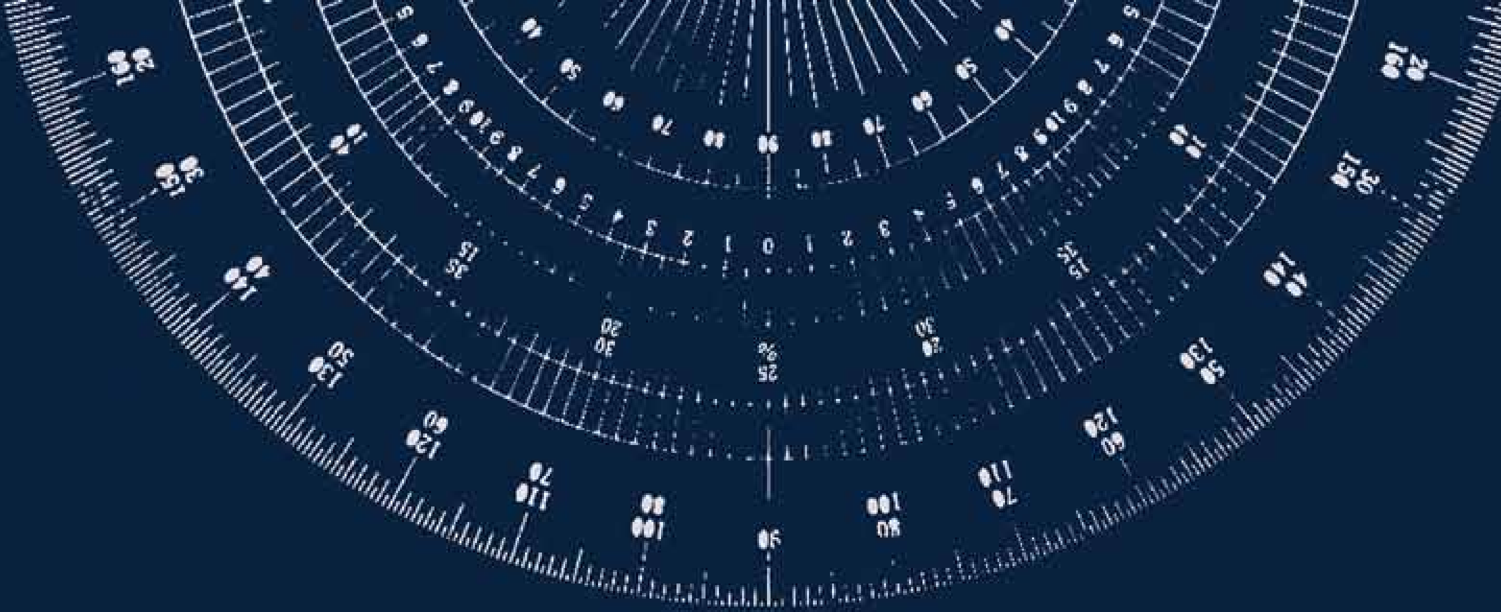


THE POWER OF
PrecisioN

Pak Libya

Annual Report | 2013

The POWER of Precision

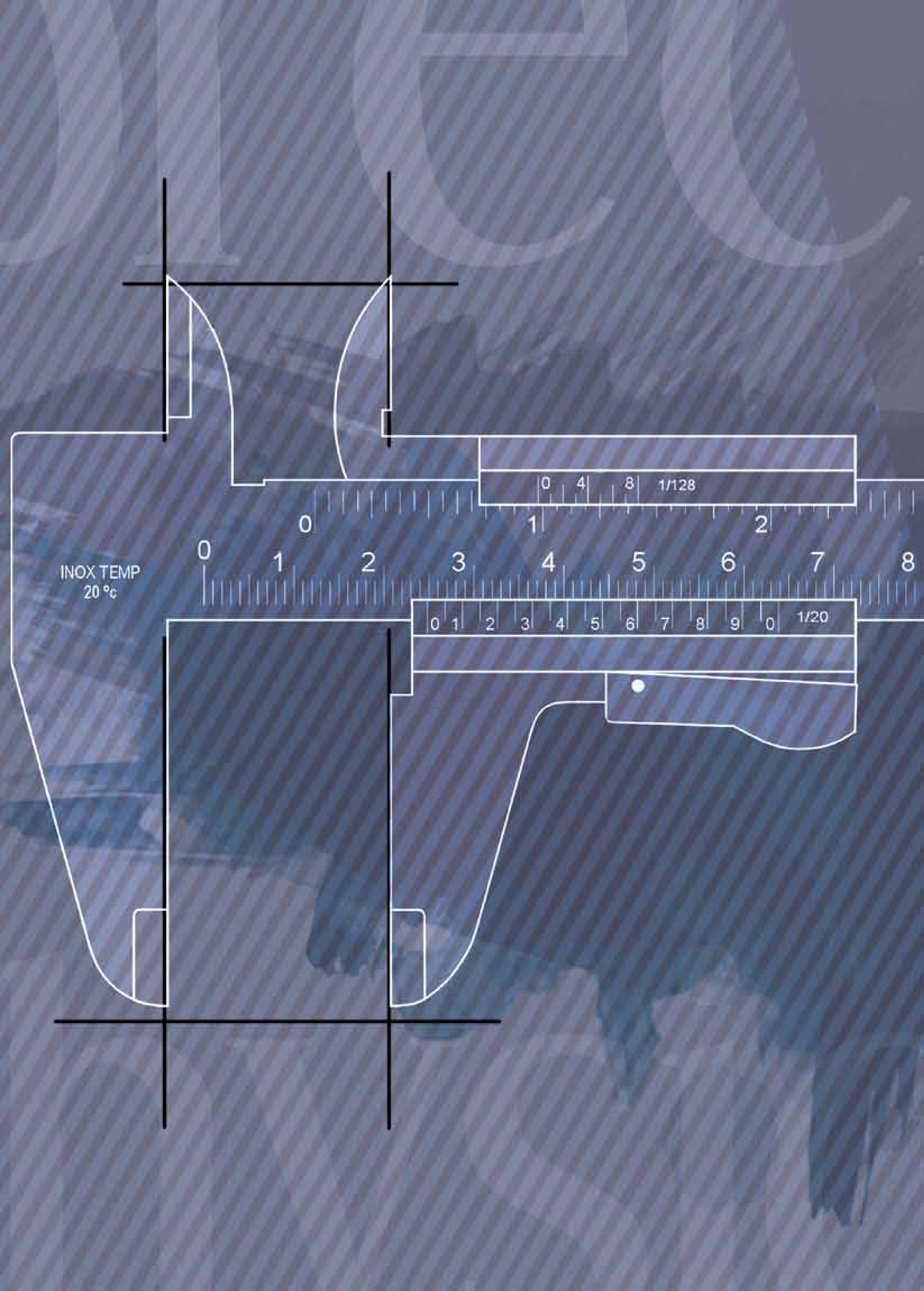
All creations, whether natural or man-made, are based on thorough analysis and calculation. Where there is calculation, there is precision and where there is precision, there is perfection.

Based on the same model of operational precision and accuracy, Pak-Libya Holding Company (Pvt.) Limited aims to promote the economic development of Pakistan encompassing all the sectors of the economy. Established to aid in the infrastructure development of Pakistan through different modes, Pak-Libya aims to maintain its position as a leading financial institution by developing and contributing to shareholders' investment.

Achieving higher

Degrees of success

True success comes to those who raise their goals to a maximum degree. Primarily established as a joint venture Company on the Fourteenth of October, Nineteen Hundred and Seventy-Eight, Pak-Libya Holding Company (Pvt.) Limited has raised its goals to higher degrees over the years and is now geared towards new and improved modes of financing in the corporate sector, thus working tirelessly towards constructive growth of the country.



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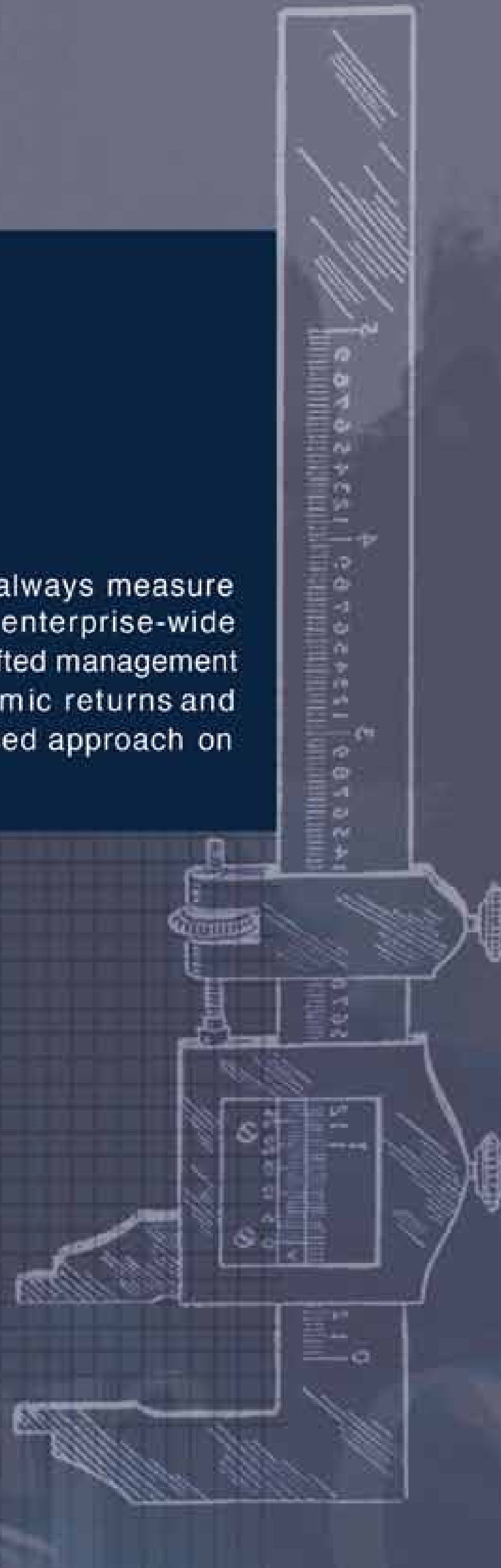
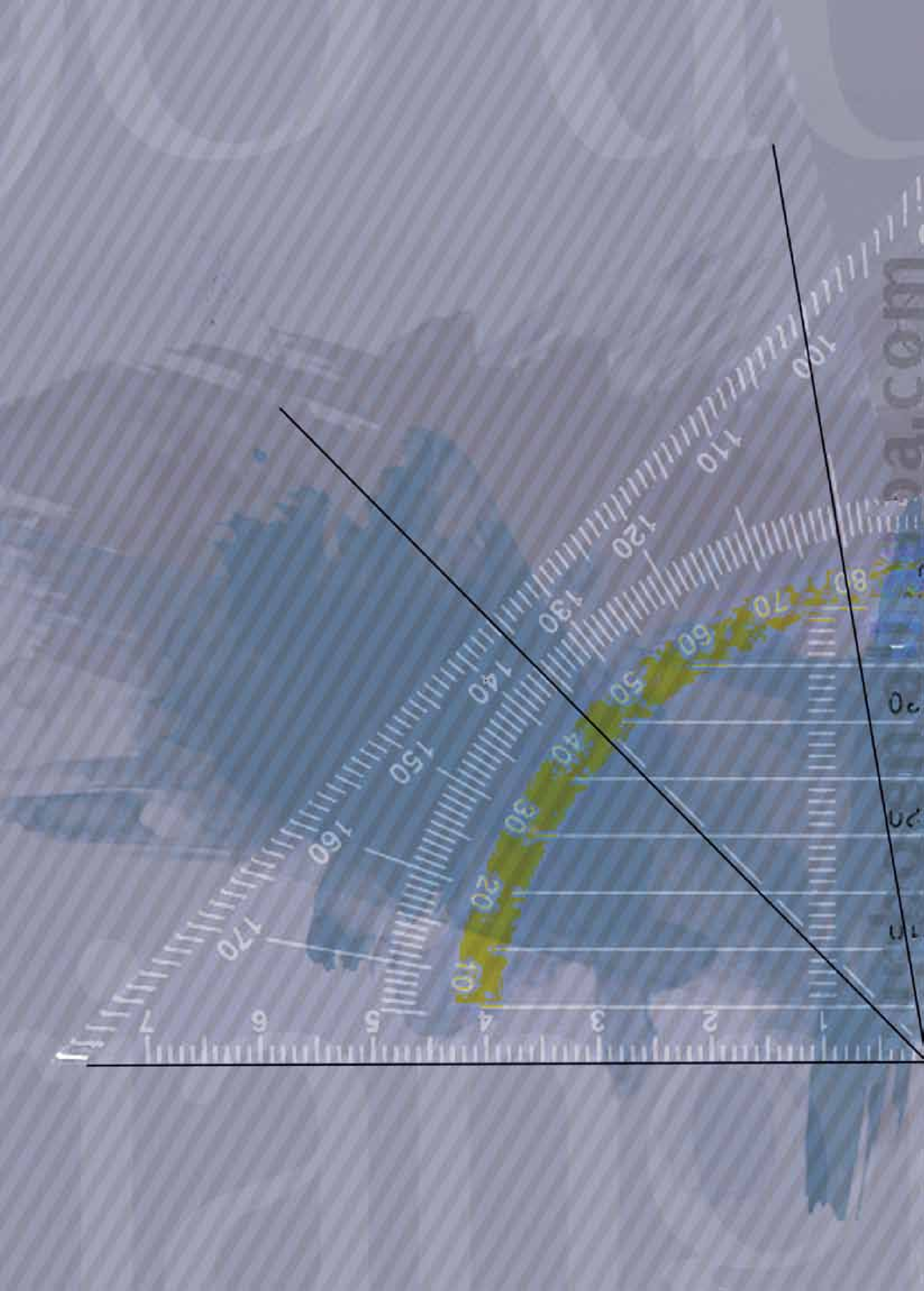
Assessing Pros and Cons

Keeping both the pros and cons in mind, smart organizations always measure the probabilities at both ends. As today's businesses face enterprise-wide risks, Pak-Libya Holding Company (Pvt.) Limited uses precisely drafted management methods and tools to help the Company realize higher economic returns and increase stakeholder confidence with a conservative yet focused approach on sustainable growth.





A vision becomes more attainable if its perspective is on the right angle and focused on the goal. With a well-defined vision and a properly laid roadmap, Pak-Libya Holding Company (Pvt.) Limited has directed all its efforts towards integrating people, processes and systems. It focuses primarily on investing in people to build organizational capability, recognizing leadership and innovation, which are essential for corporate success.

Viewing from the Right Angle

Vision

To maintain and sustain Pak-Libya Holding Company (Pvt.) Limited's position as a leading financial institution by developing and contributing to shareholders' investment and the nation as a whole.

Mission

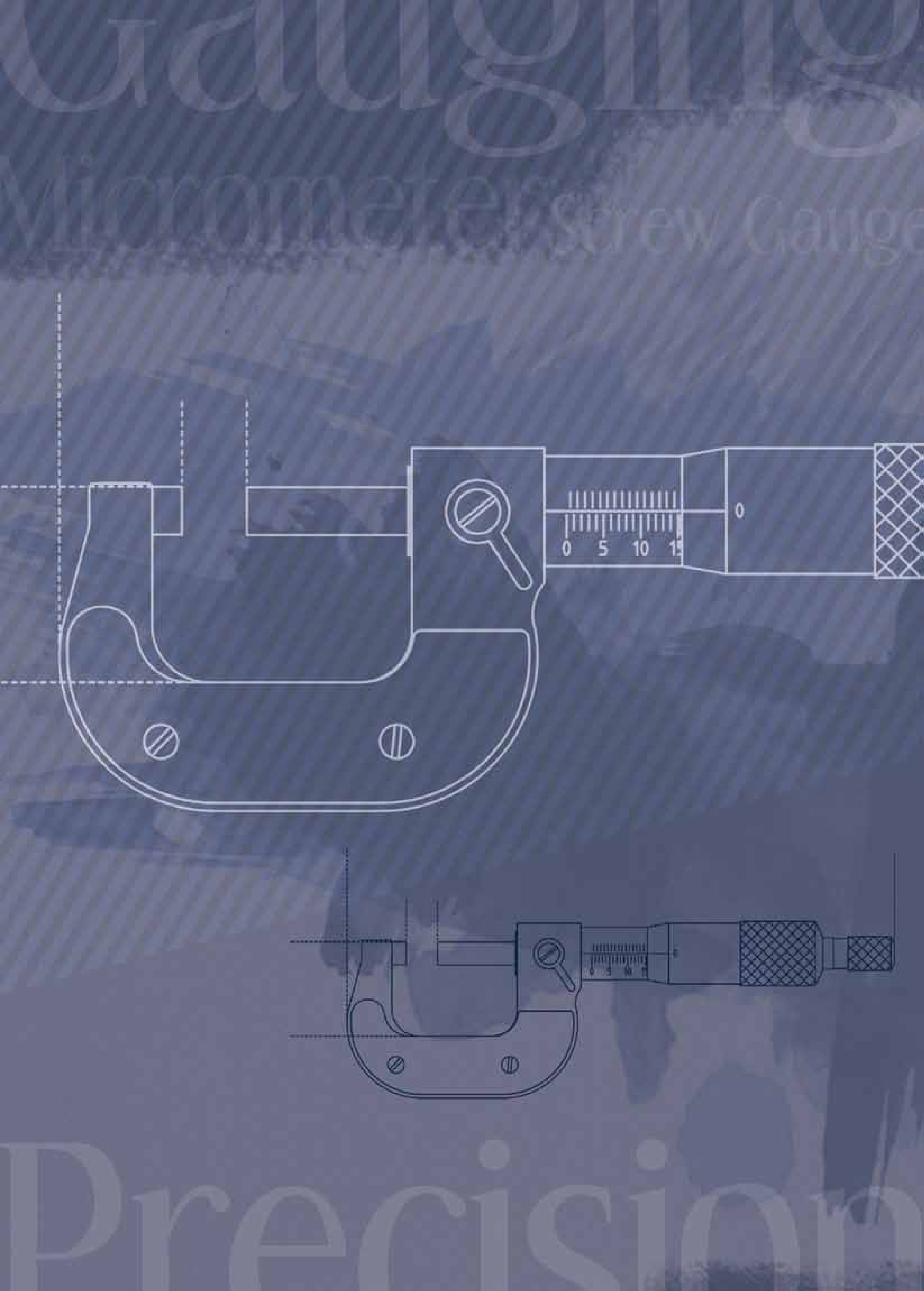
To be firmly committed to development finance and investment activities whilst efficiently managing costs and maximizing returns in order to build a Company that plays a vital role towards corporate responsibility.

Core Values

- Value creativity and innovation
- Recognize that Leadership, Empowerment and Accountability are essential for corporate success
- Strongly believe that quality and an unyielding commitment to continuous improvement are indispensable to achieving growth

Corporate Strategy

- Invest in people to build organizational capability
- Leverage the available financial resources and management skills
- Focus on integrated value creation



Pak Libya - At a Glance

Entity Rating

Maintained by PACRA

Long Term:	AA- (Double A Minus)
Short Term:	A1+ (A One Plus)

Instrument Rating

Privately Placed Secured TFC – Rs. 750 million	AA (Double A)
Secured TFC – Rs. 1,000 million	AA (Double A) - Preliminary

Contents

Board of Directors

Mr. Bashir B. Omer
Chairman

Mr. Fazal-ur-Rehman
Director

Mr. Ramadan A. Haggiagi
Director

Mr. Jamil Ahmed Khan
Director

Mr. Abid Aziz
Managing Director & CEO

Mr. Khalid S.T. Benrjoba
Deputy Managing Director

Mr. Bashir B. Omer
Chairman

Mr. Ramadan A. Haggiagi
Director

Mr. Fazal-ur-Rehman
Director

Mr. Jamil Ahmed Khan
Director

Mr. Abid Aziz
Managing Director & CEO

Mr. Khalid S.T. Benrjoba
Deputy Managing Director

Corporate Information

Board Committees

Credit & Investment Committee

Mr. Bashir B. Omer
Chairman

Mr. Fazal-ur-Rehman
Member

Mr. Abid Aziz
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

Audit Committee

Mr. Ramadan A. Haggiagi
Chairman

Mr. Jamil Ahmed Khan
Member

Mr. Fazal-ur-Rehman
Member

Mr. Merajuddin
Secretary

Recruitment & Compensation Committee

Mr. Bashir B. Omer
Chairman

Mr. Jamil Ahmed Khan
Member

Mr. Abid Aziz
Member

Mr. M. Iqbal Ghori
Secretary

Company Secretary

Mr. Merajuddin

Auditors

M/s. Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

M/s. Mohsin Tayebaly & Company

Registered Office

5th Floor, Block 'C', Finance & Trade Centre,
Shahra-e-Faisal, Karachi-74400 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. Ziauddin Zaffar
Head of Treasury & Fund Management Division

Mr. Muhammad Ali Yaqoob
Head of Securities Portfolio Management Division

Mr. Najam Iqbal Mirza
Head of Liability Management

Mr. Irfan Saleem Awan
Chief Financial Officer

Mr. Manzoor Saber
Head of Internal Audit Division

Mr. Arshad Ismail Khan
Head of Operations (Back Offices)

Mr. Muhammad Sabihuddin
Head of Compliance Division

Mr. Abdul Latif Memon
Head of Risk Management Division

Mr. Saadat Muzaffar
Head of North Region, Lahore

Mr. M. Iqbal Ghori
Head of Human Resource & Administration Division

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

Chairman's Review

It gives me great pleasure to present the Annual Report of Pak-Libya Holding Company (Private) Limited for the year ended December 31, 2013.

This year has been very positive for the Company whereby it reverted to profitability and earned a profit after tax of Rs. 181.595 million. It is surely a result of team work and best efforts of the management and employees of the Company.

The Company maintained its cautious and selective stance in asset growth. Moreover, due efforts were made toward improvement of risk management, compliance and internal control framework of the Company. These initiatives are aimed for sustainable long term strategic growth of the Company.

The Company started implementation of renewed investment strategy for shares and portfolio management division during the year and has taken due advantage of the opportunities offered by Pakistan's stock market during this period.

In Dec. 2012, the Board reviewed the entire situation of the Company and, with the view to attain sustainable growth & income and to comply with the MCR, granted the approval of Business Model, Strategy & Financial Plan and recommended to the shareholders for capital injection of Rs. 4.00 Bn. The shareholders, in their last AGM held in April-2013, consented for, in-principal agreement for increase in paid-up capital of the Company through rights issue transaction of Rs. 4 billion. I am hopeful of a positive outcome on this matter as we target for earliest completion of this transaction.

Considering the support of the shareholders & sincere efforts of the management and employees of Pak-Libya, I am confident about the bright and positive future prospects for the Company.

Acknowledgements

I would like to express my sincere gratitude to the customers and all stakeholders of Pak-Libya for the confidence they continue to repose in the Company. I would also express my sincere appreciation to the shareholders; LAFICO and SBP for their continued support and guidance and to the employees of the Company for their hard work, steadfast trust and loyalty.

Bashir B. Omer

Chairman

Date: February 25, 2014
Karachi.

Directors' Report

The Board of Directors of Pak-Libya Holding Company (Pvt.) Limited ("the Company" or "Pak-Libya" or "PLHC") is pleased to present the Annual Report of the Company for the year ended December 31, 2013.

Economic Overview

During calendar year (CY) 2013, economy continued to face challenges like energy shortages, balance of payment issues, in-adequacy of taxation reforms, depleting foreign exchange reserves, depreciating currency and distressed law & order situation. In view of the worsening inflationary outlook and challenges faced by the economy, State Bank of Pakistan (SBP) increased the policy rate by 50 bps in each of the monetary policy decisions in September and November-2013. The discount rate currently stands at 10%. Earlier, during CY-2013, SBP brought down discount rate from 9.5% to 9% in view of the declining inflation and to promote private sector credit. Real GDP growth rate in fiscal year 2014 is likely to remain between 3%-4%. In contrast, the annual plan for fiscal year 2014 sets a GDP growth rate target of 4.4%.

This was however a historic year whereby transition from one democratically elected government to another took place which quickly signaled restoration of economic sustainability and rapid growth as high priorities for its five year term. In the recent past, there has also been improvement in the private sector credit which is a positive sign for the economic activity. Further, there is improvement in the inflation outlook which resulted in maintenance of the policy rate by SBP at 10% in its monetary policy announcement of Janaury-2014. Further, CY-2013 has been positive for equity markets whereby KSE-100 index registered a growth of 49.43% and stood at 25,261.14 as at December 31, 2013.

Going forward, improvement in balance of payment position is largely dependent upon proceed from Coalition Support Fund, 3G license auction and pending proceeds from PTCL privatization. Further, concrete steps will be required for effective handling of challenges faced by the Country.

Corporate Performance

FY-2013 has been very positive for the Company whereby it reverted to profitability and earned a profit after tax of Rs. 181.595 million as against loss (Restated) of Rs. 3,428.519 million last year. The main contributors toward profit during the year were dividend income, net gain from trading in securities, principal, income and fee recovery from certain non-performing & troubled assets. Net mark-up income during the year increased and stood at Rs. 254.250 million as against Rs. 245.286 million during the previous year.

Through strenuous recovery efforts and follow ups, the Company achieved reversal of provisions against certain old classified assets which made contribution to the profit for the year. Last year loss included the impact of high provisioning expense which has been appropriately arrested by the management in FY-2013 where net provision reversal/income has been achieved by the Company.

With induction of a fresh human resource for Securities and Portfolio Management (SPM), the Company started implementation of renewed investment strategy for this division and took advantage of the opportunities available in the stock market thereby making healthy contribution towards profits for the year.

Moreover, in light of the favorable order by Inland Revenue Appellate Tribunal against the pending tax related appeals for various years, the Company recognized prior year reversal of tax provision of Rs. 25 million in June-2013 which resulted in lower tax charge for the FY-2013. Moreover, charge for deferred tax was Rs. 15.069 million, resulting in sizable overall reduction in tax expense during the year as against Rs. 111.145 million last year.

During the year, the Company maintained its cautious and selective stance in asset growth and focused on risk adjusted improvements in portfolio. Further, the Company has launched a retail liability product during the year with view to diversify its deposit base and lower risk profile in liabilities. Moreover, risk management, compliance and internal control framework including internal controls over financial reporting is being further strengthened. We are hopeful that all these measures will result in lower risk profile of the Company and help in sustainable future growth.

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

	Rupees in '000	
	2013	2012 (Restated*)
Year-end balances:		
Total assets	**12,120,737**	13,465,607
Total liabilities	**8,800,819**	10,321,598
Net assets	**3,319,918**	3,144,009
Shareholders' equity (net):		
Share capital	**6,141,780**	6,141,780
Reserves	**36,319**	-
Accumulated loss	**(2,845,431)**	(2,989,420)
Sub total	**3,332,668**	3,152,360
Deficit on revaluation of assets – net of tax	**(12,750)**	(8,351)
Total	**3,319,918**	3,144,009
For the year:		
Profit/(Loss) / before taxation	**195,995**	(3,317,374)
Profit/(Loss) after taxation	**181,595**	(3,428,519)
Earnings/(Loss) per share (Rs.)	**296**	(5,582)

*Due to adoption of IAS-19 (Revised)

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 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 transaction of Rs. 4 billon is completed, the MCR shortage will be adequately met and the Company will earn sufficient profits to enable dividend distributions to its shareholders.

Statement on Corporate & 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 practice of corporate governance.
- Directors Training Programmes (DTPs) will be arranged for the directors in compliance with the requirements of the Code of Corporate Governance (Code). During the year, one of the directors obtained international corporate governance certificate which partly complies with the requirement of the DTP stipulated in the Code. The remaining hours of DTP for the said director will be completed

at the earliest possible time. Further, as per the requirement of the Code, the roles and responsibilities of the Chairman will be approved by the Board of directors in the upcoming board meetings.

- During the year, Public Sector Companies (Corporate Governance) Rules, 2013 were issued by the Securities and Exchange Commission of Pakistan (SECP) which were also applicable to the Company. However, subsequent to the year end, the same have been exempted by SECP subject to the conditions that training of directors, performance evaluation of the board and audit of financial statements through QCR rated firms shall be ensured. The Company intends to ensure compliance with these conditions of exemption in letter and spirit.
- 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.

Board Composition

During the year, appointment process of two GoP nominee directors was completed thereby completing the board composition of the Company. This helped in more robust execution of policies and strategic matters of the Company.

Credit Rating

In its rating announcement (May-2013) during the year, PACRA maintained Company's credit rating as follows:

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

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

Further, Privately Placed Secured TFC issue (Feb-2011) of the Company has been rated AA (Double A) by PACRA. A negative outlook has been assigned to the Company and TFC ratings signifying the need for timely injection of equity.

Risk Management Framework

Risk management structure of the Company entails a consolidated and holistic approach. Risk management process of the Company is overseen by the Board's Risk Management Committee.

The Credit Policy and Credit Manuals for the Company were updated and modified based on the changing risk and regulatory environment and are being implemented. The Obligor Risk Rating model and Facility Risk Rating model were redesigned with a view to emphasize upon internal ratings model covering objective aspects. Moreover, implementation of sound monitoring and reporting mechanism has improved the overall credit risk management process.

During the year Basel III regulations were introduced by SBP for Capital Adequacy Ratio (CAR) calculations. The regulations came into effect from December 2013, with a phase wise approach, with full scale implementation by December 2019. The Company has maintained its CAR well above prescribed regulatory thresholds throughout the year based on applicable Basel II and Basel III requirements. During the year the Internal Capital Adequacy Assessment Process framework has been reviewed in light of the new guidelines issued by SBP 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 June 30, 2014.

The Company continued its efforts to enhance the scope of its Operational Risk Management Framework in order to better understand the operational risk profile and improve the overall control environment. Existing Business Continuity Plan and Disaster Recovery policies are being reviewed to address the relevant risks appropriately.

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 Company has also formulated a Liquidity Risk Management Policy in addition to the Liquidity Management Policy.

Growth in the Company's portfolio is being handled effectively to avoid risk concentration through established limits. The Company aims at business growth by assuming direct exposures or through risk participation. Risk management division proactively contributes in exposure selection within the defined risk parameters.

The Company is continuously making its 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 organizational objectives and continuous improvement is made therein in light of the changing requirements of the business and operating environment. During the year, the Company has updated its earlier documentation for Internal Controls Over Financial Reporting which is aimed to further strengthen the financial reporting framework and internal controls of the Company. Moreover, management has evaluated the internal control, including internal controls over financial reporting as effective and the Board endorses the same evaluation.

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 June 30, 2014 and has advised the Company to take immediate steps to complete the process of capital injection of Rs. 4 billion. In light of the decisions of the board of directors and the shareholders, the management is following up the matter of capital injection of Rs. 4 billion (Rs. 2 billion each shareholder) with Ministry of Finance and LAFICO. We are hopeful of a positive outcome of these follow up efforts on the capital injection transaction.

Further, auditors have also drawn attention to note 11 to the accompanying financial statements relating to deferred tax asset amounting to Rs.283.363 million. The auditors have stated that management has recorded the said asset based upon their assessment of its recoverability, on the basis of financial projections for future years, as approved by the Board of Directors of the Company, which take into account various assumptions regarding the future business and economic condition including the key assumption for injection of additional capital of Rs. 4 billion by the shareholders. In this respect, the Company has followed a prudent stance in deferred tax asset recognition. Further, we are hopeful that the Company will be able to increase its paid up share capital by Rs. 4 billion and achieve the profits as forecasted in the financial projections and, consequently, the recorded deferred tax asset will be realized in future.

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

Comments of Auditors in their Review Report of Code of Corporate Governance (Code)

Auditors have added an emphasis of matter paragraph in their review report on the statement of compliance with the Code in which they have highlighted 1) the matter of approval of roles and responsibilities of the Chairman which are to be approved by the Board of directors and 2) status of training of a director under the directors training programme as required by the Code. In this respect, the Company is targeting to achieve full compliance with these requirements of the Code at the earliest possible timeline.

The conclusion of auditors is not qualified in respect of the above matters.

Statement of Investment of Provident and Gratuity Funds

The values of investments (excluding cash at bank) of provident fund and gratuity fund as at December 31, 2012 are Rs. 41.370 million and Rs. 59.522 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	3	3
Mr. Ramadan A. Haggiagi	Director	6	6
Mr. Jamil Ahmed Khan	Director	5	5
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	2	2
Mr. Jamil Ahmed Khan	Member	4	3
Mr. Abid Aziz	As Alternate Member	2	2

Details of Risk Management Committee Meetings

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

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Fazal-ur-Rehman (*)	Chairman	1	1
Mr. Ramadan A. Haggiagi	As Chairman	1	1
	As Member	1	1
Mr. Khalid S.T. Benrjoba	Member	2	2

(*) Replaced Mr. Ramadan A. Haggiagi as Chairman of RMC.

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. Jamil Ahmed Khan	Member	2	2
Mr. Abid Aziz	Member	2	2

Details of Credit/Investment Committee Meeting

During the year one meeting of the credit/investment committee 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. Fazal-ur-Rehman	Member	1	1
Mr. Abid Aziz	Member	1	1

Auditors

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder and Co. Chartered Accountants (A member firm of Ernst and Young Global Limited) retire and being eligible have offered themselves for re-appointment. The Audit Committee has recommended re-appointment of auditors for the year ending December 31, 2014 which has been endorsed by the Board of Directors in compliance with the Code of Corporate Governance.

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

Necessary work towards Rs. 4 billion rights issue capital injection transaction of the Company in line with recommendation of the Board is in process. This increase in paid-up capital aims to comply with statutory minimum capital requirement (MCR), for risk absorption and for better future business prospects of the Company. In the Annual General Meeting (AGM) held on April 29, 2013, in-principal agreement on injection of capital by way of rights issue of Rs. 4 billion was given by the shareholders. Further, management was advised to follow up the matter with the Ministry of Finance (MOF) and Libyan Foreign Investment Company (LAFICO). In light of the decisions of the Board and shareholders, the management is doing necessary work and follow-ups on this matter with a target to complete the capital injection process in FY-2014. We are hopeful of a positive outcome on the matter.

The management is focusing on all possible avenues for profitable operations of the Company. These include but are not limited to the recovery efforts for troubled and non-performing assets which are a source of potential earnings. Moreover, cautious stance is being maintained in further asset growth. Further, as per the Board's approved plan, efforts to exit from Kamoki Energy Limited (KEL) in best possible manner are underway. Subsequent to the year-end, Ameejee Valejee & Sons (Private) Limited along with certain shareholders on KEL from Tapal Family have filed winding up petition for KEL. Pak-Libya, through its legal advisor is in the process of responding to the said winding up petition to protect the interest of the Company.

In view of the overall efforts being made by the management, we are hopeful of positive business prospects for the Company.

It is important to mention here that effective handling of major challenges like energy crises, fiscal imbalances, law and order situation, currency devaluation, taxation reforms etc., by the Government of Pakistan will play a great role in determining of future path of the economic activity. This will resultantly impact the businesses operating in the Country including the Company.

Acknowledgements

On behalf of the Board and the Management, we would like to express our sincere gratitude to the customers, the all stakeholders of Pak-Libya for their confidence they continue to repose in the Company. We would also express our appreciation to the shareholders; LAFICO and SBP 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	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Date: February 25, 2014
Karachi.

*Summary of key operational and financial data on Page No.29

Summary
of key operational and
Financial data for last six years

Summary of key operational and financial data for last six years

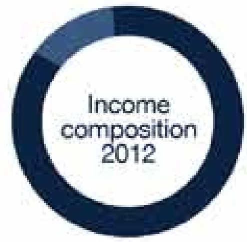
(Rs. In Million)

	2013	2012	2011	2010	2009	2008
Gross Approvals*	**2,255**	1,405	2,011	2,001	6,266	5,818
Disbursements*	**1,392**	1,295	1,731	2,373	4,813	3,231
Recoveries*	**2,587**	2,755	2,865	3,046	2,976	2,100
Gross Income	**1,331**	1,349	1,799	1,860	1,127	1,892
Net interest income	**254**	245	628	550	466	505
Net Profit/(Loss) before Tax	**196**	(3,317)	116	105	(753)	62
Taxation-net	**14**	111	179	(26)	(25)	(50)
Net Profit/(Loss) after Tax	**182**	(3,429)	(64)	131	(728)	112
Dividends(year of approval)**	**-**	-	-	-	-	300
Shareholders' Equity (net)	**3,320**	3,144	6,354	6,460	6,311	5,653
Total assets	**12,121**	13,466	14,884	16,375	16,411	12,172
Staff Strength (number)***	**111**	104	109	104	103	108

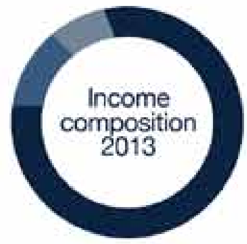
* Includes rollover
** Stock Dividend
*** Including outsourced staff

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

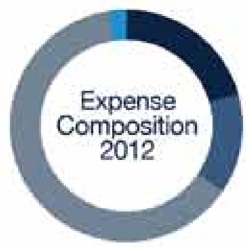
91% Mark-up Income | 9% Non Mark-up Income | 0% Provision Income-net



80% Mark-up Income | 13% Non Mark-up Income | 7% Provision Income-net



21% Mark-up expenses | 14% Non Mark-up expenses | 63% Provision expenses-net | 2% Taxation



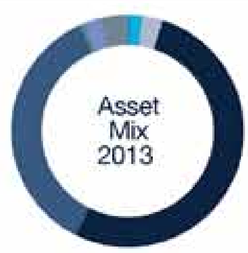
72% Mark-up expenses | 27% Non Mark-up expenses | 0% Provision expenses-net | 1% Taxation

57% Investments | 36% Advances | 3% Other assets | 1% Cash and balances with treasury banks

1% Oprting fixed assets | 0% Balances with other banks | 0% Lendings to financial institutions | 2% Deferred Tax assets

52% Investments | 36% Advances | 4% Other assets | 0% Cash and balances with treasury

1% Oprting fixed assets | 2% Balances with other banks | 3% Lendings to financial institutions | 2% Deferred Tax assets



Statement of Internal Controls

For the Year Ended December 31, 2013

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 FY-2013 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.
- In line with the instructions of the SBP, the Company will submit the Statutory Auditors' Long Form Report on ICFR as of December 31, 2013 to SBP by June 30, 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 FY-2013 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	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Date: February 25, 2014
Karachi.

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Pak Libya Holding Company (Private) Limited** (the Company) for the year ended 31 December 2013 to comply with Regulation G-1 of the Prudential Regulation for Corporate / Commercial Banking issued by State Bank of Pakistan.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2013.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note references where these are stated in the Statement of Compliance:

Note Reference	Description
8	Roles and responsibilities of the Chairman of the Board of Directors will be defined in the upcoming Board meetings.
9	One of the Directors partly complies with the requirement of certification under director training program as required by the Code.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: February 25, 2014
Karachi.

Statement of Compliance with the Code of Corporate Governance

For the Year Ended December 31, 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) as framed by the Securities and Exchange Commission of Pakistan, which are applicable to Pak-Libya Holding Company (Pvt.) Limited ("the Company" or "Pak-Libya" or "PLHC") through regulation G-1 of the Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan (SBP).

The Company has applied the principles contained in the Code 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. Jamil Ahmed Khan

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. At the start of the year, two vacancies existed on the Board for the GoP nominee directors which were filled during the year upon completion of necessary regulatory process for their appointment on March 20, 2013 and May 15, 2013.

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 shall be defined by the board in light of the requirements of the Code in the upcoming board meetings.

9. Training programmes will be arranged for the directors in compliance with the timeline stipulated in the Code. Further, to comply with the requirement of the Code, one of the directors obtained International Corporate Governance Certificate during FY-2013 which partly complies with the stipulated requirement of certification under the directors training programme (DTP) for one director each year. The remaining hours for the DTP of the said director are targeted to be completed at the earliest possible time to fully meet the requirement.

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 the Code 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 Code.

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 and as required by the Code. 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.

21. We confirm that all material principles enshrined in the Code, as applicable to the Company have been complied with.

Khalid S.T. Benrjoba	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Date: February 25, 2014
Karachi.

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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 2013** 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 2013 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 the following matters:

(i) as more fully explained in note 1.2 to the accompanying financial statements, 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 2014 and has advised the Company to take immediate steps to complete the process of capital injection of Rs.4 billion; and

(ii) note 11 to the accompanying financial statements relating to deferred tax asset amounting to Rs. 283.363 million. The management has recorded the said asset based upon their assessment of its recoverability, on the basis of financial projections for future years, as approved by the Board of Directors of the Company, which take into account various assumptions regarding the future business and economic conditions including the injection of capital by shareholders in the future. However, as disclosed in the said note, a significant change in the assumptions used may have an impact on the realisability of the deferred tax asset recorded in the financial statements.

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: February 25, 2014
Karachi.

Statement of Financial Position

As at December 31, 2013

	Note	2013	2012
		---------- (Rupees in '000) ----------	
			Restated
ASSETS			
Cash and balances with treasury banks	5	51,848	63,387
Balances with other banks	6	193,258	38,636
Lendings to financial institutions	7	350,000	-
Investments	8	6,356,193	7,706,331
Advances	9	4,352,981	4,841,011
Operating fixed assets	10	86,956	97,945
Deferred tax assets	11	283,363	293,577
Other assets	12	446,138	424,720
		12,120,737	13,465,607
LIABILITIES			
Bills payable		-	-
Borrowings	14	5,615,747	5,880,572
Deposits and other accounts	15	2,809,423	4,088,500
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	16	375,649	352,526
		8,800,819	10,321,598
NET ASSETS		3,319,918	3,144,009
REPRESENTED BY			
Share capital	17	6,141,780	6,141,780
Reserves	18	36,319	-
Accumulated loss		(2,845,431)	(2,989,420)
		3,332,668	3,152,360
Deficit on revaluation of assets - net of tax	19	(12,750)	(8,351)
		3,319,918	3,144,009
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 43 and Annexures-I & II form an integral part of these financial statements.

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

Profit and Loss Account

For the Year Ended December 31, 2013

	Note	2013	2012
		---------- (Rupees in '000) ----------	
			Restated
Mark-up / return / interest earned	22	**1,147,179**	1,229,133
Mark-up / return / interest expensed	23	**892,929**	983,847
Net mark-up / interest income		**254,250**	245,286
(Reversal of provision) / provision against non-performing advances - net	9.3.1	**(76,223)**	1,752,648
Reversal of provision against lendings to financial institutions	7.3	**(3,756)**	(3,756)
(Reversal of provision) / provision for diminution in the value of investments - net	8.17	**(14,858)**	1,234,710
Bad debts written-off directly	9.3.5	**-**	-
		(94,837)	2,983,602
Net mark-up / interest income after provisions		**349,087**	(2,738,316)
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		**19,695**	6,226
Dividend income		**44,891**	13,018
Income from dealing in foreign currencies		**-**	-
Gain on sale of securities - net	24	**116,312**	99,030
Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading'		**(9,357)**	74
Other income	25	**12,627**	1,592
Total non-mark-up / interest income		**184,168**	119,940
		533,255	(2,618,376)
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	26	**356,123**	281,112
Other provisions / write offs	27	**(44,666)**	366,959
Other charges	28	**25,803**	18,071
Total non-mark-up / interest expenses		**337,260**	666,142
Share of loss on interest in joint venture		**-**	(32,856)
		195,995	(3,317,374)
Extraordinary / unusual items		**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**195,995**	(3,317,374)
Taxation			
- current		**24,331**	6,676
- prior years		**(25,000)**	-
- deferred		**15,069**	104,469
	29	**14,400**	111,145
PROFIT / (LOSS) AFTER TAXATION		**181,595**	(3,428,519)
		------------ (Rupees) ------------	
Earnings / (loss) per share - basic and diluted	30	**296**	(5,582)

The annexed notes 1 to 43 and Annexures-I & II form an integral part of these financial statements.

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

Statement of Comprehensive Income

For the Year Ended December 31, 2013

	2013	2012
	------- (Rupees in '000) -------	
		Restated
Profit / (loss) after taxation	**181,595**	(3,428,519)
Other comprehensive income - net		
Not to be reclassified in profit and loss account in subsequent periods		
Actuarial losses on defined benefit plan	**(1,287)**	(2,868)
Total comprehensive income / (loss) for the year	**180,308**	(3,431,387)

The surplus / (deficit) arising on revaluation of assets has been reported in accordance with the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes 1 to 43 and Annexures-I & II form an integral part of these financial statements.

Khalid S.T. Benrjoba	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Cash Flow Statement

For the Year Ended December 31, 2013

	Note	2013	2012
		------- (Rupees in '000) -------	
			Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		195,995	(3,317,374)
Less: Dividend income		(44,891)	(13,018)
		151,104	(3,330,392)
Adjustments:			
Depreciation	10.2	24,214	17,231
Amortisation	10.4	102	12
(Reversal of provision) / provision against non-performing loans and advances - net	9.3.1	(76,223)	1,752,648
Unrealised loss / (gain) on revaluation of investments classified as 'held-for trading'		9,357	(74)
Reversal of provision against lendings to financial institutions	7.3	(3,756)	(3,756)
Other (reversal of provisions) / provisions	27	(44,666)	366,959
Share of loss on interest in joint venture		-	32,856
(Reversal of provision) / provision for diminution in the value of investments - net	8.17	(14,858)	1,234,710
Gain on sale of operating fixed assets	25	(11,850)	(525)
		(117,680)	3,400,061
		33,424	69,669
(Increase) / decrease in operating assets			
Lendings to financial institutions		3,756	203,756
Investment classified as 'held-for-trading'		(421,525)	(75,027)
Advances		529,563	445,454
Other assets (excluding advance taxation)		76,316	75,335
		188,110	649,518
Increase / (decrease) in operating liabilities			
Borrowings		(264,825)	1,343,101
Deposits and other accounts		(1,279,077)	435,656
Other liabilities		21,836	10,085
		(1,522,066)	1,788,842
		(1,300,532)	2,508,029
Income tax paid		(17,746)	(27,747)
Net cash generated from operating activities		(1,318,278)	2,480,282
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in 'available-for-sale' securities		1,804,546	(2,451,499)
Net investments in 'held to maturity' securities		(36,636)	23,750
Dividend received		44,928	11,766
Investments in operating fixed assets - net		(18,578)	(48,471)
Proceeds on sale of operating fixed assets		17,101	2,375
Net cash used in investing activities		1,811,361	(2,462,079)
Increase / (decrease) in cash and cash equivalents		493,083	18,203
Cash and cash equivalents at beginning of the year		102,023	83,820
Cash and cash equivalents at end of the year	31	595,106	102,023

The annexed notes 1 to 43 and Annexures-I & II form an integral part of these financial statements.

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director & CEO

Statement of Changes in Equity

For the Year Ended December 31, 2013

	Capital reserves	Capital reserves	Reserves – Revenue reserve	Reserves	
	Issued, subscribed and paid-up capital	Statutory reserve (refer note 18)	Accumulated loss	Total reserves	Total
	----------	(Rupees in '000)	----------		
Balance as at January 01, 2012 (as per previously reported)	6,141,780	474,801	(29,595)	445,206	6,586,986
Effect of change in accounting policy as stated in note 4.1	-	-	(3,239)	(3,239)	(3,239)
Balance as at January 01, 2012 - Restated	6,141,780	474,801	(32,834)	441,967	6,583,747
Total comprehensive loss for the year - Restated					
Loss after taxation for the year ended December 31, 2012 (Restated)	-	-	(3,428,519)	(3,428,519)	(3,428,519)
Other comprehensive loss (Restated)	-	-	(2,868)	(2,868)	(2,868)
	-	-	(3,431,387)	(3,431,387)	(3,431,387)
Transfer from statutory reserve	-	(474,801)	474,801	-	-
Balance as at December 31, 2012 - Restated	6,141,780	-	(2,989,420)	(2,989,420)	3,152,360
Total comprehensive income for the year					
Profit after taxation for the year ended December 31, 2013	-	-	181,595	181,595	181,595
Other comprehensive loss	-	-	(1,287)	(1,287)	(1,287)
	-	-	180,308	180,308	180,308
Transfer to statutory reserve	-	36,319	(36,319)	-	-
Balance as at December 31, 2013	**6,141,780**	**36,319**	**(2,845,431)**	**(2,809,112)**	**3,332,668**

The annexed notes 1 to 43 and Annexures-I & II form an integral part of these financial statements.

Khalid S.T. Benrjoba	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Notes to the Financial Statements

For the Year Ended December 31, 2013

1. STATUS AND NATURE OF BUSINESS

1.1 Pak Libya Holding Company (Private) Limited (the Company or PLHC) was incorporated in Pakistan as a private limited company on October 14, 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) extended the tenure for further thirty years upto October 14, 2038. The objective of the Company interalia includes 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 October 28, 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Tower C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has two sales and service centers located in Lahore and Islamabad. Effective August 05, 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 September 05, 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 December 31, 2013 amounted to Rs.3.296 billion (December 31, 2012 Restated: Rs.3.152 billion). The Company had utilized available statutory capital reserves during FY-2012 pursuant to the relaxation allowed by SBP vide its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012.

The Board of Directors (BOD) of the Company in its meeting held on December 09, 2012 and December 10, 2012, recommended the shareholders for increase in paid-up capital by Rs.4 billion in the year FY-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.

In light of the Board's recommendation, the agenda for approval of increase in authorised and paid-up capital of the Company was considered in the Annual General Meeting (AGM) of the shareholders held on April 29, 2013. The meeting deliberated upon various points with respect to this matter, including the correspondence with Ministry of Finance (MoF) and Libyan Foreign Investment Company (LAFICO) on the same. The meeting also discussed upon the brief given about the initial reply received from MoF which showed its inability to inject further capital due to financial constraints. The MoF's reply further stated that the SBP will be requested for exemptions in respect of Minimum Capital Requirement for the Company beyond December 31, 2013, when necessary. The meeting was also apprised about subsequent letter written by the Company to MoF requesting reconsideration of request for capital injection - which was under consideration of the MoF at the time of that AGM.

After detailed deliberations on the matter in above AGM, the shareholders concluded by recognizing the importance of the Company as joint venture between the two countries and assured continued support for its success. The representatives of both the governments who attended the AGM agreed, in principle, to inject additional capital of Rs.4 billion by way of rights issue and approved the increase in the authorized capital of the Company from Rs.8 billion to Rs.12 billion. The meeting also advised the management to follow up the matter with MoF / LAFICO.

Based on the above explained decisions, the management continues its efforts and follow up with MOF and LAFICO for the earliest completion of the capital injection transaction. In the board meeting of the Company held in October 2013, the Chairman of the Board (LAFICO Nominee) has apprised the board that LAFICO is willing to subscribe its share of capital increase however GoP has to show its willingness to contribute its portion of capital increase. He further apprised that LAFICO recognizes the contributions of PLHC in fostering the relationship between Pakistan and Libya.

The MoF in its reply to the Company dated November 05, 2013 has not acceded to the request for equity injection of Rs.2 billion and advised the Company to take necessary corrective measures for meeting the shortfall of equity.

In the BoD meeting dated December 16, 2013, the Deputy Managing Director of the Company (Libyan Nominee) apprised the board about his discussions with LAFICO and said that Libyan shareholder is willing to subscribe its portion of equity whereby the timeline for the subscription of capital will be finalized with mutual consent, however, the Company has been waiting for a formal commitment from LAFICO. He also apprised about the planned visit of Managing Director LAFICO (MD LAFICO) to Pakistan in first quarter of the year 2014. It was stated that he will meet with the officials of MOF and SBP etc. to discuss the matter of capital injection and other areas of mutual interest.

In light of the above status, the board has approved a fresh set of projections for a period of five years which includes the revised timeline for completion of the capital injection transaction in the FY-2014. Further SBP vide its letter no. BPRD/BA&CP/657/614/2014 dated January 10, 2014, has granted extension in the exemption for meeting the MCR till June 30, 2014 and has advised the Company to take immediate steps to complete the process of capital injection of Rs.4 billion.

In light of the above explained decisions and timelines, necessary work and follow up by the management is currently underway with a target to complete the capital injection process in FY-2014. Moreover, the shareholders meeting for formal call of additional capital is expected to be held as soon as the capital injection and its timeline is confirmed by both the shareholders. Moreover, LAFICO vide its letter dated December 11, 2013 has stated its support for PLHC and its management. Subsequent to the year end, MD LAFICO along with Chairman PLHC visited Pakistan and met with the Acting Governor SBP and Finance Minister. These meetings are expected to have positive impact on the capital injection transaction as well as relationship between the two brotherly countries. Hence the Company is expecting a positive outcome on the capital injection transaction.

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 State Bank of Pakistan (SBP). The approved accounting standards comprise of International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. 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 September 11, 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 Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated April 28, 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 Rupees 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 December 31, 2012 other than those disclosed in note 4.1 below:

4.1 Change in accounting policy relating to Defined Benefit Plan

Amendments to IAS 19 "Employee Benefits" range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account.

- The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in note 16.2.

- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard – 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated. The impact on statement of financial position, profit and loss account and statement of comprehensive income, as disclosed in note 16.2, is based on actuarial valuation as of December 31, 2013.

Accounting standards, interpretations, and amendments applicable to the financial statements

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

Standard or interpretation

IAS 1 – Presentation of Financial Statements –
Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements -
Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects
of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting
and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in note 4.1.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 01, 2014 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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

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

Income from loans, term finance certificates and sukuks is recognised on an accrual basis using the effective interest method.

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 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.

General provision

The Company maintains a general reserve (provision) in accordance with the applicable requirement of the 'Prudential Regulations for Consumer Financing' issued by the SBP.

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.

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 which includes transaction costs associated with the investment. These are carried at market value except for unquoted securities where market value is not available, which are carried at cost less provision for diminution in 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 unquoted 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.

Unlisted securities where active market does not exist are stated at the lower of cost and break-up value.

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).

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

Provision for diminution in value of investments for unquoted 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.

Interest in Joint Venture

Interest in joint venture is accounted for using the equity method of accounting less provision for impairment, if any.

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 income 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 December 31, 2013. 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 (2012: 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 December 31, 2013.

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 Rupees, which is the Company's functional and presentation currency.

4.11 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the balance sheet date. Foreign currency transactions during the year are recorded at the rates prevailing on the date of transaction. 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 balance sheet 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

A segment is a distinguishable component of the Company that is engaged in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Business segments

- Retail banking

  Consists of retail lending services to private individuals and small businesses.

- Corporate / commercial banking

  Consists of investments, lending for project finance, trade finance, corporate customers and investment banking, includes advices and placements to corporate mergers and acquisitions, underwriting, privatisations and securitisation and rest of the business.

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 other than deferred tax 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 revised 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)
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2014. 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, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

	Note	2013	2012
		------ (Rupees in '000) ------	
5. CASH AND BALANCES WITH TREASURY BANKS			
Cash in hand			
Local currency		**4**	3
Foreign currency		**55**	87
Balances with State Bank of Pakistan (SBP)			
Local currency current account	5.1	**50,889**	63,154
Balances with National Bank of Pakistan			
Local currency current account		**900**	143
		51,848	63,387

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

	Note	2013	2012
BALANCES WITH OTHER BANKS			
6. In Pakistan			
Current accounts		**2,178**	5,232
Deposit accounts	6.1	**191,080**	33,404
		193,258	38,636

6.1 The return on these balances ranges from 6 to 8.5 (2012: 6 to 8) percent per annum.

	Note	2013	2012
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Placements		**47,068**	50,824
Term Deposit Receipts	7.1	**350,000**	-
Less: Provision against lendings	7.3	**(47,068)**	(50,824)
		350,000	-

7.1 The placements carry mark-up at rate of 9.80 and 10.50 (2012: Nil) percent per annum and mature on February 05, 2014 and January 23, 2014 respectively.

7.2 Particulars of lendings

	2013	2012
In local currency	**397,068**	50,824
In foreign currencies	**-**	-
	397,068	50,824

7.3 Provision against lendings

	2013	2012
Opening balance	**50,824**	54,580
Charge for the year	**-**	-
Less: Reversal during the year	**(3,756)**	(3,756)
Net reversal for the year	**(3,756)**	(3,756)
Closing balance	**47,068**	50,824

8. INVESTMENTS

8.1 Investments by types

	Note	2013 Held by the Company	2013 Given as collateral	2013 Total	2012 Held by the Company	2012 Given as collateral	2012 Total
		----------------------------		(Rupees in '000)	----------------------------		
Held-for-trading securities							
Market treasury bills	8.3.1	496,745		496,745	-	-	-
Listed Term Finance Certificates (TFCs)	8.3.2	-	-	-	75,027	-	75,027
Available-for-sale securities							
Market treasury bills	8.4	746,057	2,204,488	2,950,545	631,355	3,711,745	4,343,100
Pakistan Investment Bonds *	8.5	201,429	252,432	453,861	256,263	307,814	564,077
Listed Ordinary shares	8.6	899,462	-	899,462	697,057	-	697,057
Unlisted Ordinary shares	8.7	93,341	-	93,341	162,341	-	162,341
Listed Preference shares	8.8	50,000	-	50,000	50,715	-	50,715
Unlisted Preference shares	8.9	300,000	-	300,000	300,000	-	300,000
Listed TFCs	8.10	323,454	-	323,454	375,830	-	375,830
Unlisted TFCs	8.11	748,575	843,187	1,591,762	1,398,559	-	1,398,559
Listed Mutual fund units	8.12	19,230	-	19,230	589,230	-	589,230
Unlisted Sukuks	8.13	267,390	-	267,390	338,134	-	338,134
Held-to maturity securities							
Commercial paper	8.14	36,636	-	36,636	-	-	-
Participation Term Certificates (PTCs)	8.15	7,913	-	7,913	7,913	-	7,913
Strategic Investment in Joint venture - Kamoki Energy Limited							
Unlisted Ordinary shares - net	8.16.2	404,867	-	404,867	404,867	-	404,867
Investment at cost		4,595,099	3,300,107	7,895,206	5,287,291	4,019,559	9,306,850
Less: Provision for diminution in the value of investments	8.17	1,519,550	-	1,519,550	1,590,503	-	1,590,503
Investments (net of provisions)		3,075,549	3,300,107	6,375,656	3,696,788	4,019,559	7,716,347
Unrealised (loss) / gain on revaluation of 'held-for-trading' securities		(119)	-	(119)	74	-	74
Deficit on revaluation of 'available-for-sale' securities		(11,124)	(8,220)	(19,344)	(9,593)	(497)	(10,090)
Total investments		3,064,306	3,291,887	6,356,193	3,687,269	4,019,062	7,706,331

* This includes the impact of unrealized deficit on revaluation of Pakistan Investment Bonds (PIBs) amounting to Rs.13.828 million which was charged to profit and loss account while shifting of PIBs having face value of Rs.250 million from held-for-trading to available-for-sale investments. Out of this Rs.4.590 million has been taken to realised gain / (loss) on Government securities up till December 31, 2013 (refer note No. 24).

		Note	2013	2012
			------ (Rupees in '000) ------	
8.2	**Investments by segments**			
	Federal government securities			
	Market treasury bills	8.3.1 & 8.4	**3,447,290**	4,343,100
	Pakistan investment bonds	8.5	**453,861**	564,077
	Fully paid-up Ordinary shares			
	Listed	8.6	**899,462**	697,057
	Unlisted	8.7	**93,341**	162,341
	Fully paid-up preference shares			
	Listed	8.8	**50,000**	50,715
	Unlisted	8.9	**300,000**	300,000
	Term Finance Certificates			
	Listed	8.3.2 & 8.10	**323,454**	450,857
	Unlisted	8.11	**1,591,762**	1,398,559
	Other investments			
	Mutual fund units - listed	8.12	**19,230**	589,230
	Sukuks - unlisted	8.13	**267,390**	338,134
	Commercial paper- unlisted	8.14	**36,636**	-
	Participation Term Certificates	8.15	**7,913**	7,913
	Strategic Investment in joint venture - Kamoki Energy Limited			
	Unlisted Ordinary shares - net	8.16.2	**404,867**	404,867
	Total investment at cost		**7,895,206**	9,306,850
	Less: Provision for diminution in value of investments	8.17	**(1,519,550)**	(1,590,503)
	Investments (net of provisions)		**6,375,656**	7,716,347
	Unrealised (loss) / gain on revaluation of 'held-for-trading' securities		**(119)**	74
	Deficit on revaluation of 'available-for-sale' securities		**(19,344)**	(10,090)
	Total investments		**6,356,193**	7,706,331

8.3 Held-for-trading securities

8.3.1 Particulars of investment in Government Securities

Name of investee	Maturity Value 2013	Maturity Value 2012	Cost 2013	Cost 2012
	------------- (Rupees in '000) -------------			
Market Treasury Bills	**500,000**	-	**496,745**	-

The purchase yield on the treasury bill is 10.4 (2012: Nil) percent per annum which will mature by January 24, 2014. These are held by State Bank of Pakistan and are eligible for rediscounting.

8.3.2 Particulars of investment in listed term finance certificates

Commercial banks	2013	2012	Cost 2013	Cost 2012
	Number of certificates			
United Bank Limited	-	14,740	-	75,027
Total			**496,745**	75,027

8.4 The purchase yield on these treasury bills ranges from 8.92 to 9.20 (2012: 9.21 to 11.87) percent per annum which will mature latest by May 2014 (2012: October 2013). These are held by State Bank of Pakistan and are eligible for rediscounting.

8.5 These Pakistan Investment Bonds carry interest rate returns ranging from 8.00 to 11.5 (2012: 8 to 12) percent per annum and have maturity periods ranging between April 2014 and July 2017 (2012: June 2013 and July 2022). These are eligible for rediscounting with the SBP.

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

Name of investee	2013	2012	Cost 2013	Cost 2012
	Number of shares		--- (Rupees in '000) ---	
Commercial banks				
Habib Bank Limited	**175,000**	-	**28,232**	-
Silk Bank Limited	**9,229,500**	20,837,000	**40,563**	91,577
United Bank Limited	**100,000**	-	**13,355**	-
Financial services				
Invest Capital Investment Bank Limited	**2,600,000**	2,600,000	**10,000**	10,000
Chemicals				
Agritech Limited *	**14,381,996**	14,381,996	**453,370**	453,370
Arif Habib Corporation Limited	**-**	786,500	**-**	29,036
Fauji Fertilizer Company Limited	**1,000,000**	50,000	**112,975**	5,750
Fauji Fertilizer Bin Qasim Limited	**200,000**	-	**9,165**	-
Personal goods (textile)				
Nishat (Chunian) Limited	**-**	363,000	**-**	3,300
Food Producers				
Quice Food Industries Limited	**1,209,000**	-	**11,323**	-
Non Life Insurance				
EFU General Insurance Limited	**93,000**	-	**8,807**	-
Electricity				
Hub Power Company Limited	**-**	50,000	**-**	2,203
Nishat Power Limited	**500,000**	-	**15,505**	-
Pakgen Power	**1,400,000**	-	**30,604**	-
Multiutilities (Gas and Water)				
Sui Northern Gas Pipeline Limited	**1,650,000**	-	**39,712**	-
Oil and gas				
Mari Petroleum Company Limited	**-**	750,000	**-**	89,841
Shell Pakistan Limited	**-**	59,021	**-**	11,980
Attock Refinery Limited	**100,000**	-	**20,826**	-
National Refinery Limited	**184,300**	-	**43,601**	-
Pakistan Oilfields Limited	**60,000**	-	**29,368**	-
Pakistan Petroleum Limited	**150,000**	-	**32,056**	-
			899,462	697,057

8.6.1 The nominal value of each share held in a listed company is Rs.10 per share as at December 31, 2013 and December 31, 2012.

* Out of this, 3,351,187 shares are held by Faysal Bank Limited as Trustee to the issue on behalf of the Company pursuant to applicable shareholder investment agreement.

8.7 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	2013 Number of shares	2012 Number of shares	2013 (Rupees in '000)	2012 (Rupees in '000)
Shareholding more than 10% Paramount Investments Limited CEO - Mr. Ghaffar A. Omar	-	-	-	-	400,000	-	4,000
Shareholding upto 10% Agro Dairies Limited CEO - Mr. Mukhtar Hussain Rizvi	*	*	*	**300,000**	300,000	**2,301**	2,301
Al-Hamra Hills (Private) Limited CEO - Mr. Habib Ahmed	-	-	-	-	5,000,000	-	50,000
FTC Management Company Limited CEO - Engr. Fateh Sultan	9.1	10.00	June 30, 2013	**50,000**	50,000	**500**	500
New -VIS Credit Information Services (Private) Limited CEO - Mr. Fahim Ahmed	5.69	(1.67)	June 30, 2013	**39,000**	39,000	**390**	390
Pakistan Textile City Limited CEO - Mr. Zaheer A. Hussain	4.00	5.45	June 30, 2013	**5,000,000**	5,000,000	**50,000**	50,000
Karachi Stock Exchange Limited (note 8.7.2) CEO - Mr. Nadeem Naqvi	0.50	10.08	June 30, 2013	**4,007,383**	4,007,383	**40,150**	55,150
						93,341	162,341

* Under litigation

8.7.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at December 31, 2013 and December 31, 2012.

8.7.2 In accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012 (the Act), the Company in FY-2012 received equity shares of Karachi Stock Exchange Limited (KSE) ("Shares") along with the "Trading Rights Entitlement Certificate" ("TREC") in lieu of its membership card which was held by the Company at cost/book value of Rs. 55.150 million. The Company's entitlement in respect of Shares was determined on the basis of valuation of assets and liabilities of the exchange as approved by the SECP and the Company was allotted 4,007,383 shares of KSE having the face value of Rs.10 each amounting to approximately Rs.40.074 millions. Out of these allotted Shares, 60% of the Shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act. As at December 31, 2013, the bifurcation of the KSE membership card into "TREC" and "Shares" received from the exchange has been made in light of the opinion published by the Technical Advisory Committee of the Institute of Chartered Accountants of Pakistan (ICAP). According to ICAP's guidance, the cost of assets received shall be measured at the carrying amount of the asset given up and no gain or loss shall arise on the exchange. Further, the guidance suggested that the allocation of the carrying value of a membership card between the assets (Shares and TREC) may be made using a basis which is considered reasonable by management and acceptable to the auditors.

Consequently, for the said allocation, the management has considered notional values assigned to TRECs for the purpose of Base Minimum Capital (BMC) by the KSE, which is Rs.15 million vide their notice KSE/N-6955, dated December 18, 2013 and the remaining value i.e. Rs.40.150 million has been allocated to "Shares" (which is closed to the par value i.e. Rs 40.074 million). Further, the Company intends to sell the TREC at the earliest best option available and, hence, the same has been classified as part of "other assets" (refer note 12).

8.8 **Particulars of investments held in listed preference shares - available-for-sale**

Name of investee	2013	2012	Cost 2013	Cost 2012
	Number of shares		--- (Rupees in '000) ---	
Personal goods				
Chenab Limited	**2,500,000**	2,500,000	**25,000**	25,000
Household goods				
Pak-Elektron Limited	**2,500,000**	2,500,000	**25,000**	25,000
Industrial metals and mining				
Aisha Steel Mills Limited	**-**	71,500	**-**	715
			50,000	50,715

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

Name of investee	Note	2013	2012	Cost 2013	Cost 2012
		Number of shares		--- (Rupees in '000) ---	
Electricity					
Kamoki Energy Limited (CEO Dr. Umer Masood)	8.16	**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 the 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 8.16.

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

Name of investee	2013	2012	Cost 2013	Cost 2012
	Number of shares		--- (Rupees in '000) ---	
Chemicals				
Pak Arab Fertilizers Limited	**-**	3,447	**-**	5,171
Commercial banks				
Faysal Bank Limited	**-**	20,000	**-**	24,940
Summit Bank Limited	**59,955**	59,955	**298,068**	297,996
Financial services				
Invest Capital Investment Bank Limited	**600**	600	**3,000**	3,000
Trust Investment Bank Limited	**5,000**	5,000	**9,371**	9,371
Personal goods (textile)				
Azgard Nine Limited	**8,000**	8,000	**13,015**	13,015
Fixed line telecommunication				
Pakistan Mobile Communications Limited	**-**	27,000	**-**	22,337
			323,454	375,830

8.10.1 The face value of each term finance certificate was Rs.5,000 as at December 31, 2013 and December 31, 2012.

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

Name of investee	Name of the chief executive officer	2013	2012	Cost 2013	Cost 2012
		Number of certificates		--- (Rupees in '000) ---	
Azgard Nine Limited (4th issue)	Ahmed H. Sheikh	**56,000**	56,000	**179,652**	179,652
Azgard Nine Limited (5th issue)	Ahmed H. Sheikh	**16,080**	16,080	**80,400**	80,400
Dewan Farooque Spinning Mills Limited	Dewan Abdul Baqi Farooqui	**15,000**	15,000	**18,750**	18,750
Engro Fertilizers Limited	Mr. Ruhail Mohammed	**113,600**	113,600	**561,187**	560,018
Engro Fertilizers Limited (2nd issue)	Mr. Ruhail Mohammed	**60,000**	60,000	**300,000**	300,000
Jahangir Siddiqui & Company Limited	Mr. Suleman Lalani	**-**	3,500	**-**	17,407
ORIX Leasing Pakistan Limited	Mr. Teizoon Kisat	**-**	250	**-**	4,158
Gharibwal Cement Limited	Muhammad Tousif Peracha	**1,216**	1,216	**4,848**	4,848
Pakarab Fertilizers Limited	Mr. Fawad Ahmed Mukhtar	**50,500**	12,500	**63,561**	31,565
New Allied Electronics Industries (Private) Limited	Mian Pervaiz Akhtar	**10,000**	10,000	**21,138**	21,138
Pakistan International Airlines Corporation Limited	Mr. Mohammad Junaid Younus	**35,415**	35,415	**176,933**	176,933
Security Leasing Corporation Limited (3rd issue)	Mr. Mohammad Khalid Ali	**4,000**	4,000	**3,284**	3,690
Pakistan Mobile Communications Limited (PMTFC-7)	Mr. Rashid Naseer Khan	**500**	-	**40,343**	-
JDW Sugar Mills Limited	Mr. Jahangir Khan Tareen	**2**	-	**100,000**	-
Pakistan Mobile Communications Limited (PPTFC) *	Mr. Rashid Naseer Khan	**-**	-	**41,667**	-
				1,591,762	1,398,559

* These TFCs have par value of Rs.5,000 pursuant to the TFCs investor agreement and will be issued upon closure of TFC transaction.

8.12 Particulars of investment held in listed mutual fund units - available-for-sale

Name of investee	Fund Type	Face value per unit (Rupees)	2013	2012	Cost 2013	Cost 2012
			Number of units		--- (Rupees in '000) ---	
Pak Oman Advantage Fund	Income	10	**1,923,000**	1,923,000	**19,230**	19,230
NIT - Income Fund	Income	10	**-**	4,875,638	**-**	50,000
NIT - Government Bond Fund	Income	10	**-**	4,904,846	**-**	50,000
BMA Empress Cash Fund	Money Market	10	**-**	2,018,011	**-**	20,000
ABL Cash Fund	Money Market	10	**-**	10,104,795	**-**	100,000
First Habib Cash Fund	Money Market	100	**-**	1,003,746	**-**	100,000
HBL Money Market Fund	Money Market	100	**-**	999,635	**-**	100,000
NAFA Money Market Fund	Money Market	10	**-**	7,451,787	**-**	75,000
Askari Sovereign Cash Fund	Money Market	100	**-**	502,835	**-**	50,000
Primus Daily Reserve Fund	Money Market	100	**-**	250,000	**-**	25,000
					19,230	589,230

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

	Name of the chief executive officer	2013	2012	Cost 2013	Cost 2012
		Number of certificates		--- (Rupees in '000) ---	
Security Leasing Corporation Limited (2nd issue)	Mr. Mohammad Khalid Ali	**8,000**	8,000	**13,135**	14,760
Kohat Cement Limited	Mr. Aizaz Manzoor Sheikh	**30,000**	30,000	**10,168**	39,962
House Building Finance Company Limited	Syed Azhar Abbas Jafri	**62,300**	44,300	**30,851**	64,398
Pak Elektron Limited	Mr. Naseem Saigol	**44,600**	44,600	**88,611**	88,611
Pak Elektron Limited (2nd issue)	Mr. Naseem Saigol	**9,000**	9,000	**38,522**	38,522
Liberty Power Technology Limited	Mr. Ashraf S. Mukaty	**1,000,000**	1,000,000	**86,103**	91,881
				267,390	338,134

8.14 Particulars of investment held in unlisted commercial paper - held to maturity

	Name of the chief executive officer	Maturity Value 2013	Maturity Value 2012	Cost 2013	Cost 2012
				(Rupees in '000)	
Hascol Petroleum Limited	Mr. Mumtaz Hasan Khan	37,500	-	36,636	-

8.14.1 This commercial paper carries return at the rate of 12.04 % per annum and will mature in March 2014.

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

	Name of the chief executive officer	2013	2012	Cost 2013	Cost 2012
		Number of certificates		(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	5,988	5,988
				7,913	7,913

8.16 As at December 31, 2013, the Company has the following investment / exposure in KEL which is a joint venture project between the Company and Tapal Family. KEL was established in 2009 to own, construct, manage and operate a rental electric power generation plant. KEL could not commence its commercial operations to date.

On March 30, 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 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 has 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 December 09 and 10, 2012, deliberated upon different alternatives in detail in respect of the above exposure and thereafter decided to take exit from KEL. The Board advised the management to explore option to sell the project to a third party.

The Company also carried out impairment test in respect of equity investments (including preference shares) held by the Company in accordance with the requirement of International Accounting Standard (IAS) 36 - "Impairment of Assets" and full provision was made for equity investments in FY-2012 which continues to be held as of December 31, 2013. Further, the provisioning against the term loans and mark-up accrued thereon has also been determined in accordance with the requirements of Prudential Regulations issued by the SBP. Accordingly, as at December 31, 2013, the Company holds provisions against diminution in the value of equity investments (ordinary and preference shares), non-performing term loans and against other receivables as detailed below.

Further, subsequent to the year-end, Ameejee Valejee & Sons (Private) Limited along with certain shareholders on KEL from Tapal Family have filed winding up petition for KEL. PLHC, through its legal advisor is in the process of responding to the said winding up petition to protect the interest of the Company.

Nature of assets / exposures	Note	2013 Book value before provision	2013 Provision held	2013 Book value after provision	2012 Book value before provision	2012 Provision held	2012 Book value after provision
		(Rupees in '000)			(Rupees in '000)		
Preference shares	8.16.1	300,000	(300,000)	-	300,000	(300,000)	-
Ordinary shares	8.16.2	404,867	(404,867)	-	404,867	(404,867)	-
Long-term loan	8.16.3	1,250,000	(983,812)	266,188	1,250,000	(983,812)	266,188
Short-term loan	8.16.4	34,690	(34,690)	-	-	-	-
Other assets - accrued income	8.16.5	205,690	(205,690)	-	205,690	(205,690)	-
Other assets - other receivables	8.16.6	5,234	(5,234)	-	26,000	(26,000)	-
		2,200,481	(1,934,293)	266,188	2,186,557	(1,920,369)	266,188

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

8.16.2 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 June 30, 2012. This investment is designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

8.16.3 This represents term loan extended to KEL against which 100% provision has been held after taking the Forced Sale Value (FSV) benefit of Rs.266.188 million as of December 31, 2013 (December 31, 2012: Rs.266.188 million), as allowed under prudential regulations.

8.16.4 This represents amount of other receivables in KEL which has been converted to a short term loan to KEL. 100% provisioning is held as of December 31, 2013 against this loan as earlier held against the other receivables of KEL. Further, suspended mark-up up to December 31, 2013 amounting to Rs.24.863 thousands has not been recognised by the Company.

8.16.5 An amount of Rs.205.69 million represents mark-up receivable upto December 31, 2011 on long-term loan extended to KEL. 100% provision has been made against the same. Further, remaining suspended mark-up up to December 31, 2013 amounting to Rs.335.607 million has not been recognised by the Company.

8.16.6 This represents the balance amount of other receivables from KEL on account of certain payments made by the Company on behalf of KEL. 100% provision has been made against this receivable.

8.17 Particulars of provision	**Note**	**2013**	**2012**
		---- (Rupees in '000) ----	
Opening balance		**1,590,503**	688,161
Charge for the year		**6,138**	1,287,682
Less: Reversal during the year		**(20,996)**	(52,972)
Net charge for the year		**(14,858)**	1,234,710
Add: Transfer in		**-**	80,400
Less: Reversal on disposal		**(56,095)**	(412,768)
Net reversal		**(56,095)**	(332,368)
Closing balance	8.17.1	**1,519,550**	1,590,503

8.17.1 Particulars of provision in respect of type and segment

	Note	2013	2012
Available-for-sale securities			
Listed shares (ordinary and preference)	8.17.2	**352,130**	386,688
Unlisted shares (ordinary and preference)	8.17.3	**352,691**	368,091
Listed / unlisted TFCs	8.17.4	**331,815**	332,017
Unlisted Sukuks	8.17.5	**70,134**	90,927
Held to maturity securities			
Unlisted Participation Term Certificates (PTCs)	8.17.6	**7,913**	7,913
Strategic Investment in joint venture - Kamoki Energy Limited			
Unlisted Ordinary shares - net	8.17.7	**404,867**	404,867
		1,519,550	1,590,503

	Note	2013	2012
		---- (Rupees in '000) ----	
8.17.2 Particulars of provision against listed shares (Ordinary and Preference shares)			
Opening balance		**386,688**	483,710
Charge for the year		**6,138**	315,746
Less: Reversal for the year		**-**	-
Net charge for the year		**6,138**	315,746
Less: Reversal of provision on sale of available-for-sale ordinary shares		**(40,696)**	(412,768)
Closing balance		**352,130**	386,688
8.17.3 Particulars of provision against unlisted shares (Ordinary and Preference shares)			
Opening balance		**368,091**	27,841
Charge for the year		**-**	340,250
Less: Reversal during the year		**-**	-
Net charge for the year		**-**	340,250
Less: Reversal of provision on sale of available-for-sale ordinary shares		**(15,400)**	-
Closing balance		**352,691**	368,091
8.17.4 Particulars of provision against listed / un-listed TFCs			
Opening balance		**332,017**	42,311
Charge for the year		**-**	209,809
Less: Reversal during the year		**(202)**	(503)
Net charge for the year		**(202)**	209,306
Transfer in		**-**	80,400
Closing balance		**331,815**	332,017
8.17.5 Particulars of provision against unlisted Sukuks			
Opening balance		**90,927**	126,386
Charge for the year		**-**	17,010
Less: Reversal during the year		**(20,793)**	(52,469)
Net (reversal) / charge for the year		**(20,793)**	(35,459)
Closing balance		**70,134**	90,927
8.17.6 Particulars of provision against unlisted participation term certificates			
Opening balance		**7,913**	7,913
Charge for the year		**-**	-
Less: Reversal during the year		**-**	-
Net charge for the year		**-**	-
Closing balance		**7,913**	7,913
8.17.7 Particulars of provision against Strategic Investment in joint venture - Kamoki Energy Limited - unlisted Ordinary shares - net			
Opening balance		**404,867**	-
Charge for the year	8.16.2	**-**	404,867
Less: Reversal during the year		**-**	-
Net charge for the year		**-**	404,867
Closing balance		**404,867**	404,867

8.18 Quality of securities / entities	2013 Market value (Rupees in '000)	2013 Ratings	2012 Market value (Rupees in '000)	2012 Ratings
Held-for-trading securities				
Government Securities				
Market treasury bills	496,626	Unrated	-	-
Listed Term Finance Certificates (TFCs)				
Commercial banks				
United Bank Limited (4th issue)	-	-	75,101	AA
Available-for-sale securities				
Government securities				
Pakistan investment bonds (PIBs)	447,573	Unrated	555,326	Unrated
Market treasury bills	2,942,201	Unrated	4,344,662	Unrated
	3,389,774		4,899,988	
Listed ordinary shares				
Commercial banks				
Habib Bank Limited	29,160	AAA / A-1+	-	-
Silk Bank Limited	19,382	A- / A-2	47,508	A- / A-3
United Bank Limited	13,255	AA+ / A-1+	-	-
Financial services				
Invest Capital Investment Bank Limited	3,561	Unrated	4,420	Unrated
Chemicals				
Agritech Limited	182,220	D	167,838	D
Arif Habib Corporation Limited	-	-	18,970	AA / A-1+
Fauji Fertilizer Company Limited	111,960	Unrated	5,857	Unrated
Fauji Fertilizer Bin Qasim Limited	8,762	Unrated	-	-
Personal goods (textile)				
Nishat (Chunian) Limited	-	-	12,720	A- / A-2
Food Producers				
Quice Food Industries Limited	8,874	Unrated	-	-
Insurance				
EFU General Insurance Limited	8,549	AA+	-	-
Electricity				
Hub Power Company Limited	-	-	2,262	AA+ / A1+
Nishat Power Limited	15,030	A+/A1	-	-
Pakgen Power Limited	30,394	AA/A1+	-	-
Multiutilities (Gas and Water)				
Sui Northern Gas Pipeline Limited	35,145	AA/A1+	-	-
Oil and gas				
Mari Petroleum Company Limited	-	-	73,763	Unrated
Shell Pakistan Limited	-	-	8,038	Unrated
Attock Refinery Limited	20,767	AA/A1+	-	-
National Refinery Limited	39,720	AA+/A1+	-	-
Pakistan Oilfields Limited	29,863	Unrated	-	-
Pakistan Petroleum Limited	32,094	Unrated	-	-
	588,736		341,376	
Unlisted ordinary shares				
Paramount Investments Limited	-	-	4,000	Unrated
Agro Dairies Limited *	-	Unrated	-	Unrated
Al-Hamra Hills (Private) Limited	-	-	34,600	Unrated
FTC Management Company Limited	500	Unrated	500	Unrated
New - VIS Credit Information Services (Private) Limited *	-	Unrated	-	Unrated
Pakistan Textile City Limited *	-	-	-	Unrated
Karachi Stock Exchange Limited	40,150	Unrated	55,150	Unrated
	40,650		94,250	

	2013		2012	
	Market value (Rupees in '000)	Ratings	Market value (Rupees in '000)	Ratings
Listed preference shares				
Personal goods (textile)				
Chenab Limited *	-	-	-	Unrated
Household goods				
Pak-Elektron Limited	12,500	Unrated	12,500	Unrated
Industrial metals and mining				
Aisha Steel Mills Limited	-	-	718	A- / A-2
	12,500		13,218	
Unlisted preference shares				
Electricity				
Kamoki Energy Limited *	-	Unrated	-	Unrated
Listed TFCs				
Chemicals				
Pakarab Fertilizers Limited	-	-	5,176	AA
Commercial banks				
Faysal Bank Limited	-	-	25,040	AA-
Summit Bank Limited	294,258	A-(SO)	294,394	A-(SO)
Financial services				
Invest Capital Investment Bank Limited *	-	-	-	D
Trust Investment Bank Limited *	-	-	-	Unrated
Personal goods (textile)				
Azgard Nine Limited - 3rd issue *	-	D	-	D
Fixed line telecommunication				
Pakistan Mobile Communications Limited	-	-	22,689	AA-
	294,258		347,299	
Unlisted TFCs				
Azgard Nine Limited (4th issue) *	-	D	-	D
Azgard Nine Limited (5th issue) *	-	D	-	D
Dewan Farooque Spinning Mills Limited *	-	Unrated	-	Unrated
Engro Fertilizers Limited	561,187	A	560,018	A
Engro Fertilizers Limited (2nd issue)	300,000	A	300,000	A
Jahangir Siddiqui & Company Limited (6th issue)	-	-	17,408	AA
JDW Sugar Mills Limited	100,000	A/A-1	-	-
Pakistan Mobile Communication Limited (PPTFC)	41,667	AA-/A1	-	-
Pakistan Mobile Communication Limited (PMTFC-5th issue)	40,343	AA-/A1	-	-
ORIX Leasing Pakistan Limited	-	-	4,158	AA+
Gharibwal Cement Limited *	-	Unrated	-	Unrated
Pakarab Fertilizers Limited	63,562	AA-/A1	31,566	AA- / A-1
New Allied Electronics Industries (Private) Limited *	-	Unrated	-	Unrated
Pakistan International Airlines Corporation Limited	176,933	Unrated	176,933	Unrated
Security Leasing Corporation Limited (3rd issue)	1,642	Unrated	1,845	Unrated
	1,285,334		1,091,928	

	2013		2012	
	Market value (Rupees in '000)	Ratings	Market value (Rupees in '000)	Ratings
Listed Mutual fund units / certificates				
Pak Oman Advantage Fund	14,423	A+(f)	17,768	A+(f)
NIT Income Fund	-		52,970	A+(f)
NIT Government Bond Fund	-		51,580	AA(f)
BMA Empress Cash Fund	-		20,467	AA+(f)
ABL Cash Fund	-		101,151	AA(f)
First Habib Cash Fund	-		100,536	AA(f)
HBL Money Market Fund	-		101,172	AA(f)
NAFA Money Market Fund	-		74,770	AA(f)
Askari Sovereign Cash Fund	-		50,550	AAA(f)
Primus Daily Reserve Fund	-		25,000	AA+(f)
	14,423		595,964	
Unlisted Sukuks				
Security Leasing Corporation Ltd (2nd issue)	6,568	Unrated	7,380	Unrated
Kohat Cement Limited	10,168	Unrated	19,981	Unrated
House Building Finance Company Limited	30,851	A/A-2	64,398	Unrated
Pak-Elektron Limited	44,306	Unrated	44,305	Unrated
Pak-Elektron Limited (2nd issue)	19,261	Unrated	19,261	Unrated
Liberty Power Technology Limited	86,102	A+/A1	91,881	A+
	197,256		247,207	
Held to maturity securities				
Unlisted Participation Term Certificates				
Agro Dairies Limited *	-	Unrated	-	Unrated
Qureshi Vegetable Ghee Mills Limited *	-	Unrated	-	Unrated
	-		-	
Commercial paper				
Hascol Petroleum Ltd	36,636	A-/A-2	-	-
Investment in joint venture				
Kamoki Energy Limited				
Unlisted Ordinary shares - Strategic Investment - net *	-	Unrated	-	Unrated
Total	6,356,193		7,706,331	

* 100% provision has been made against these investments.

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

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

9. ADVANCES

	Note	2013	2012
		---- (Rupees in '000) ----	
In Pakistan			
Loans		6,349,083	6,742,122
Net investment in finance lease	9.2	234,777	335,409
Staff loans	9.5	97,789	80,049
Consumer loans and advances		203,473	260,710
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility (LTFF)		83,220	79,615
Advances - gross		7,028,521	7,558,084
Less: Provision against			
Non-performing advances - specific provision	9.3	2,674,018	2,714,680
Consumer loans and advances - general provision	9.3.1	1,522	2,393
		2,675,540	2,717,073
Advances-net of provision		4,352,981	4,841,011

		2013	2012
		---- (Rupees in '000) ----	
9.1	**Particulars of advances (gross)**		
9.1.1	In local currency	**7,028,521**	7,558,084
	In foreign currencies	**-**	-
		7,028,521	7,558,084
9.1.2	Short-term (for upto one year)	**1,246,776**	1,162,086
	Long-term (for over one year)	**5,781,745**	6,395,998
		7,028,521	7,558,084

9.2 Net investment in finance lease

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

	2013			
	Not later than one year	**Later than one and less than five years**	**Over five years**	**Total**
	(Rupees in '000)			
Lease rentals receivable	**164,453**	**78,513**	**-**	**242,966**
Residual value	**51,960**	**22,403**	**-**	**74,363**
Minimum lease payments	**216,413**	**100,916**	**-**	**317,329**
Financial charges for future periods	**73,364**	**9,188**	**-**	**82,552**
Present value of minimum lease payments	**143,049**	**91,728**	**-**	**234,777**

	2012			
	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)			
Lease rentals receivable	221,704	128,695	-	350,399
Residual value	2,459	74,363	-	76,822
Minimum lease payments	224,163	203,058	-	427,221
Financial charges for future periods	71,349	20,463	-	91,812
Present value of minimum lease payments	152,814	182,595	-	335,409

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 2017 and carry mark-up at rates ranging between 12.10 to 12.99 (2012: 12.49 to 14.99) percent per annum. In respect of the aforementioned finance leases. The Company holds an aggregate sum of Rs.74.363 million (2012: Rs.76.822 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (refer note 16).

9.3 Advances include Rs.3,246.848 million (2012: Rs.3,307.968 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)								
Substandard	2,710	-	2,710	12	-	12	12	-	12
Doubtful	460,238	-	460,238	225,425	-	225,425	225,425	-	225,425
Loss	2,783,900	-	2,783,900	2,448,581	-	2,448,581	2,448,581	-	2,448,581
2013	3,246,848	-	3,246,848	2,674,018	-	2,674,018	2,674,018	-	2,674,018
Substandard	19,537	-	19,537	1,333	-	1,333	1,333	-	1,333
Doubtful	459,801	-	459,801	225,876	-	225,876	225,876	-	225,876
Loss	2,828,630	-	2,828,630	2,487,471	-	2,487,471	2,487,471	-	2,487,471
2012	3,307,968	-	3,307,968	2,714,680	-	2,714,680	2,714,680	-	2,714,680

9.3.1 Particulars of provision against non-performing advances

	2013			2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	2,714,680	2,393	2,717,073	960,573	3,852	964,425
Charge for the year	14,697	-	14,697	1,821,085	-	1,821,085
Less: Reversal during the year	(90,049)	(871)	(90,920)	(66,978)	(1,459)	(68,437)
Net charge / (reversal) for the year	(75,352)	(871)	(76,223)	1,754,107	(1,459)	1,752,648
Add: Transfer of provision from other receivable to short term loan- KEL	34,690	-	34,690	-	-	-
Less: Amounts written off	-	-	-	-	-	-
Closing balance	2,674,018	1,522	2,675,540	2,714,680	2,393	2,717,073

9.3.2 Particulars of provision against non-performing advances

	2013			2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	2,674,018	1,522	2,675,540	2,714,680	2,393	2,717,073
In foreign currencies	-	-	-	-	-	-
	2,674,018	1,522	2,675,540	2,714,680	2,393	2,717,073

9.3.3 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.22.650 million in respect of consumer financing, and Rs.324.720 million in respect of corporate financing which includes Rs.266.188 million (December 31, 2012: Rs.266.188 million) being the FSV benefit availed by the Company against the term loan of Kamoki Energy Limited (classified as loss) and security deposit amounting to Rs.58.532 million (December 31, 2012: Rs.58.782 million) in respect of lease financing. The FSV benefit recognised under these 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 December 26, 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.

	Note	2013	2012
9.3.5 Particulars of write offs		(Rupees in '000)	
Against provisions		-	-
Directly charged to the profit and loss account		-	-
		-	-
9.3.6 Write offs of Rs.500,000 and above		-	-
Write offs of below Rs.500,000		-	-
		-	-

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 December 31, 2013 is given in Annexure-II.

	Note	2013	2012
		---- (Rupees in '000) ----	
9.5 Particulars of loans and advances to directors, associated companies etc.			
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		**80,049**	79,565
Loans granted during the year		**34,704**	31,972
Repayments during the year		**(16,964)**	(31,488)
Amount written off		**-**	-
Balance at end of the year	9.5.1	**97,789**	80,049
Debts due by companies or firms in which the directors of the Company are interested as directors, partners or in the case of private companies as members			
Balance at beginning of the year		**-**	-
Loans granted during the year		**-**	-
Repayments during the year		**-**	-
Balance at end of the year		**-**	-
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		**1,250,000**	1,250,000
Loans granted during the year		**-**	-
Transfer from other receivable to short term loan		**34,690**	-
Repayments during the year		**-**	-
Less: Provision held		**(983,812)**	(983,812)
Less: Transfer of provision from other receivable to short-term loan		**(34,690)**	-
Balance at end of the year		**266,188**	266,188

9.5.1 Particulars of loans to key management personnel

	Note	2013	2012
Amount due at beginning of year		**39,147**	43,565
Disbursements during the year		**8,674**	16,646
Repayments / adjustments during the year		**(6,755)**	(21,064)
		1,919	(4,418)
Amount due at end of the year	38	**41,066**	39,147

10. OPERATING FIXED ASSETS

	Note	2013	2012
Capital work-in-progress	10.1	**603**	17,410
Property and equipment	10.2	**83,661**	80,487
Intangible assets	10.4	**2,692**	48
		86,956	97,945

10.1 Capital work-in progress

		2013	2012
Advances to suppliers		**603**	17,410

10.2 Property and equipment

December 31, 2013	Cost			Accumulated depreciation				
	As at January 01, 2013	Additions / (deletions) / adjustments	As at December 31, 2013	As at January 01, 2013	For the year / (on disposal)	As at December 31, 2013	Net book value as at December 31, 2013	Rate (%)
	(Rupees in '000)							
Leasehold land (note 10.2.1)	1,951	-	1,951	497	20	517	1,434	1.11
Buildings on leasehold land (note 10.2.1)	80,954	- -	80,954	50,114	1,840 -	51,954	29,000	5
Furniture and fixtures	48,633	2,044 (5,284)	45,393	29,412	4,204 (3,495)	30,121	15,272	10,15 & 25
Electrical appliances	9,840	1,560 (376)	11,024	6,517	1,024 (376)	7,165	3,859	10 & 15
Office equipment	526	156 (14)	668	382	31 (14)	399	269	10
Computer equipment	25,612	1,161 (1,739)	25,034	23,478	1,307 (1,739)	23,046	1,988	30
Motor vehicles	50,300	27,717 (26,489)	51,528	26,928	15,788 (23,027)	19,689	31,839	25 & 33.3
	217,816	32,638 (33,902)	216,552	137,328	24,214 (28,651)	132,891	83,661	

December 31, 2012	Cost			Accumulated depreciation				
	As at January 01, 2012	Additions / (deletions) / adjustments	As at December 31, 2012	As at January 01, 2012	For the year / (on disposal)	As at December 31, 2012	Net book value as at December 31, 2012	Rate (%)
	(Rupees in '000)							
Leasehold land (note 10.2.1)	1,951	-	1,951	475	22	497	1,454	1.11
Buildings on leasehold land (note 10.2.1)	81,586	- (632)	80,954	48,241	2,047 (174)	50,114	30,840	5
Furniture and fixtures	39,072	12,537 (2,976)	48,633	28,101	3,634 (2,323)	29,412	19,221	10,15 & 25
Electrical appliances	9,632	440 (232)	9,840	5,698	1,045 (226)	6,517	3,323	10 & 15
Office equipment	526	-	526	353	29	382	144	10
Computer equipment	24,555	1,216 (159)	25,612	22,010	1,627 (159)	23,478	2,134	30
Motor vehicles	35,079	17,754 (2,534)	50,299	19,901	8,827 (1,800)	26,928	23,371	25 & 33.3
	192,401	31,947 (6,532)	217,815	124,779	17,231 (4,682)	137,328	80,487	

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 favor of the Company is pending.

10.2.2 Assets having cost of Rs.93.064 million (2012: Rs.91.778 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 *	297	223	74	74	-	Company policy	Mr. Abid Aziz Managing Director (MD)
House hold furnishing items *	199	199	-	-	-	Company policy	Mr. Ziauddin Zafar, Head of T & FM (EVP)
House hold furnishing items *	172	172	-	-	-	Company policy	Mr. Iqbal Ghori Head of HR & Admin (EVP)
Employees							
Motor vehicles							
Toyota Corolla - GLI	969	969	-	522	522	Company policy	Mr. Najam Iqbal Mirza, Employee (SVP)
Others							
Buildings on leasehold land							
Renovation work	3,563	1,871	1,692	900	(792)	Negotiation	M.M. Tower
Motor vehicles							
Mitsubishi Galant	3,049	3,049	-	728	728	Auction	Mr. Naqibullah
Honda Civic	1,506	1,506	-	1,111	1,111	Auction	Syed Riaz Ahmed
Honda Civic	1,500	1,500	-	1,108	1,108	Auction	Mr. Muhammad Ali Akber Khan
Land Cruiser	14,000	11,484	2,516	8,181	5,665	Auction	Mr. Muhammad Hassan Bakshi
Toyota Prado	4,704	3,819	885	3,600	2,715	Auction	Mr. Muhammad Ahmer
Suzuki Cultus	694	694	-	602	602	Auction	Syed Riaz Ahmed

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

10.4 Intangible assets

		Cost			Accumulated Amortisation				
		As at January 01, 2013	Additions / (deletions)	As at December 31, 2013	As at January 01, 2013	For the year / (on disposal)	As at December 31, 2013	Net book value as at December 31, 2013	Rate (%)
		(Rupees in '000)							
Computer softwares	2013	61	2,746	2,807	13	102	115	2,692	20%
Computer softwares	2012	61	-	61	1	12	13	48	20%

11. DEFERRED TAX ASSET - net

	Note	2013	2012
		(Rupees in '000)	
Deferred credit arising in respect of:			
Net investment in finance leases		(38,372)	(56,884)
Accelerated tax depreciation		(1,935)	(402)
Unrealised gain on investments - held-for-trading		-	(7)
Deferred debits arising in respect of:			
Provision for compensated absences		3,191	2,403
Provision for advances, investments and other assets		104,300	140,418
Unused tax losses		173,013	173,013
Share of loss in joint venture		33,297	33,297
Unrealised loss on investments - held-for-trading		3,275	-
		276,769	291,838
Deferred tax asset on revaluation of available-for-sale investments - net	19	6,594	1,739
	11.1 & 11.2	283,363	293,577

11.1 As at December 31, 2013, the Company has available deferred tax asset on provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,935.384 million (2012: Rs.2,012.692 million) and on unused tax losses for FY-2013 amounting to Rs.2,058.881 million (2012: Rs.2,063.375 million). However, the management has prudently recognised the tax benefits only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections mentioned below. Further, for business income, tax rate of 35% has been used in these workings.

11.2 The management of the Company has prepared five years' financial projections which have been approved by the Board of Directors of the Company. The said projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of future profits is most sensitive to certain key assumptions such as the timing for injection of further capital, of Rs.4 billion, growth of business, revenue and expenses, return on assets, projected reversals / recovery from non-performing assets and outcome of pending tax matters etc. Any significant change in the key assumptions may have an impact on the realisability of the deferred tax asset. The management believes that it is probable that the Company will be able to achieve the profits projected in the financial projections and, consequently, the recorded deferred tax asset will be realised in the future.

12. OTHER ASSETS

	Note	2013	2012
		------- (Rupees in '000) -------	
Income / mark-up / return receivable in local currency		**360,442**	428,946
Security deposits		**4,694**	4,341
Short-term advances	12.1	**4,475**	6,406
Prepayments		**5,400**	5,914
Other receivables	12.2	**5,666**	26,386
Advance taxation		**144,112**	125,697
Intangible - Trading Rights Entitlement Certificate - held for sale	8.7.2	**15,000**	-
Dividend receivable		**2,875**	2,912
Non banking assets acquired in satisfaction of claims	12.3	**216,988**	216,988
		759,652	817,590
Less: Provision held against other assets	12.4	**313,514**	392,870
		446,138	424,720

12.1 This also includes amounts relating to executives (including key management personnel) amounting to Rs.3.891 million (2012: Rs.5.553 million).

12.2 This includes balance of other receivable from Kamoki Energy Limited amounting to Rs.5.233 million (2012: Rs.26 million). 100% provision has been made against this receivable due to the reasons stated in note 8.16. The movement for the year is as follows:

	2013	2012
Opening balance	**26,000**	-
Additions during the year	**13,923**	26,000
Less: Transfer to short-term loan	**(34,690)**	-
Net (decrease) / increase	**(20,767)**	26,000
Closing balance	**5,233**	26,000

12.3 Prevailing realisable market value of non-banking assets acquired in satisfaction of claims is Rs.146.400 million (2012: Rs.128.720 million).

12.4 Provision against other assets

	Note	2013	2012
Opening balance		**392,870**	25,911
Charge for the year	12.4.1	**13,923**	387,941
Less: Reversal during the year		**(58,589)**	(20,982)
Net charge for the year	27	**(44,666)**	366,959
Less: Provision transferred to short term loan - KEL		**(34,690)**	-
Closing balance		**313,514**	392,870

12.4.1 This represent provision created during the year against other receivable from Kamoki Energy Limited. Out of the total provision, Rs.34.690 million has been transferred to short term loan. (refer note 8.16.4).

13. CONTINGENT ASSETS

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

14. BORROWINGS

	Note	2013	2012
		------- (Rupees in '000) -------	
In Pakistan	14.1	**5,615,747**	5,880,572
Outside Pakistan		**-**	-
		5,615,747	5,880,572

14.1 Particulars of borrowings with respect to currencies

		2013	2012
In local currency		**5,615,747**	5,880,572
In foreign currencies		**-**	-
		5,615,747	5,880,572

14.2 Details of borrowings

	Note	2013	2012
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing of exports oriented projects (LTF-EOP)	14.2.1	**22,611**	30,151
Long-term financing facility (LTFF)	14.2.1	**83,220**	79,615
Repurchase agreement borrowings	14.2.2	**2,975,416**	4,011,256
Privately placed term finance certificates	14.2.3	**624,500**	749,550
Borrowings from financial institutions	14.2.4	**350,000**	760,000
		4,055,747	5,630,572
Unsecured			
Clean borrowings	14.2.5	**1,560,000**	250,000
		5,615,747	5,880,572

14.2.1 The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long-term finance for export oriented projects (LTF-EOP) and 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 5 (2012: 5) and 8.40 & 10.10 (2012: 10.10) percent per annum for LTF-EOP and LTFF respectively.

14.2.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities and Term Finance Certificates. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by December 2014 (2012: January 2013). The rates of mark-up on these facilities ranged from 9.85 to 11.14 (2012: 8.25 to 9.45) percent per annum.

14.2.3 This is the balance amount of Privately Placed Term Finance Certificates (PPTFC) of Rs.750 million raised by the Company in February 2011. The issue is secured by first fixed charge by way of hypothecation on all the present and future loans and lease receivables of the Company ranking pari passu with prior charges. This issue is rated and carries a mark-up rate of six months' KIBOR plus 1.6% percent p.a. payable on semi-annual basis. The PPTFC issue is repayable in installments by February 2016.

14.2.4 This represents balance amount of borrowings, which are secured by way of first hypothecation charge over assets of the Company with thirty percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 1.25 percent per annum payable on semi-annual basis (2012: three months KIBOR plus 1.25 percent to six months KIBOR plus 1.25 percent per annum payable on semi-annual basis respectively). As at December 31, 2013, the applicable interest rates were 10.42 and 11.15 (2012: 10.67 to 11.79) percent per annum. These borrowings are due for maturity latest by May 2016 (2012: May 2016).

14.2.5 The mark-up rates on these borrowings range between 9.55 and 10.50 (2012: 10.00 to 11.10) percent per annum. These borrowings are due for maturity on various dates latest by February 2014 (2012: March 2013).

15. DEPOSITS AND OTHER ACCOUNTS

	Note	2013	2012
		------- (Rupees in '000) -------	
Customers			
Certificates of investment - (in local currency)		**2,809,423**	3,388,500
Financial institutions			
Certificates of investment - (in local currency)		**-**	700,000
		2,809,423	4,088,500

15.1 Particulars of deposits

		2013	2012
In local currency		**2,809,423**	4,088,500
In foreign currency		**-**	-
		2,809,423	4,088,500

15.2 The profit rates on these Certificates of Investment (COIs) range from 8.75 to 10.50 (2012: 10.00 to 12.60) percent per annum. These COIs are due for maturity on various dates latest by December 2014 (2012: December 2013).

16. OTHER LIABILITIES

	Note	2013	2012
		------- (Rupees in '000) -------	
			Restated
Mark-up / return / interest payable in local currency		**256,972**	219,086
Accrued liabilities		**22,342**	23,277
Advance payment		**500**	-
Employees' compensated absences	16.1	**9,116**	6,866
Security deposits against investment in finance lease	9.2.1	**74,363**	76,822
Staff retirement gratuity	16.2, 33	**12,356**	26,475
		375,649	352,526

16.1 This is based on actuarial valuation carried out as of December 31, 2013 for regular employees.

16.2 During the period, the Company adopted IAS 19 (Revised), which resulted in restatement of prior year figures (refer note 4.1). The impact of restatement is mentioned below:

Impact of adoption of IAS 19 (revised)	2013	2012
Increase in the staff retirement gratuity	**7,069**	5,782
Decrease in opening unappropriated profit	**(5,782)**	(3,239)
Increase in profit and loss account	**-**	325
Decrease in other comprehensive income	**(1,287)**	(2,868)
Net decrease in equity	**(7,069)**	(5,782)

The cumulative effect of the above change is not considered material. Accordingly, third balance sheet as of January 01, 2012 has not been presented in these financial statements.

The transition did not have any material impact on the company's basic or diluted earning / (loss) per share.

Sensitivity analysis	Change in assumption	Impact on DBO (Rupees in '000) Increase in assumption	Decrease in assumption
Discount rate	1%	**(5,193)**	**5,788**
Salary increase rate	1%	**6,060**	**(5,521)**

Sensitivity analysis	Change in assumption	Impact in percentage on DBO Increase in assumption	Decrease in assumption
Discount rate	1%	**(4.93%)**	**5.50%**
Salary increase rate	1%	**5.76%**	**(5.24%)**
Duration		**10.56**	

17. SHARE CAPITAL

17.1 Authorised share capital

Number of shares					
2013	2012		Note	2013	2012
				------- (Rupees in '000) -------	
800,000	800,000	Ordinary shares of Rs.10,000 each		**8,000,000**	8,000,000

17.2 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

17.3 The State Bank of Pakistan (SBP) on behalf of the Government of Pakistan and the Libyan Foreign Investment Company (LAFICO) on behalf of the Government of Libya (State of Libya) each held 307,089 (2012: 307,089) Ordinary shares of the Company as at December 31, 2013.

18. RESERVES

Capital reserve - statutory reserve

	Note	2013	2012
As at January 01		**-**	474,801
Add: Appropriation of profit	18.1	**36,319**	-
Less: Utilised during the year		**-**	(474,801)
		36,319	-

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

19. DEFICIT ON REVALUATION OF ASSETS - net of tax

	2013	2012
(Deficit) / surplus on revaluation of 'available-for-sale' securities		
Pakistan investment bonds	**(6,289)**	(8,751)
Market treasury bills	**(8,343)**	1,562
	(14,632)	(7,189)
Less: Deferred tax on government securities	**5,121**	2,516
	(9,511)	(4,673)
Listed companies - fully paid-up Ordinary and preference shares	**3,904**	(6,489)
Listed term finance certificates	**(3,809)**	(3,146)
Mutual fund units	**(4,807)**	6,734
	(4,712)	(2,901)
Add: Deferred tax on mutual funds units and listed shares	**1,473**	(777)
	(3,239)	(3,678)
	(12,750)	(8,351)

20. CONTINGENCIES AND COMMITMENTS

Contingencies

For the tax years 2009 and 2010, the Additional Commissioner Inland Revenue (ACIR) had raised tax demands aggregating to Rs.361.582 million. The Company filed appeals against these demands with the Commissioner Inland Revenue Appeals [CIR(A)]. Against these appeals, the CIR(A) passed orders against which appeal effect under section 124 of the Income Tax Ordinance, 2001 (ITO) were issued by the Income Tax Department (the Department). On the basis thereof, no tax was payable for the tax year (TY) 2009. However, later, the Company received demand notice for the rectification order under section 221 of the ITO whereby demand was raised of Rs.13.253 million for tax year 2009, whereas, for tax year 2010, tax demand of Rs.69.684 million was raised under section 124(4). Against the order of the CIR(A) pertaining to both the tax years second appeals were filed before the Inland Revenue Appellate Tribunal (IRAT), Karachi. Meanwhile, tax department issued refund adjustment memos for Rs.82.937 million to adjust remaining tax demands of tax years 2009 and 2010 from the refund claims of tax years 2011 and 2012.

During the current year, IRAT-Karachi vide its order dated February 20, 2013 in the appeals filed by the Company for tax years 2009 and 2010 as well as for tax years 2004, 2005, 2006 and 2008 decided the issues of loans and advances written-off, apportionment of expenditure and loans to executives / officers in favor of the Company as applicable to the respective tax year(s). Based on the decision of IRAT and overall resulting reliefs and brought forward losses, there is 'Nil' additional tax liability remaining for tax years 2009 and 2010. Based on this status, the above referred tax demands for TY-2009 and TY-2010 have been excluded from contingent liabilities as advised by the tax advisor of the Company. The applications for the appeal effect orders resulting from the decision of IRAT have been submitted with the ACIR – Audit. Further, considering the updated tax status in light of IRAT order dated February 20, 2013, the Company recorded Rs.25 million as prior year tax reversal as of June 30, 2013 which pertained to payment made in FY- 2010 against tax demand for TY-2008.

For TY-2011, the Commissioner Inland Revenue (CIR) had selected the case for audit under section 177 of ITO. Selection was challenged on the legal grounds. Moreover, on random balloting by the FBR for audit, the case of the Company was not selected for Audit. The department was however of the view that regardless of any balloting, Commissioner had inherent power to select the case for audit. Accordingly, Deputy Commissioner Inland Revenue (DCIR) vide order dated August 30, 2013 passed under section 122 (1) read with section 177 of ITO has issued the amended assessment order and raised a demand of Rs.84.392 million for TY-2011.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. During calendar / financial year 2012, refund claim of Rs.70.53 million was filed by the Company for the TY-2011 through a revised tax return. However, the said additional refund is / was not recognized following a prudent stance. Further, no provision has been made for the demand for TY-2011 as the Company has filed an appeal with CIR (A) on October 14, 2013 and hopeful of a favorable outcome on this matter considering the appellate history.

Subsequent to the year end, the Company has received the appeal effect orders with respect to the above referred IRAT orders dated February 20, 2013. The same is being analysed by the Company for future course of action to be followed on the matter.

	Note	2013	2012
		------- (Rupees in '000) -------	
Commitments			
20.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	200,000
Others	20.1.1	**860,561**	859,064
		860,561	1,059,064

20.1.1 This represents the guarantees issued on behalf of Kamoki Energy Limited (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 8.16).

		2013	2012
20.2 Trade - related contingent liabilities			
Contingent liabilities in respect of letters of credit favouring:			
Government		-	-
Others		**270,341**	147,588
		270,341	147,588
20.3 Commitments to extent credit		**771,983**	291,504
20.4 Unsettled investment transactions for:			
Sale of Market Treasury Bills		**496,945**	497,317
Sale/Purchase of listed ordinary shares		**84,255**	178
		581,200	497,495
20.5 Commitments for acquisition of fixed assets		**561**	-

21. DERIVATIVE INSTRUMENTS

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

	2013	2012
	------- (Rupees in '000) -------	
22. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to		
customers	**534,510**	637,032
financial institutions	**-**	-
On investments in		
'held-for-trading' securities	**24,204**	9,339
'available-for-sale' securities	**566,503**	573,182
'held to maturity' securities	**1,238**	4,610
On deposits with financial institutions	**11,080**	1,613
On repurchase agreement lendings (Reverse Repo)	**7,442**	1,656
Income on bank deposits	**2,202**	1,701
	1,147,179	1,229,133

23. MARK-UP / RETURN / INTEREST EXPENSED

	2013	2012
Deposits and other accounts	**434,157**	474,793
On securities sold under repurchase agreement (Repo)	**245,558**	218,073
On other borrowings		
Long-term (includes PPTFC)	**153,595**	246,201
Short-term	**59,619**	44,780
	892,929	983,847

24. GAIN ON SALE OF SECURITIES - NET

	2013	2012
Government securities		
Market treasury bills	**2,417**	10,514
Pakistan investment bonds	**(9,722)**	5,442
	(7,305)	15,956
Listed shares	**109,577**	64,317
Unlisted shares	**(14,600)**	-
TFCs, sukuks and mutual fund units	**28,640**	18,757
	116,312	99,030

25. OTHER INCOME

	2013	2012
Gain on sale of operating fixed assets	**11,850**	525
Exchange gain	**10**	16
Recovery against written-off cases	**4**	389
Recovery of charges	**667**	385
Insurance recoveries	**-**	277
Special corporate discounts	**96**	
	12,627	1,592

26. ADMINISTRATIVE EXPENSES

	Note	2013	2012
		------- (Rupees in '000) -------	
			Restated
Salaries, allowances and benefits		**148,379**	135,326
Charge for defined benefit plan	33.6	**9,572**	14,786
Contribution to defined contribution plan	34	**5,114**	3,926
Executive directors' remuneration (including remuneration of the Managing Director and Deputy Managing Director)		**82,576**	36,136
Non-executive directors' fee and remuneration	35	**4,996**	2,843
Board meeting expenses		**27,737**	15,914
Traveling and lodging		**1,380**	7,306
Rent and utilities		**6,810**	7,349
Legal, consultancy and professional services		**14,405**	11,442
Communications		**5,338**	4,586
Repairs and maintenance		**8,533**	8,517
Motor vehicle expenses		**2,796**	2,679
Entertainment and business development		**2,725**	3,637
Insurance	33.10	**3,188**	3,143
Software maintenance expenses		**1,237**	83
Bank charges		**415**	568
Printing and stationery		**2,532**	2,857
Advertisement, periodicals, membership dues and publicity		**1,865**	1,485
Auditors' remuneration	26.1	**1,929**	1,019
Depreciation	10.2	**24,214**	17,231
Amortisation	10.4	**102**	12
Others		**280**	267
		356,123	281,112

26.1 Auditors' remuneration

		2013	2012
Audit fee		**660**	600
Half yearly review fee		**276**	240
Code of corporate governance fee		**125**	125
Special certifications and sundry advisory services		**770**	26
Out of pocket expenses		**98**	28
		1,929	1,019

27. OTHER PROVISIONS / WRITE OFFS

	Note	2013	2012
(Reversals) / provision against mark-up accrued - net		**(40,909)**	268,104
Provision against preference dividend receivable		**-**	2,375
(Reversal) / provision against non-banking assets acquired in satisfaction of claims		**(17,680)**	70,480
Provision against other receivables - Kamoki Energy Limited		**13,923**	26,000
	12.4	**(44,666)**	366,959

28. OTHER CHARGES

		2013	2012
Arrangement fee and documentation charges		**14,268**	13,570
Brokerage commission		**2,325**	2,669
Expenses for privately placed term finance certificates		**1,810**	1,832
Penalty imposed by SBP		**7,400**	-
		25,803	18,071

29. TAXATION

	Note	2013	2012
Current	29.1	**24,331**	6,676
Prior	29.2	**(25,000)**	-
Deferred		**15,069**	104,469
		14,400	111,145

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

29.2 As more fully explained in note 20, in light of IRAT order dated February 20, 2013, the Company made reversal of provision for taxation pertaining to tax year 2008, amounting to Rs.25 million.

30. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

	Note	2013	2012
		------- (Rupees in '000) -------	Restated
Earnings / (loss) for the year after taxation (Rupees in thousand)		**181,595**	(3,428,519)
Weighted average number of Ordinary shares in issue		**614,178**	614,178
Earnings / (loss) per share (Rupees)	30.1	**296**	(5,582)

30.1 There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2013 and 2012.

31. CASH AND CASH EQUIVALENTS

	Note	2013	2012
Cash and balances with treasury banks	5	**51,848**	63,387
Balances with other banks	6	**193,258**	38,636
Lendings to financial institutions	7	**350,000**	-
		595,106	102,023

32. STAFF STRENGTH

	2013	2012
	---------- (Numbers) ----------	
Permanent	**66**	48
Temporary / on contractual basis	**21**	31
Daily wagers	**8**	8
Company's own staff strength at the end of the year	**95**	87
Outsourced	**16**	17
Total staff strength	**111**	104

33. DEFINED BENEFIT PLAN

Staff retirement gratuity

	2013	2012
	--- Percent per annum ---	
Discount rate	**12.5**	11.5
Expected rate of increase in salary levels	**10.5**	9.5
Expected rate of return on plan assets	**12.5**	11.5

The disclosures made in note 33.1 to 33.9 are based on the information included in the actuarial valuation as at December 31, 2013.

33.1 Mortality rate

The rates assumed were based on the SLIC 2001-2005 with one year age set back.

33.2 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	2013	2012
		------ (Rupees in '000) ------	
			Restated
33.3 Reconciliation of amount payable to defined benefit plan			
Present value of defined benefit obligation	33.4	**104,724**	85,014
Fair value of plan assets	33.5	**(92,368)**	(58,539)
		12,356	26,475
33.4 The movement in the defined benefit obligation over the year is as follows:			
Present value of obligation at the beginning of the year		**85,014**	66,732
Current service cost	33.6	**7,964**	13,327
Interest cost	33.6	**9,777**	7,890
Benefit paid		**-**	(7,221)
Actuarial loss on obligation (balancing figure)		**1,969**	4,286
Present value of obligation at the end of the year		**104,724**	85,014
33.5 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		**58,539**	52,207
Expected return on plan assets	33.2	**8,168**	6,431
Contributions		**24,978**	5,704
Benefits paid		**-**	(7,221)
Actuarial gain on assets (balancing figure)	33.9	**683**	1,418
Fair value of plan assets at the end of the year		**92,368**	58,539
33.6 The amount recognised in the profit or loss account is as follows:			
Current service cost	33.4	**7,964**	13,327
Interest cost	33.4 & 33.5	**1,608**	1,459
		9,572	14,786

33.7 Actual return on plan assets during the year was Rs.8.851 million (2012: Rs.7.849 million).

33.8 Plan assets comprise the following:

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

	Unaudited		Audited	
	2013		2012	
Particulars	**Rupees in '000**	**Percent**	Rupees in '000	Percent
Term Deposit Receipts (TDRs) / Certificates of Investments (COIs)	**52,027**	**56.3%**	54,435	92.90%
Cash and bank balances	**1,737**	**1.9%**	102	0.2%
Market treasury bills	**38,310**	**41.5%**	-	0%
Units of mutual funds	**294**	**0.3%**	4,002	6.9%
	92,368	**100%**	58,539	100%

33.9 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	2013	2012	2011	2010	2009
		(Rupees in '000)				
			Restated			
Present value of defined benefit obligation		**104,724**	85,014	66,732	52,268	42,562
Fair value of plan assets		**(92,368)**	(58,539)	(52,207)	(47,237)	(40,161)
Deficit / (surplus)		**12,356**	26,475	14,525	5,031	2,401
Defined benefit obligation		**12,356**	26,475	11,286	1,260	-
Experience adjustments on plan assets	33.5	**(683)**	(1,418)	2,386	2,784	6,771

33.10 Staff benevolent fund

Contribution from the Company	**122**	96
Contribution from the employees	**122**	96

34. DEFINED CONTRIBUTION PLAN

Contribution from the Company	**5,114**	3,926
Contribution from the employees	**5,114**	3,926
	10,228	7,852

34.1 Provident Fund (the Fund) Disclosures

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

	Unaudited 2013	Audited 2012
	(Rupees in '000)	
Size of the Fund - total assets	**56,431**	43,361
Cost of investment made	**53,833**	40,295
Fair value of investments	**56,070**	42,601
Percentage of investment made	**99%**	98%

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

	Unaudited 2013		Audited 2012	
	Rupees in '000	Percent	Rupees in '000	Percent
Bank balances	**2,238**	**3.99%**	1,231	2.89%
Term Deposit Receipts (TDRs) / Certificates of Investments (COIs)	**33,446**	**59.65%**	27,979	65.68%
Government securities	**14,122**	**25.19%**	-	-
Mutual funds	**6,264**	**11.17%**	13,391	31.43%
	56,070	**100.00%**	42,601	100.00%

34.3 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.

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Managing Director		Deputy Managing Director		Directors		Executives	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000)							
Fees and remuneration	-	-	-	-	4,996	2,843	-	-
Managerial remuneration	29,517	2,293	32,553	23,451	-	-	110,070	109,458
Charged for defined benefit plan	1,586	4,176	830	107	-	-	6,730	8,002
Contribution to defined contribution plan	1,253	133	1,438	1,415	-	-	2,560	2,614
Rent and house maintenance	537	574	335	1,023	-	-	-	-
Utilities	720	303	1,144	1,057	-	-	-	-
Medical	452	-	137	470	-	-	1,925	1,853
Conveyance	4,513	105	2,816	2,295	-	-	11,440	10,994
Others	3,577	3,742	6,274	5,824	-	-	350	937
	42,155	11,326	45,527	35,642	4,996	2,843	133,075	133,858
Number of persons	1	1	1	1	4	4	53	55

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

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.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair values or fair value estimates.

The fair value of traded investments and Federal Government securities are based on quoted market prices and PKRV rates respectively. Fair value of unquoted equity investments is determined on the basis of lower of cost and breakup value of these investments as per the latest available financial statements less impairment, if any.

Fair value of fixed term advances, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances has been calculated in accordance with the Company's accounting policy as stated in note 4.4.

The repricing profile and effective rates and maturity are stated in notes 40.2.4 and 40.3.1 respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

37. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITY

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

	2013			2012 (Restated)		
	Corporate finance	Retail banking	Total	Corporate finance	Retail banking	Total
	(Rupees in '000)					
Total income / (loss)	1,407,862	18,322	1,426,184	(1,712,459)	77,930	(1,634,529)
Total expenses	1,210,034	20,155	1,230,189	1,653,864	28,981	1,682,845
Net income / (loss)	197,828	(1,833)	195,995	(3,366,323)	48,949	(3,317,374)
Segment assets (gross)	16,485,764	210,108	16,695,872	17,952,525	274,368	18,226,893
Segment non-performing loans	3,174,191	72,657	3,246,848	3,219,881	88,087	3,307,968
Segment provision required	4,524,067	51,068	4,575,135	4,713,788	47,498	4,761,286
Segment liabilities	8,645,770	155,049	8,800,819	10,150,939	170,659	10,321,598
Net assets	3,315,927	3,991	3,319,918	3,087,798	56,211	3,144,009
Segment return on net assets	5.97%	-0.06%	5.90%	-109.02%	3.51%	-105.51%
Segment cost of funds (%)	8.46%	1.42%	9.88%	10.04%	2.06%	12.10%

38. 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 personnels 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.

Transactions and balances with related parties are as follows:

	December 31, 2013					December 31, 2012 (Restated)				
	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)				
38.1 Balances outstanding										
Bank balance	-	-	-	51,789	-	-	-	-	63,297	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	3,700,858	-	-	-	-	1,852,927	-
Placements / reverse repo matured during the period	-	-	-	(3,350,858)	-	-	-	-	(1,852,927)	-
Closing balance	-	-	-	350,000	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	5,417,738	54,500	-	-	737,723	2,785,639	54,500
Investment made during the period	-	-	-	13,223,124		-	-	-	18,191,023	
Investment redeemed / disposed off / adjusted during the period	-	-	-	(14,390,929)	(54,000)	-	-	-	(15,558,924)	-
Share of loss	-	-	-	-	-	-	-	(32,856)	-	-
Closing balance	-	-	704,867	4,249,933	500	-	-	704,867	5,417,738	54,500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	15,400
Deficit on revaluation of investments	-	-	-	(23,968)	-	-	-	-	(4,331)	-
Advances										
Opening balance	-	39,147	1,250,000	945,170	-	-	43,565	1,250,000	945,170	-
Addition / rollover during the period	-	8,674	34,690	945,170	-	-	16,646	-	-	-
Repaid during the year	-	(6,755)	-	(945,170)	-	-	(21,064)	-	-	-
Closing balance	-	41,066	1,284,690	945,170	-	-	39,147	1,250,000	945,170	-
Provision held against advances	-	-	1,018,502	-	-	-	-	983,812	-	-
Other assets										
Mark-up receivable on term loan										
- Gross	-	122	541,321	81,513	-	-	221	387,206	65,934	-
- Suspended / provided	-	-	(541,321)	(36,932)	-	-	-	(387,206)	(18,674)	-
Closing balance	-	122	-	44,581	-	-	221	-	47,260	-
Amount receivable from defined contribution plan	-	-	-	-	50	-	-	-	-	-
Other receivables	-	-	5,234	-	-	-	-	26,000	-	-
Advance taxation	-	-	-	144,112	-	-	-	-	125,697	-
Other advances										
Opening	-	3,752	-	-	-	-	4,084	-	-	-
Additions during the period	-	8,494	-	-	1,290	-	3,947	-	-	-
Repaid during the period	-	(10,971)	-	-	(430)	-	(4,279)	-	-	-
Closing balance	-	1,275	-	-	860	-	3,752	-	-	-
Provision against other assets	-	-	5,234	-	-	-	-	26,000	-	-
Borrowings from financial institutions										
Opening	-	-	-	1,827,344	-	-	-	-	2,423,455	-
Borrowings during the period	-	-	-	84,534,228	-	-	-	-	42,991,026	-
Settled during the period	-	-	-	(83,930,357)	-	-	-	-	(43,587,137)	-
Closing balance	-	-	-	2,431,215	-	-	-	-	1,827,344	-
Deposits and other accounts										
Opening balance	-	-	-	3,978,501	110,000	-	-	-	3,572,844	80,000
Additions during the period	-	2,500	-	4,074,000	420,000	-	-	-	7,047,254	450,000
Repayments during the period	-	-	-	(5,328,500)	(480,000)	-	-	-	(6,641,597)	(420,000)
Closing balance	-	2,500	-	2,724,001	50,000	-	-	-	3,978,501	110,000

	December 31, 2013					December 31, 2012 (Restated)				
	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	-	30	-	222,461	260	-	-	-	193,023	1,180
Amount payable to retirement benefit funds	-	-		-	12,356	-	-	-	-	26,475
Others	-	-	1,008	440	-	-	-	1,008	-	-
	-	30	1,008	222,901	12,616	-	-	1,008	193,023	27,655
Contingencies and commitments										
Letter of guarantee	-	-	860,561	-	-	-	-	859,064	-	-
Unsettled sale / purchase of investment transactions	-	-	-	551,523	-	-	-	-	497,317	-
	-	-	860,561	551,523	-	-	-	859,064	497,317	-

38.2 Transactions, income and expenses

	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	-	649	-	531,055	-	-	1,390	-	489,982	-
Mark-up / return / interest expensed	-	30	-	694,264	10,765	-	-	-	707,385	12,556
Gain on sale of securities - net	-	-	-	27,133	(14,600)	-	-	-	15,956	-
Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading'	-	-	-	(9,357)	-	-	-	-	-	-
Dividend Income	-	-	-	13,258	-	-	-	-	3,054	-
Contribution paid to defined contribution plan	-	-	-	-	5,114	-	-	-	-	3,926
Contribution paid to defined benefit plan	-	-	-	-	25,100	-	-	-	-	5,798
Non-executive directors' fee and remuneration	4,996	-	-	-	-	2,843	-	-	-	-
Remunerations	-	141,449	-	-	1,986	-	110,265	-	-	-
Share of loss	-	-	-	-	-	-	-	32,856	-	-
Consideration for disposal of fixed assets	-	74	-	-	-	-	623	-	-	-

* 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.

39. CAPITAL ASSESSMENT AND ADEQUACY

39.1 Scope of applications

The Basel III Capital Regulations ("Basel III") are applicable to Pak Libya Holding Company (Pvt.) Ltd. ("Pak Libya" or the Company) 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 December 31, 2013. Accordingly, the Company's Risk Weighted Assets (RWA), total capital and related ratios are calculated under the Basel III framework. For the purpose of presentation, the RWAs, total capital and related ratios as at December 31, 2012 are calculated using the framework and the methodologies defined under the Basel II 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 carries 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 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.

Capital structure

SBP's regulatory capital guidelines under Basel III allow for three tiers of capital. Tier I capital includes common shares and retained earnings. Pak Libya currently does not hold any instruments in Tier II or Tier III capital. The authorized share capital of the Company is Rs.8,000 million and the paid-up capital is Rs.6,141.780 million consisting of 641,178 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 to CET1.

- There is no amount for Additional Tier 1 Capital (AT1) of the Company.

- Tier 2 capital includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets).

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%. The paid-up capital (free of losses) of the Company as of December 31, 2013 amounted to Rs.3.296 billion. The Board of Directors of the Company has approved the financial projections for the next five years (2012: three years), envisaging a capital injection of Rs.4 billion. The increase is aimed to comply with MCR, for risk absorption and future growth and business prospects of the Company. Further, as stated in note 1.2, SBP has granted further exemption in meeting the Minimum Capital Requirement till June 30, 2014.

Detail of the Company's eligible capital (on an unconsolidated basis) is as follows:

		December 31, 2013		December 31, 2012
		Amount	Amounts subject to Pre - Basel III treatment	Amounts subject to Basel II
		---------------- (Rupees in '000) ----------------		
39.2 Common Equity Tier 1 capital (CET1): Instruments and reserves				
Fully paid-up capital / capital deposited with SBP		**6,141,780**	-	6,141,780
Balance in share premium account		-	-	-
Reserve for issue of bonus shares		-	-	-
General / statutory reserves		**36,319**	-	-
Gain / (losses) on derivatives held as cash flow hedge		-	-	-
Unappropriated / unremitted profits / (losses)		**(2,845,431)**	-	(2,983,638)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		-	-	-
CET 1 before Regulatory Adjustments		**3,332,669**		3,158,142
Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)		-	-	-
All other intangibles (net of any associated deferred tax liability)		**(17,692)**	-	(48)
Shortfall of provisions against classified assets		-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		-	**(173,013)**	-
Defined-benefit pension fund net assets		-	-	-
Reciprocal cross holdings in CET1 capital instruments		-	-	-
Cash flow hedge reserve		-	-	-
Investment in own shares / CET1 instruments		-	-	-
Securitization gain on sale		-	-	-
Capital shortfall of regulated subsidiaries		-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS		**(12,750)**	-	(8,351)
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)		-	**(9,971)**	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		-	-	-
Amount exceeding 15% threshold of which: significant investments in the common stocks of financial entities of which: deferred tax assets arising from temporary differences				
National specific regulatory adjustments applied to CET1 capital investment in TFCs of other banks exceeding the prescribed limit		-	-	-
Any other deduction specified by SBP (mention details)				
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-	**(40,189)**	-
Total regulatory adjustments applied to CET1 (sum of 9 to 25)		**(30,442)**		(8,399)
Common Equity Tier 1	a	**3,302,227**		3,149,743
Additional Tier 1 (AT 1) Capital				
Qualifying Additional Tier-1 instruments plus any related share premium				
of which: Classified as equity		-	-	-
of which: Classified as liabilities		-	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1) of which: instrument issued by subsidiaries subject to phase out		-	-	-
AT1 before regulatory adjustments		-		-

		December 31, 2013		December 31, 2012
		Amount	Amounts subject to Pre - Basel III treatment	Amounts subject to Basel II
		---------------- (Rupees in '000) ----------------		
Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-	-	-
Investment in own AT1 capital instruments		-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments		-	-	-
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)		-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-	(40,189)	-
Total of Regulatory Adjustment applied to AT1 capital		-		-
Additional Tier 1 capital				
Additional Tier 1 capital recognized for capital adequacy	b	-		-
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b)	3,302,227		3,149,743
Tier 2 Capital				
Qualifying Tier 2 capital instruments under Basel III		-	-	-
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)		-	-	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2) of which: instruments issued by subsidiaries subject to phase out		-	-	-
General Provisions or general reserves for loan losses - up to maximum of 1.25% of Credit Risk Weighted Assets		1,522	-	2,393
Revaluation reserves				
of which: Revaluation reserves on property		-	-	-
of which: Unrealised gains / losses on AFS		-	-	-
Foreign Exchange Translation Reserves		-	-	-
Undisclosed/Other Reserves (if any)		-	-	-
		1,522		2,393

		December 31, 2013		December 31, 2012
		Amount	Amounts subject to Pre - Basel III treatment	Amounts subject to Basel II
		---------------- (Rupees in '000) ----------------		
T2 before regulatory adjustments				
Tier 2 Capital: regulatory adjustments				
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-	-	-
Reciprocal cross holdings in Tier 2 instruments		-	-	-
Investment in own Tier 2 capital instrument		-	-	-
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)		-	(41,711)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		-	-	-
Amount of Regulatory Adjustment applied to T2 capital		-		-
Tier 2 capital (T2)		1,522		2,393
Tier 2 capital recognized for capital adequacy		1,522	-	2,393
Excess Additional Tier 1 capital recognized in Tier 2 capital		-	-	-
Total Tier 2 capital admissible for capital adequacy	(d)	1,522	-	2,393
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d)	3,303,749		3,152,136
Total Risk Weighted Assets	(i=f+g+h)	10,150,460		11,126,592
Total Credit Risk Weighted Assets	(f)	7,930,969	-	7,892,376
Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment		-	-	-
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				
of which: deferred tax assets		708,408	-	293,577
of which: Defined-benefit pension fund net assets				
of which: [insert name of adjustment]				
Total Market Risk Weighted Assets	(g)	1,397,239	-	2,286,049
Total Operational Risk Weighted Assets	(h)	822,252	-	948,167
Capital Ratios and buffers (in percentage of risk weighted assets)				
CET1 to total RWA	(a/i)	32.53%	-	28.31%
Tier-1 capital to total RWA	(c/i)	32.53%	-	28.31%
Total capital to RWA	(e/i)	32.55%	-	28.33%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		0%	-	0%
of which: capital conservation buffer requirement		0%	-	0%
of which: countercyclical buffer requirement		0%	-	0%
of which: D-SIB or G-SIB buffer requirement		0%	-	0%
CET1 available to meet buffers (as a percentage of risk weighted assets)		32.53%	-	28.31%
National minimum capital requirements prescribed by SBP				
CET1 minimum ratio		5.00%	-	NA
Tier 1 minimum ratio		6.50%	-	NA
Total capital minimum ratio		10.00%	-	NA
Amounts below the thresholds for deduction (before risk weighting)				
Non-significant investments in the capital of other financial entities		364,604	-	366,941
Significant investments in the common stock of financial entities		-	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)		110,350	-	120,564

	December 31, 2013		December 31, 2012
	Amount	Amounts subject to Pre - Basel III treatment	Amounts subject to Basel II
	(Rupees in '000)		
Applicable caps on the inclusion of provisions in Tier 2			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,522	-	2,393
Cap on inclusion of provisions in Tier 2 under standardized approach	99,137	-	98,655
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings - based approach (prior to application of cap)	-	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-

39.3 Capital Adequacy

The table below illustrates the various 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

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:

- to comply with the capital requirements set by the regulators of the Company;
- to 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;
- to acquire, develop and maintain a strong capital base to support the development of its business;
- 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 II/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 business 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 II and 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, and

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.

39.4 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 (eg 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	Nonconvertible
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

39.5 Capital Structure Reconciliation

39.5.1 Step 1

	December 31, 2013	
	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	------ (Rupees in '000) ------	
Assets		
Cash and balances with treasury banks	51,848	51,848
Balances with other banks	193,258	193,258
Lendings to financial institutions	350,000	350,000
Investments	6,356,193	6,356,193
Advances	4,352,981	4,352,981
Operating fixed assets	86,956	86,956
Deferred tax assets	283,363	283,363
Other assets	446,138	446,138
Total assets	12,120,737	12,120,737
Liabilities and equity		
Bills payable	-	-
Borrowings	5,615,747	5,615,747
Deposits and other accounts	2,809,423	2,809,423
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	375,649	375,649
Total liabilities	8,800,819	8,800,819
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	6,141,780	6,141,780
Reserves	36,319	36,319
Unappropriated / unremitted profit / (losses)	(2,845,431)	(2,845,431)
Minority interest	-	-
Surplus / (deficit) on revaluation of assets	(12,750)	(12,750)
	3,319,918	3,319,918
Total liabilities and equity	12,120,737	12,120,737

39.5.2 Step 2

	Reference	December 31, 2013	
		Balance sheet as in published financial statements	Under regulatory scope of consolidation
		------ (Rupees in '000) ------	
Assets			
Cash and balances with treasury banks		51,848	51,848
Balanced with other banks		193,258	193,258
Lending to financial institutions		350,000	350,000
Investments		6,356,193	6,356,193
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	364,604	364,604
of which: significant capital investments in financial sector entities exceeding regulatory threshold	b		
of which: Mutual Funds exceeding regulatory threshold	c		
of which :Reciprocal cross holdings in CET1	d		
of which :Reciprocal cross holdings in Tier2			
of which: others (mention details)	e		
Advances		4,352,981	4,352,981
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	f		
general provisions reflected in Tier 2 capital	g	1,522	1,522
Fixed Assets		86,956	86,956
of which:Intangibles	h	2,692	2,692
Deferred Tax Assets		283,363	283,363
of which: DTAs excluding those arising from temporary differences	i	173,013	173,013
of which: DTAs arising from temporary differences exceeding regulatory threshold	j	110,350	110,350
Other assets		446,138	446,138
of which: Goodwill	k		
of which: Intangibles	l	15,000	15,000
of which: Defined-benefit pension fund net assets	m		
Total assets		12,120,737	12,120,737

Liabilities & Equity			
Bills payable		-	-
Borrowings		5,615,747	5,615,747
Deposits and other accounts		2,809,423	2,809,423
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		375,649	375,649
Total liabilities		8,800,819	8,800,819
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		36,319	36,319
of which: portion eligible for inclusion in CET1:Share Premium	v		
of which: portion eligible for inclusion in CET1 General/ Statutory Reserve	w	36,319	36,319
of which: portion eligible for inclusion in Tier 2	x		
Unappropriated profit/ (losses)	y	(2,845,431)	(2,845,431)
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			
Surplus on revaluation of assets	ab		-
of which: Revaluation reserves on Property	ac		
of which: Unrealized Gains/Losses on AFS			-
In case of Deficit on revaluation (deduction from CET1)	ad	12,750	12,750
Total liabilities & Equity		12,120,737	12,120,737

39.5.3 Step 3

	Source based on reference number from step 2	Component of regulatory capital reported by bank (Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital / Capital deposited with SBP	(t)	6,141,780
Balance in Share Premium Account		
Reserve for issue of Bonus Shares		
General / Statutory Reserves	(v)	36,319
Gain / (Losses) on derivatives held as Cash Flow Hedge		
Unappropriated / unremitted profits / (losses)	(y)	(2,845,431)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(z)	
CET 1 before Regulatory Adjustments		3,332,669
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	(k) - (p)	
All other intangibles (net of any associated deferred tax liability)	(h)+(l) - (q)	(17,692)
Shortfall of provisions against classified assets	(f)	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(i) - (s)} * x%	
Defined-benefit pension fund net assets	{(m) - (r)} * x%	
Reciprocal cross holdings in CET1 capital instruments	(d)	
Cash flow hedge reserve		
Investment in own shares/ CET1 instruments		
Securitization gain on sale		

Capital shortfall of regulated subsidiaries		
Deficit on account of revaluation from bank's holdings of property / AFS	(ad)	(12,750)
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)	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (af) - (ah)	
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	
Amount exceeding 15% threshold		
of which: significant investments in the common stocks of financial entities		
of which: deferred tax assets arising from temporary differences		
National specific regulatory adjustments applied to CET1 capital		
Investment in TFCs of other banks exceeding the prescribed limit		
Any other deduction specified by SBP (mention details)		
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		
Total regulatory adjustments applied to CET1 (sum of 9 to 25)		**(30,442)**
Common Equity Tier 1		**3,302,227**
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium		
of which: Classified as equity	(u)	-
of which: Classified as liabilities	(n)	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(aa)	-
of which: instrument issued by subsidiaries subject to phase out		
AT1 before regulatory adjustments		-
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	(c)	-
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		-
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)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
Total of Regulatory Adjustment applied to AT1 capital		-
Additional Tier 1 capital		-
Additional Tier 1 capital recognized for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)		**3,302,227**

Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III		-
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	(o)	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	(ab)	-
of which: instruments issued by subsidiaries subject to phase out		-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	1,522
Revaluation Reserves eligible for Tier 2		
of which: portion pertaining to Property	portion of (ac)	-
of which: portion pertaining to AFS securities		-
Foreign Exchange Translation Reserves	(v)	-
Undisclosed / Other Reserves (if any)		-
T2 before regulatory adjustments		1,522
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
Reciprocal cross holdings in Tier 2 instruments		-
Investment in own Tier 2 capital instrument		-
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)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ah)	-
Amount of Regulatory Adjustment applied to T2 capital		-
Tier 2 capital (T2)		1,522
Tier 2 capital recognized for capital adequacy		1,522
Excess Additional Tier 1 capital recognized in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		1,522
TOTAL CAPITAL (T1 + admissible T2)		3,303,749

39.6 Risk Weighted Exposures

The risk-weighted assets are measured by means of a hierarchy of five 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 losses.

		Capital Requirements		Risk Weighted Assets	
		2013	2012	2013	2012
		(Rupees in '000)			
Credit Risk					
PSE		47,259	47,259	472,585	472,585
Banks		12,408	3,993	124,080	39,929
Corporates		292,399	330,897	2,923,990	3,308,971
Retail portfolio		7,335	6,265	73,350	62,648
Secured by residential mortgage		3,551	5,029	35,507	50,287
Past due loans		69,551	71,927	695,506	719,268
Significant investment and DTAs		70,841	29,358	708,408	293,577
Listed equity investment		29,426	31,943	294,258	319,433
Unlisted equity investment		6,098	14,138	60,975	141,375
Investment in fixed assets		8,426	9,790	84,264	97,896
Other assets		43,114	42,472	431,138	424,720
		590,406	593,069	5,904,060	5,930,689
Credit Risk on Off-balance sheet					
Non-market related		189,621	186,213	1,896,210	1,862,129
Market related		13,070	9,956	130,698	99,558
Market Risk					
Interest rate risk		16,585	38,493	165,850	384,931
Equity position risk		123,131	190,112	1,231,313	1,901,118
Foreign exchange risk		8	-	76	
Operational Risk					
Capital Requirement for operational risks		82,225	94,817	822,252	948,167
	Total	1,015,046	1,112,659	10,150,459	11,126,592

Capital Adequacy Ratio		2013	2012
Total eligible regulatory capital held	(e)	3,303,749	3,152,136
Total Risk Weighted Assets	(i)	10,150,459	11,126,592
Capital Adequacy Ratio	(e) / (i)	32.55%	28.33%

40. 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 are:

Credit risk

The risk of losses because counterparties fail 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 in the Credit approval function by its Internal Credit Risk Rating model through which an appropriate risk level of the borrower / counterparty is ascertained 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 because the market value of the Company's assets and liabilities will vary with 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 the respect to the Company's assets and liability management is primarily associated with the capital market exposures and the maturity and repricing mismatches of its assets and liabilities. The Board is responsible for reviewing and recommending all market risk policies and ensuring that sound market risk and effective risk management systems are established and complied with.

Operational risk

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

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

Risk policy sets minimum standards and requires all business units to identify and assess risks. The business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The business unit must report any potential deviation giving rise to operational risk events in the management reporting system.

The Company is continuously in the process of improving its internal controls which aids in strengthening the Operational Risk Management of the Company. In FY-2013, a detailed Internal Controls over Financial Reporting (ICFR) documentation update exercise was carried out by the Company to update the earlier documentations for ICFR. The gaps identified with respect to ICFR are remediated / being remediated to further strengthen the internal controls of the Company.

Liquidity risk

The risk arising due to failure to access funds at reasonable cost 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 II 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 report to senior management and risk management committees.

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 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.

40.1 Credit risk

Credit risk management objectives and policies

Credit risk refers to the risks 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, corporate 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 facilitate early identification of changes in risk profiles, credits with deteriorating ratings should be 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 case 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 obtains external ratings from PARCA and / or JCR-VIS.

Exposures	JCR-VIS	PARCA	Other
Corporate	Yes	Yes	x
Banks	Yes	Yes	x
Sovereigns	x	x	x
SME's	x	x	x
Securitisations	x	x	x
Others (specify)	x	x	x

Credit exposures subject to standardised approach

		2013			2012		
Exposures	Rating Category	Amount outstanding	Deduction CRM*	Net amount	Amount outstanding	Deduction CRM*	Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	-	-	-	-	-	-
	1	295,571	-	295,571	203,131	-	203,131
	2	1,595,313	-	1,595,313	1,650,057	-	1,650,057
	3-4	209,520	-	209,520	-	-	-
	5-6	-	-	-	233,520	-	233,520
	Unrated	-	-	-	-	-	-
		2,100,404	-	2,100,404	2,086,708	-	2,086,708
Banks	0	-	-	-	-	-	-
	1	543,256	-	543,256	38,635	-	38,635
	2-3	30,851	-	30,851	64,397	-	64,397
	4-5	-	-	-	-	-	-
	6	2	-	2	2	-	2
	Unrated	-	-	-	-	-	-
		574,109	-	574,109	103,034	-	103,034
Sovereigns		-	-	-	-	-	-
Unrated		2,802,869	-	2,802,869	3,038,206	-	3,038,206
Total Credit Exposure		5,477,382	-	5,477,382	5,227,948	-	5,227,948

*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.

40.1.1 Segment information

40.1.1.1 Segment by class of business

2013

	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Agriculture, forestry, hunting and fishing	1,052,524	14.98%	-	-	-	-
Textile	332,333	4.73%	3,000	0.11%	300,000	11.68%
Chemicals and pharmaceuticals	1,011,388	14.39%	10,238	0.36%	313,994	12.22%
Cement	409,520	5.83%	-	-	100,000	3.89%
Sugar	231,153	3.29%	-	-	258,828	10.07%
Automobile and transportation equipment	204,435	2.91%	-	-	-	-
Electronics and electrical appliances	450,000	6.40%	-	-	-	-
Construction	122,891	1.75%	-	-	-	-
Power (electricity), gas, water, sanitary	2,056,722	29.26%	-	-	877,298	34.15%
Wholesale and trade	-	-	-	-	-	-
Transport, storage and communication	850,000	12.09%	-	-	58,333	2.27%
Financial institutions	-	-	-	-	63,174	2.46%
Services	-	-	524,000	18.65%	-	-
Industrial transportation	-	-	2,000,000	71.19%	-	-
Individuals	247,304	3.52%	22,185	0.79%	4,250	0.17%
Others	60,251	0.86%	250,000	8.90%	593,162	23.09%
	7,028,521	100%	2,809,423	100%	2,569,039	100%

2012

	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Agriculture, forestry, hunting and fishing	952,524	12.60%	-	-	-	-
Textile	355,836	4.71%	-	-	3,504	0.15%
Chemicals and pharmaceuticals	1,198,158	15.85%	-	-	100,000	4.24%
Cement	556,247	7.36%	-	-	200,000	8.48%
Sugar	143,835	1.90%	-	-	76,146	3.23%
Automobile and transportation equipment	217,543	2.88%	-	-	-	-
Electronics and electrical appliances	450,000	5.95%	-	-	-	-
Construction	243,271	3.22%	-	-	-	-
Power (electricity), gas, water, sanitary	2,087,589	27.62%		-	1,070,506	45.41%
Wholesale and trade	-	-	900,000	22.01%	-	-
Transport, storage and communication	950,000	12.57%	-	-	-	-
Financial Institutions	-	-	1,050,000	25.68%	178	0.01%
Services	-	-	488,500	11.95%	-	-
Industrial transportation	-	-	1,500,000	36.69%	-	-
Individuals	272,332	3.60%	-	-	-	-
Others	130,749	1.73%	150,000	3.67%	906,899	38.47%
	7,558,084	100%	4,088,500	100%	2,357,233	100%

40.1.1.2 Segment by sector

2013

	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Public / Government	945,170	13.45%	2,699,423	96.08%	595,916	23.20%
Private	6,083,351	86.55%	110,000	3.92%	1,973,123	76.80%
	7,028,521	100%	2,809,423	100%	2,569,039	100%

2012

	Advances (gross)		Deposits		Contingencies and Commitments	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Public / Government	945,170	12.51%	3,978,500	97.31%	1,058,889	44.92%
Private	6,612,914	87.49%	110,000	2.69%	1,298,344	55.08%
	7,558,084	100%	4,088,500	100%	2,357,233	100%

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

	2013		2012	
	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	229,340	220,809	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	-	-	-	-
Automobile and transportation equipment	138,781	138,781	138,781	138,781
Electronics and electrical appliances	450,000	225,000	450,000	225,000
Construction	62,891	12,891	143,271	92,684
Power (electricity), gas, water, sanitary	1,585,825	1,319,637	1,551,135	1,284,947
Individuals	72,657	49,546	88,087	45,105
	3,246,848	2,674,018	3,307,968	2,714,680

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

Public / government	-	-	-	-
Private	3,246,848	2,674,018	3,307,968	2,714,680
	3,246,848	2,674,018	3,307,968	2,714,680

40.1.1.5 Geographical segment analysis

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	195,995	12,120,737	3,319,918	2,569,039

40.2 Market risk

Market risk refers to the impact on the Company's financial condition resulting from future adverse price or volatility movements of the 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 banking 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 intended to hold until maturity. All investment excluding trading book are considered as part of bank 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 well established 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 cut-loss and potential loss limits recommended by Asset and Liability Committee (ALCO) of the Company to ensure that front line risk-takers do not exceed 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 gain an accurate understanding of Company's risk tolerance levels.

40.2.1 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.

	Assets	Liabilities	Off-balance sheet items	Net foreign currency
	---------- (Rupees in '000) ----------			
Pakistan rupee	12,120,606	8,800,819	2,549,598	5,869,385
United States dollar	131	-	19,441	19,572
December 31, 2013	**12,120,737**	**8,800,819**	**2,569,039**	**5,888,957**
Pakistan rupee	13,465,520	10,321,598	2,339,289	5,483,211
United States dollar	87	-	17,944	18,031
December 31, 2012 (Restated)	13,465,607	10,321,598	2,357,233	5,501,242

40.2.2 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 behavior 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) numbers generation and stress testing of the equity portfolio are also performed and reported to ALCO, senior management and risk management committees.

40.2.3 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 division.

40.2.4 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2013 Exposed to yield / interest rate risk: Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 year	Over 2 3year	Over 3 to 5 Years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	51,848	-	-	-	-	-	-	-	-	-	51,848
Balances with other banks	6.00-8.50%	193,258	191,080	-	-	-	-	-	-	-	-	2,178
Investments	8.00-12.78%	6,386,193	2,033,187	1,376,260	1,933,960	-	-	149,953	198,324	-	-	664,519
Lending to Financial Institutions	9.80-10.50%	350,000	250,000	100,000	-	-	-	-	-	-	-	-
Advances	2.50-14.62%	4,362,981	1,129,827	2,520,862	594,531	17,798	-	-	-	-	-	100,163
Other assets	-	446,138	-	-	-	-	-	-	-	-	-	446,138
		11,750,418	3,604,094	3,996,922	2,518,481	17,798	-	149,953	198,324	-	-	1,264,846
Liabilities												
Borrowings	5.00-11.15%	5,615,747	3,280,719	1,550,868	694,187	15,658	31,317	31,308	11,891	-	-	-
Deposits and other accounts	8.75-10.5%	2,809,423	34,038	2,318,685	175,000	281,500	-	-	-	-	-	-
Other liabilities	-	375,649	-	-	-	-	-	-	-	-	-	375,649
		8,800,819	3,314,757	3,869,553	869,187	297,158	31,317	31,308	11,891	-	-	375,649
On-balance sheet gap		2,949,599	289,337	127,369	1,649,294	(279,360)	(31,317)	118,645	186,433	-	-	889,197
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield/interest rate risk sensitivity gap			289,337	127,369	1,649,294	(279,360)	(31,317)	118,645	186,433	-	-	
Cumulative yield / interest rate risk sensitivity gap			289,337	416,706	2,066,000	1,786,640	1,755,323	1,873,968	2,060,401	2,060,401	2,060,401	

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

Total financial assets	11,750,418
Non financial instruments	
Operating fixed assets	86,956
Deferred taxation	283,363
	12,120,737

	Effective yield / interest rate	2012 (Restated) Exposed to yield / interest rate risk: Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 year	Over 2 3year	Over 3 to 5 Years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	63,387	-	-	-	-	-	-	-	-	-	63,387
Balances with other banks	6.00-8.00%	38,636	13,362	10,021	10,021	-	-	-	-	-	-	5,232
Lending to Financial Institutions	-											
Investments	8.00-13.70%	7,706,331	1,033,723	1,812,408	1,480,674	1,870,075	98,113	-	306,000	51,304	-	1,054,034
Advances	5.00-16.87%	4,841,011	1,358,165	2,786,069	590,568	576	-	-	-	-	-	106,633
Other assets	-	424,720	-	-	-	-	-	-	-	-	-	424,720
		13,074,085	2,405,250	4,608,498	2,081,263	1,870,651	98,113	-	306,000	51,304	-	1,653,006
Liabilities												
Borrowings	5.00-13.30%	5,880,572	4,163,141	1,148,560	461,885	13,719	27,436	27,438	37,401	-	-	-
Deposits and other accounts	10.00-12.50%	4,088,500	840,000	1,220,000	150,000	1,878,500	-	-	-	-	-	-
Other liabilities (Restated)	-	352,526	-	-	-	-	-	-	-	-	-	352,526
		10,321,598	5,003,141	2,368,560	611,885	1,892,219	27,436	27,438	37,401	-	-	352,526
On-balance sheet gap		2,752,487	(2,597,891)	2,238,948	1,469,378	(21,568)	70,675	(27,438)	268,599	51,304	-	1,300,480
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(2,597,891)	2,238,948	1,469,378	(21,568)	70,675	(27,438)	268,599	51,304	-	
Cumulative yield / interest rate risk sensitivity gap			(2,597,891)	(358,943)	1,110,435	1,088,867	1,159,542	1,132,104	1,400,703	1,452,007	1,452,007	

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

Total financial assets	13,074,085
Non financial instruments	
Operating fixed assets	97,945
Deferred taxation	293,577
	13,465,607

40.3 Liquidity risk

The risk arising due to failure to access funds at reasonable cost 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 II 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 report to senior management and risk management committees.

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 access to 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.

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

	2013										
	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 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	51,848	15,622	-	-	-	-	-	-	-	36,226
Balances with other banks	193,258	192,258	-	-	-	-	-	-	-	-
Lendings to financial institutions	350,000	250,000	100,000	-	-	-	-	-	-	-
Investments	6,356,193	2,071,077	158,049	1,740,386	127,078	246,367	334,608	1,450,874	227,754	-
Advances	4,352,961	85,670	55,543	1,042,264	320,180	467,065	835,502	1,142,879	362,476	41,382
Operating fixed assets	86,956	2,337	4,674	7,011	14,022	28,044	30,868	-	-	-
Deferred tax assets	283,363	1,777	2,313	5,612	5,250	118,465	77,946	68,809	-	3,191
Other assets	446,138	62,540	55,802	17,590	175,811	64,850	64,850	-	4,695	-
	12,120,737	2,681,281	376,381	2,812,863	642,341	924,811	1,343,774	2,662,562	594,925	80,799
Liabilities										
Borrowing	5,615,748	3,280,719	901,068	37,829	756,916	441,117	186,208	11,891	-	-
Deposits and other accounts	2,809,423	34,038	2,318,885	175,000	281,500	-	-	-	-	-
Other liabilities	375,649	19,317	30,687	61,167	180,999	-	59,351	15,012	-	9,116
	8,800,819	3,334,074	3,250,640	273,996	1,219,415	441,117	245,559	26,903	-	9,116
	3,318,918	(652,793)	(2,874,259)	2,538,867	(577,074)	483,694	1,098,215	2,635,660	594,925	71,683

Share capital	6,141,780
Reserves	36,319
Accumulated loss	(2,845,431)
Deficit on revaluation of assets - net of tax	(12,750)
	3,319,918

	2012 (Restated)									
	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 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	63,387	3,169	14,965	45,253	-	-	-	-	-	-
Balances with other banks	38,636	15,454	11,591	11,591	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	7,706,331	1,102,210	532,737	1,804,052	1,947,812	285,134	208,622	361,908	1,463,856	-
Advances	4,841,011	93,711	112,357	1,080,433	260,667	494,447	562,747	1,409,044	796,986	30,619
Operating fixed assets	97,945	1,626	3,252	4,878	9,756	19,512	58,921	-	-	-
Deferred tax assets	293,577	(226)	(122)	870	(385)	71,907	66,300	131,235	24,908	-
Other assets	424,720	82,022	100,623	46,165	31,424	160,145	-	-	4,341	-
	13,465,607	1,297,966	775,403	2,993,242	2,249,274	1,031,236	895,590	1,902,187	2,290,091	30,619
Liabilities										
Borrowing	5,880,572	4,163,141	150,000	156,885	213,745	374,863	562,288	259,650	-	-
Deposits and other accounts	4,088,500	840,000	1,220,000	150,000	1,878,500	-	-	-	-	-
Other liabilities (Restated)	352,526	39,973	53,893	62,526	114,905	-	-	22,698	58,531	-
	10,321,598	5,043,114	1,423,893	369,411	2,207,150	374,863	562,288	282,348	58,531	-
	3,144,009	(3,745,148)	(648,490)	2,623,831	42,124	656,372	333,302	1,619,839	2,231,560	30,619

	Restated
Share capital	6,141,780
Reserves	-
Accumulated loss	(2,989,420)
Deficit on revaluation of assets - net of tax	(8,351)
	3,144,009

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

	2013									
	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 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	51,848	15,622	-	-	-	-	-	-	-	36,226
Balances with other banks	193,258	193,258	-	-	-	-	-	-	-	-
Lendings to financial institutions	350,000	250,000	100,000	-	-	-	-	-	-	-
Investments	6,356,193	2,071,077	158,049	1,740,386	127,078	246,367	334,608	1,450,874	227,754	-
Advances	4,352,981	136,670	55,543	1,042,284	322,140	467,085	783,542	1,142,879	362,476	41,382
Operating fixed assets	86,956	2,337	4,674	7,011	14,022	28,044	30,868	-	-	-
Deferred tax assets	283,363	1,777	2,313	5,612	5,250	118,465	77,946	68,809	-	3,191
Other assets	446,138	62,540	55,802	17,590	175,811	64,850	64,850	-	4,695	-
	12,120,737	2,732,281	376,381	2,812,883	644,301	924,811	1,291,814	2,662,562	594,925	80,799
Liabilities										
Borrowing	5,615,747	3,280,719	901,068	37,829	756,916	441,117	186,208	11,890	-	-
Deposits and other accounts	2,809,423	34,038	2,318,885	175,000	281,500	-	-	-	-	-
Other liabilities	375,649	69,317	30,687	61,167	182,959	-	7,391	15,012	-	9,116
	8,800,819	3,384,074	3,250,640	273,996	1,221,375	441,117	193,559	26,902	-	9,116
	3,319,918	(651,793)	(2,874,259)	2,538,867	(577,074)	483,694	1,098,215	2,635,660	594,925	71,683

Share capital	6,141,780
Reserves	36,319
Accumulated loss	(2,845,431)
Deficit on revaluation of assets - net of tax	(12,750)
	3,319,918

	2012 (Restated)									
	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 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	63,387	-	-	-	-	-	-	-	-	63,387
Balances with other banks	38,636	38,636	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	7,706,331	1,190,712	562,237	1,804,062	1,977,313	314,564	208,622	361,908	1,286,923	-
Advances	4,841,011	93,711	112,357	1,080,433	260,667	494,447	562,747	1,409,044	796,986	30,619
Operating fixed assets	97,945	1,626	3,252	4,878	9,756	19,512	58,921	-	-	-
Deferred tax assets	293,577	(226)	(122)	670	(385)	71,997	65,300	131,235	24,908	-
Other assets	424,720	82,022	100,823	46,165	31,424	160,145	-	-	4,341	-
	13,466,607	1,406,481	778,347	2,936,398	2,278,775	1,060,665	895,590	1,902,187	2,113,158	94,006
Liabilities										
Borrowing	5,880,572	4,163,141	150,000	156,885	213,745	374,863	562,288	259,650	-	-
Deposits and other accounts	4,088,500	840,000	1,220,000	150,000	1,878,500	-	-	-	-	-
Other liabilities (Restated)	352,526	39,973	53,893	62,526	114,906	-	-	22,698	58,531	-
	10,321,598	5,043,114	1,423,893	369,411	2,207,150	374,863	562,288	282,348	58,531	-
	3,144,009	(3,636,633)	(645,546)	2,566,987	71,625	685,802	333,302	1,619,839	2,054,627	94,006

	Restated
Share capital	6,141,780
Reserves	-
Accumulated loss	(2,989,420)
Deficit on revaluation of assets - net of tax	(8,351)
	3,144,009

41. 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 except for the disclosures updated in respective notes to the financial statements.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 25, 2014 by the Board of Directors of the Company.

43. GENERAL

43.1 In its latest rating announcement (May 2013), 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 has maintained the rating of AA (Double A) assigned to the secured Privately Placed Term Finance Certificates issued by the Company (with negative outlook assigned to rating).

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

Khalid S.T. Benrjoba	**Abid Aziz**
Deputy Managing Director	**Managing Director & CEO**

Annexure I

As referred in note 8.19 of the financial statements.

PARTICULARS OF INVESTMENT IN TERM FINANCE CERTIFICATES (TFCs)

S.No.	Name of TFCs	Cost 2013	Cost 2012
		------ (Rupees in '000) ------	
	Particulars of investments held in listed term finance certificates (TFCs)		
1	United Bank Limited - TFC - IV (14-02-2008) Certificate of Rs.5,000 each Mark-up: 11.42% (6 - Months Kibor + 0.85%) Redemption: Half yearly from February 2008 Maturity: February 2018	-	75,027
2	Pak-Arab Fertilizers Limited - TFC - II (28-02-2008) Certificate of Rs.5,000 each Mark-up: 12.03% (6 - Months Kibor + 1.5%) Redemption: Half yearly from August 2008 Maturity: February 2013	-	5,171
3	Faysal Bank Limited - TFC - III (10-02-2005) Certificate of Rs.5,000 each Mark-up: 13.6% (6 - Months Kibor + 1.9%) Redemption: Half yearly from August 2005 Maturity: February 2013	-	24,940
4	Summit Bank Limited - TFC (27-10-2011) Certificate of Rs.5,000 each Mark-up: 12.85% (6 - Months Kibor + 3.25%) Redemption: Half yearly from April 2012 Maturity: October 2018	**298,068**	297,996
5	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 Installment status: Overdue	**3,000**	3,000
6	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
7	Azgard Nine Limited - TFC - II (20-09-2005) Certificate of Rs.5,000 each Mark-up: 10.71% (6 - Months Kibor + 1.25%) Redemption: Half yearly from Mar 2006 Maturity: September 2017 Installment status: Overdue	**13,015**	13,015
8	Pakistan Mobile Communications Limited - TFC - III (31-05-2006) Certificate of Rs.5,000 each Mark-up: 12.38% (6 - Months Kibor + 2.85%) Redemption: Half yearly from May 2006 Maturity: May 2013	-	22,337
		323,454	450,857

S.No.	Name of TFCs	Cost 2013	Cost 2012
		------ (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: 11.02% (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	Engro Fertilizer Limited - TFC - IV (18-03-2008) Certificate of Rs.5,000 each Mark-up: 11.14% (6 - Months Kibor + 1.70%) Redemption: Put and call option Maturity: Perpetual	**561,187**	560,018
5	Engro Fertilizer Limited - TFC - V (18-03-2008) Certificate of Rs.5,000 each Mark-up: 10.69% (6 - Months Kibor + 1.25%) Redemption: Put and call option Maturity: Perpetual	**300,000**	300,000
6	Jahangir Siddiqui & Company Limited - TFC - V (04-07-2007) Certificate of Rs.5,000 each Mark-up: 13.70% (6 - Months Kibor + 1.70%) Redemption: Half yearly from July 2007 Maturity: July 2013	**-**	17,407
7	Orix Leasing Pakistan Limited - TFC - IV (15-01-2008) Certificate of Rs.100,000 each Mark-up: 13.22% (6 - Months Kibor + 1.20%) Redemption: Half yearly from January 2008 Maturity: January 2013	**-**	4,158
	Balance c/f.	**1,139,989**	1,160,385

S.No.	Name of TFCs	Cost 2013	Cost 2012
		------ (Rupees in '000) ------	
	Balance b/f.	**1,139,989**	1,160,385
8	Gharibwal Cement Limited - TFC (18-01-2008) Certificate of Rs. 5,000 each Mark-up: 10.08% (3 - Months Kibor) Redemption: Quarterly from December 2010 Maturity: September 2016 Installment status: Overdue	**4,848**	4,848
9	Pak-Arab Fertilizer Limited - TFC - III (16-12-2009) Certificate of Rs.5,000 each Mark-up: 12.65% (6 - Months Kibor + 2.50%) Redemption: Half yearly from December 2009 Maturity: December 2014	**63,561**	31,565
10	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	**21,138**	21,138
11	Pakistan International Airlines Corporation Limited - TFC - II (20-02-2009) Certificate of Rs.5,000 each Mark-up: 9.96% (6 - Months Kibor + 0.85%) Redemption: Half yearly from February 2009 Maturity: February 2014 Installment status: Overdue	**176,933**	176,933
12	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	**3,284**	3,690
13	Pakistan Mobile Communication Limited - TFC - III (17-09-2013) Certificate of Rs.5,000 each Mark-up: 11.43% (6 - Months Kibor + 2.00%) Redemption: Half yearly from March 2015 Maturity: Setember 2018	**40,343**	-
14	Pakistan Mobile Communication Limited - TFC - III (17-09-2013) Certificate of Rs.5,000 each Mark-up: 11.43% (6 - Months Kibor + 2.00%) Redemption: Half yearly from March 2015 Maturity: Setember 2018	**41,667**	-
15	JDW Sugar Mills Limited-TFC- (06.08.2013) Certificate of Rs.50 million each Mark-up: 12.01% (3 - Months Kibor + 2.50%) Redemption: Quarterly from December 2013 Maturity: April 2018	**100,000**	-
		1,591,763	1,398,559

S.No.	Name of Sukuks	Cost 2013	Cost 2012
		------ (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	**13,135**	14,760
2	Kohat Cement Limited (15-12-2007) Certificate of Rs.5,000 each Mark-up: 11.59% (3 - Months Kibor + 1.5%) and a deferred mark-up portion Redemption: Quarterly from September 2011 Maturity: September 2016	**10,168**	39,962
3	House Building Finance Company Limited (08-05-2008) Certificate of Rs.5,000 each Mark-up: 10.59% (6 - Months Kibor + 1.00%) Redemption: Half yearly from May 2008 Maturity: May 2014	**30,851**	64,398
4	Pak-Elektron Limited (28-09-2007) Certificate of Rs.5,000 each Mark-up: 11.81% (3 - Months Kibor + 1.75%) Redemption: Quarterly from June 2015 Maturity: September 2016 Installment status: Overdue	**88,611**	88,611
5	Pak-Elektron Limited - II (31-03-2008) Certificate of Rs.5,000 each Mark-up: 11.08% (3 - Months Kibor + 1.00%) Redemption: Quarterly from June 2015 Maturity: March 2019 Installment status: Overdue	**38,522**	38,522
6	Liberty Power Technology Limited (18-03-2009) Certificate of Rs.5,000 each Mark-up: 12.43% (3 - Months Kibor + 3.00%) Redemption: Quarterly from March 2011 Maturity: December 2020	**86,103**	91,881
		267,390	338,134

Annexure II

As referred in note 9.4 of the financial statements.

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDERED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2013

S.NO	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	NIC NUMBER
1	Qaiser Saleem House # 29/IV, 9th Street,Gizri Lane, Phase-IV, DHA, Karachi		42301-4642864-0
2	Farhaj Ahmed C-8 Block 6, Gulshan-e-Iqbal, Karachi		42201-7568457-9

* These amount represents previously suspended markup / markup receivable and other charges do not meet the recognition criteria in books of accounts.

(Rs. In '000')

FATHER'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				AMOUNT WRITTEN-OFF			
	Principal	Mark-up	Others	Total	Principal	Mark-up *	Others *	Total
Saleemuddin Kazi	17,594	8,088	2,665	28,347	-	8,082	2,665	10,747
M. Qamaruddin Ahmed	4,224	7,101	2,346	13,671	-	7,101	2,346	9,447

PakLibya

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