026	305,026
Other comprehensive income	-	-	78	78	78
	-	-	305,104	305,104	305,104
Transfer to statutory reserve	-	61,005	(61,005)	-	-
Balance as at 31 December 2015	6,141,780	143,860	(2,411,691)	(2,267,831)	3,873,949
Total comprehensive income for the year					
Profit after taxation for the year ended 31 December 2016	-	-	791,170	791,170	791,170
Other comprehensive income	-	-	4,045	4,045	4,045
	-	-	795,215	795,215	795,215
Transfer to statutory reserve	-	158,234	(158,234)	-	-
Balance as at 31 December 2016	6,141,780	302,094	(1,774,710)	(1,472,616)	4,669,164

The annexed notes 1 to 42 and Annexures I & II form an integral part of these financial statements.

Muhammad Masood Ebrahim
Chief Financial Officer

Abid Aziz
Managing Director & CEO

Abid Aziz
Director

Khalid S.T. Benrjoba
Director

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 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 two sales and service centers located at Lahore and Islamabad. Effective 05 August 2012, activities of Islamabad sales and service centre 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. The paid-up capital of the Company (free of losses) as of 31 December 2016 amounted to Rs.4.367 billion (31 December 2015: Rs.3.730 billion).

The Board of Directors (BOD) of the Company in its meeting held on 09 December 2012 and 10 December 2012, recommended the shareholders for increase in paid-up capital by Rs.4 billion in the year 2013. The increase in capital is aimed to comply with minimum capital requirement (MCR) for risk absorption and future growth and business prospects of the Company.

Further, the Chairman of the Company (Libyan Nominee) in the Board meeting held on 26 April 2014 informed that BOD of Libyan Foreign Investment Company (LAFICO) has given approval for the capital injection of Rs.2 billion with a condition of simultaneous injection of additional capital by Government of Pakistan (GOP).

In this regard, SBP has been reviewing the progress and performance of the Company and the Company has been following up the matter of additional capital injection with the Ministry of Finance (MOF). Considering the favorable performance of the Company, both Shareholders in the Annual General Meeting (AGM) held on 15 April 2016 revisited the required additional capital and agreed to reduce the capital injection from Rs.4 billion to Rs.2 billion (Rs.1 billion by each shareholder).

The SBP vide its letter no. BPRD/BA&CP/657/134/2017 dated 03 January 2017 has granted further extension in the exemption for meeting the minimum paid-up capital (free of losses) requirement till 30 June 2017 and has advised the Company to pursue the matter of capital injection with Finance Division and provide specific timeline for equity injection by the GOP in the Company by 31 March 2017.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984 (the Ordinance), the Banking Companies Ordinance 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. The approved accounting standards comprise of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB). Wherever the requirements of the Ordinance, the Banking Companies Ordinance, 1962 or the directives issued by SECP and SBP differ with the requirements of these standards, the requirements of the Ordinance or the said directives prevail.

The SBP through its BSD circular No. 11 dated 11 September 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.

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.

These financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2015 other than those disclosed in note 4.1 below:

4.1 New Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 – Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements.

4.1.1 Certain annual improvements have also been made to a number of IFRSs.

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 Revenue recognition

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

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

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.

4.4 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.

4.5 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 shown below equity. 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' below equity is included in the profit and loss account for the period.

The Company amortises the premium 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.

4.6 Operating fixed assets

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 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 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.

4.8 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 2016. 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 period.

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 (2015: 3.5 and 4) percent 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 2016.

4.9 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.

4.10 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.

4.12 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.

4.13 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.

4.14 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.

4.15 Critical accounting estimates and judgments

The preparation of 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 4.4)

b) Classification and provisioning of investments (note 4.5)

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

d) Assumptions and estimation in recognition of deferred taxation (note 4.7)

e) Accounting for defined benefit plan and compensated absences (note 4.8)

f) Impairment (note 4.20)

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.

4.16 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.

4.17 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.

4.18 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 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.

4.20 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet 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 wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

4.21 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

	Note	2016	2015
		------ (Rupees in '000) ------	

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2016	2015
Cash in hand			
Local currency		6	8
Foreign currency		70	3,033
Balances with State Bank of Pakistan (SBP)			
Local currency current account	5.1	19,572	62,152
Balances with National Bank of Pakistan			
Local currency current account		772	519
		20,420	65,712

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.

6. BALANCES WITH OTHER BANKS

	Note	2016	2015
In Pakistan			
Current accounts		9,316	1,700
Deposit accounts	6.1	63,389	28,781
		72,705	30,481

6.1 The return on these balances ranges from 3.75 to 4.50 (2015: 4.00 to 7.50) percent per annum.

7. LENDINGS TO FINANCIAL INSTITUTIONS

7.1 In local currency

	Note	2016	2015
Placements		35,568	35,568
Repurchase agreement lendings (reverse repo)		-	320,000
Term deposit receipts	7.2	950,000	-
Less: Provision against lendings		(35,568)	(35,568)
	7.3	950,000	320,000

7.2 Term Deposit Receipts carry mark-up at rates ranging from 7.1 to 7.5 (2015: Nil) percent per annum. These are due to mature between 16 January 2017 and 24 April 2017.

7.3 Particulars of lendings

	2016	2015
In local currency	950,000	320,000
	950,000	320,000

	Note	2016 Held by the Company	2016 Given as collateral	2016 Total	2015 Held by the Company	2015 Given as collateral	2015 Total
		---- (Rupees in '000) ----					
8. INVESTMENTS							
8.1 Investments by types							
Held-for-trading securities							
Market Treasury Bills		-	-	-	199,794	799,172	998,966
Pakistan Investment Bonds		-	-	-	104,229	-	104,229
		-	-	-	304,023	799,172	1,103,195
Available-for-sale securities							
Market Treasury Bills	8.3.1	299,161	-	299,161	347,952	-	347,952
Pakistan Investment Bonds	8.3.2	775,565	9,816,417	10,591,982	406,934	6,765,287	7,172,221
Listed ordinary shares	8.4	921,364	-	921,364	1,174,373	-	1,174,373
Unlisted ordinary shares	8.5	93,341	-	93,341	93,341	-	93,341
Listed preference shares	8.6	25,000	-	25,000	25,000	-	25,000
Unlisted preference shares	8.7	300,000	-	300,000	300,000	-	300,000
Listed Term Finance Certificates	8.8	455,641	-	455,641	466,631	-	466,631
Unlisted Term Finance Certificates	8.9	1,012,429	-	1,012,429	1,025,317	-	1,025,317
Unlisted sukuks	8.10	247,046	-	247,046	179,990	-	179,990
		4,129,547	9,816,417	13,945,964	4,019,538	6,765,287	10,784,825
Held-to-maturity securities							
Unlisted Participation Term Certificates (PTCs)	8.11	6,366	-	6,366	6,366	-	6,366
		6,366	-	6,366	6,366	-	6,366
Strategic investment in joint venture - Kamoki Energy Limited							
Unlisted ordinary shares - net	8.12.2	404,867	-	404,867	404,867	-	404,867
Investment at cost		4,540,780	9,816,417	14,357,197	4,734,794	7,564,459	12,299,253
Less: Provision for diminution in the value of investments	8.13	1,296,736	-	1,296,736	1,437,217	-	1,437,217
Investments (net of provisions)		3,244,044	9,816,417	13,060,461	3,297,577	7,564,459	10,862,036
Deficit on revaluation of 'held-for-trading' securities		-	-	-	(801)	(128)	(929)
Surplus / (deficit) on revaluation of 'available-for-sale' securities		30,809	92,551	123,360	(100,289)	161,510	61,221
Total investments		3,274,853	9,908,968	13,183,821	3,196,487	7,725,841	10,922,328

8.2 Investments by segments

	Note	2016	2015
		---- (Rupees in '000) ----	
Federal government securities			
Market treasury bills	8.3.1	299,161	1,346,918
Pakistan investment bonds	8.3.2	10,591,982	7,276,450
Fully paid-up ordinary shares			
Listed	8.4	921,364	1,174,373
Unlisted	8.5	93,341	93,341
Fully paid-up preference shares			
Listed	8.6	25,000	25,000
Unlisted	8.7	300,000	300,000
Term finance certificates			
Listed	8.8	455,641	466,631
Unlisted	8.9	1,012,429	1,025,317
Other investments			
Sukuks - unlisted	8.10	247,046	179,990
Participation term certificates	8.11	6,366	6,366
Strategic investment in joint venture - Kamoki Energy Limited			
Unlisted ordinary shares - net	8.12.2	404,867	404,867
Total investment at cost		14,357,197	12,299,253
Less: Provision for diminution in value of investments	8.13	(1,296,736)	(1,437,217)
Investments (net of provisions)		13,060,461	10,862,036
Unrealised loss on revaluation of 'held-for-trading' securities		-	(929)
Surplus on revaluation of 'available-for-sale' securities		123,360	61,221
Total investments		13,183,821	10,922,328

8.3 **Available-for-sale securities**

8.3.1 **Market Treasury Bills**

The purchase yield on the market treasury bills is 5.83 (2015: 6.47) percent per annum maturing by January 2017 (2015: February 2016). These are held by the SBP and are eligible for rediscounting.

8.3.2 **Pakistan Investment Bonds**

These Pakistan investment bonds carry interest rate ranging from 7.75 to 11.50 (2015: 8.75 to 11.25) percent per annum and have maturity ranging between July 2017 and April 2021 (2015: July 2016 and March 2018). These are held by the SBP and are eligible for rediscounting.

8.4 **Particulars of investment held in ordinary shares of listed companies - available-for-sale**

		Number of shares		Cost	
	Note	2016	2015	2016	2015
				--- (Rupees in '000) ---	
Name of investee					
Commercial banks					
Habib Bank Limited		**205,000**	200,000	**49,914**	42,855
National Bank of Pakistan		**600,000**	1,182,500	**44,375**	72,792
MCB Bank Limited		**279,300**	-	**61,802**	-
United Bank Limited		**-**	434,000	**-**	81,486
Allied Bank Limited		**-**	100,000	**-**	10,682
Financial services					
Invest Capital Investment Bank Limited		**2,600,000**	2,600,000	**10,000**	10,000
Chemicals					
Agritech Limited	8.4.2	**8,384,283**	14,375,496	**266,675**	453,164
Ittehad Chemicals Limited		**375,000**	-	**15,533**	-
Fertilizers					
Fauji Fertilizer Company Limited		**1,000,000**	900,000	**128,047**	116,637
Engro Corporation Limited		**250,000**	-	**83,384**	-
Engro Fertilizers Limited		**300,000**	-	**20,029**	-
Fauji Fertilizer Bin Qasim Limited		**350,000**	-	**19,903**	-
Non life Insurance					
Pakistan Reinsurance Company Limited		**1,597,500**	1,100,000	**57,549**	37,112
Adamjee Insurance Company Limited		**-**	551,000	**-**	31,268
IGI Insurance Limited		**90,400**	152,600	**22,480**	37,245
Atlas Insurance Limited		**150,000**	-	**12,399**	-
Personal Goods					
Nishat (Chunian) Limited		**-**	466,000	**-**	20,677
Al Shaheer Corporation Limited		**130,000**	-	**7,156**	-
Gul Ahmed Textile Mills Limited		**500,000**	-	**26,967**	-
Electric Goods					
TPL Trakker Limited		**500,000**	-	**9,234**	-
Power Generation & Distribution					
Lalpir Power Limited		**850,000**	-	**20,077**	-
Pakgen Power Limited		**400,000**	-	**10,206**	-
Engineering					
Aisha Steel Mills Limited		**2,000,000**	-	**32,228**	-
Oil and gas					
Pakistan State Oil Company Limited		**-**	25,000	**-**	9,642
Oil & Gas Development Company Limited		**150,000**	150,000	**23,406**	23,406
Pakistan Oilfields Limited		**-**	325,000	**-**	121,441
Pakistan Petroleum Limited		**-**	650,000	**-**	105,966
				921,364	1,174,373

8.4.1 The nominal value of each share held in a listed company is Rs.10 per share as at 31 December 2016 and 31 December 2015.

8.4.2 Additional 1,008,787 ordinary shares of Agritech Limited (Agritech) at Rs.35 per share were purchased at a total consideration of Rs.35.31 million, under a buy-back arrangement, signed by the investors in year 2012, during first quarter of the year. The SBP vide its letter No.BPRD/BPD (Policy)/ 2016-14898 dated 14 June 2016 has granted relaxation to the investors for recording impairment on this investment upto 30 June 2017 in phases. Pursuant to this letter, impairment equivalent to 50% of the required amount has been recorded by the Company as at 31 December 2016.

8.5 Particulars of investment held in unlisted ordinary shares - available-for-sale

Name of investee	%	Break-up value per share (Rupees)	Based on audited financial statements as at	Number of shares 2016	Number of shares 2015	Cost 2016	Cost 2015
						--- (Rupees in '000) ---	
Shareholding upto 10%							
Agro Dairies Limited CEO - Mr. Mukhtar Hussain Rizvi	*	*	*	300,000	300,000	2,301	2,301
FTC Management Company Limited CEO - Mr. Kalim Sheikh	9.1	10.00	30 June 2016	50,000	50,000	500	500
New - VIS Credit Information Services (Private) Limited CEO - Mr. Fahim Ahmed	5.69	(0.38)	30 June 2015	39,000	39,000	390	390
Pakistan Textile City Limited CEO - Mr. Muhammad Hanif	4.00	3.38	30 June 2015	5,000,000	5,000,000	50,000	50,000
Pakistan Stock Exchange Limited (Karachi Stock Exchange) CEO - Mr. Nadeem Naqvi	0.50	10.02	30 June 2016	4,007,383	4,007,383	40,150	40,150
						93,341	93,341

* Under litigation

8.5.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2016 and 31 December 2015.

8.5.2 The Pakistan Stock Exchange (PSX) divested 40% of the shares, that were allotted pursuant to Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012, to the Chinese Consortium at a price of Rs. 28 per share. These shares were held by the Company in its blocked account; the divestment constituted 40% of the total Company's shareholding.

8.6 Particulars of investment held in listed preference shares - available-for-sale

Name of investee	Number of shares 2016	Number of shares 2015	Cost 2016	Cost 2015
			--- (Rupees in '000) ---	
Household goods				
Pak-Elektron Limited	2,500,000	2,500,000	25,000	25,000
			25,000	25,000

8.7 Particulars of investment held in unlisted preference shares - available-for-sale

Name of investee	Note	Number of shares 2016	Number of shares 2015	Cost 2016	Cost 2015
				--- (Rupees in '000) ---	
Electricity					
Kamoki Energy Limited (CEO Dr. Umer Masood) under liquidation	8.12.1	30,000,000	30,000,000	300,000	300,000

These are cumulative, convertible, redeemable and non-participatory preference shares carrying dividend at the rate of 17% per annum having face value of Rs.10 each. These are 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 will 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.

The Company has made 100% provision against this investment based on the reasons as explained in note 8.12.

8.8 Particulars of investment in listed term finance certificates - available-for-sale

	Number of certificates		Cost	
	2016	2015	2016	2015
			--- (Rupees in '000) ---	
Name of investee				
Commercial banks				
Summit Bank Limited	79,955	79,955	398,255	398,120
Financial services				
Invest Capital Investment Bank Limited	-	600	-	3,000
Trust Investment Bank Limited	5,000	5,000	9,371	9,371
Jahangir Siddiqui & Company Limited	10,000	10,000	35,000	43,125
Personal goods (textile)				
Azgard Nine Limited	8,000	8,000	13,015	13,015
			455,641	466,631

8.8.1 The face value of each term finance certificate was Rs.5,000 as at 31 December 2016 and 31 December 2015.

8.9 Particulars of investment held in unlisted TFCs - available-for-sale

Name of investee	Note	Name of the chief executive officer	Number of certificates 2016	Number of certificates 2015	Cost 2016	Cost 2015
					--- (Rupees in '000) ---	
Azgard Nine Limited (4th issue)		Mr. Ahmed H. Sheikh	56,000	56,000	179,652	179,652
Azgard Nine Limited (5th issue)		Mr. Ahmed H. Sheikh	16,080	16,080	80,400	80,400
Dewan Farooque Spinning Mills Limited		Mr. Dewan Abdul Baqi Farooqui	15,000	15,000	18,750	18,750
Engro Fertilizers Limited		Mr. Ruhail Muhammad	-	93,600	-	466,525
New Allied Electronics Industries (Private) Limited		Mr. Mian Pervaiz Akhtar	10,000	10,000	15,957	15,957
Pakistan International Airlines Corporation Limited	8.9.1	Mr. Bernd Hildenbrand	35,415	35,415	143,756	176,930
Security Leasing Corporation Limited (3rd issue)		Mr. S. Nauman Akhtar	4,000	4,000	3,081	3,081
Pakistan Mobile Communications Limited (PMTFC-7)		Mr. Aamir Ibrahim	-	500	-	10,016
JDW Sugar Mills Limited		Mr. Jahangir Khan Tareen	2	2	33,333	55,556
NRSP Micro Finance Bank Limited		Mr. Zahoor Hussain Khan	50,000	-	187,500	-
JS Bank Limited		Mr. Khalid Imran	20,000	-	100,000	-
Jahangir Siddiqui & Company Limited		Mr. Suleman Lalani	50,000	15,000	250,000	18,450
					1,012,429	1,025,317

8.9.1 No provision has been made against the investment on the basis of exposure being guaranteed by the Government as stated in Annexure V "Guidelines in the matter of classification and provisioning of assets" of Prudential Regulations R-8 of Corporate / Commercial Banking.

SBP vide its letter no. BPRD/BPD(Policy)/2015-7848 dated 04 April 2015 has allowed relaxation to the investors for their restructured debt (including this PPTFC issue) from the requirements of Prudential Regulation R-8 of Corporate / Commercial Banking upto 31 December 2015. The investment has been restructured through a TFC Investor Agreement effective from 06 May 2015.

8.10 Particulars of investment held in unlisted sukuks - available-for-sale

Name of investee	Name of the chief executive officer	Number of certificates 2016	Number of certificates 2015	Cost 2016	Cost 2015
				--- (Rupees in '000) ---	
Security Leasing Corporation Limited (2nd Issue)	Mr. Syed Nauman Akhtar	8,000	8,000	12,323	12,323
Kohat Cement Limited *	Mr. Aizaz Manzoor Sheikh	-	30,000	-	-
Pak Elektron Limited	Mr. Murad Saigol	-	44,600	-	62,941
Pak Elektron Limited (2nd issue)	Mr. Murad Saigol	9,000	9,000	23,883	33,846
Hascol Petroleum Limited	Mr. Mumtaz Hassan Khan	20,000	-	100,000	-
TPL Trakker Limited	Mr. Ali Jameel	50	-	50,000	-
Liberty Power Technology Limited	Mr. Ashraf S. Mukaty	1,000,000	1,000,000	60,840	70,880
				247,046	179,990

* Outstanding principal on these sukuk certificates amounts to Rs.Nil (2015: Rs.Nil) and mark-up accrued amounts to Rs.Nil million (2015: Rs.11.64 million).

8.11 Particulars of investment held in unlisted Participation Term Certificates (PTCs) - held-to-maturity

Name of investee	Name of the chief executive officer	Number of certificates 2016	Number of certificates 2015	Cost 2016	Cost 2015
				--- (Rupees in '000) ---	
Agro Dairies Limited	Mr. Mukhtar Hussain Rizvi	12	12	1,925	1,925
Qureshi Vegetable Ghee Mills Limited	Mr. Tariq Mahmud Qureshi	96	96	4,441	4,441
				6,366	6,366

8.12 As at 31 December 2016, the Company has the following investments / exposures in Kamoki Energy Limited (KEL) which was a joint venture project between the Company and Tapal Family. KEL was established in 2009 to own, construct, manage and operate a rental power generation plant. KEL could not commence its commercial operations.

On 30 March 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court) on the Human Rights Case with respect to Rental Power Plants (RPPs) which was initiated by the Honorable Court taking a suo moto action. In this decision, all contracts of RPPs were declared to be illegal and void ab initio and ordered to be rescinded. KEL had filed a review petition against the decision of the Court which is pending adjudication.

Keeping in view the above, the Board of Directors in their meeting, held on 09 December 2012 and 10 December 2012, had deliberated upon different alternatives in detail with respect to the exposure in KEL and thereafter decided to take exit from KEL. The Board advised the management to explore options, to sell the project to a third party.

Consequent to filing of winding up petition, for KEL, by Ameejee Valejee & Sons (Private) Limited along with certain shareholders of KEL from Tapal Family, Honorable Sindh High Court (HCS) has ordered liquidation of KEL and appointed an Official Assignee.

As per the order of Honorable Sindh High Court, M/s. Joseph Lobo (Private) Limited was appointed to carry out fresh valuation of the KEL. Subsequently, the first and second auctions were held on 29 November 2014 and 08 April 2015 respectively under the jurisdiction of Official Assignee, which, however, remained uneventful. Consequently, the HCS passed an order dated 28 April 2015 to set off the assets of KEL to the extent of forced sale value of Rs.1,134 million against claim of the Company. Later, the HCS vide its letter dated 27 May 2015 directed that the assets of KEL be handed over to the Company. Subsequent to the said order of HCS certain claimants filed their claims, amounting to Rs.116.423 million before official assignee, the final outcome of which is still pending.

During the year, the Company has successfully completed all the relevant legal formalities in relation to transfer of title of KEL's land and assets in its name. Consequently, the Company has recorded the said assets on settlement of its loan and advances exposure. As the said exposures were already provided, this resulted in a gain of Rs.867.81 million during the year.

Nature of assets / exposures	Note	31 December 2016 Book value before provision	Provision held	Book value after provision	31 December 2015 Book value before provision	Provision held	Book value after provision
		------------- (Rupees in '000) -------------			------------- (Rupees in '000) -------------		
Preference shares	8.12.1	**300,000**	**(300,000)**	**-**	300,000	(300,000)	-
Ordinary shares	8.12.2	**404,867**	**(404,867)**	**-**	404,867	(404,867)	-
Long-term loan		**-**	**-**	**-**	1,250,000	(983,812)	266,188
Short-term loan		**-**	**-**	**-**	34,690	(34,690)	-
Other assets - accrued income		**-**	**-**	**-**	205,690	(205,690)	-
Other assets - other receivables		**-**	**-**	**-**	30,412	(30,412)	-
Total funded exposure		**704,867**	**(704,867)**	**-**	2,225,659	(1,959,471)	266,188

8.12.1 These are unlisted preference shares issued by KEL, the entire issue (100%) of these preference shares was subscribed by the Company during the year 2011. These have been fully provided due to the reasons stated above.

8.12.2 This represents 50% shareholding in the ordinary shares (Rs.10 each) of KEL, which has been fully provided due to the reasons stated above. 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 is designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

8.13 Particulars of provision

	Note	2016	2015
		---- (Rupees in '000) ----	
Opening balance		**1,437,217**	1,497,055
Add: Adjustments during the year		**1,151**	-
Charge for the year		**22,085**	21,129
Less: Reversal during the year		**-**	(65,967)
Net charge / (reversal) for the year		**22,085**	(44,838)
Less: Reversal on disposal		**(163,717)**	(15,000)
Net reversal		**(141,632)**	(59,838)
Closing balance	8.13.1	**1,296,736**	1,437,217

8.13.1 Particulars of provision in respect of type and segment

	Note	2016	2015
Available-for-sale securities			
Listed shares (ordinary and preference)	8.13.2	**200,262**	337,743
Unlisted shares (ordinary and preference)	8.13.3	**352,691**	352,691
Listed / unlisted Term Finance Certificates	8.13.4	**320,227**	323,227
Unlisted sukuks	8.13.5	**12,323**	12,323
Held-to-maturity securities			
Unlisted Participation Term Certificates	8.13.6	**6,366**	6,366
Strategic investment in joint venture - Kamoki Energy Limited			
Unlisted ordinary shares - net	8.13.7	**404,867**	404,867
		1,296,736	1,437,217

	Note	2016	2015
		---- (Rupees in '000) ----	

8.13.2 Particulars of provision against listed shares (ordinary and preference shares)

	2016	2015
Opening balance	337,743	339,317
Charge for the year	22,085	13,426
Less: Reversal for the year	-	-
Net charge for the year	22,085	13,426
Less: Reversal / adjustment of provision on sale of available-for-sale ordinary and preference shares	(159,566)	(15,000)
Closing balance	200,262	337,743

8.13.3 Particulars of provision against unlisted shares (ordinary and preference shares)

	2016	2015
Opening balance	352,691	352,691
Charge for the year	-	-
Less: Reversal during the year	-	-
Net charge for the year	-	-
Less: Reversal of provision on sale of available-for-sale ordinary shares	-	-
Closing balance	352,691	352,691

8.13.4 Particulars of provision against listed / un-listed TFCs

	2016	2015
Opening balance	323,227	324,086
Charge for the year	-	1,541
Less: Reversal during the year	-	(2,400)
Net reversal for the year	-	(859)
Less: Reversal on settlement	(3,000)	-
Closing balance	320,227	323,227

8.13.5 Particulars of provision against unlisted sukuks

	2016	2015
Opening balance	12,323	69,728
Charge for the year	-	6,162
Less: Reversal during the year	-	(63,567)
Net reversal for the year	-	(57,405)
Closing balance	12,323	12,323

8.13.6 Particulars of provision against unlisted PTCs

	2016	2015
Opening balance	6,366	6,366
Charge for the year	-	-
Less: Reversal during the year	-	-
Net charge for the year	-	-
Closing balance	6,366	6,366

8.13.7 Particulars of provision against strategic investment in joint venture - Kamoki Energy Limited - unlisted ordinary shares - net

	2016	2015
Opening balance	404,867	404,867
Charge for the year	-	-
Less: Reversal during the year	-	-
Net charge for the year	-	-
Closing balance	404,867	404,867

	2016 Market value (Rupees in '000)	2016 Ratings	2015 Market value (Rupees in '000)	2015 Ratings
8.14 Quality of securities / entities				
8.14.1 Held-for-trading securities				
Government securities				
Market treasury bills	-	Unrated	998,805	Unrated
Pakistan investment bonds (PIBs)	-	Unrated	104,613	Unrated
	-		1,103,418	
8.14.2 Available-for-sale securities				
Government securities				
Pakistan investment bonds (PIBs)	10,691,584	Unrated	7,343,447	Unrated
Market treasury bills	299,086	Unrated	347,878	Unrated
	10,990,670		7,691,325	
Listed ordinary shares				
Commercial banks				
Habib Bank Limited	56,016	AAA	40,024	AAA
National Bank of Pakistan	44,934	AAA	63,902	AAA
MCB Bank Limited	66,423	AAA	-	-
Allied Bank Limited	-	-	9,426	AA+
United Bank Limited	-	-	67,248	AA+
Financial services				
Invest Capital Investment Bank Limited	5,746	Unrated	3,588	Unrated
Chemicals				
Agritech Limited	106,313	Unrated	134,411	Unrated
Ittehad Chemicals Limited	15,086	Unrated	-	-
Fertilizers				
Fauji Fertilizer Company Limited	104,370	AA	106,182	Unrated
Engro Corporation Limited	79,023	AA	-	-
Engro Fertilizers Limited	20,394	AA-	-	-
Fauji Fertilizer Bin Qasim Limited	17,924	Unrated	-	-
Personal goods				
Nishat (Chunian) Limited	-	-	15,844	A-
Al Shaheer Corporation Limited	7,462	Unrated	-	-
Gul Ahmed Textile Mills Limited	25,585	Unrated	-	-
Non-life insurance				
Pakistan Reinsurance Company Limited	66,440	AA	37,235	AA
Adamjee Insurance Company Limited	-	-	31,137	AA
IGI Insurance Company Limited	27,832	AA	36,101	AA
Atlas Insurance Limited	12,705	Unrated	-	-
Cable and electrical goods				
TPL Trakker Limited	8,815	A-	-	-
Power generation and distribution				
Lalpir Power Limited	20,570	AA	-	-
Pakgen Power Limited	10,708	AA	-	-
Engineering				
Aisha Steel Mills Limited	31,460	Unrated	-	-
Oil and gas				
Oil & Gas Development Company Limited	24,803	Unrated	17,601	Unrated
Pakistan State Oil Company Limited	-	-	8,144	AA
Pakistan Oilfields Limited	-	-	87,107	Unrated
Pakistan Petroleum Limited	-	-	79,177	Unrated
	752,609		737,127	

	2016 Market value (Rupees in '000)	2016 Ratings	2015 Market value (Rupees in '000)	2015 Ratings
Unlisted ordinary shares				
Agro Dairies Limited *	-	-	-	-
FTC Management Company Limited	500	Unrated	500	Unrated
New - VIS Credit Information Services (Private) Limited *	-	-	-	-
Pakistan Textile City Limited *	-	-	-	-
Pakistan Stock Exchange (Karachi Stock Exchange Limited)	40,150	Unrated	40,150	Unrated
	40,650	-	40,650	-
Listed preference shares				
Household goods				
Pak-Elektron Limited	12,500	A+	12,500	A-
Unlisted preference shares				
Electricity				
Kamoki Energy Limited *	-	Unrated	-	Unrated
Listed Term Finance Certificates				
Commercial banks				
Summit Bank Limited	403,078	A-	399,039	A
Financial services				
Invest Capital Investment Bank Limited **	-	-	-	-
Trust Investment Bank Limited	-	-	-	-
Jahangir Siddiqui & Company Limited	35,000	AA+	43,125	A+
Personal goods (textile)				
Azgard Nine Limited - 3rd issue *	-	-	-	Unrated
	438,078	-	442,164	-
Unlisted Term Finance Certificates				
Azgard Nine Limited (4th issue) *	-	Unrated	-	Unrated
Azgard Nine Limited (5th issue) *	-	Unrated	-	Unrated
Dewan Farooque Spinning Mills Limited *	-	Unrated	-	Unrated
Engro Fertilizers Limited	-	-	466,525	AA-
JDW Sugar Mills Limited	33,333	A	55,556	A+
Jahangir Siddiqui & Company Limited	250,000	AA+	18,450	A+
Pakistan Mobile Communications Limited (PMTFC-5th issue)	-	-	10,016	AA-
JS Bank Limited	100,000	A+	-	-
New Allied Electronics Industries (Private) Limited *	-	-	-	-
NRSP Micro Finance Bank Limited	187,500	A	-	-
Pakistan International Airlines Corporation Limited	143,755	Unrated	176,930	Unrated
Security Leasing Corporation Limited (3rd issue)	-	Unrated	-	Unrated
	714,588		727,477	

	2016		2015	
	Market value (Rupees in '000)	Ratings	Market value (Rupees in '000)	Ratings
Unlisted sukuks				
Pak Elektron Limited	-	-	62,941	Unrated
Pak Elektron Limited (2nd issue)	23,887	A+	33,846	Unrated
Hascol Petroleum	100,000	Unrated	- -	-
TPL Trakker Limited	50,000	A+	-	-
Liberty Power Technology Limited	60,839	A+	70,880	A+
	234,726	-	167,667	-
8.14.3 Held-to-maturity securities				
Unlisted Participation Term Finance Certificates				
Agro Dairies Limited *	-	Unrated	-	Unrated
Qureshi Vegetable Ghee Mills Limited *	-	Unrated	-	Unrated
	-	-	-	-
8.14.4 Investment in joint venture				
Kamoki Energy Limited				
Unlisted ordinary shares - strategic investment - net *	-	Unrated	-	Unrated
Total	13,183,821	-	10,922,328	-

* 100% provision has been made against these investments.

Note: In case of investments, where instrument is unrated, entity rating has been stated, if applicable.

** During the year, investment in listed Term Finance Certificates of Invest Capital Investment Bank Limited was settled at Rs.1,500,000. The investment had a cost of Rs.3,000,000 and was fully provided in the prior years.

8.15 Information relating to TFCs and sukuks required to be disclosed as part of the financial statements under the SBP's BSD circular no. 4 dated 17 February 2006, is given in Annexure "I" to these financial statements.

9. ADVANCES

	Note	2016	2015
		--- (Rupees in '000) ---	
In Pakistan			
Loans		3,614,162	5,219,192
Net investment in finance lease	9.2	209,308	247,442
Staff loans	9.5	150,973	116,636
Consumer loans and advances		96,675	131,409
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility (LTFF)		223,790	35,676
Advances - gross		4,355,087	5,810,534
Less: Provision against			
Non-performing advances - specific provision	9.3	1,516,914	2,571,231
Consumer loans and advances - general provision	9.3.1	650	892
		1,517,564	2,572,123
Advances - net of provision		2,837,523	3,238,411

	2016	2015
	---- (Rupees in '000) ----	

9.1 Particulars of advances (gross)

	2016	2015
9.1.1 In local currency	4,355,087	5,810,534
In foreign currencies	-	-
	4,355,087	5,810,534
9.1.2 Short-term (for upto one year)	366,915	376,606
Long-term (for over one year)	3,988,172	5,433,928
	4,355,087	5,810,534

9.2 Net investment in finance lease

The periodic break-up of minimum lease payments due is as follows:

	2016			
	Not later than one year	Later than one and less than five years	Over five years	Total
	---------- (Rupees in '000) ----------			
Lease rentals receivable	180,733	26,046	-	206,779
Residual value	51,960	24,734	-	76,694
Minimum lease payments	232,693	50,780	-	283,473
Financial charges for future periods	72,324	1,841	-	74,165
Present value of minimum lease payments	160,369	48,939	-	209,308

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	---------- (Rupees in '000) ----------			
Lease rentals receivable	208,696	39,537	-	248,233
Residual value	51,960	26,004	-	77,964
Minimum lease payments	260,656	65,541	-	326,197
Financial charges for future periods	74,573	4,182	-	78,755
Present value of minimum lease payments	186,083	61,359	-	247,442

9.2.1 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 2019 and carry mark-up at rates ranging between 9.31 to 10.05 (2015: 9.93 to 13.65) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs.76.694 million (2015: Rs.77.964 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (refer note 15).

9.3 Advances include Rs.1,637.11 million (2015: Rs.3,229.14 million) which have been placed under non-performing status as detailed below:

Category of classification	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	2,453	-	2,453	-	-	-	-	-	-
Substandard	54,734	-	54,734	13,682	-	13,682	13,682	-	13,682
Doubtful	1,636	-	1,636	818	-	818	818	-	818
Loss	1,578,286	-	1,578,286	1,502,414	-	1,502,414	1,502,414	-	1,502,414
2016	1,637,109	-	1,637,109	1,516,914	-	1,516,914	1,516,914	-	1,516,914
OAEM	3,735	-	3,735	-	-	-	-	-	-
Substandard	375,000	-	375,000	93,750	-	93,750	93,750	-	93,750
Doubtful	61,718	-	61,718	30,859	-	30,859	30,859	-	30,859
Loss	2,788,683	-	2,788,683	2,446,622	-	2,446,622	2,446,622	-	2,446,622
2015	3,229,136	-	3,229,136	2,571,231	-	2,571,231	2,571,231	-	2,571,231

9.3.1 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	2,571,231	892	2,572,123	2,560,241	1,149	2,561,390
Charge for the year	333,661	-	333,661	30,859	-	30,859
Less: Reversal during the year	(1,353,288)	(242)	(1,353,530)	(19,869)	(257)	(20,126)
Net (reversal) / charge for the year	(1,019,627)	(242)	(1,019,869)	10,990	(257)	10,733
Less: Amounts written off	(34,690)	-	(34,690)	-	-	-
Closing balance	1,516,914	650	1,517,564	2,571,231	892	2,572,123

9.3.2 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,516,914	650	1,517,564	2,571,231	892	2,572,123
In foreign currencies	-	-	-	-	-	-
	1,516,914	650	1,517,564	2,571,231	892	2,572,123

9.3.3 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.17.342 million (31 December 2015: Rs.19.72 million) in respect of consumer financing, and Rs.58.532 million (2015: Rs.324.72 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.

9.3.4 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.

9.4 Details of loans written off of Rs.500,000 and above (refer Annexure II)

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 2016 is given in Annexure II.

	Note	2016	2015
		---- (Rupees in '000) ----	
9.5 Particulars of loans and advances to directors, associated companies etc.	37		
Debts due by directors, executives or officers of the Company or any of them either severally or jointly with any other persons			
Balance at beginning of year		116,636	118,814
Loans granted during the year		54,218	29,443
Repayments during the year		(19,881)	(31,621)
Amount written off		-	-
Balance at end of the year		150,973	116,636
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		266,188	266,188
Loans granted during the year		-	-
Other receivable		-	13,905
Transfer from other receivable to short term loan		-	-
Repayments during the year		-	-
Less: Provision during the year		(266,188)	(13,905)
Less: Transfer of provision from other receivable to short-term loan		-	-
Balance at end of the year		-	266,188

9.5.1 Particulars of loans to key management personnel

	2016	2015
Amount due at beginning of year	44,118	40,919
Disbursements during the year	24,717	17,597
Repayments / adjustments during the year	(8,953)	(14,398)
	15,764	3,199
Amount due at end of the year	59,882	44,118

10. OPERATING FIXED ASSETS

	Note	2016	2015
		---- (Rupees in '000) ----	
Capital work-in-progress	10.1	5,713	2,341
Property and equipment	10.2	79,256	66,050
Intangible assets	10.4	2,728	1,569
		87,697	69,960

10.1 Capital work-in progress

	2016	2015
Advances to vendors	5,713	2,341

10.2 Property and equipment

31 December 2016	Cost: As at 01 January 2016	Cost: Additions / (deletions) / adjustments	Cost: As at 31 December 2016	Accumulated depreciation: As at 01 January 2016	Accumulated depreciation: Charge for the year / (on disposal)	Accumulated depreciation: As at 31 December 2016	Net book value as at 31 December 2016	Rate (%)
	----	----	----	(Rupees in '000)	----	----	----	
Leasehold land (note 10.2.1)	1,951	- -	1,951	561	21 -	582	1,369	1.11
Buildings on leasehold land (note 10.2.1)	80,954	- -	80,954	55,630	1,836 -	57,466	23,488	5
Furniture and fixtures	46,826	6,209 (4,810)	48,225	36,270	4,131 (4,809)	35,592	12,633	10,15 & 25
Electrical appliances	11,896	2,645 (1,339)	13,202	8,529	1,048 (1,339)	8,238	4,964	10 & 15
Office equipment	600	78 -	678	364	54 -	418	260	10
Computer equipment	24,878	3,826 (100)	28,604	21,325	1,765 (10)	23,080	5,524	30
Motor vehicles	53,557	25,519 (18,348)	60,728	31,933	16,116 (18,339)	29,710	31,018	25 & 33.3
	220,662	38,277 (24,597)	234,342	154,612	24,971 (24,497)	155,086	79,256	

31 December 2015	Cost			Accumulated depreciation			Net book value as at 31 December 2015	Rate (%)
	As at 01 January 2015	Additions / (deletions) / adjustments	As at 31 December 2015	As at 01 January 2015	Charge for the year / (on disposal)	As at 31 December 2015		
	(Rupees in '000)							
Leasehold land (note 10.2.1)	1,951	- -	1,951	539	22 -	561	1,390	1.11
Buildings on leasehold land (note 10.2.1)	80,954	- -	80,954	53,794	1,836 -	55,630	25,324	5
Furniture and fixtures	47,040	1,644 (1,858)	46,826	33,449	4,138 (1,317)	36,270	10,556	10,15 & 25
Electrical appliances	11,765	466 (335)	11,896	7,923	940 (334)	8,529	3,367	10 & 15
Office equipment	584	25 (9)	600	323	50 (9)	364	236	10
Computer equipment	25,392	2,422 (2,936)	24,878	22,782	1,480 (2,937)	21,325	3,553	30
Motor vehicles	51,520	20,417 (18,380)	53,557	34,302	14,045 (16,414)	31,933	21,624	25 & 33.3
	219,206	24,974 (23,518)	220,662	153,112	22,511 (21,011)	154,612	66,050	

10.2.1 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.

10.2.2 Assets having cost of Rs.95.6 (2015: Rs.95.4 million) are fully depreciated.

10.3 The following are operating fixed assets having cost of Rs.1 million or above / net book value of Rs.250,000 or above, or those sold to employees and key management personnel during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	---------------- (Rupees in '000) ----------------						
Key Management Personnel							
Furniture and fixtures							
House hold furnishing items	288	288	-	-	-	Company policy	Mr. Abdul Latif Memon** EVP (Risk Management Division)
Motor Vehicle							
Toyota Land Cruiser Prado	18,240	18,240	-	1,824	1,824	Company policy	Mr. Abid Aziz** Managing Director

* The house furnishing facility is given to employees (SVP and above) under human resource policy of the Company.

** These are related parties of the Company.

10.4 Intangible assets

		Cost			Accumulated Amortisation				
		As at 01 January	Additions	As at 31 December	As at 01 January	For the year	As at 31 December	Net book value as at 31 December	Rate (%)
		---------------- (Rupees in '000) ----------------							
Computer software	**2016**	**2,807**	**1,876**	**4,683**	**1,238**	**717**	**1,955**	**2,728**	**20%**
Computer software	2015	2,807	-	2,807	677	561	1,238	1,569	20%

11. DEFERRED TAX ASSET - net

	Note	2016	2015
		----- (Rupees in '000) -----	
Deferred credits arising in respect of:			
Net investment in finance leases		**(29,867)**	(37,297)
Accelerated tax depreciation		**(50)**	(252)
Deferred debits arising in respect of:			
Provision for compensated absences		**4,527**	3,827
Provision for advances, investments and other assets		**82,917**	86,701
Unused tax losses		**-**	150,666
Share of loss in joint venture		**-**	30,443
		57,527	234,088
Deferred tax asset on revaluation of available-for-sale investments - net	18	**(31,108)**	(40,425)
	11.1	**26,419**	193,663

11.1 As at 31 December 2016, the Company has available provision for advances, investments and other assets amounting to Rs.1,775.195 million (31 December 2015: Rs.1,782.03 million) and unused tax losses upto 31 December 2016 amounting to Rs. 2,103.12 million (31 December 2015: Rs.1,931.01 million). However, the management has prudently recognised the deferred tax asset 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.

12. OTHER ASSETS

	Note	2016	2015
		------- (Rupees in '000) ------	
Income / mark-up / return receivable in local currency		323,896	519,182
Security deposits		4,640	4,664
Short-term advances	12.1	35,135	2,752
Prepayments		4,676	5,254
Advance taxation		182,539	84,618
Non banking assets acquired in satisfaction of claims	12.2	1,179,360	34,020
Other receivables		701	31,129
		1,730,947	681,619
Less: Provision held against other assets	12.3	14,091	247,895
		1,716,856	433,724

12.1 This includes short term advance given to deputy managing director (refer note 37).

12.2 This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure (refer notes 8.12 and 26 for further details). These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Karnoki, 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 the 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 December 2016. As per the new valuation the market value of these assets were PKR 1.799 billion whilst forced sale value is PKR 1.286 billion.

The management has also submitted a time-bound action plan to SBP for the disposal of the said non-banking assets. As per the said action plan, management is confident to dispose off the assets and structure a deal viable for the Company before financial year ending 2017.

12.3 Provision against other assets

	Note	2016	2015
Opening balance		247,895	250,946
Charge for the year	26	2,298	13,905
Less: Reversal during the year		(236,102)	(16,956)
Net reversal for the year		(233,804)	(3,051)
Less: Amount written off		-	-
Closing balance		14,091	247,895

13. BORROWINGS

	Note	2016	2015
In Pakistan	13.1	13,391,904	9,441,099
Outside Pakistan		-	-
		13,391,904	9,441,099

13.1 Particulars of borrowings with respect to currencies

		2016	2015
In local currency		13,391,904	9,441,099
In foreign currencies		-	-
		13,391,904	9,441,099

	Note	2016	2015
		------- (Rupees in '000) -------	
13.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing of export oriented projects (LTF-EOP)		**-**	7,531
Long-term financing facility (LTFF)	13.2.1	**211,904**	35,676
Repurchase agreement borrowings - Repo	13.2.2	**1,950,000**	3,799,044
Privately Placed Term Finance Certificates	13.2.3	**-**	1,118,848
Borrowings from financial institutions	13.2.4	**11,070,000**	4,480,000
		13,231,904	9,441,099
Unsecured			
Clean borrowings		**160,000**	-
		13,391,904	9,441,099

13.2.1 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, the 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 2.5 (2015: Nil) and 8.40 to 10.10 (2015: 8.40 to 10.10) percent per annum.

13.2.2 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 06 January 2017 (31 December 2015: January 2016). The rate of mark-up on these facilities is 5.9 (31 December 2015: 6.5) percent per annum.

13.2.3 This included an amount of Rs.124 million being the balance amount of Privately Placed Term Finance Certificates (PPTFC) of Rs.750 million raised by the Company in February 2011 and repaid in full in February 2016.

Also included herein was the balance amount of PPTFC of Rs.1,000 million raised by the Company in February 2015. The issue was secured by first pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) of the Company (the "Hypothecated Assets"). The issue was rated AA and carried mark-up rate of three months' KIBOR plus 1.5 percent per annum payable on quarterly basis. The PPTFC issue was repayable in installments by February 2020 and was held by the financial institutions. However, the Company has redeemed these PPTFCs on 24 August 2016 due to improved liquidity position and treasury management.

13.2.4 This includes borrowings from financial institutions as under:

(a) Rs.3,075 million (2015: Rs.1,000 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 0.35 percent to 1.00 percent per annum payable on semi-annual basis (2015: six months KIBOR plus 1.00 percent to 1.25 percent per annum payable on semi-annual basis). As at 31 December 2016, the applicable interest rates were 6.52 to 7.15 (2015: 7.57 and 7.77) percent per annum. These borrowings are due for maturity latest by December 2021 (2015: December 2020).

(b) This represents short term borrowings (running finance and money market line) from certain financial institutions for period ranging from overnight to 12 months for running finance and 1 month to 12 months for money market line. They carry mark-up rate between one month to three months KIBOR minus 0.1 percent per annum to plus 1.25 percent per annum. Of the total short term borrowings, facilities amounting to Rs.6,795 million and are secured by way of hypothecation on all present and future loans and lease receivables and pledge of government securities.

	Note	2016	2015
		------- (Rupees in '000) -------	

14. DEPOSITS AND OTHER ACCOUNTS

Customers			
Certificates of investment - (in local currency)		**463,117**	937,389
Financial institutions			
Certificates of investment - (in local currency)		**-**	800,000
		463,117	1,737,389

14.1 Particulars of deposits

In local currency	**463,117**	1,737,389
In foreign currency	**-**	-
	463,117	1,737,389

14.2 The profit rates on these Certificates of Investment (COIs) range from 6.15 to 6.50 (31 December 2015: 6.25 to 8.90) percent per annum. These COIs are due for maturity on various dates latest by 21 July 2017 (31 December 2015: 23 July 2016).

15. OTHER LIABILITIES

	Note	2016	2015
Mark-up / return / interest payable in local currency		**135,142**	80,464
Accrued liabilities		**47,292**	19,363
Employees' compensated absences	15.1	**14,190**	11,960
Security deposits against investment in finance lease	9.2.1	**76,694**	77,964
Staff retirement gratuity	32.3	**5,173**	11,297
Other deposits		**514**	-
		279,005	201,048

15.1 This is based on actuarial valuation carried out as of 31 December 2016 for regular employees.

16. SHARE CAPITAL

16.1 Authorised share capital

Number of shares			2016	2015
2016	2015		------ (Rupees in '000) ------	
800,000	800,000	Ordinary shares of Rs.10,000 each	**8,000,000**	8,000,000

16.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs.10,000 each		
471,836	471,836	Fully paid in cash	**4,718,360**	4,718,360
142,342	142,342	Issued as bonus shares	**1,423,420**	1,423,420
614,178	614,178		**6,141,780**	6,141,780

16.3 SBP on behalf of the GOP and the LAFICO on behalf of the State of Libya each held 307,089 (2015: 307,089) ordinary shares of the Company as at 31 December 2016.

17. RESERVES

	Note	2016	2015
		------ (Rupees in '000) ------	
Capital reserve - statutory reserve			
As at 01 January		143,860	82,855
Add: Appropriation of profit	17.1	158,234	61,005
		302,094	143,860

17.1 The statutory reserve during the year is created equal to 20% of profit after taxation in compliance with the applicable legal requirements.

18. SURPLUS ON REVALUATION OF ASSETS - net of tax

	2016	2015
Surplus on revaluation of 'available-for-sale' securities		
Pakistan Investment Bonds	99,602	171,226
Market Treasury Bills	(76)	(74)
	99,526	171,152
Related deferred tax	(30,853)	(54,769)
	68,673	116,383
Listed companies - fully paid-up ordinary and preference shares	19,009	(110,851)
Listed TFCs	4,824	920
	23,833	(109,931)
Related deferred tax	(255)	14,342
	23,578	(95,589)
	92,251	20,794

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 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. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR.

19.1.2 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; however, it did not recognise the said additional refund on a prudent basis. 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 the various treatments adopted in the above mentioned order issued by CIR(A) will be filed in addition to a rectification application.

19.1.3 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 the various treatments adopted in the above mentioned order issued by CIR(A) will be filed in addition to a rectification application.

19.1.4 For the tax year 2014, the ACIR passed an order wherein he demanded tax of Rs.57.866 million 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. Against this treatment, appeal has been filed before the CIR (A) which is pending.

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.

19.1.5 Claims not acknowledged as debt as referred to in note 8.12 to the financial statements.

	Note	2016	2015
		------- (Rupees in '000) -------	
19.2 Commitments			
19.2.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others		860,487	860,487
		860,487	860,487

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, as per the opinion of the legal advisor, there cannot be any exposure of the Company under the same (refer note 8.12).

	2016	2015
19.2.2 Trade - related contingent liabilities		
Contingent liabilities in respect of letters of credit favouring:		
Government	-	-
Others	241,500	-
	241,500	-
19.3 Commitments to extend credit	737,675	500,000
19.4 Unsettled investment transactions for:		
Purchase of Pakistan Investment Bonds	219,781	-
Sale / purchase of listed ordinary shares	89,705	11,300
	309,486	11,300
19.5 Commitments for acquisition of fixed assets	2,530	-
19.6 Commitments against other services	24,198	-

19.7 Contingent Assets

There were no contingent assets as at the statement of financial position date.

20. DERIVATIVE INSTRUMENTS

The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the year.

	2016	2015
	------ (Rupees in '000) ------	
21. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to		
customers	200,868	265,490
On investments in		
'held-for-trading' securities	4,148	9,947
'available-for-sale' securities	961,815	1,104,329
On deposits with customers / financial institutions	9,741	3,129
On lendings through reverse repo agreement	1,332	1,079
Income on bank deposits	1,127	1,597
	1,179,031	1,385,571
22. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits and other accounts	93,251	215,043
On borrowings through repo agreement	301,943	447,525
On other borrowings		
Long-term (includes PPTFC)	168,699	159,767
Short-term	301,895	203,326
	865,788	1,025,661
23. GAIN ON SALE OF SECURITIES - NET		
Government securities		
Market Treasury Bills	87	135
Pakistan Investment Bonds	148,733	413,919
	148,820	414,054
Listed shares	(91,990)	(3,657)
Listed preference shares	-	(11,924)
TFCs, sukuks and mutual fund units	(1,500)	-
	55,330	398,473
24. OTHER INCOME		
Gain on sale of operating fixed assets	1,944	2,760
Rental income	2,220	-
Bad debts recovered	1,465	-
Recovery of charges	-	534
Miscellaneous	498	250
	6,127	3,544

	Note	2016	2015
		------- (Rupees in '000) -------	

25. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, allowances and benefits		171,726	169,429
Charge for defined benefit plan	32.6	10,643	9,773
Contribution to defined contribution plan	33	5,857	5,474
Executive directors' remuneration (including remuneration of the Managing Director and Deputy Managing Director)		110,132	88,082
Non-executive directors' fee and remuneration	34	4,030	2,406
Directors orientation and training expense		940	-
Board meeting expenses		25,574	15,499
Traveling and lodging		1,669	3,302
Rent and utilities		6,547	5,991
Legal, consultancy and professional services		9,944	12,074
Communications		5,575	5,320
Repairs and maintenance		10,825	10,576
Motor vehicle expenses		2,730	2,326
Business development and other expenses		2,295	2,903
Insurance		3,331	2,972
Software maintenance expenses		4,260	1,245
Bank charges		404	505
Printing and stationery		2,267	2,178
Advertisement, periodicals, membership dues and publicity		2,844	1,844
Auditors' remuneration	25.1	1,567	1,504
Depreciation	10.2	24,971	22,511
Amortisation	10.4	717	561
Exchange (gain) / loss		(3)	69
Others		254	863
		409,099	367,407

25.1 Auditors' remuneration

	2016	2015
Audit fee	740	660
Half yearly review fee	300	265
Code of corporate governance fee	-	125
Special certifications and sundry advisory services	236	190
Out of pocket expenses	189	192
	1,465	1,432
Add: Sales tax on services	102	72
	1,567	1,504

26. OTHER PROVISIONS / WRITE OFFS

	Note	2016	2015
Reversal of provision against non-banking assets acquired in satisfaction of claims		-	(16,956)
Loss on non-banking assets acquired in satisfaction of claims	26.1	116,000	16,652
		116,000	(304)
Others		2,298	-
		118,298	(304)

26.1 As explained in note 8.12, during the year, the Company has acquired non-banking assets of KEL in satisfaction of its secured credit of Rs.1,250 million. These assets were acquired under the order of the High Court of Sindh at the forced sale value of Rs.1,134 million, whereas the market value of these assets amounted to Rs.1,417.60 million based on valuation dated 11 October 2014 conducted by M/s. Joseph Lobo (Private) Limited.

27. OTHER CHARGES

	2016	2015
Arrangement fee and documentation charges	4,975	422
Brokerage commission	3,734	5,530
Expenses for privately placed term finance certificates	8,450	4,021
Expenses pertaining to KEL	16,866	13,905
Penalty imposed by SBP	-	1,352
	34,025	25,230

	Note	2016	2015
		------- (Rupees in '000) -------	

28. TAXATION

	Note	2016	2015
Current	28.1	**64,089**	150,975
Prior		**-**	-
Deferred		**176,560**	16,414
		240,649	167,389

28.1 Due to current year tax loss, the Company has made provision for applicable minimum tax and income tax at fixed rates. Therefore, relationship between tax expense and accounting profit for the year has not been presented.

29. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2016	2015
Earnings for the year after taxation (Rupees in thousand)		**791,170**	305,026
Weighted average number of ordinary shares in issue		**614,178**	614,178
Earnings per share (Rupees)	29.1	**1,288**	497

29.1 There were no convertible dilutive potential ordinary shares outstanding as at 31 December 2016 (31 December 2015: Nil).

30. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Term deposit receipts (TDRs)	7	**700,000**	-
Cash and balances with treasury banks	5	**20,420**	65,712
Balances with other banks	6	**72,705**	30,481
		793,125	96,193

30.1 These Term Deposit Receipts (TDRs) are due for maturity on various dates in January 2017.

31. STAFF STRENGTH

	2016	2015
	--------- (Numbers) ---------	
Permanent	**66**	66
Temporary / on contractual basis	**15**	14
Daily wagers	**10**	10
Company's own staff strength at the end of the year	**91**	90
Outsourced	**15**	15
Total staff strength	**106**	105

32. DEFINED BENEFIT PLAN

Staff retirement gratuity

	2016	2015
	--- Percent per annum ---	
Discount rate	**7.25**	9.25
Expected rate of increase in salary levels	**5.75**	7.75
Expected rate of return on plan assets	**7.25**	9.25

The disclosures made in notes 32.1 to 32.9 are based on the information included in the actuarial valuation as at 31 December 2016.

32.1 Mortality rate

The rates assumed were based on the State Life Insurance Company 2001-2005 with one year age set back.

32.2 Expected return on plan assets

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Company, at the beginning of the period, for returns over the entire life of related obligation.

	Note	2016	2015
		----- (Rupees in '000) -----	
32.3 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligation	32.4	130,755	112,319
Fair value of plan assets	32.5	(125,582)	(103,448)
		5,173	8,871
32.4 The movement in the defined benefit obligation over the year is as follows:			
Present value of obligation at the beginning of the year		112,319	99,830
Current service cost	32.6	10,298	9,350
Interest cost	32.6	10,390	10,282
Benefit paid		-	(3,820)
Actuarial gain on obligation		(2,252)	(3,323)
Present value of obligation at the end of the year		130,755	112,319
32.5 The movement in the fair value of plan assets of the year is as follows:			
Fair value of plan assets at the beginning of the year		103,448	90,949
Expected return on plan assets	32.2 & 32.6	10,045	9,859
Contributions		10,296	9,705
Benefits paid		-	(3,820)
Actuarial gain / (loss) on assets	32.9	1,793	(3,245)
Fair value of plan assets at the end of the year		125,582	103,448
32.6 The amount recognised in the profit and loss account is as follows:			
Current service cost	32.4	10,298	9,350
Interest cost (net)	32.4 & 32.5	345	423
		10,643	9,773

32.7 Actual return on plan assets during the year was Rs.11.838 million (2015: Rs.6.614 million).

32.8 Plan assets comprise the following:

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

Particulars	2016 Rupees in '000	2016 Percent	2015 Rupees in '000	2015 Percent
Cash and bank balances	79	0.1%	1,396	1.4%
Market treasury bills	42,857	34.1%	41,301	39.9%
Pakistan investment bonds	50,958	40.6%	50,911	49.2%
Units of mutual funds	3,900	3.1%	9,840	9.5%
Certificates of Investment	27,788	22.1%	-	-
	125,582	100%	103,448	100%

32.9 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:

	Note	2016	2015	2014	2013	2012
		(Rupees in '000)				
Present value of defined benefit obligation		**130,755**	112,319	99,830	104,724	85,014
Fair value of plan assets		**(125,582)**	(103,448)	(90,949)	(92,368)	(58,539)
Net defined benefit obligation		**5,173**	8,871	8,881	12,356	26,475
Liability recognised in the balance sheet		**5,173**	11,297	8,881	12,356	26,475
Experience adjustments on plan assets	32.5	**(1,793)**	3,245	3,065	(683)	(1,418)

32.10 Staff benevolent fund

Contribution from the Company	**119**	125
Contribution from the employees	**119**	125

33. DEFINED CONTRIBUTION PLAN

Contribution from the Company	**5,857**	5,474
Contribution from the employees	**5,857**	5,474
	11,714	10,948

33.1 Provident Fund Disclosures

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

	Unaudited 2016	Audited 2015
	(Rupees in '000)	
Size of the Fund - total assets	**98,515**	80,488
Cost of investment made	**93,544**	79,495
Fair value of investments	**94,989**	79,882
Percentage of investment made	**96%**	99%

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

	Unaudited 2016		Audited 2015	
	Rupees in '000	Percent	Rupees in '000	Percent
Bank balances	**220**	**0.2%**	70	0.1%
Market treasury bills	**25,035**	**26.4%**	22,916	28.7%
Pakistan investment bonds	**40,500**	**42.6%**	43,175	54.0%
Units of mutual funds	**29,234**	**30.8%**	13,721	17.2%
	94,989	**100%**	79,882	100%

33.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

34. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Executive Directors				Non-executive Directors			
	Managing Director		Deputy Managing Director		Directors		Executives *	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
Fees and remuneration	-	-	-	-	4,030	2,406	-	-
Managerial remuneration	58,162	38,111	39,501	38,328	-	-	143,232	144,797
Charged for defined benefit plan	1,338	1,316	1,204	1,043	-	-	7,402	6,717
Contribution to defined contribution plan	1,292	1,262	1,484	1,450	-	-	3,168	3,143
Rent and house maintenance	489	648	785	342	-	-	-	-
Utilities	1,268	1,139	1,517	1,659	-	-	-	-
Medical	131	118	907	616	-	-	4,812	2,353
Others	3,486	3,384	3,885	3,737	-	-	551	-
	66,166	45,978	49,283	47,175	4,030	2,406	159,165	157,020
Number of persons	1	1	1	1	4	4	58	58

The Managing Director and Deputy Managing Director (Executive Commitee) are also entitled to usage of certain company maintained assets as per their terms of employment.

Executive Committee members and executives are entitled to certain employment benefits referred to in note 4.8 as may be applicable under the terms of the employment and Human Resource policy.

* Executive means employees other than the Managing Director, Deputy Managing Director and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

Also included herein is compensation to 16 (2015:12) employees which are not involved in managerial activities; however their total compensation during the year exceeds Rs.500,000. Total compensation to these employees amounts to Rs.16.6 (2015: Rs.11.9) million.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

Level 1 **valuation technique using quoted market price:** financial instruments with quoted prices (unadjusted) for identical instruments in active markets that the Company can access at the measurement date.

Level 2 **valuation technique using observable inputs:** financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 **valuation technique with significant unobservable inputs:** financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

The following table sets out the financial instruments by fair value hierarchy.

Financial instruments carried at fair value and basis of valuation

	2016			
	Quoted market price (unadjusted) Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	(Rupees in '000)			
Recurring Fair Value Measurements				
Financial Assets - Investments				
- Fully paid up Ordinary Shares	640,550	112,059	40,650	793,259
- Preference Shares	-	12,500	-	12,500
- Government Securities	-	10,990,670	-	10,990,670
- Debentures and Corporate Debt Instruments	-	438,078	-	438,078
Non Financial Assets				
Non-Banking Assets acquired in satisfaction of claims	-	1,798,923	-	1,798,923
	640,550	13,352,230	40,650	14,033,430

	2015			
	Quoted market price(unadjusted)	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Recurring Fair Value Measurements				
Financial Assets - Investments				
- Fully paid up Ordinary Shares	599,128	137,999	40,650	777,777
- Preference Shares	-	12,500	-	12,500
- Mutual Fund Units	-	-	-	-
- Government Securities	-	8,794,743	-	8,794,743
- Debentures and Corporate Debt Instruments	-	442,164	-	442,164
Non Financial Assets				
Non-Banking Assets acquired in satisfaction of claims	-	-	-	-
	599,128	9,387,406	40,650	10,027,184

During the year, there has been no transfers of investments between the three hierarchies.

The fair value of all remaining financial assets and financial liabilities approximate to their carrying values.

36. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITY

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

	2016					
	Corporate finance	Treasury	Capital Markets	SME & Retail Banking	Others	Total
	(Rupees in '000)					
Total income	**1,323,774**	**1,025,617**	**96,520**	**6,953**	**6,165**	**2,459,029**
Total expenses	**(333,055)**	**(716,098)**	**(27,570)**	**(17,499)**	**(332,988)**	**(1,427,210)**
Net income / (loss)	**990,719**	**309,519**	**68,950**	**(10,546)**	**(326,823)**	**1,031,819**
Segment assets (gross)	**6,639,915**	**12,500,279**	**682,924**	**323,000**	**1,599,192**	**21,745,310**
Segment non-performing loans	**1,568,192**	**-**	**-**	**68,917**	**-**	**1,637,109**
Segment non-performing investments	**1,391,783**	**41,934**	**-**	**-**	**-**	**1,433,717**
Segment provision required & held on loans	**1,469,239**	**-**	**-**	**48,326**	**-**	**1,517,565**
Segment provision required & held investments	**1,290,370**	**41,934**	**-**	**-**	**-**	**1,332,304**
Segment liabilities	**1,354,523**	**12,329,283**	**1,114**	**312,794**	**136,312**	**14,134,026**
Net assets						**4,701,415**
Return on net assets						**3.44%**
Cost of funds (%)						**6.19%**

To ensure comparability, this return on net assets has been adjusted by excluding the gain of Rs.887.81 million from the net income as this gain pertains to settlement of loan and advances of KEL, which is a one off event.

	2015					
	Corporate finance	Treasury	Capital Markets	Consumer Financing	Others	Total
	(Rupees in '000)					
Total income	450,444	1,396,823	30,217	10,779	2,146	1,890,409
Total expenses	(589,780)	(465,070)	(67,877)	(12,788)	(282,479)	(1,417,994)
Net income / (loss)	(139,336)	931,753	(37,660)	(2,009)	(280,333)	472,415
Segment assets (gross)	8,606,837	9,644,276	640,507	135,637	540,977	19,568,234
Segment non-performing loans	3,159,191	-	-	69,945	-	3,229,136
Segment non-performing investments	1,685,241	47,939	1,152	-	-	1,734,332
Segment provision required and held on loans	2,523,222	-	-	48,901	-	2,572,123
Segment provision required and held on investmen	1,672,741	47,939	1,152	-	-	1,721,832
Segment liabilities	1,728,252	9,362,105	-	88,745	200,434	11,379,536
Net assets	2,682,622	234,232	639,355	(2,009)	340,543	3,894,743
Return on net assets						12.13%
Cost of funds (%)						7.93%

37. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its joint venture, 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 personnel are governed by the applicable policies and / or terms of employment / office. Key management personnel herein include Managing Director, Deputy Managing Director, Company Secretary and Head of Departments.

Contribution to approved defined benefit plan and defined contribution plan, post employment benefit, are disclosed in note 32 and note 33 respectively to these financial statements. Employees' compensated absences, other long – term benefit, are disclosed in note 15 to the financial statements.

Transactions with Owners have been disclosed in 'Statement of Changes in Equity'.

Remuneration, short term employee benefit, to the Executives is disclosed in note 34 to the financial statements.

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

	31 December 2016					31 December 2015				
	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
37.1 Balances outstanding										
Bank balance	-	-	-	20,344	-	-	-	-	62,571	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the year	-	-	-	3,648,161	-	-	-	-	2,024,846	-
Placements / reverse repo matured during the year	-	-	-	(3,648,161)	-	-	-	-	(2,024,846)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	9,062,104	500	-	-	704,867	6,063,143	500
Investment made during the year	-	-	-	10,689,453	-	-	-	-	23,604,997	-
Investment redeemed / disposed off / adjusted during the year	-	-	-	(8,549,599)	-	-	-	-	(20,606,036)	-
Closing balance	-	-	704,867	11,201,958	500	-	-	704,867	9,062,104	500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Surplus on revaluation of investments	-	-	-	110,373	-	-	-	-	128,171	-

	31 December 2016					31 December 2015				
	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Advances										
Opening balance***	-	44,118	1,284,690	-	-	-	40,919	1,284,690	-	-
Additions during the year	-	24,717	-	-	-	-	17,597	-	-	-
Repaid during the year	-	(8,953)	(1,284,690)	-	-	-	(14,398)	-	-	-
Closing balance	-	59,882	-	-	-	-	44,118	1,284,690	-	-
Provision held against advances	-	-	-	-	-	-	-	1,018,502	-	-
Other assets										
Mark-up receivable										
- Gross	-	494	-	267,933	-	-	491	773,826	255,676	-
- Suspended / provided	-	-	-	(2,762)	-	-	-	(773,826)	(7,648)	-
Closing balance	-	494	-	265,171	-	-	491	-	248,028	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	30,412	-	-
Advance taxation	-	-	-	182,539	-	-	-	-	84,618	-
Other advances										
Opening balance	-	550	-	-	-	-	770	-	-	532
Additions during the year****	-	25,783	-	-	-	-	796	-	-	-
Repaid during the year	-	(785)	-	-	-	-	(1,016)	-	-	(532)
Closing balance	-	25,548	-	-	-	-	550	-	-	-
Provision against other assets	-	-	-	-	-	-	-	30,412	-	-
Borrowings from financial institutions										
Opening balance	-	-	-	2,080,804	-	-	-	-	3,005,529	-
Borrowings during the year	-	-	-	217,366,003	-	-	-	-	228,342,060	50,000
Settled during the year	-	-	-	(217,186,551)	-	-	-	-	(229,266,785)	(50,000)
Closing balance	-	-	-	2,260,256	-	-	-	-	2,080,804	-
Deposits and other accounts										
Opening balance	-	530	-	745,000	150,000	-	2,088	-	2,360,200	80,000
Additions during the year	-	546	-	700,000	170,000	-	8,044	-	2,845,000	810,000
Repayments during the year	-	(1,076)	-	(1,245,000)	(320,000)	-	(9,602)	-	(4,460,200)	(740,000)
Closing balance	-	-	-	200,000	-	-	530	-	745,000	150,000

	31 December 2016					31 December 2015				
	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Other liabilities										
Mark-up payable	-	-	-	7,070	-	-	12	-	27,882	113
Amount payable to retirement benefit funds	-	-	-	-	5,173	-	-	-	-	11,297
Departing bonus payable	-	18,479	1,008	110	-	-	-	1,018	64	-
	-	18,479	1,008	7,180	5,173	-	12	1,018	27,946	11,410
Contingencies and commitments										
Letter of guarantee	-	-	860,487	-	-	-	-	860,487	-	-
Commitment to extend credit	-	17,675	-	-	-	-	-	-	-	-
Unsettled sale / purchase of investment transactions	-	-	-	244,537	-	-	-	-	-	-
	-	17,675	860,487	244,537	-	-	-	860,487	-	-

37.2 Transactions, income and expenses

	31 December 2016					31 December 2015				
	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties
Mark-up / return / interest earned - net	-	738	-	882,310	-	-	917	-	964,012	-
Mark-up / return / interest expensed	-	18	-	214,490	5,320	-	181	-	376,734	11,393
Gain on sale of securities - net	-	-	-	156,601	-	-	-	-	387,830	-
Dividend income	-	-	-	11,212		-	-	-	9,437	-
Contribution paid to defined contribution plan	-	-	-	-	5,858	-	-	-	-	5,474
Contribution paid to defined benefit plan	-	-	-	-	10,896	-	-	-	-	10,889
Non-executive directors' fee and remuneration	4,030	-	-	-	-	2,406	-	-	-	-
Remunerations	-	168,358	-	-	10,635	-	155,804	-	-	13,432

* Key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

** Fee based income to be recorded on cash receipt basis.

*** The opening balance include PKR 25 million, grandfathered, loan obtained by the then SEVP during FY 2009-2010 before becoming the managing director (executive director) of the Company in FY 2012. As per the terms approved by the board, the SEVP was given relaxation in certain employee loan related terms. Additionally, he was allowed to pay the entire PKR 25 million (principal) upon completion of his employment term. However, he has been paying only interest on the said loan. The loan is due for repayment on 21 February 2017.

**** During the year the deputy managing director obtained an advance amounting to PKR 25 million. As per employment terms of the managing director and deputy managing director (the executive directors), the managing director/deputy managing director is entitled to 3 months salary as advance, without interest, repayable in 12 months; however, the deputy managing director requested for PKR 25 million. Considering this being a related party transaction, the board of directors approved the transaction as an interest free advance repayable within 12 months against his end of service benefits. The Company marked a lien on end of service benefit against this advance as security. The advance is due for repayment on 06 April 2017.

38. CAPITAL ASSESSMENT AND ADEQUACY

38.1 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 AT1 or Tier II capital. The authorised share capital of the Company is Rs.8,000 million and the paid-up capital is Rs.6,141.780 million consisting of 614,178 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 0.65%. The paid-up capital (free of losses) of the Company as of 31 December 2016 amounted to Rs.4.387 billion, which is below the minimum capital requirement of Rs.6 billion. However, the SBP has granted further exemption to the Company in meeting the MCR till 30 June 2017.The Board of Directors of the Company has approved the financial projections for the next 5 years, envisaging a capital injection which is aimed to comply with minimum capital requirement, enhance the risk absorption capacity and future growth and expansion in business prospects of the Company.

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 (Corporate & Investment Banking, 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 and liquidity risk. The stress tests are performed quarterly and results are reported to Management and Board of Directors through respective Risk Management Committees.

Scope of applications

The Basel III Capital Regulations (Basel III) are applicable to Pak Libya Holding Company (Pvt.) Limited (Pak Libya) 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 II and III 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 subsidiaries

Pak Libya has no subsidiaries or entities for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation. Furthermore, the company does not have significant investment in any insurance entity.

38.2 CAPITAL ADEQUACY RETURN AS OF 31 December 2016

Rows #		Source based on reference number from Step 2 Table 38.3.2	31 December 2016	31 December 2015
			(Rupees in '000)	
	Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully paid-up capital / capital deposited with SBP	(t)	6,141,780	6,141,780
2	Balance in Share Premium Account			
3	Reserve for issue of Bonus Shares			
4	Discount on issue of shares			
5	General / statutory reserves	(w)	302,094	143,860
6	Gain / (losses) on derivatives held as cash flow hedge			
7	Unappropriated / unremitted profits / (losses)	(y)	(1,774,710)	(2,411,691)
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(z)	-	-
9	**CET 1 before Regulatory Adjustments**		4,669,164	3,873,949
10	Total regulatory adjustments applied to CET1 (note 38.2.1)		(206,254)	(315,341)
11	**Common Equity Tier 1**		4,462,910	3,558,608
	Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium			
13	of which: Classified as equity	(u)	-	-
14	of which: Classified as liabilities	(n)	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	(aa)	-	-
16	of which: instrument issued by subsidiaries subject to phase out		-	-
17	**AT1 before regulatory adjustments**		-	-
18	Total regulatory adjustment applied to AT1 capital (note 38.2.2)		(49,611)	(58,010)
19	Additional Tier 1 capital after regulatory adjustments		-	-
20	**Additional Tier 1 capital recognized for capital adequacy**		-	-
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**		4,462,910	3,558,608
	Tier 2 Capital			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		-	-
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	(o)	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	(ab)	-	-
25	of which: instruments issued by subsidiaries subject to phase out		-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	650	892
27	Revaluation Reserves (net of taxes)			
28	of which: Revaluation reserves on fixed assets		-	-
29	of which: Unrealized gains/losses on AFS	portion of (ac)	71,956	13,932
30	Foreign exchange translation reserves	(v)	-	-
31	Undisclosed / other reserves (if any)		-	-
32	**T2 before regulatory adjustments**		72,606	14,824
33	Total regulatory adjustment applied to T2 capital (note 38.2.3)		(122,216)	(72,834)
34	Tier 2 capital (T2) after regulatory adjustments		(49,611)	(58,010)
35	Tier 2 capital recognized for capital adequacy		-	-
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
37	**Total Tier 2 capital admissible for capital adequacy**		-	-
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**		4,462,910	3,558,608
39	**Total Risk Weighted Assets (RWA) (for details refer note 38.5)**		12,180,821	9,272,458

		31 December 2016	31 December 2015
		------ (%) ------	
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**36.64%**	38.38%
41	**Tier-1 capital to total RWA**	**36.64%**	38.38%
42	**Total capital to total RWA**	**36.64%**	38.38%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
		-	-
44	of which: capital conservation buffer requirement	-	-
45	of which: countercyclical buffer requirement	-	-
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	**30.64%**	32.38%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	**6.00%**	**6.00%**
49	Tier 1 minimum ratio	**7.50%**	**7.50%**
50	Total capital minimum ratio	**10.00%**	**10.00%**
51	Total capital minimum ratio plus CCB	**10.65%**	**10.25%**

		Source based on reference number from Step 2 Table 38.3.2	31 December 2016	Subject to Pre- Basel III treatment*	31 December 2015
			------ (Rupees in '000) ------		
	Regulatory Adjustments and Additional Information				
38.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**				
1	Goodwill (net of related deferred tax liability)	(k) - (p)	-	-	-
2	All other intangibles (net of any associated deferred tax liability)	(h)+(i)-(q)	(8,441)	-	(3,818)
3	Shortfall in provisions against classified assets	(f)	-	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(l) - (s} * x%	-	-	(60,266)
5	Defined-benefit pension fund net assets	{(m) - (r)} * x%	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	(d)	-	-	-
7	Cash flow hedge reserve		-	-	-
8	Investment in own shares / CET1 instruments		-	-	-
9	Securitization gain on sale		-	-	-
10	Capital shortfall of regulated subsidiaries		-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets / AFS	ad	-	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a)-(ae)-(ag)	(68,046)	(45,364)	(52,032)
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b)-(af)-(ah)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(j)	-	-	-
15	Amount exceeding 15% threshold		-	-	-
16	of which: significant investments in the common stocks of financial entities		-	-	-
17	of which: deferred tax assets arising from temporary differences		-	-	-
18	National specific regulatory adjustments applied to CET1 capital		-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit		(80,156)	(18,048)	(141,214)
20	Any other deduction specified by SBP (mention details)		-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions		(49,611)	(110,792)	(58,010)
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)		(206,254)	(174,204)	(315,341)

		Source based on reference number from Step 2 Table 38.3.2	31 December 2016	31 December 2016 Subject to Pre- Basel III treatment*	31 December 2015
			------------ (Rupees in '000) ------------		
38.2.2	**Additional Tier-1 & Tier-1 Capital: regulatory adjustments**				
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	(c)	-	-	-
24	Investment in own AT1 capital instruments		-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities		-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital		-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions		(49,611)	(110,792)	(58,010)
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)		(49,611)	(110,792)	(58,010)
38.2.3	**Tier 2 Capital: regulatory adjustments**				
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-	-	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities		-	-	-
33	Investment in own Tier 2 capital instrument		-	-	-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ag)	(122,216)	(81,478)	(72,834)
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ah)	-	-	-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)		(122,216)	(81,478)	(72,834)

		31 December 2016	31 December 2015
		------- (Rupees in '000) -------	
38.2.4	**Additional Information**		
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
(i)	of which: deferred tax assets	-	90,400
(ii)	of which: Defined-benefit pension fund net assets	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	45,364	78,049
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	81,478	109,251
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	466,072	371,947
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	26,419	42,997
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	650	892
42	Cap on inclusion of provisions in Tier 2 under standardized approach	95,257	72,288
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

38.3 Capital Structure Reconciliation

38.3.1 Step 1: Under Step 1, the Company is required to use balance sheet of the published financial statements based on the accounting scope of consolidation as a starting point and report the numbers for each item in the published financial statements based on regulatory scope of consolidation. Since in case of PLHC, the accounting consolidation is identical to the scope of regulatory consolidation there is no need to undertake Step-1.

38.3.2 Step 2: Under Step 2 the company is required to expand the balance sheet under the regulatory scope of consolidation to identify all the elements that are used in the capital adequacy disclosure template set out in Note 38.2. Each element must be given a reference number / letter in the 2nd column that will be used as a cross reference for note 38.2.

Step 2	Reference	31 December 2016 Balance sheet as in published financial statements	31 December 2016 Under regulatory scope of consolidation
		------ (Rupees in '000) ------	
Assets			
Cash and balances with treasury banks		20,420	20,420
Balances with other banks		72,705	72,705
Lendings to financial institutions		950,000	950,000
Investments		13,183,821	13,183,821
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	a	783,176	783,176
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	b		
of which: Mutual Funds exceeding regulatory threshold	c		
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	d		
of which: others (mention details)	e		
Advances	f	2,837,523	2,837,523
shortfall in provisions / excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital	g	650	650
Fixed assets		87,697	87,697
of which: Intangible	h	8,441	8,441
Deferred tax assets		26,419	26,419
of which: DTAs that rely on future profitability excluding those arising from temporary differences	i	-	-
of which: DTAs arising from temporary differences exceeding regulatory threshold	j	26,419	26,419
Other assets		1,716,856	1,716,856
of which: Goodwill	k		
of which: Intangibles	l	-	-
of which: Defined-benefit pension fund net assets	m		
Total assets		18,895,441	18,895,441
Liabilities and equity			
Bills payable		-	-
Borrowings		13,391,904	13,391,904
Deposits and other accounts		463,117	463,117
Sub-ordinated loans		-	-
of which: eligible for inclusion in AT1	n	-	-
of which: eligible for inclusion in Tier 2	o	-	-
Liabilities against assets subject to finance lease			
Deferred tax liabilities			
of which: DTLs related to goodwill	p	-	-
of which: DTLs related to intangible assets	q	-	-
of which: DTLs related to defined pension fund net assets	r	-	-
of which: other deferred tax liabilities	s	-	-
Other liabilities		279,005	279,005
Total liabilities		14,134,026	14,134,026
Share capital		6,141,780	6,141,780
of which: amount eligible for CET1	t	6,141,780	6,141,780
of which: amount eligible for AT1	u	-	-
Reserves		302,094	302,094
of which: portion eligible for inclusion in CET1: Share premium	v	-	-
of which: portion eligible for inclusion in CET1: General / statutory reserves	w	302,094	302,094
of which: portion eligible for inclusion in Tier 2	x	-	-
Unappropriated profit / (losses)	y	(1,774,710)	(1,774,710)
Minority Interest			
of which: portion eligible for inclusion in CET1	z	-	-
of which: portion eligible for inclusion in AT1	aa	-	-
of which: portion eligible for inclusion in Tier 2	ab	-	-
Surplus on revaluation of assets			
of which: Revaluation reserves on fixed assets	ac		
of which: Unrealized gains / (losses) on AFS		92,251	92,251
In case of Deficit on revaluation (deduction from CET1)	ad		
Total liabilities and equity		18,895,441	18,895,441

38.4 Main features template of regulatory capital instruments

Disclosure template for main features of regulatory capital instruments

	Main features	Common shares
1	Issuer	Pak Libya
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	NA
3	Governing law(s) of the instrument	Government of Pakistan
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	6,141,780
9	Par value of instrument	10,000 per share
10	Accounting classification	Share Holders' equity
11	Original date of issuance	28-11-1981
12	Perpetual or dated	No maturity
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	NA
18	Coupon rate and any related index/ benchmark	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non cumulative
23	Convertible or non-convertible	Non convertible
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	NA
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

38.5 Risk weighted exposures

The risk-weighted assets are measured by means of hierarchy different risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

	Capital requirements		Risk weighted assets	
	2016	2015	2016	2015
	(Rupees in '000)			
Credit risk				
PSE	7,188	8,847	71,878	88,465
Banks	29,829	1,654	298,291	16,535
Corporates	284,340	252,195	2,843,403	2,521,952
Retail portfolio	11,323	8,748	113,230	87,477
Secured by residential mortgage	1,517	2,081	15,167	20,808
Past due loans	4,360	44,614	43,598	446,138
Significant investment and DTAs	6,605	10,749	66,048	107,493
Listed equity investment	30,071	18,499	300,706	184,991
Unlisted equity investment	6,098	6,098	60,975	60,975
Investment in fixed assets	7,926	6,614	79,256	66,142
Other assets	171,686	52,412	1,716,856	524,124
	560,941	412,510	5,609,407	4,125,100
Credit risk on off-balance sheet				
Non-market related	192,889	165,646	1,928,885	1,656,461
Market related	8,227	240	82,272	2,396
Market risk				
Interest rate risk	241,115	137,671	2,411,155	1,376,713
Equity position risk	139,413	139,519	1,394,128	1,395,189
Foreign exchange risk	14	8	145	75
Operational risk				
Capital requirement for operational risks	75,483	71,652	754,829	716,524
Total	1,218,082	927,245	12,180,821	9,272,458

Capital adequacy ratios	2016 Required	2016 Actual	2015 Required	2015 Actual
CET1 to total RWA	6.00%	36.64%	6.00%	38.38%
Tier-1 capital to total RWA	7.50%	36.64%	7.50%	38.38%
Total capital to total RWA	10.00%	36.64%	10.00%	38.38%
Total capital plus CCB to total RWA	10.65%	36.64%	10.25%	38.38%

39. RISK MANAGEMENT

The Company has an independent risk management division and developed 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. 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.

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 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 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.

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.

Operational risk

The risk of losses resulting from deficient or erroneous internal procedures, human or system errors, or external events.

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 business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The business unit 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 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 company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk.

39.1 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 and portfolios in the Company's banking/trading books.

The management of credit risk is governed by credit management policies and procedures approved by the Board and management respectively. The procedures and policy guidelines 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. The Executive Committee (EC) approves facilities of upto Rs.100 million while facilities exceeding this limit require approval from the Board of Directors on recommendation of the EC. ALCO / 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 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 Corporate and Investment Banking Division which is reviewed by the Risk Management Division 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.

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 PARCA and / or JCR-VIS.

Exposures	JCR-VIS	PARCA	Other
Corporate	Yes	Yes	x
Banks	Yes	Yes	x

Credit exposures subject to standardised approach

		2016			2015		
Exposures	Rating Category	Amount outstanding	Deduction CRM*	Net amount	Amount outstanding	Deduction CRM*	Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	-	-	-	-	-	-
	1	411,301	-	411,301	901,471	-	901,471
	2	665,917	-	665,917	558,999	-	558,999
	3-4	-	-	-	-	-	-
	5-6	-	-	-	-	-	-
	Unrated	2,040,387	-	2,040,387	1,741,300	-	1,741,300
		3,117,605	-	3,117,605	3,201,770	-	3,201,770
Banks	0	-	-	-	-	-	-
	1	1,022,705	-	1,022,705	350,481	-	350,481
	2-3	187,500	-	187,500	-	-	-
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		1,210,205	-	1,210,205	350,481	-	350,481
Sovereigns		-	-	-	-	-	-
Total Credit Exposure		4,327,810	-	4,327,810	3,552,251	-	3,552,251

*CRM= Credit Risk Mitigation

The accounting policies and methods used by the Company are in accordance with the requirements of the prudential regulations of the SBP. These policies are disclosed in note 4 to these financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.3 of these financial statements.

39.1.1 Segment information

39.1.1.1 Segment by class of business

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Agriculture, forestry, hunting and fishing	47,354	1.09%	-	-	-	-
Textile	832,342	19.11%	-	-	100,000	4.60%
Chemicals and pharmaceuticals	642,856	14.76%	250,000	53.98%	11,722	0.54%
Cement	200,000	4.59%	-	-	11,035	0.51%
Sugar	265,825	6.10%	-	-	-	-
Automobile and transportation equipment	153,756	3.53%	-	-	200,000	9.19%
Electronics and electrical appliances	275,000	6.31%	-	-	-	-
Construction	53,897	1.24%	-	-	-	-
Power (electricity), gas, water, sanitary	690,088	15.85%	-	-	1,212,474	55.72%
Transport, storage and communication	703,139	16.15%	-	-	-	-
Financial institutions	-	-	-	-	233,407	10.73%
Insurance	-	-	-	-	21,185	0.97%
Services	36,938	0.85%	150,000	32.39%	24,198	1.11%
Industrial transportation	-	-	-	-	-	-
Individuals	245,881	5.65%	-	-	17,675	0.81%
Others	208,011	4.78%	63,117	13.63%	344,180	15.82%
	4,355,087	100%	463,117	100%	2,175,876	100%

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Agriculture, forestry, hunting and fishing	67,354	1.16%	-	-	-	-
Textile	446,239	7.68%	3,000	0.17%	300,000	20.26%
Chemicals and pharmaceuticals	1,063,662	18.31%	-	-	-	-
Cement	200,000	3.44%	20,000	1.15%	-	-
Sugar	319,190	5.49%	-	-	100,000	6.75%
Automobile and transportation equipment	172,752	2.97%	-	-	-	-
Electronics and electrical appliances	375,000	6.45%	-	-	-	-
Construction	62,891	1.08%	-	-	-	-
Power (electricity), gas, water, sanitary	1,984,289	34.15%	-	-	960,487	64.88%
Transport, storage and communication	719,796	12.39%	2,049	0.12%	-	-
Financial institutions	-	-	800,000	46.05%	-	-
Insurance	-	-	-	0.00%	11,300	0.76%
Services	-	-	150,000	8.63%	-	-
Industrial transportation	-	-	300,000	17.27%	-	-
Individuals	226,320	3.89%	17,340	1.00%	-	-
Others	173,041	2.98%	445,000	25.61%	108,692	7.34%
	5,810,534	100%	1,737,389	100%	1,480,479	100%

39.1.1.2 Segment by sector

	2016					
	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Public / Government	-	-	200,000	43.19%	-	-
Private	4,355,087	100.00%	263,117	56.81%	2,175,876	100.00%
	4,355,087	100%	463,117	100%	2,175,876	100%

	2015					
	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Public / Government	-	-	745,000	42.88%	108,692	7.34%
Private	5,810,534	100.00%	992,389	57.12%	1,371,787	92.66%
	5,810,534	100%	1,737,389	100%	1,480,479	100%

39.1.1.3 Details of non-performing advances and specific provisions by class of business segment

	2016		2015	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	(Rupees in '000)			
Agriculture, forestry, hunting and fishing	7,354	7,354	7,354	7,354
Textile	253,130	244,599	229,340	220,809
Chemicals and pharmaceuticals	500,000	500,000	500,000	500,000
Cement	200,000	200,000	200,000	200,000
Sugar	60,000	60,000	60,000	30,000
Automobile and transportation equipment	138,781	138,781	138,781	138,781
Transport, storage and communication	53,896	13,474	-	-
Electronics and electrical appliances	-	-	375,000	93,750
Construction	53,897	3,897	62,891	12,891
Power (electricity), gas, water, sanitary	301,135	301,135	1,585,825	1,319,637
Individuals	68,916	47,674	69,945	48,009
	1,637,109	1,516,914	3,229,136	2,571,231

39.1.1.4 Details of non-performing advances and specific provisions by sector

	2016		2015	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
Public / Government	-	-	-	-
Private	1,637,109	1,516,914	3,229,136	2,571,231
	1,637,109	1,516,914	3,229,136	2,571,231

39.1.1.5 Geographical segment analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	1,031,819	18,895,441	4,761,415	2,175,876

39.2 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 Company'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 bank 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 policies 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) 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 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.

39.2.1 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 Company's exposure to this risk is negligible as its assets and liabilities are primarily denominated in Pakistan rupees.

	Assets	Liabilities	Off-balance sheet Items	Net currency exposure
	(Rupees in '000)			
Pakistan rupee	18,895,296	14,134,026	1,915,009	6,676,279
United States dollar	75	-	260,867	260,942
Euro	70	-	-	70
31 December 2016	18,895,441	14,134,026	2,175,876	6,937,291
Pakistan rupee	15,271,171	11,379,536	1,461,112	5,352,747
United States dollar	356	-	19,367	19,723
Euro	2,752	-	-	2,752
31 December 2015	15,274,279	11,379,536	1,480,479	5,375,222

39.2.2 Equity position risk

Equity position risk refers to the risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behaviour similar to equities. Equity price risk is managed within the statutory limits and as defined in the policy framework by applying trading limit, scrip-wise and portfolio wise limits. Value at Risk (VaR) and stress testing of the equity portfolio are also performed and reported to ALCO, senior management and risk management committees.

39.2.3 Mismatch of interest rate sensitive assets and liabilities

Yield and interest rate sensitivity position for on-balance sheet instruments is based on the earlier contractual re-pricing or maturity date and for off-balance sheet instruments is based on the settlement date.

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Board approves limits on the recommendation of the Executive Committee on the level of mismatch of interest rate repricing that may be undertaken, which is complied by the Company's Treasury & Fund Management Division.

39.2.4 Mismatch of interest rate sensitive assets and liabilities

	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
		2016										
			Exposed to yield / interest rate risk									
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	20,420	-	-	-	-	-	-	-	-	-	20,420
Balances with other banks	3.75%-4.5%	72,705	9,316	-	-	-	-	-	-	-	-	63,389
Investments	5.83%-11.5%	13,183,821	449,086	449,315	788,078	822,098	4,277,251	557,272	5,034,963	-	-	805,758
Lendings to financial institutions	7.10%-7.5%	950,000	700,000	-	250,000	-	-	-	-	-	-	-
Advances	5%-10.05%	2,837,523	403,108	1,652,843	485,310	17,379	40,106	41,899	89,694	-	-	107,184
Other assets	-	1,716,856	-	-	-	-	-	-	-	-	-	1,716,856
		18,781,325	1,561,510	2,102,158	1,523,388	839,477	4,317,357	599,171	5,124,657	-	-	2,713,607
Liabilities												
Borrowings	2.5%-10.10%	13,391,904	4,810,000	5,100,943	2,305,961	62,500	112,500	-	-	-	-	1,000,000
Deposits and other accounts	6.15%-6.50%	463,117	258,117	55,000	-	150,000	-	-	-	-	-	-
Other liabilities	-	279,005	-	-	-	-	-	-	-	-	-	279,005
		14,134,026	5,068,117	5,155,943	2,305,961	212,500	112,500	-	-	-	-	1,279,005
On-balance sheet gap		4,647,299	(3,506,607)	(3,053,785)	(782,573)	626,977	4,204,857	599,171	5,124,657	-	-	1,434,602
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(3,506,607)	(3,053,785)	(782,573)	626,977	4,204,857	599,171	5,124,657	-	-	
Cumulative yield / interest rate risk sensitivity gap			(3,506,607)	(6,560,392)	(7,342,965)	(6,715,988)	(2,511,131)	(1,911,960)	3,212,697	3,212,697	3,212,697	

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

Total financial assets	18,781,325
Non financial instruments	
Operating fixed assets	87,697
Deferred taxation	26,419
	18,895,441

	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
		2015										
			Exposed to yield / interest rate risk									
			(Rupees in '000)									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	65,712	-	-	-	-	-	-	-	-	-	65,712
Balances with other banks	4.00-7.50%	30,481	28,781	-	-	-	-	-	-	-	-	1,700
Lendings to financial institutions	6.50%	10,922,328	1,175,735	581,116	927,140	1,384,740	1,653,729	4,304,978	104,613	-	-	790,277
Investments	6.3%-13.52%	320,000	320,000	-	-	-	-	-	-	-	-	-
Advances	2.50-13.67%	3,238,410	706,755	1,874,789	538,063	12,570	5,423	5,423	-	-	-	95,387
Other assets	-	433,724	-	-	-	-	-	-	-	-	-	433,724
		15,010,656	2,231,271	2,455,905	1,465,203	1,397,310	1,659,152	4,310,401	104,613	-	-	1,386,800
Liabilities												
Borrowings	5.00-10.10%	9,441,099	5,294,878	1,850,943	507,828	1,775,546	11,904	-	-	-	-	-
Deposits and other accounts	6.25-8.90%	1,737,389	23,778	1,273,611	125,000	313,000	-	2,000	-	-	-	-
Other liabilities	-	201,048	-	-	-	-	-	-	-	-	-	201,048
		11,379,536	5,318,656	3,124,554	632,828	2,088,546	11,904	2,000	-	-	-	201,048
On-balance sheet gap		3,631,120	(3,087,385)	(668,649)	832,375	(691,236)	1,647,248	4,308,401	104,613	-	-	1,185,752
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(3,087,385)	(668,649)	832,375	(691,236)	1,647,248	4,308,401	104,613	-	-	
Cumulative yield / interest rate risk sensitivity gap			(3,087,385)	(3,756,034)	(2,923,659)	(3,614,895)	(1,967,647)	2,340,754	2,445,367	2,445,367	2,445,367	

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

Total financial assets	15,010,656
Non financial instruments	
Operating fixed assets	69,960
Deferred taxation	193,663
	15,274,279

39.3 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.

Pak-Libya'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 measuring 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 management is responsible for managing liquidity profile of the Company although strategic management of liquidity has been delegated to ALCO. The ALCO of the Company executes liquidity strategy ensuring that appropriate policies and procedures are in place to control and constrain liquidity risk. It is also responsible for ensuring that Company has adequate information systems for measuring, monitoring, controlling and reporting liquidity risk. ALCO has approved basis for computing maturities of assets and liabilities which take in to account the contractual maturity for assets and liabilities and/or expectation and estimation for realisation of underlying assets and liabilities by the respective business or operational units to arrive at the appropriate maturity buckets.

The Company seeks to ensure that it has ability to raise funds at reasonable cost even under adverse conditions, by managing its liquidity risk across all class of assets and liabilities in accordance with regulatory guidelines and by taking advantage of any potential lending and investment opportunities as they arise.

39.3.1 Maturities of assets and liabilities - On the basis approved by the Assets and Liabilities Management Committee (ALCO) of the Company

	2016									
	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	20,420	20,420	-	-	-	-	-	-	-	-
Balances with other banks	72,705	72,705	-	-	-	-	-	-	-	-
Lendings to financial institutions	950,000	700,000	-	250,000	-	-	-	-	-	-
Investments	13,183,821	457,655	298,724	233,149	1,053,631	5,108,498	723,267	5,203,637	105,260	-
Advances	2,837,523	106,688	122,226	158,677	609,348	655,061	428,319	363,378	466,721	26,905
Operating fixed assets	87,697	-	877	4,862	2,743	12,154	30,319	10,383	2,559	23,800
Deferred tax asset - net	26,419	-	4,146	4,169	4,997	(16,840)	46	29,901	-	-
Other assets	1,716,856	96,779	210,084	1,222,792	18,253	82,142	82,142	-	4,664	-
	18,895,441	1,454,247	636,057	1,873,849	1,688,972	5,841,015	1,264,093	5,607,299	579,204	50,705
Liabilities										
Borrowings	13,391,904	3,310,000	105,943	130,961	7,095,000	850,000	850,000	1,050,000	-	-
Deposits and other accounts	463,117	258,117	55,000	-	150,000	-	-	-	-	-
Other liabilities	279,005	100,149	72,835	84,008	-	-	2,650	-	-	19,363
	14,134,026	3,668,266	233,778	214,969	7,245,000	850,000	852,650	1,050,000	-	19,363
	4,761,415	(2,214,019)	402,279	1,658,880	(5,656,028)	4,991,015	411,443	4,557,299	579,204	31,342
Share capital	6,141,780									
Reserves	302,094									
Accumulated loss	(1,774,710)									
Surplus on revaluation of assets - net of tax	92,251									
	4,761,415									

	2015									
	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	65,712	54,152	-	-	-	-	-	-	-	11,560
Balances with other banks	30,481	30,481	-	-	-	-	-	-	-	-
Lendings to financial institutions	320,000	320,000	-	-	-	-	-	-	-	-
Investments	10,922,328	1,026,095	413,362	188,625	1,638,139	1,952,482	5,495,388	207,737	500	-
Advances	3,238,411	80,361	310,847	160,946	322,428	864,830	568,396	359,124	560,877	20,602
Operating fixed assets	69,960	2,026	4,052	6,078	12,156	24,312	21,336	-	-	-
Deferred tax asset - net	193,663	926	1,774	2,625	8,239	83,205	41,193	55,701	-	-
Other assets	433,724	172,633	128,214	43,595	8,462	38,078	38,078	-	4,664	-
	15,274,279	1,686,674	858,249	391,869	1,989,424	2,962,907	6,164,391	622,562	566,041	32,162
Liabilities										
Borrowings	9,441,099	5,645,929	130,843	145,328	1,813,147	411,904	500,000	793,948	-	-
Deposits and other accounts	1,737,389	23,778	1,273,611	125,000	313,000	-	2,000	-	-	-
Other liabilities	201,048	18,873	47,285	79,794	24,523	15,963	2,650	-	-	11,960
	11,379,536	5,688,580	1,451,739	350,122	2,150,670	427,867	504,650	793,948	-	11,960
	3,894,743	(4,001,906)	(593,490)	41,747	(161,246)	2,535,040	5,659,741	(171,386)	566,041	20,202

Share capital	6,141,780
Reserves	143,860
Accumulated loss	(2,411,691)
Deficit on revaluation of assets - net of tax	20,794
	3,894,743

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

	2016									
	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	20,420	20,420	-	-	-	-	-	-	-	-
Balances with other banks	72,705	72,705	-	-	-	-	-	-	-	-
Lendings to financial institutions	950,000	700,000	-	250,000	-	-	-	-	-	-
Investments	13,183,821	457,655	298,724	233,149	1,053,631	5,108,498	723,267	5,203,637	105,260	-
Advances	2,837,523	106,688	122,226	158,877	509,348	655,061	428,319	363,378	466,721	26,905
Operating fixed assets	87,697	-	877	4,862	2,743	12,154	30,319	10,383	2,559	23,800
Deferred tax asset - net	26,419	-	4,146	4,169	4,987	(16,840)	46	29,901	-	-
Other assets	1,716,856	96,779	210,084	1,222,792	18,253	82,142	82,142	-	4,664	-
	18,895,441	1,454,247	636,057	1,873,849	1,588,972	5,841,015	1,264,093	5,607,299	579,204	50,705
Liabilities										
Borrowings	13,391,904	3,310,000	105,943	130,961	7,095,000	850,000	850,000	1,050,000	-	-
Deposits and other accounts	463,117	258,117	55,000	-	150,000	-	-	-	-	-
Other liabilities	279,005	100,149	72,835	84,008	-	-	2,650	-	-	19,363
	14,134,026	3,668,266	233,778	214,969	7,245,000	850,000	852,650	1,050,000	-	19,363
	4,761,415	(2,214,019)	402,279	1,658,880	(5,656,028)	4,991,015	411,443	4,557,299	579,204	31,342
Share capital	6,141,780									
Reserves	302,094									
Accumulated loss	(1,774,710)									
Surplus on revaluation of assets - net of tax	92,251									
	4,761,415									

	2015									
	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	65,712	54,152	-	-	-	-	-	-	-	11,560
Balances with other banks	30,481	30,481	-	-	-	-	-	-	-	-
Lendings to financial institutions	320,000	320,000	-	-	-	-	-	-	-	-
Investments	10,922,328	1,026,095	413,362	188,625	1,638,139	1,952,482	5,495,388	207,737	500	-
Advances	3,238,411	80,361	310,847	150,946	322,428	864,830	568,396	359,124	560,877	20,602
Operating fixed assets	69,960	2,026	4,052	6,078	12,156	24,312	21,336	-	-	-
Deferred tax asset - net	193,663	926	1,774	2,625	8,239	83,205	41,193	55,701	-	-
Other assets	433,724	172,633	128,214	43,595	8,462	38,078	38,078	-	4,664	-
	15,274,279	1,686,674	858,249	391,869	1,989,424	2,962,907	6,164,391	622,562	566,041	32,162
Liabilities										
Borrowings	9,441,099	5,645,929	130,843	145,328	1,813,147	411,904	500,000	793,948	-	-
Deposits and other accounts	1,737,389	23,778	1,273,611	125,000	313,000	-	2,000	-	-	-
Other liabilities	201,048	18,873	47,285	79,794	24,523	15,963	2,650	-	-	11,960
	11,379,536	5,688,580	1,451,739	350,122	2,150,670	427,867	504,650	793,948	-	11,960
	3,894,743	(4,001,906)	(593,490)	41,747	(161,246)	2,535,040	5,659,741	(171,386)	566,041	20,202

Share capital	6,141,780
Reserves	143,860
Accumulated loss	(2,411,691)
Deficit on revaluation of assets - net of tax	20,794
	3,894,743

40. 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.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 09 March 2017 by the Board of Directors of the Company.

42. GENERAL

42.1 In its latest rating announcement (June 2016), 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 negative outlook assigned to ratings). Further, PACRA had maintained the rating of AA (Double A) assigned to the secured Privately Placed Term Finance Certificates issued by the Company which has been fully repaid by the Company on 24 August 2016.

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

42.3 Certain comparative figures have been reclassified in order to present information on a basis consistent with current year.

Muhammad Masood Ebrahim
Chief Financial Officer

Abid Aziz
Managing Director & CEO

Abid Aziz
Director

Khalid S.T. Benrjoba
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
Annexure I
As referred in note 8.15 of the financial statements.

PARTICULARS OF INVESTMENT IN TERM FINANCE CERTIFICATES (TFCs)

S. No.	Name of TFCs	Cost 2016	Cost 2015
		------- (Rupees in '000) -------	
	Particulars of investments held in listed Term Finance Certificates (TFCs)		
1	Summit Bank Limited - TFC (27-10-2011) Certificate of Rs.5,000 each Mark-up: 9.81% (6 - Months Kibor + 3.25%) Redemption: Half yearly from April 2012 Maturity: October 2018	**398,255**	398,120
2	Invest Capital Investment Bank Limited - TFC - II (05-09-2002) Certificate of Rs.5,000 each Mark-up: 13.68% (5y PIB + 2.75%) Redemption: Bullet payment falling due on September 2013 Maturity: September 2013 Status: Sold	**-**	3,000
3	Trust Investment Bank Limited - TFC - IV (04-07-2008) Certificate of Rs.5,000 each Mark-up: 11.22% (6 - Months Kibor + 1.85%) Redemption: Half yearly from July 2008 Maturity: July 2013 Installment status: Overdue	**9,371**	9,371
4	Jahangir Siddiqui & Co. Limited - TFC - (31-03-2014) Certificate of Rs.5,000 each Mark-up: 8.36% (3 - Months Kibor + 1.75%) Redemption: Half yearly from October 2014 Maturity: April 2019	**35,000**	43,125
5	Azgard Nine Limited - TFC - II (20-09-2005) Certificate of Rs.5,000 each Mark-up: 11.43% (6 - Months Kibor + 1.25%) Redemption: Half yearly from Mar 2006 Maturity: September 2017 Installment status: Overdue	**13,015**	13,015
		455,641	466,631

S. No.	Name of TFCs	Cost 2016	Cost 2015
		------- (Rupees in '000) -------	
	Particulars of investments held in unlisted Term Finance Certificates (TFCs)		
1	Azgard Nine Limited - TFC - V (19-12-2010) Certificate of Rs.5,000 each Mark-up: 10.83% (3 - Months Kibor + 1.25%) Redemption : Quarterly from May 2011 Maturity: November 2015 Installment status: Overdue	179,652	179,652
2	Azgard Nine Limited - TFC - VI (31-08-2012) Certificate of Rs.5,000 each Mark-up: 0% Redemption: Half yearly from March 2014 Maturity: March 2017	80,400	80,400
3	Dewan Farooq Spinning Mills Limited - TFC (04-12-2004) Certificate of Rs.5,000 each Mark-up: 11.15% (6 - Months Kibor + 3.75%) Redemption: Half yearly from June 2006 Maturity: June 2010 Installment status: Overdue	18,750	18,750
4	Jahangir Siddiqui & Co. Limited - TFC - (31-03-2014) Certificate of Rs.5,000 each Mark-up: 11.94% (3 - Months Kibor + 1.65%) Redemption: Half yearly from October 2014 Maturity: April 2019	250,000	-
5	NRSP MicroFinance Bank Limited - TFC - (24-06-2016) Certificate of Rs. 5,000 each Mark-up: 6.14% (6 - Months Kibor + 1.65%) Redemption: Half yearly from December 2017 Maturity: June 2021	187,500	-
6	Jahangir Siddiqui & Co. Limited - TFC - (30-10-2012) Certificate of Rs.5,000 each Mark-up: 8.89% (6 - Months Kibor + 2.40%) Redemption: Half yearly from April 2013 Maturity: October 2016	-	18,450
7	Engro Fertilizer Limited - TFC - IV (18-03-2008) Certificate of Rs.5,000 each Mark-up: 6.61% (6 - Months Kibor + 2.10%) Redemption: Put and call option Maturity: Perpetual	-	466,525
	Balance c/f.	716,302	763,777

S. No.	Name of TFCs	Cost 2016	Cost 2015
		------- (Rupees in '000) -------	
	Balance b/f.	**716,302**	763,777
	Particulars of investments held in unlisted Term Finance Certificates (TFCs)		
8	New Allied Electronics Industries (Pvt.) Limited - TFC (05-09-2007) Certificate of Rs.5,000 each Mark-up: 12.36% (3 - Months Kibor + 2.75%) Redemption: Quarterly from August 2008 Maturity: May 2011 Installment status: Overdue	**15,957**	15,957
9	Pakistan International Airlines Corporation Limited - TFC - II (20-02-2009) Certificate of Rs.5,000 each Mark-up: 8.31% (6 - Months Kibor + 1.25%) Redemption: Quarterly from May 2016 Maturity: February 2020	**143,756**	176,930
10	Security Leasing Corporation Limited - TFC - III (28-03-2006) Certificate of Rs.5,000 each Mark-up: 0% (as per the terms of restructuring) Redemption: Monthly from February 2012 Maturity: January 2022 Installment status: Overdue	**3,081**	3,081
11	Pakistan Mobile Communication Limited - TFC - VII (18-04-2012) Certificate of Rs.100,000 each Mark-up: 8.58% (3 - Months Kibor + 2.00%) Redemption: Quarterly from July 2012 Maturity: April 2016	**-**	10,016
12	JDW Sugar Mills Limited-TFC- (06.08.2013) Certificate of Rs.50 million each Mark-up: 9.10% (3 - Months Kibor + 2.50%) Redemption: Quarterly from December 2013 Maturity: March 2018	**33,333**	55,556
13	JS Bank Limited - TFC- (14-12-2016) Certificate of Rs. 5,000 each Mark-up: 6.13% (6-Months Kibor + 1.40%) Redemption: Half yearly from June 2017 Maturity: December 2023	**100,000**	-
		1,012,429	1,025,317

S. No.	Name of Sukuks	Cost 2016	Cost 2015
		------- (Rupees in '000) -------	
	Particulars of investments held in unlisted sukuks		
1	Security Leasing Corporation Limited (21-09-2008) Certificate of Rs.5,000 each Mark-up: 0% (as per the terms of restructuring) Redemption: Monthly from February 2012 Maturity: January 2022 Installment status: Overdue	**12,323**	12,323
2	Pak-Elektron Limited (28-09-2007) Certificate of Rs.5,000 each Mark-up: 10.00% (3 - Months Kibor + 1.75%) (Cap 25% Floor 10%) Redemption: Quarterly from June 2015 Maturity: September 2016	**-**	62,941
3	Pak-Elektron Limited - II (31-03-2008) Certificate of Rs.5,000 each Mark-up: 8.00% (3 - Months Kibor + 1.00%) (Cap 25% Floor 8%) Redemption: Quarterly from June 2015 Maturity: March 2019	**23,883**	33,846
4	Liberty Power Technology Limited (18-03-2009) Certificate of Rs.5,000 each Mark-up: 9.60% (3 - Months Kibor + 3.00%) Redemption: Quarterly from March 2011 Maturity: December 2020	**60,840**	70,880
5	TPL Trakker Limited (13-04-2016) Certificate of Rs. 100,000 each Mark-up: 6.02% (3-Months Kibor + 3.00%) Redemption: Quarterly from October 2019 Maturity: April 2021	**50,000**	-
6	Hascol Petroleum Limited (07-01-2016) Certificate of Rs. 5,000 each Mark-up: 6.03% (3 - Months Kibor + 1.5%) Redemption: Quarterly from April 2017 Maturity: January 2022	**100,000**	-
		247,046	179,990

Annexure II
As referred in note 9.4 of the financial statements.

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED 31 December 2016

(Rs. In '000')

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	NIC NUMBER	FATHER'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				AMOUNT WRITTEN-OFF			
					Principal	Mark-up	Others	Total	Principal	Mark-up	Others	Total
	Kamoki Energy Limited	Official liquidator, Sindh High Court							34,690			34,690
									116,000			116,000

KEL کے اثاثہ جات کے کامیابی سے حاصل کرنے کے بعد انتظامیہ پوری طرح سے تیار ہے کہ ان اثاثہ جات کو مالیاتی طور پر قابل عمل سودے کو ممکن کر سکے تاکہ کمپنی کی امدنی کی استعداد کو بڑھایا جا سکے۔ اس کے بعد آخری رکاوٹ جس کو عبور کرنا ہے وہ ہے دستوری کم سے کم کیپیٹل کی مالیت میں کمی جس پر ہم پر امید ہیں کی اس کے مثبت نتیجہ آئے گا۔ ہم یقین رکھتے ہیں کی حصص یافتگان کی حمائت سے اور لگاتار کارکردگی سے ہم جلد ہی اس درجہ پر پہنچ جائیں گے جہاں ہم اپنے ہمسر گروپ کو پیچھے چھوڑ دیں گے۔

مینجمنٹ کی جانب سے مجموعی طور پر جو کوششیں کی جارہی ہیں اور سالوں سے تسلسل کے ساتھ مثبت نتائج حاصل کرتے رہے ہیں ، اس لیے ہم کمپنی کی مستقبل میں ترقی، منفع بخش ہونے اور مسابقتی برتری کے بارے میں بہت پرامید ہیں۔

تاہم، گورنمنٹ کو اس بات کی ضرورت ہو گی کہ وہ امن و امان کی صورتحال اور توانائی کی المناک صورتحال کو بہت نمایاں طور پر زیادہ کوششیں کرے کیونکہ ان دونوں مسائل کی وجہ سے بار بار سرمایہ کاروں کا اعتماد کھونے کے نتیجے میں سرمایہ اور وسائل پاکستان سے باہر جا رہے ہیں۔ پاک۔ لیبیا مساوی طور پر اپنی ترقی اور کاروبار کے تسلسل کو قئم رکھنے کے طویل المدت نصب العین (vision)کو حاصل کرنے کے لیےپر عزم ہے جو اس کے **"کچھ کرو"** والے رویے اور ٹیم ورک کے ذرعے حاصل ہوتی ہے جیسا کہ ہم یقین رکھتے ہیں کہ **"ہم"** مساوی ہیں **"طاقت اور کامیابی"** کے۔

اعتراف

بورڈ اور انتظامیہ کی جانب سے، ہم اپنے گاہکوں اورپاک۔لیبیا کے تمام شرکاء کے مفاد کا کمپنی پر اعتماد کرتے رہنے پر اظہار ممنونیت کرتے ہیں۔ ہم اپنے حصص یا فتگان: LAFICOاور SBP بشمول MoF کی مسلسل حمائت اور رہنمائی اور کمپنی کے ملازمین کی ان کی اٹل اعتماد اور وفاداری کو بھی سراہتے ہیں۔

خالد ایس ٹی بنرجوبہ

ڈپٹی مینجنگ ڈائریکٹر

عابد عزیز

مینجنگ ڈائریکٹر اور CEO

9 مارچ 2017

کریڈٹ /سرمایہ کاری کمیٹی کے اجلاس کی تفصیلات سال کے دوران آڈٹ کمیٹی کے ایک اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں			
ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی عمر	چیرمین	1	1
جناب حق نواز	رکن	1	1
جناب عابد عزیز	رکن	1	1

آڈیٹرز

موجودہ آڈیٹرز میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹینٹس (جو ارنیسٹ اینڈ ینگ گلوبل لمیٹڈ کی رکن کمپنی ہے) کا موجود سال کا معاہدہ ختم ہو چکا ہے اور اسی کے ساتھ وہ اپنی پانچ متواتر آڈٹ کی مدت بھی مکمل کر چکے ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے سفارش پر میسرزگرانٹ تھرنتنڈ انجم رحمان، چارٹرڈ اکاؤنٹینٹ، کی بطور کمپنی کے آڈیٹرز کی 31 دسمبر2017 تک کے لیے انتخات کی تجویز دی ہے۔

حصص کی ملکیت رکھنے کا رجحان

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

کمپنی کا منظر نامہ

پاکستان ، اپنی مجموعی میکرو اکنامک کےقابل تغیر (variables) اشاریوں میں مثبت پیش رفت کی بنیاد پر ریجن میں درمیانی اور طویل المدت حکمتِ عملی کے حوالے سے اپنی اہمیت بڑھانے کا عمل جاری رکھے گا۔ جیسے جیسے CPEC پر کام آگے بڑھتا جا رہا ہے اوراس کے معاون بنیادی ڈھانچے کی تیاری کی رفتار میں تیزی فکسڈ سرمایہ کاری کے لیے مجموعی قرضوں کی ضروریات مزید اضافہ ہوگا اور گورنمنٹ کے قرضہ لیے جانے سے پیدا شدہ سیالیت (liquidity)کو ختم کر دے گا۔

جیسا کہ ہم نے مالیاتی سال 2016 کے لیے طے کردہ اہداف میں سے متعدد کامیابی حاصل کی اور باقی سنگِ میل کے حصول کے لیے جوش، ولولہ اور لگن سے کام کر رہے ہیں۔ ہم پر اعتماد ہیں کہ ہم در پیش چیلنجز کوفائدہ مندمواقعوں میں تبدیل کر دیں گے اور اپنی ترقی اور طویل المدت کاروباری مقاصد کو حاصل کرتے رہنے کے عمل کو جاری رکھیں گے۔

ہم اپنے مستقبل کی حکمتِ عملی اور امیدِ مستقبل کے بارے میں ایک مضبوط موقف رکھتے ہیں۔ ہم اپنے ایڈوانس کے پورٹ فولیو کو اگلے تین سالوں میں تقریباً دگنا کرنے کے مقصد کے ساتھ آگے بڑھ رہے ہیں، اور ہم سمجھتے اور یقین رکھتے ہیں کہ ہمارے بنیادی کاروبار کا ایک کارکردگی دکھانے والا پورٹ فولیو ، جو ایک متوازن شرح سے ترقی کر رہا ہے، وہ ہمارے طویل المدت ترقی اور بہتری کا حصول میں ہمارے کاروباری اہداف ہمارے بنیادی مقاصد کو بڑھائیں گے۔ مزید یہ کہ موجود کاروباری ماحول کی مناسبت سے ہمارے دیگر کاروباری یونٹس کمپنی کی مجموعی کارکردگی میں اپنی انفرادی حکمت عملیوں سے اپنا حصہ ڈالتے رہیں گے تاکہ کاروبار کا بنیاد مقصد کو آگے بڑھاے گا۔ یعنی صنعتی ترقی سے ملک کی اقتصادی ترقی۔

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

بورڈ آف ڈائریکٹرز کے اجلاس کی تفصیلات

سال کے دوران بورڈ آف ڈائریکٹرزکے 6 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	چیرمین	6	6
جناب فضل الرحمان	ڈائریکٹر	6	6
جناب رمضان اے حجازی	ڈائریکٹر	6	6
جناب حق نواز	ڈائریکٹر	6	6
جناب عابد عزیز	مینجنگ ڈائریکٹر	6	6
خالد ایس ٹی بنرجوبہ	ڈپٹی مینجنگ ڈائریکٹر	6	6

آڈٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران آڈٹ کمیٹی کے 5 اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب رمضان اے حجازی	چیرمین	5	5
جناب فضل الرحمان	رکن	5	5
جناب حق نواز	رکن	5	5

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران رسک مینجمنٹ کمیٹی کے 2 اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب فضل الرحمان	چیرمین	2	2
جناب رمضان اے حجازی	رکن	2	2
خالد ایس ٹی بنرجوبہ	رکن	2	2

بھرتی اور معاوضہ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران آڈٹ کمیٹی کے 2 اجلاس ہوئے اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی عمر	چیرمین	2	2
جناب فضل الرحمان	رکن	2	2
جناب عابد عزیز	رکن	2	2

کمپنی کے پورٹ فولیو کا رسک کے متعین حدود سے بڑھ جانے سے بچاؤ کے لیے اس کو مؤثر طور پر دیکھ بھال کی جارہی ہے۔ پروڈینشل کے ضابطوں میں ترمیم کے بعد ان حدود کو بھی با ضابطہ طور سے تبدیل کردیا گیا ہے۔ کمپنی کی منشاء ہے کہ کاروبار کی ترقی کے لیے براہِ راست شمولیت اور خطرات کا سامنا کیا جائے۔ رسک مینجمنٹ ڈیویژن رسک طے شدہ نکات پر مستعد طور سے درپیش خطرات میں سے انتخاب میں اپنا حصہ ڈالتا ہے۔

کمپنی اپنے رسک منیجمنٹ اور اندرونی کنٹرول ڈھانچے کو مزید بہتر اور مضبوط کرنے کے لیے کوششیں جاری رکھے گی۔

اندرونی کنٹرول پر بیان

کمپنی کے مقاصد کو حاصل کرنے کے لیے ایک مضبوط اندرونی کنٹرول کا نظام موجود ہے اور اس تبدیل ہوتی ہوئی 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 بھی کر چکا ہے۔
کمپنی کے مضبوط کنٹرول کے ماحول کو مدِ 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 دے دی۔

آڈیٹرز کا اپنی آڈٹ رپورٹ پر تبصرہ

کمپنی کے کے آڈیٹرز matter پیراگراف پر زور اپنی آڈٹ رپورٹ میں دے چکے ہیں۔ انہوں نے منسلک مالیاتی دستاویز میں نوٹ 1.2توجہ دلائی ہے اور بیان کیا ہے کہ بینک دولت پاکستان نےمطلوبہ 6 بلین روپے کے کم سے کم ادا شدہ سرمایہ (نقصان سے پاک) کی شرط کو پورا کرنے کے لیے 30 جون 2017 تک استثنیٰ کی منظوری دے چکی ہے اور کمپنی سے درخواست کی ہے کہ مطلوبہ ایکوٹی کو جمع کروانے کی ٹائم لائن حکومت پاکستان کو 31 مارچ 2017 تک جمع کروا دے۔

آدیٹر کی رائے مطلوبہ معاملے پر کوالیفائیڈنہیں ہے۔

آڈیٹرز کا اداراتی حسن کارکردگی (corporate governance) کی بہترین پرکٹسز پر ان کی جائزہ رپورٹ میں تبصرہ

آڈیٹرز نے اپنی جائزہ رپورٹ میں اداراتی حسن کارکردگی کی بہترین پرکٹسز پر کسی مادی عدم تعمیل کی نشاندھی نہیں کی ہے۔

پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کا بیان

31 دسمبر 2015 پر آڈٹ شدہ گوشواروں کی بنیاد پر پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کی مالیت (علاوہ بینک میں نقد رقم) بالترتیب 79.811 ملین پاکستانی روپے اور 101.941 ملین پاکستانی روپے رہی۔

کمپنی کے قرضہ پالیسی اور قرضہ کی ہدایات کے کتابچے کو تبدیل ہوتے ہوئے خطرات اور قوائد و ضوابط کے ماحول کے مطابق ان میں ترمیم یا تجدید کر دی گئی ہے اور ان کا نفاذ کیا جا رہا ہے تاکہ ہرگاہک 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 Obligatory 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 کا میکنزم کو بھی مضبوط کر دیا گیا ہے جس کا مقصد مجموعی قرضوں کے خطرات کے انتظامی طریق عمل کو بہتر کیا جائے۔

ہمارا خیال ہے کہ سال کے دوران بنا رکاوٹ کے آپریشن کے کاموں کے بہاؤ کے مستحکم رسک فنکشن نہائت اہم ہے۔ اس لیے کسی بھی ناگہانی طور پر درپیش خطرے کے لیے چوکس رہنے کے لیے اور اپنے کاروبار کے آپریشن کے تسلسل کو یقینی بنانے کے لیے ہم نے اپنی BCPسائٹ کو اپنے ہمسر DFIs میں سے ایک کے ساتھ دوطرفہ انتظام کے تحت وہاں منتقل کردیا ہے۔ مزید یہ کہ قوائد کی تعمیل کے ساتھ ساتھ کوئی حادثہ جس کا تدارک فوری ضروری ہو اور اپریشن رسک میکنزم کے مؤثر ہونے کی قدر پیمائی کے لیے آپریشنل رسک کا ڈیٹا بیس با قائدگی سے رکھا جا رہا ہے۔

آپریشنل رسک کی بنیاد پر ہم نے پوری کمپنی میں ہر کاروباری یونٹ میں documented business continuity plan کو باضابطہ بنا چکے ہیں۔ سال کے دوران ہم نے مروجہ بہترین پریکٹسز اور رپورٹنگ کی ضرویات کو مدِ نظر رکھتے ہوئے اپنے اندرونی نگرانی کے نظام کو مضبوط کرنے کا عمل جاری رکھتے ہوئے متعدد اقدامات کئے اور مربوط ITسسٹم تیار کیا۔ نیا مربوط نظام سال 2017 میں مکمل طور پر نافذ کر دیا جائے گا۔ علاو ہ ازیں ہماری تعمیل ، رسک مینجمنٹ اور مجموعی اندرونی نگرانی کا نظام مضبوط ہے اور SBP کی ہدایات کا نفاذ اور مالیاتی رپورٹنگ اور اندرونی نگرانی کا ڈھانچہ مستحکم ہے۔

مارکیٹ رسک فنکشن نے مارکیٹ سے متعلق رسکس کے نگرانی جاری رکھی۔دباؤ ٹیسٹنگ کا تجزیات کا استعمال 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 فریم ورک میں Interest Rate Risks 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 کا کتابچے میں سیالیت کے لیے تفصیلی اور جامع ہنگامی پلان شامل ہے۔

کمپنی نے پورے سال میں کمپنی پر لاگو Basel-II اور Basel-III کی ضروریات کے مطابق اپنے CAR کوضوابط میں دیے گئے معیار سے بھی بلند درجے پر برقرار رکھنا جاری رکھا۔ اندرونی سرمایہ کی موزونیت کے تخمینہ کے پراسس (ICAAP) کا ڈھانچے کا SBPکے فراہم کردہ رہنما اصولوں کی روشنی میں جائزہ لیا گیا تاکہ پراسس کو مضبوط اور مؤثر بنایا جا سکے۔ مزید یہ کہ 6 بلین کے کم سے کم سرمایہ کی دستوری پابندی (MCR) کی تعمیل کے لیے کوششیں جاری ہیں اور اس کے لیے SBP نے MCR کی تعمیل کے لیے 30 جون 2017 تک کا استثنیٰ دے دیا ہے۔

کمپنی منافع بعد از محصو ل کا 20 فیصد کی مالیت کے مساوی رقم دستوری ذخائر میں منتقل کر چکی ہے جومروجہ قانونی ضروریا ت کے مطابق ہے۔

کمپنی کو کم سے کم سرمایہ رکھنے کی ضرورت(MCR) میں درپیش کمی کو مدنظر رکھتے ہوئے مقسمہ 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 ایک مرتبہ سرمایہ کی فراہمی ، بے شک حصوں میں، شروع ہوئی، کمپنی MCR کی تعمیل کنندہ ہو جائے گی اور موجودہ کار کردگی کے رجحان کی بنیاد پر اس قابل ہو گی کہ اپنے حصص یافتگان کی منقسمہ منافع تقسیم کر سکے گی۔

اداراتی اور مالیاتی رپورٹنگ ڈھانچے پر بیان

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت ، عملی امور کے نتائج، کیش فلو اور ملکیت (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 ظاہر کیا گیا ہے۔
- پاکستان میں DFIs پر قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں۔
- کمپنی کی ایک گوئنگ کنسرن کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- مستقبل میں محصول کی غیر یقینی ضروریات کی مالیاتی دستاویزات میں ظاہر کر دیا گیا ہے۔
- **اداراتی حسن کارکردگی کی بہترین پریکٹسز سے کوئی معاملے سے انحراف نہیں کیا گیا ہے۔**
- اندرونی نگرانی کا نظام مضبوط ہے اور اس کا مونٹر 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 مستعد 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 قواند و ضوابط کی وجہ سے ہم نمایاں اور مشہور خیراتی اداروں کی مدد نہیں کر سکتے۔ اس لیے ہماری SBPسے درخواست ہے کہ وہ ہمارے لیے کچھ خیراتی اداروں کے لیے حد کی منظوری دے دے تاکہ ہم سماج کو کچھ واپس کر سکیں۔

بورڈ کی ساخت

سال کے دوران بورڈ میں کوئی آسامی نہیں پیدا ہوئی۔

مالیاتی خطرے سے نپٹنےکا انتظامی ڈھانچہ (Risk Management Framework)

کمپنی کا مجموعی مالیاتی خطرے سے نپٹنے کا ڈھانچہ مضبوط ہے۔ کمپنی کے رسک مینجمنٹ کی ساخت کی نگرانی بورڈ کی رسک مینجمنٹ کمیٹی (BRMC)کرتی ہے جس کا کام کمپنی کےمجموعی کاروباری میلان 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۔

SMEاور ریٹیل بینکاری (SME-RB)

مجموعی اقتصادی حالات اور کمپنی کی کاروباری حکمت عملی کو مدنظر رکھتے ہوئے سال 2016 کی دوسری ششماہی میں SMEاور ریٹیل بینکاری کا آغاز کیا۔SMEسیکٹر میں ممکنہ طلب سے بھر پور فائدہ اٹھانے کے لیے مخصوص ذیلی سیکٹرز کی نشاندہی کی گئی اور ان کو شعبے کے آپریشن کے آغاز کرنے کے لیے مختص کر دیا گیا۔اس طرح سے، پہلے مرحلے میں آٹو قرضہ جات کا پورٹ فولیو تشکیل دیا اور جائیداد رہن رکھ کر کاروباری قرضہ جات کی فراہمی شروع کی کیونکہ ان دونوں سیکٹرز میں مجموعی کاروباری سرگرمیوں میں اضافے سے ان کی طلب مضبوط اور نمایاں ہو گی۔ مزید یہ کہ SME کی سرمایہ کاری کا ہدف کامیابی سے حاصل کر لیا اور کاروباری ٹیم پر اعتماد ہے کہ آنے والے سالوں میں پورٹ فولیو میں مزید اضافہ ہو کر ایک معقول درجے تک پہنچ جائے گا۔

مالیاتی جھلکیاں 2016-2015

مالیاتی صورتحال کی دستاویز۔ اختتام سال کے بقایا جات

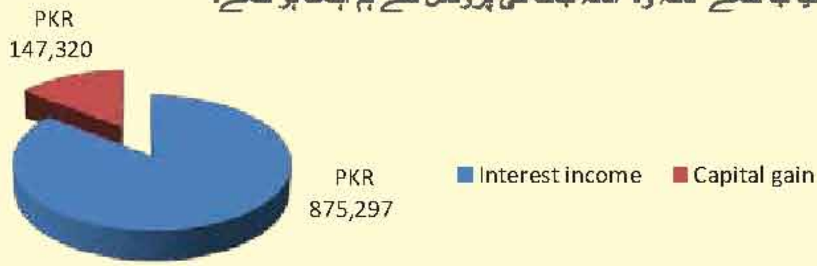
2015	2016	
پاکستانی روپے 000 میں		
15,274,279	18,895,441	کل اثاثہ جات
11,379,536	14,134,026	کل مالیاتی واجب الادا
3,894,743	4,761,415	خالص اثاثہ جات
		تفصیل یہ ہے
6,141,780	6,141,780	حصصی سرمایہ
143,860	302,094	ذخائر
(2,411,691)	(1,774,710)	مجموعی جمع شدہ نقصان
3,873,949	4,669,164	
20,794	92,251	اثاثہ جات پر زائد از قدر پیمائی۔ محصول کا خالص
3,894,743	4,761,415	

نفع نقصان کا کھاتہ۔ برائے سال

472,415	1,031,819	منافع قبل از محصول
305,026	791,170	منافع بعد از محصول
497	1,288	آمدنی فی حصص (پاکستانی روپے)

خزانہ اور فنڈ مینجمنٹ (TFM)

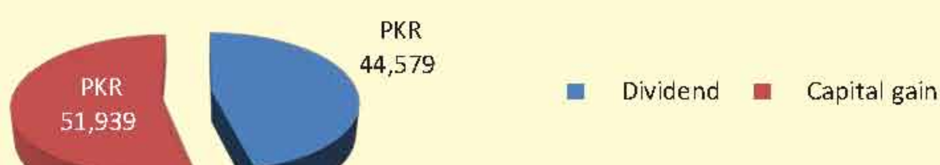
سال 2016 میں جیسے ہی شرح سود مزید نیچے آیا تو ہماری FMT کے شعبے نے کاروباری یونٹس کے لیے مسابقتی نرخ پر قرضوں کی رسائی کے لیے وسائل کو متحرک کرنے کے لیے مزید کوششیں شروع کر دیں۔ سیالیت (liquidity) کی مجموعی صورتحال اطمینان بخش ہونے کے باعث، PPTFCs کی مکمل طور پر پیشگی ادائیگی کی گئیں اور نئی کریڈٹ لائنز ارزاں نرخ پر حاصل کی گئیں۔ علاوہ ازیں کوششوں کی جا رہی ہیں کہ قرضوں کے پورٹ فولیو کو قلیل المدت سے درمیانی اور طویل المدت کی جانب کیا جا سکے تاکہ وہ اثاثہ جات کی پروفائل سے ہم آہنگ ہو سکے۔



آمدنی کے ذرائع پر بھی TFM نے ثانوی سرمایہ کاری مارکیٹ میں خاصی حد تک پورٹ فولیو برقرار رکھنے کے ساتھ ساتھ خاص خاص قرضہ جاتی تمسکات (debt securities) میں سرمایہ کاری کر کے کمپنی بنیادی کاروبار کی آمدنی کے حصول میں مدد جاری رکھی۔ سودی آمدنی اور سرمایہ میں اضافہ حاصل شدہ آمدنی نے منافع بخش ہونے کا فیصلہ کن نکتہ میں حصہ ڈالا اور وہ ایسا کرتا رہے گا تا وقتکہ قرضہ کی کتابوں میں اس کا مجموعی اثاثہ مکس میں نمایاں مقام حاصل کر لے۔

تمسکات پورٹ فولیو مینجمنٹ (SPM)

سال 2016 پاکستان کے لیے بہت سی مثبت نشو نما کے پہلو لایا۔تینوں اسٹاک ایکسچینجز، خاص طور کراچی اسٹاک ایکسچینج، کا ادغام (merger)، جس کا طویل مدت سے انتظار تھا، ہو کر پاکستان اسٹاک ایکسچینج ، جس کا 40 فیصد حصص چینی سرمایہ کاروں نے لیں گے، اس پیش رفت سے نہ صرف ایکسچینج کے لیے بہتر ہو ا بلکہ مجموعی طور پر پاکستان کے لیے بھی بہتر ہوا۔اور اس طرح سے PSX 100 اشاریہ نے نئی بلندی کو چھوا 47,807 پوائنٹس کے اضافے کے ساتھ 46 فیصد پر بند ہوا۔ سال 2016 میں بہترین کارکردگی دکھانے والے والے اسٹاک ایکسچینجز کی فہرست میں پانچویں نمبر پر ہونے سے PSX کو حاصل ہونے والے فائدے سے سرمایہ کاروں ایک سے زیادہ طریقوں سے ملا۔ پاک لیبیا نے بھی ان مثبت مواقعوں دو طریقوں سے بے مثل فائدہ اٹھایا جن میں ہونے والی آمدنی اور مجموعی پورٹ فولیو کی قدر میں اضافہ شامل ہیں۔



KSE کے PSX میں تبدیلی کے فوائد پاک لیبیا کی براہِ راست PSX میں سرمایہ کاری کے ثمرات اس کے مالیاتی نتائج میں آنے باقی ہیں۔ سال 2016 میں کم سے کم سرمایہ کی قانونی حد کی کمی(MCR) کی وجہ سے محدود وسائل کے باوجود ہمارے SPM کے شعبے نے مجموعی خطرات کے میلان اور دستیاب وسائل کی بنیاد پر 14.97فیصد آمدن دکھائی۔ علاوہ ازیں منڈی میں مثبت پیش رفت ہونے کی وجہ سے سب سے پہلے تیل اور گیس کے پورٹ فولیو سے ہونے والے نقصانات کو پورا کیا اور اس کے بعد بہتر کارکردگی کے ساتھ نئے پورٹ فولیو بنائے جس کا مقصداز سر نو حاصل شدہ فوائد کے ساتھ ساتھ موجودہ متواتر آمدنی جو دونوں طرح یعنی سرمایہ میں اضافے اور منقسمہ آمدنی سے تنوع اور ترقی کےمد سے حاصل کی جا سکے۔ علاوہ ازیں PSX کے حصص کی چینی کنسورشیم کو جزوی فروخت کے عمل سے 2017 میں نہ صرف سرمایہ میں اضافہ کے قابل ہو گا بلکہ اس کا نتیجہ باقی سرمایہ کاری کی از سر نو قدر پیمائی سے کافی اضافے کی صورت میں ہو گا۔

جیسا کہ گورنمنٹ بینکاری کے شعبے کے قرض ادا کر چکی ہے، نجی شعبے کو قرضوں کے اجراء میں تیزی آئی ہے۔اس موقع سے فائدہ اٹھاتے ہوئے اور اپنی حکمتِ عملی کی ترجیح کی بنیاد پر سال 2016 کے تقریباً وسط میں اعلیٰ معیار کے ایڈوانس پورٹ فولیو، چھوٹی اور درمیانی حجم کی کمپنیاں (SME) ریٹیل بینکاری کی سرگرمیوں کا آغاز کیا گیا تھا۔اس سلسلے میں ہمارا پہلا ہدف تھا کہ چھوٹے کاروبار کے لیے جائیداد رہن رکھ کر قرضہ کی فراہمی تھا ، جس سے سال 2016 کے دوسرے نصف سے سودی آمدنی نے منافع بخش ہونے میں اپنا حصہ ڈالنا شروع کردیا۔

سال کے دوران کمپنی کی مجموعی سیالیت (liquidity) پروفائل بہتر ہوئی اور نتیجتاً PPTFCs پر قرضہ مکمل پیشگی ادائیگی کی گئیں تھیں۔ اس عمل کا ایک مقصد اور بھی تھا کہ طویل المدت قرضہ جات بہتر اور کم نرخ پر حاصل کئے جائیں۔ غیر روائتی ذرائع میں منافع کی بنیاد پر سرمایہ کاری کو بھی اپنے مجموعی قرضوں کے پورٹ فولیو میں شامل کرکے نئی کریڈٹ لائنز اور قرضہ جات سے PPTFCs کو تبدیل کیا۔علاوہ ازیں، پاکستان کی کریڈٹ ریٹنگ ایجنسی (PACRA) نے پاک لیبیا کی گذشتہ سال کی کریڈٹ درجہ بندی کو برقرار رکھا جو درج ذیل ہے؛

قلیل المدت +A1
طویل المدت -AA

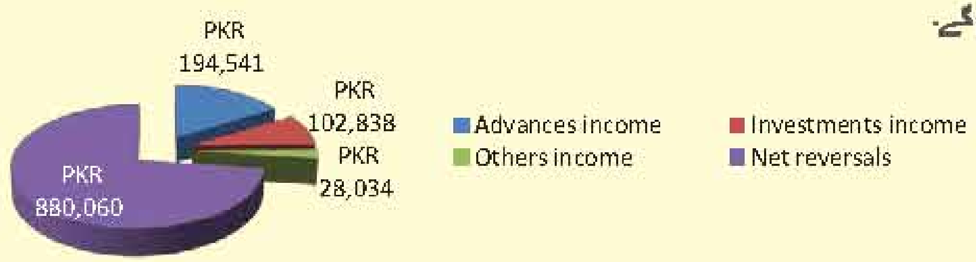
یہ درجہ بندیاں قرضہ جات کی رصولیابی کے کم خطرے کی نشاندہی کرتی ہے اور مالیاتی ادائیگیوں کی یقین دہانیوں کی بروقت ادا کرنے کی انتہائی مضبوط صلاحیت کو ظاہر کرتی ہیں

ٹیم کی کاوشیں

ہمارے کاروبار کی ہر نفع کی اکائی نے کاروباری اور انتظامی حکمت عملی کی حمایت کرنے کی کوشش کی اور اس طرح سالوں پر محیط کامیابی میں اپنا عملی موثر عملی کردار ادا کیا۔ سال کے دوران ہمارے کاروباری اکائیوں کی کارکردگی جھلکیاں درج ذیل ہیں۔

اداراتی اور سرمایہ کاری بینکاری (CIB)

سال 2016 کی دوسری ششماہی میں (شماریات کے مطابق) نجی شعبے کا مجموعی قرضوں کا پھیلاؤ 375 بلین پاکستانی روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 283 بلین پاکستانی روپے تھی۔ مواصلاتی ڈھانچے کی تعمیراتی سرگرمیوں اور CPEC کی تیز رفتاری (momentum) میں اضافے سے نئی کاروباری راہیں اور مواقع سامنے آرہے ہیں جو ہماری کاروباری ٹیمیں ان کے مثبت اثرات حاصل کرنے کے لیے تمام وسائل بروئے کار لائیں گے جو سال 2017 میں ظاہر ہوں گے۔



2016 کی پہلی سہ ماہی کی حکمتِ عملی کے اقدامات کی وجہ سے KEL (غیر بینکاری) اثاثہ جات کے حصول کرنے کے دوران CIB کی کاوشیں کی سمت اس اثاثہ جات کے سودے کے ڈھانچے کو مالیاتی طور پر ممکن العمل بنانے پر تھیں تاکہ اس سے اچھی آمدنی پیدا کی جا سکے۔ علاوہ ازیں گاہکوں کے انتخاب کے سلسلے میں خطرے سے ممکنہ بچاؤ کے لئے عمل پیرا رہنے کے موقف پر عملدرآمد کرنے کی بدولت ، سال کے دوران، ایڈوانس پورٹ فولیو میں محتاط طور پر اضافہ ہوا۔تاہم سودی آمدنی میں اضافے کے لیے قرضہ جاتی تمسکات (debt securities) میں سرمایہ کاری کی جس کا سال کے لیے شعبے کے مجموعی کاروباری اہداف کے حصول میں خاصہ حصہ ہے۔ سال 2016 میں CIB کی کاروباری حکمتِ عملی کی کامیابی کا انتہائی اہم پہلو ، نا مناسب کاروباری رویہ رکھنے والے گاہکوں سے وصولیابیاں رہیں۔ اس لیے کاروباری ٹیم نے خصوصی اثاثہ مینجمنٹ (SAM) اور قانون کے شعبے کے باہمی تعاون سے بہت اہم اور قابل توجہ وصولیابیاں کیں۔ ان تمام کاوشوں کے ساتھ ایڈوانس پورٹ فولیو کی بروقت ادائیگیوں کے شعبے کی کارکردگی پر مثبت نتائج مرتب کیے۔ بہر حال CIB کو درپیش چیلنج میں اپنے بنیادی کاروبار کی قرضوں کی کتابوں میں توسیع جو کمپنی کے مجموعی کاروباری منصوبے سے ہم آہنگ ہو۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2016 کو اختتام پذیر سال پر ہم پاک لیبیا ہولڈنگ کمپنی لمیٹڈ("پاک لیبیا") کی ڈائریکٹرز رپورٹ بمع آڈٹ شدہ سالانہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس غیر متزلزل یقین کے ساتھ کہ ہم اپنے اہداف کے حصول میں حائل رکاوٹوں کو عبور کرتے رہیں گے اور حصول کا یہ عمل جاری رکھیں گے۔

اقتصادی جائزہ

سال 2016 میں پاکستان کی معیشت نے خوشحالی کے نئے دور کا سفر جاری رکھاپاکستان چائنا اقتصادی راہداری میں بنیادی ڈھانچے اور توانائی کے منصوبوں سے پیدا ہونے والی تیز رفتاری (momentum) کی وجہ سے پاکستان ایک فرنٹئر معیشت سے MSCIانڈیکس کی ایک ابھرتی مارکیٹ میں شامل ہو رہی ہے، پاکستان اسٹاک ایکسچینج (PSX) کے حصص کی چینی کسورشیم کو فروخت اور ملکی مجموعی پیداوار (GDP) گذشتہ 8 سالوں کی4.7 فیصد کی بلند ترین سطح پر پہنچنے میں وہ عوامل ہیں جن کی وجہ سے مشہور زمانہ ورلڈ اکانومک فورم نے پاکستان کو سرمایہ کاری کے لیے پسندیدہ ترین ملک تسلیم کیا ہے۔ صارف کی قیمت کا اوسط اشاریہ (CPI) افراطِ زر کی شرح 3.7 فیصد رہی جس کی وجہ مستحکم مبادلہ کا نرخ اور تیل کی کم قیمتیں تھیں اگرچہ بین القوامی منڈی میں ان میں تیزی کا رجحان ہے۔غیر ملکی زر مبادلہ کے ذخائر بڑھ کر 23 بلین امریکی ڈالر ہو گئےگورنمنٹ کی ترقی کو بڑھاوا دینے والی مدت سے جاری اقتصادی اصلاحات کی وجہ سے اسٹینڈرڈ اینڈ پوور (Standard and Poor) کی پاکستان کی طویل المدت درجہ بندی منفی B سے B کے ساتھ مستحکم منظرنامہ پیش کرتا ہے۔

بینک دولت پاکستان (SBP) نے سال 2016 میں اپنے پالیسی نرخ مزید کم کرکے 5.75فیصد کر دیے کیونکہ نجی شعبے میں قرضوں کے اجراء میں تیزی، مستحکم شرح مبادلہ، اور توانائی کی بہتر ہوتی ہوئی صورتحال نے مشترکہ طور پر کاروبار کے لیے سازگار ماحول فراہم کیا تاکہ قومی سطح کے معاملات میں استحکام اور اضافہ حاصل کیا جائے۔

امن و امان کی صورتحال سے نپٹنے کے لیے عدم برداشت کی پالیسی کی وجہ سے گورنمنٹ تیزی سے اپنے پر سکون اور خوشحال پاکستان کے ہدف کی جانب تیزی سے پیش قدمی کر رہی ہے۔عالمی امن اشاریہ (Global Peace Index) کی درجہ بندی میں مناسب بہتری کے ساتھ ساتھ ٹرانسپیرنسی انٹرنیشنل کی قدر پیمائی (rating) گورنمنٹ کی گنشتہ 4 سالوں میں پاکستان کو جنوبی ایشیائی خطے میں بہتر مقام کے حصول کے سلسلے میں اس کی حکمتِ عملی سے متعلق اس کی لگاتار کوششوں کی توثیق کرتی ہیں

اداراتی کارکردگی

ہم یہ سال 2016 کے نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں کہ کاموکی انرجی لمیٹڈ (KEL)کے اثاثہ جات کے حصول کا سنگِ میل حاصل کرنے کے بعد اس سال منافع قبل از محصول ایک بلین سے تجاوز کر گیا ہے۔ KEL کے اثاثہ جات کے حصول کی وجہ سے منافع بخش ہونے کے سلسلے میں پیدا ہونے والے مثبت اثرات کے علاوہ، بہتر اثاثہ جات کےا انتظام اور لسٹڈ حصص میں سرمایہ کاری کے منافع بخش ہونے پر دونوں حوالوں یعنی منقسمہ آمدنی (dividend income)اور سرمایہ میں اضافے کی صورت میں مثبت اثرات جاری رہے جس کی وجہPSX نے سال 2016 میں غیر معمولی اضافہ دیکھا۔ بلوم برگ انٹرنیشنل نےدنیا بھر کی بہترین کارکردگی دکھانے والی منڈیوں میں پاکستان کو پانچواں درجہ دیا ، PSXنےKSE-100 اشاریہ نے بلند ترین سطح کو چھوا اور تقریباً 46 فیصد زیادہ پر بند ہوا۔ بازار حصص کی معیاری کارکردگی کی وجہ سے ہمارے لیے یہ ممکن ہوا کہ ہم اپنے حصص کے پورٹ فولیو کو بہتر کر سکیں اور تیل اور گیس کے پورٹ فولیو سے جو نقصانات ہو چکے تھے ان کا ازالہ کر سکے۔

کمپنی کی بہتر کارکردگی کو مدِ نظر رکھتے ہوئےکم سے کم دستوری سرمائے میں کمی کو پورا کرنےکے حوالے سے ابتدائی 4 بلین روپے کا سرمایہ ڈالنے کی ضرورت پر نظر ثانی کی گئیسالانہ عام اجلاس (AGM) منعقدہ 15 اپریل 2016 میں دونوں حصص یافتگان اس بات پر متفق تھے کہ کم کر کے صرف 2 بلین روپے کا سرمایہ ڈالا جائے جیسا کہ کمپنی اس فرق کو اپنی ترقی سے پورا کر چکی ہے۔

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