ANNUAL REPORT 2018

(UNCONSOLIDATED FINANCIAL STATEMENT)

Chairman's review

I am pleased to present the annual financial statements of Pak-Libya Holding Company (Private) Limited for the year ended 31 December 2018 with hope for the best in New Year.

The year 2018 was quite a challenging year for the Country as well as the Company; the political uncertainty, macro-level indicators of the economy and changing global landscape proved tough for the business environment. The new government faced historic challenges with greater magnitude which needed certain tough decisions, including structural reforms and prudent financial management to address the increasing debt servicing cost and continuity of policies for sustainable economic growth. Resultantly, it impacted the Money and Capital Markets which affected the Company which was profitable until last year. During the year, Company's performance was off track as a result of unsuccessful implementation of certain strategic decisions.

This year the Company incurred a loss after tax of PKR 322.96 million; need of the time, therefore, is to rigorously approach solution and implement pending strategic decisions including additional equity injection as the Company has been facing certain limitations in carrying out its operations at optimal level. Concurrently, the Company will also need to make certain changes in its business model in a cost effective manner to ensure compliance with statutory requirements together with attainment of its objectives especially long-term sustainable growth.

Even in these exigent times, with persistent and conscientious efforts and perseverance to overcome all odds by the staff and management, I believe the Company will face the challenges with positivity to achieve Company's strategic objectives.

The shareholders are committed to inject additional equity, in financial year 2019, to enable the Company to create long-term value for our clients, shareholders, employees and other stakeholders.

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

Acknowledgements

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

Bashir B. Omer
Chairman

March 2019

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Directors' Report

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Pak Libya Holding Company (Private) Limited ("Pak-Libya") along with annual audited financial statements and the auditor's report thereon for the year ended 31 December 2018.

Economic Overview

Year 2018 has been a challenging year for the Country with increase in its external debt by US$ 9.686 billion to US$ 99.11 billion (December 2017: US$ 89.424 billion) with increasing pressure of repayment upon loans' maturity. This has also deteriorated debt to GDP ratio rising to 65.6% from 60.7% last year and has been worsening every year due to delay or inability in implementation of policies that could promote investment climate thus creating inflows.

The new government, sworn in August 2018, too does not have any quick fix or option in the short term to meet domestic and international debt obligations except more or restructured loans. Further, the PKR experienced a worst fall ever against US$ reaching at PKR 138.79 to US$ from last year level of PKR 110.43. With this significant devaluation in PKR and resultant inflation, State Bank of Pakistan (SBP) increased the policy rate from last year level of 5.75% to 10.00% during current year.

The decline in Pakistan Stock Exchange, which started in 2017 after achieving highest level of 53,123.54 during first half of that year, continued during 2018 with KSE100 index closing at 37,066.67 a decline of 3,404.81 points during the year and 16,056.87 points from its peak.

Due to the efforts of newly elected government the economy is showing signs of stabilisation. The large current account deficit narrowed slightly while the weakening of the rupee has slowed substantially in recent months. Moreover, jitters of widening current account deficit, depleting reserves and fiscal deficit also resulted in Outlook's on Pakistan's Long-Term Foreign and Local Currency Issuer default rating from "Stable" to "Negative".

Ongoing efforts will be crucial as the economy will continue to face serious 'long term challenges' like significant trade deficit and balance of payment issues, increasing trend in oil prices locally, inadequacy of taxation reforms, counter-terrorism and peace effort globally including its impact on economy.

Going forward, the government seems keen in implementing China Pakistan Economic Corridor (CPEC) related projects in its true spirit; the CPEC is all set to go into high gear in year 2019 by establishing industrial cooperation between China and Pakistan. After the announcement of Saudi Arabia's investment, other friendly countries are likely to invest in the Country.

Corporate Performance

The Company witnessed a tough year considering volatility in capital market, impact of continuous increase in interest rates on money market and delay in implementation of decisions of strategic nature.

Management while continuing with cautious stance in building and maintaining high quality advances portfolio, equally appreciates the need to supplement the core business income by capitalising other business opportunities in Capital and Money markets.

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The asset mix remained dominant with investments in debt securities as the bullish trend could not hold its ground for longer term and the bourse remained extremely volatile after the reclassification of Pakistan from Frontier to Emerging Market Index in May 2017. On the other hand, continuous rise in interest rates made Company's government securities portfolio less attractive.

Each of our business units contributed to support the management's business strategy however the overall contribution was not sufficient to generate profitability. The margins have shrunk and financing costs of non-yielding/non-performing assets have increased considerably. Resultantly, the Company incurred a loss before tax of PKR 260.64 million.

Existing and evolving regulatory requirements governing capital, leverage, and liquidity, together with the steps we have taken/need to take to adapt to them, have been critical for the Company in terms of its long-term sustainable growth and to create a safer and more resilient financial system overall.

The Pakistan Credit Rating Agency (PACRA) maintained its credit ratings from the previous year for Pak Libya in the year 2018 as follows;

Short term A1+

Long term AA–

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

A Persistent Effort

Each of our business units contributed to support the management's business strategy despite challenging business environment vis-à-vis operational limitation. Highlights on our business units' performance during the year 2018 is presented hereunder;

Corporate & Investment Banking (CIB)

Considering the core activity of the Company, significant efforts have been made to increase the credit portfolio. The credit portfolio (net of recoveries and provisions) of the CIB has increased from PKR 3,093.9 million last year to PKR 3,513.9 million. Moreover, the team managed to increase its debt investment portfolio by PKR 532.91 million during the year. However, despite increase in overall portfolio, net interest income (NII) has reduced compared to last year mainly due to the increasing interest rates as the significant portion of the portfolio is non-yielding but attracts financing costs.

SME & Retail Banking (SME-RB)

To supplement the overall credit portfolio, the SME-RB identified specific sub-sectors in SME area and offered various products. During the year, the department was involved in auto and lease financing and business loans against mortgage property; and manage to expand its portfolio (net of recoveries and provisions) by PKR 328.47 million.

The management exercised extra caution in selecting clients, for CIB and SME-RB, through stringent risk assessment and pressed hard on rigorous post disbursement monitoring.

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Treasury & Fund Management (TFM)

Our TFM department in addition to mobilizing resources at competitive rates for business units continued to supplement our core business income through secondary market investments and selected investments in debt instruments. During the year, TFM could not contribute in terms of capital gain on debt securities due to increased interest rates however generated interest income of PKR 820.91 million. In the year 2018, the investments remained concentrated in Market Treasury Bills (MTBs) and shorter tenor Pakistan Investment Bonds (PIBs) considering the overall macroeconomic conditions and increasing trend in discount rates.

Securities Portfolio Management (SPM)

During the year, uncertainty in the market, low trading volumes and high weighted average cost of AFS equity portfolio of the Company restricted Company's ability to reposition its portfolio. Our SPM department on the basis of our overall risk appetite and resources available posted returns of around 6.24% (excluding impact of impairment) despite restricted prudential limits due to minimum capital requirement (MCR) shortfall.

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

	PKR in thousands	
	2018	2017
Year-end balances:		
Total assets	**20,428,038**	19,162,931
Total liabilities	**16,259,548**	14,608,016
Net assets	**4,168,489**	4,554,915
Shareholders' equity (net):		
Share capital	**6,141,780**	6,141,780
Reserves	**311,650**	311,650
Accumulated loss	**(2,069,770)**	(1,740,780)
Sub total	**4,383,660**	4,712,650
(Deficit)/Surplus on revaluation of assets – net of tax	**(215,171)**	(157,735)
Total	**4,168,489**	4,554,915
For the year:		
(Loss)/Profit before taxation	**(260,641)**	84,125
(Loss)/Profit after taxation	**(322,959)**	47,781
(Loss)/Earnings per share (PKR)	**(526)**	78

The Company had transferred, in FY-2017, an amount equal to 20% of profit after taxation to statutory reserves as per the applicable legal requirements.

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In view of the minimum capital requirement (MCR) shortfall faced by the Company, no amount could be considered for distribution of dividends (bonus or cash) to the shareholders. We are, however, confident that once the capital injection transaction of PKR 2 billon is completed, the Company will earn sufficient profits to enable dividend distributions to its shareholders in addition to compliance with MCR.

Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. Further, changes in the accounting policies are duly disclosed in the financial statements.
- International Financial Reporting Standards, as applicable in Pakistan for DFIs, have been followed in the preparation of financial statements.
- There are no doubts regarding the Company's ability to continue as a going concern.
- Tax contingencies have been disclosed in the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The system of internal controls including internal controls over financial reporting is sound in design and has been effectively implemented and monitored.
- Summary of key operational and financial data for the last six years is enclosed.

Corporate Social Responsibility

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

Board Composition

During the year, one of the GoP's nominee non-executive directors Mr. Haque Nawaz has been replaced by Dr. Muhammad Tahir Noor under the GoP letter F.No 1(3)-Inv-IV/2007 dated 22 January 2018. On 18 July 2018, Mr. Ramadan A. Haggiagi, LAFICO nominee non-executive director, has been replaced by Mr. Abdulfatah Ashour Ali Ejayedi.

Further, subsequent to the yearend another GoP nominee non-executive director Mr. Fazal ur Rehman has been replaced by Mr. Abrar Ahmed Mirza under the GoP letter F.No 2(3)-Inv-IV/2006 dated 8 February 2019. Moreover, GoP has appointed, on 8 February 2019, Mr. Khurram Hussain as the Managing Director/CEO of the Company for three years; he has joined the Company on 11 March 2019.

Risk Management Framework

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

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

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

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

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

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

The Company has also a Liquidity Risk Management Policy, in addition to the Liquidity Management Policy, in place. The Liquidity Risk Management Manual included a detailed and comprehensive Liquidity Contingency Plan.

The Company continues to maintain its CAR well above prescribed regulatory thresholds throughout the year based on applicable Basel II and Basel III requirements. Internal Capital Adequacy Assessment Process (ICAAP) framework has been reviewed in view of the guidelines issued by SBP and implemented to make the process more robust and effective. Moreover, efforts are underway to comply with regulatory Minimum Capital Requirement (MCR) of Rs. 6 billion. SBP had allowed exemption to the Company from meeting the required MCR till 30 June 2018. The MoF and LAFICO (both the shareholders) agreed to inject additional equity to increase the loss absorption capacity, smooth operations and long-term sustainable growth of the Company.

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

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The Company's overall Risk Management Framework is robust. The Company continues to put in efforts to further improve and strengthen the risk management and internal control framework of the Company.

Statement on Internal Controls

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

Comments of Auditors in their Audit Report

The external auditors have added emphasis of matter paragraphs in their audit report. They have drawn attention to:

a) Note 1.2 to the accompanying consolidated financial statements and stated that the State Bank of Pakistan (SBP), has not granted further exemption to the Company from the required minimum paid-up-capital (free of losses) of Rs. 6 billion and has advised the Company to pursue the case with ministry of finance for equity injection in the Company by the Government of Pakistan.

b) Note 8.2.7 to the accompanying consolidated financial statements, where the management has disclosed the matter related to the recoverability of Company's investment in term finance certificates (TFC). The ultimate outcome of the matter depends upon various events.

c) Note 42.2 to the accompanying consolidated financial statements relating to other assets where management has disclosed the recoverability of power plant of Kamoki Energy Limited (KEL) via disposal and value in use. The ultimate outcome of the matter depends upon various events.

The opinion of auditors is not qualified in respect of the above matters (point a-c).

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

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

Statement of Investment of Provident and Gratuity Funds

The values of investments (excluding cash at bank) of provident fund and gratuity fund as at 31 December 2017 were PKR 91.95 million and PKR 119.18 million respectively based on the audited accounts of these funds.

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

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

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	5	5
Mr. Fazal-ur-Rehman *	Director	5	4
Mr. Ramadan A. Haggiagi **	Director	2	2
Dr. Muhammad Tahir Noor	Director (20/02/2018)	5	5
Mr. Abdulfatah Ashour Ali Ejayedi	Director (18/07/2018)	3	3
Mr. Abid Aziz ***	Managing Director (08/03/2019)	5	5
Mr. Khaled Joma Ezarzor	Deputy Managing Director	5	5

** Replaced by Mr. Abrar Ahmed Mirza (vide letter dated 08/02/2019)*
*** Replaced by Mr. Abdulfatah Ashour Ali Ejayedi*
*** Replaced by Mr. Khurram Hussain (vide letter dated 08/02/2019; joined 11/03/2019)*

Details of Audit Committee Meetings

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

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Fazal-ur-Rehman	Chairman	4	3
Dr. Muhammad Tahir Noor	Member	4	3
Mr. Ramadan A. Haggiagi	Member	2	2
Mr. Abdulfatah Ashour Ali Ejayedi	Member (18/07/2018)	2	2

Details of Risk Management Committee Meetings

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

Name of Director	Designation	Meetings held during directorship	Meetings attended
Dr. Muhammad Tahir Noor	Chairman	2	2
Mr. Ramadan A. Haggiagi	Member	1	1
Mr. Abdulfatah Ashour Ali Ejayedi	Member	1	1
Mr. Khaled Joma Ezarzor	Member	2	2

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Details of Human Resource and Remuneration Committee Meetings

During the year, no meeting of the human resource and remuneration committee was held.

Details of Credit/Investment Committee Meeting of the Board

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

Auditors

The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants (A member firm of Grant Thornton International Ltd) retire and being eligible, have offered themselves for re-appointment. The Audit Committee has recommended re-appointment of auditors for the year ending 31 December 2019 which has been endorsed by the Board of Directors.

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

Despite current year results, we are hopeful that the financial year 2019 will bring substantial positive developments for the Company.

The shortfall in statutory minimum regulatory capital is an impediment we still need to overcome; based on our follow up with the Ministry of Finance (MoF) and Libyan Foreign Investment Company (LAFICO), we are hopeful of a positive outcome on the matter in the ensuing year. The MoF has agreed to the proposal for injection of additional capital to meet the MCR of the Company during financial years 2019 and 2020. Likewise, LAFICO has also agreed to match the actions of MoF.

Moreover, new long-term credit lines are being negotiated to fill in the liquidity gaps and to ensure contingency fund planning. Further, the Company is in process of revisiting its business model, asset mix and available resources to ensure favourable impact on profitability and compliance with statutory requirements together with attainment of long-term sustainable growth.

We hold a firm stance towards our future business strategy and outlook. Disposal of Power Plant (non-banking assets) and determination to increase the advances portfolio size to almost double in the next three years, we understand and believe that a performing portfolio from our core business will bring back the Company on its track of profitability. The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets which are a source of potential earnings.

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We believe that availability of stocks at discounted rate, due to recent fall in KSE-100 Index, may generate fresh buying interest and any recovery in Index will help Company in recovering its unrealised loss given our investments in blue-chip companies.

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

Acknowledgements

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

On behalf of the Board of Directors

Khaled Joma Ezarzor
Deputy Managing Director

Khurram Hussain
Managing Director & CEO

25 **March 2019**

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Summary of key operational and financial data for last six years

(PKR in millions)

	2018	2017	2016	2015	2014	2013
Gross Approvals*	2,313	2,427	1,613	782	553	1,805
Disbursements	2,540	1,799	986	479	807	1,213
Investments - net	2,132	-	2,891	3,539	997	-
Recoveries - Principal	2,151	1,001	1,190	1,218	1,586	851
Redemption - Investments	259	225	540	138	433	68
Gross Income	1,507	1,335	1,298	1,830	1,532	1,331
Net interest income	260	265	313	360	315	254
Net (loss)/profit before tax	(261)	84	1,032	472	318	196
Taxation - net	62	36	241	167	85	14
Net (loss)/profit after tax	(323)	48	791	305	233	182
Shareholders' Equity - net	4,168	4,555	4,761	3,895	3,586	3,320
Total assets	20,428	19,163	18,895	15,274	12,436	12,121
Staff strenght (number)**	106	111	106	105	110	111

* Include rollover

** Including outsourced staff

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

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STATEMENT OF INTERNAL CONTROLS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 a regular basis, observation of control environment, appropriate test of transactions, sharing of findings of internal control systems and implementation of relevant appropriate corrective actions are carried out.
- The observations and weaknesses identified and reported by the auditors (internal, external and the State Bank of Pakistan (SBP)) are duly taken into account by the management and necessary control measures are taken to avoid repetition of those observations and exceptions.
- Management endeavors to ensure timely and satisfactory response to the recommendations and suggestions made by the auditors and the same are periodically reviewed for implementation by the internal audit department.
- Budgets and plans are approved by the Board of Directors which are monitored for implementation on periodic basis.
- Due attention is given to enhance overall competence level and knowledge of the employees to achieve the desired level of internal control systems.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

- Documentation for Internal Controls Over Financial Reporting (ICFR) has been updated in financial year 2018 to incorporate the updated status of processes and controls as a result of new operating activities and implementation of integrated management reporting system. This is aimed to bring further improvement in the ICFR framework of the Company.
- SBP's instructions (specific or general) issued on the matter of ICFR from time to time are being complied at earliest possible timelines.
- The SBP has granted exemption, to the Company, from the requirement of Statutory Auditors' Long Form Report on ICFR. Consequently, the Company has been submitting the Audit

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

EVALUATION OF INTERNAL CONTROL SYSTEMS INCLUDING INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's internal controls including internal controls over financial reporting are sound in design and are being effectively implemented and monitored. The Company has made efforts during the financial year 2018 to bring further improvements in the internal control systems through implementation of integrated management reporting system and related automated controls. 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.

Khaled Joma Ezarzor
Deputy Managing Director

Khurram Hussain
Managing Director & CEO

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STATEMENT OF BEST PRACTICES OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year, one of the GoP's nominee non-executive directors Mr. Haque Nawaz has been replaced by Dr. Muhammad Tahir Noor under the GoP letter F.No 1(3)-Inv-IV/2007 dated 22 January 2018. On 18 July 2018, Mr. Ramadan A. Haggiagi, LAFICO nominee non-executive director, has been replaced by Mr. Abdulfatah Ashour Ali Ejayedi. Further, subsequent to the yearend another GoP nominee non-executive director Mr. Fazal ur Rehman has been replaced by Mr. Abrar Ahmed Mirza under the GoP letter F.No 2(3)-Inv-IV/2006 dated 8 February 2019. Moreover, GoP has appointed, on 8 February 2019, Mr. Khurram Hussain (replacing Mr. Abid Aziz) as the Managing Director/CEO of the Company for three years; he has joined the Company on 11 March 2019.

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5. The Company has prepared employee code of conduct and statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. Further, as per the process, the appointment, remuneration and terms of employment of the CEO, other executive and non-executive directors are taken by the board / shareholders, as applicable.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every calendar quarter. Written notices of the Board meeting, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. Further, roles and responsibilities of the Chairman and Chief Executive Officer have been defined by the Board as per the requirements of the regulations and best practices.
9. The directors are professionally trained and have vast experience to effective discharge their fiduciary duties.
10. The appointments of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit including their remuneration and terms of employment are approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of related laws and regulations and fully describes the applicable salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company.
14. The Company has complied with all applicable corporate and financial reporting requirements of the applicable laws and regulations.
15. The Board has formed an Audit Committee. As per its approved structure, this committee comprises of three members, all of whom are non-executive Directors including its Chairman.
16. The meetings of the Audit Committee are held at least once every quarter prior to the approval of interim and final results of the Company. The terms of reference of the committee have been formulated and advised to the committee for compliance.
17. The Board has also constituted a Human Resource and Remuneration 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.

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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.

Khaled Joma Ezarzor
Deputy Managing Director

Khurram Hussain
Managing Director & CEO

Pak Libya Holding Company (Private) Limited

Unconsolidated financial statements and auditors' report

For the year ended December 31, 2016

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

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Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pak Libya Holding Company (Private) Limited** (the Company), which comprise the unconsolidated statement of financial position as at **December 31, 2018**, and the unconsolidated profit and loss account and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the unconsolidated statement of financial position, unconsolidated profit and loss account and the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit and loss and the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matters

We draw attention to the following matters

i) Refer note 1.2 to the accompanying unconsolidated financial statements which explains that State Bank of Pakistan (SBP), has not granted further exemption to the Company from the required minimum paid-up-capital (free of losses) of Rs. 6 billion and has advised the Company to pursue the case with ministry of finance for equity injection in the Company by the Government of Pakistan.

ii) Refer note 8.2.7 to the accompanying unconsolidated financial statements, where the management has disclosed the matter related to the recoverability of Company's investment in Summit Banks' (counter party) TFC's amounting to Rs. 398.58 million. (The ultimate outcome of the matter depends upon various events. The matter stated there in cannot presently be determined and no provision for any loss that may result has been made in the unconsolidated financial statements, for the reasons discussed in the aforementioned note).

iii) Refer note 42.2 to the accompanying unconsolidated financial statements relating to other assets where management has disclosed the recoverability of power plant of Kamoki Energy Limited (KEL) via disposal and value in use. (The ultimate outcome of the matter depends upon various events. The matter stated there in cannot presently be determined and no provision for any loss that may result has been made in the unconsolidated financial statements, for the reasons discussed in the aforementioned note).

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

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

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report i.e., a more specific description of the other information, such as "the directors' report and chairman's statement," may be used to identify the other information but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

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

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

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

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

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

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

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

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

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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: April 2, 2019

Pak Libya Holding Company (Private) Limited

Unconsolidated Financial Statements

For the year ended December 31, 2018

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018	2017
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	5	**22,985**	28,328
Balances with other banks	6	**54,665**	83,494
Lendings to financial institutions	7	**1,950,000**	4,000,000
Investments	8	**11,832,050**	9,700,440
Advances	9	**4,350,310**	3,593,084
Fixed assets	10	**58,530**	77,551
Intangible assets	11	**3,831**	2,907
Deferred tax asset	12	**123,633**	85,330
Other assets	13	**2,032,035**	1,591,797
		20,428,038	19,162,931
LIABILITIES			
Bills payable	15	**-**	-
Borrowings	16	**15,352,993**	14,367,132
Deposits and other accounts	17	**643,575**	39,000
Liabilities against assets subject to finance lease	18	-	-
Sub-ordinated loans	19	-	-
Deferred tax liabilities	20	-	-
Other liabilities	21	**262,980**	201,884
		16,259,548	14,608,016
NET ASSETS		**4,168,489**	4,554,915
REPRESENTED BY			
Share capital	22	**6,141,780**	6,141,780
Reserves		**311,650**	311,650
Unappropriated / unremitted profit / (loss)		**(2,069,770)**	(1,740,780)
		4,383,660	4,712,650
(Deficit) / surplus on revaluation of assets - net of tax	23	**(215,171)**	(157,735)
		4,168,489	4,554,915
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 50 and annexures I & II form an integral part of these unconsolidated financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		------- (Rupees in '000) -------	
Mark-up / return / interest earned	26	1,428,129	1,016,924
Mark-up / return / interest expensed	27	1,168,533	752,303
Net mark-up / interest income		259,596	264,621
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	6,762	19,733
Dividend income		38,034	39,294
Foreign exchange income		34	132
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	25,588	249,916
Unrealised loss on revaluation of investments classified as 'held-for-trading'		(312)	(968)
Other income	30	8,282	10,240
Total non mark-up / interest income		78,389	318,349
Total Income		337,985	582,969
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	429,461	404,423
Workers welfare fund		-	-
Other charges	32	41,945	29,771
Total non mark-up / interest expenses		471,407	434,194
(Loss) / profit before provisions		(133,422)	148,775
(Reversal) / provisions and write offs - net	33	127,220	64,650
Extraordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(260,641)	84,125
Taxation	34	62,318	36,344
(LOSS) / PROFIT AFTER TAXATION		(322,959)	47,781
		------- (Rupees in '000) -------	
Basic (loss) / earnings per share	35	(526)	78
Diluted (loss) / earnings per share	36	(526)	78

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	------------(Rupees in '000)------------	
(Loss) / profit after taxation	**(322,959)**	47,781
Other comprehensive income - net		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in (deficit) on revaluation of investments - net of tax*	**(57,436)**	(249,986)
Others	-	-
	(57,436)	(249,986)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	**(6,031)**	(4,294)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(6,031)	(4,294)
Total comprehensive (loss)	**(386,426)**	(206,499)

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

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital/ Head office capital account	Statutory reserve	Surplus/(Deficit) on revaluation of Investments	Surplus/(Deficit) on revaluation of Fixed / Non Banking Assets	Unappropriated/ Unremitted profit/ (loss)	Total
	------ (Rupees in '000) ------					
Balance as at 1 January 2017	6,141,780	302,094	92,251	-	(1,774,710)	4,761,415
Profit after taxation for the year 2017	-	-	-	-	47,781	47,781
Other comprehensive income - net of tax	-	-	(249,986)	-	-	(249,986)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	9,556	-	-	(9,556)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	(4,294)	(4,294)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Opening balance as at 1 January 2018	**6,141,780**	**311,650**	**(157,735)**	**-**	**(1,740,780)**	**4,554,915**
(Loss) after taxation for the year 2018	-	-	-	-	(322,959)	(322,959)
Other comprehensive income - net of tax	-	-	(57,436)	-	-	(57,436)
Remittances made to/ received from head office	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	(6,031)	(6,031)
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the year 2018	**6,141,780**	**311,650**	**(215,171)**	**-**	**(2,069,770)**	**4,168,489**

The annexed notes 1 to 50 and annexures I and II form an integral part of these unconsolidated financial statements.

Sd/-
Chief Financial Officer

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Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(260,641)**	84,125
Less: Dividend income		**(38,034)**	(39,294)
		(298,675)	44,831
Adjustments:			
Depreciation	10.2	**26,117**	30,360
Amortization	11	**1,503**	1,146
(Reversal) / provision and write-offs	9.4	**(20,968)**	26,427
Unrealised loss on revaluation of investments classified as 'held-for trading'		**312**	968
Reversal of provision against lendings to financial institutions		**-**	(2,504)
(Reversal) of provision / provision against other assets	13.2.1	**(10,946)**	15,537
Provision / (reversal) of provision for diminution in the value of investments - net		**170,288**	25,190
Gain on sale of operating fixed assets	30	**(4,192)**	(15)
		162,114	97,109
		(136,561)	141,939
(Increase) / decrease in operating assets			
Lendings to financial institutions		**200,000**	(200,000)
Held-for-trading securities		**4,474,111**	(4,986,243)
Advances		**(736,258)**	(781,949)
Others assets (excluding advance taxation)		**(366,447)**	157,786
		3,571,405	(5,810,406)
Increase / (decrease) in operating liabilities			
Bills payable		**-**	-
Borrowings from financial institutions		**985,861**	975,228
Deposits		**604,575**	(424,117)
Other liabilities		**55,065**	(81,417)
		1,645,502	469,694
		5,080,346	(5,198,773)
Income tax paid		**(92,269)**	(81,382)
Net cash (used in) / generated from operating activities		**4,988,077**	(5,280,156)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		**(7,230,940)**	8,590,735
Investments in 'held-to-maturity' securities - net		**326,239**	(457,204)
Dividend received		**37,784**	39,569
Investments in operating fixed assets - net		**(11,299)**	(24,262)
Proceeds on sale of operating fixed assets		**5,968**	15
Net cash flow generated from / (used in) investing activities		**(6,872,248)**	8,148,853
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		**-**	-
Receipts/payments of lease obligations		**-**	-
Issue of share capital		**-**	-
Dividend paid		**-**	-
Remittances made to/received from company		**-**	-
Net cash flow generated from / (used in) financing activities		**-**	-
Net (decrease) / increase in cash and cash equivalents		**(1,884,171)**	2,868,697
Cash and cash equivalents at beginning of the year		**3,661,822**	793,125
Cash and cash equivalents at end of the year	37	**1,777,650**	3,661,822

The annexed notes 1 to 50 and Annexures I & II form an integral part of these unconsolidated financial statements.

Sd/-
Chief Financial Officer

Sd/-
Managing Director & CEO

Sd/-
Director

Sd/-
Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUS AND NATURE OF BUSINESS

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

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

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion. The paid-up capital of the Company (free of losses) as of 31 December 2018 amounted to Rs. 4.072 billion (31 December 2017: Rs. 4.401 billion).

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

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

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

The SBP had advised the Company to pursue the matter of capital injection with Finance Division (GoP) and provide specific timeline for equity injection by the GoP in the Company by 31 March 2017. The management of the Company proposed shareholders to inject the additional capital in tranches, for which the timeline has not been decided yet. Further, during the year 2017, the Company had submitted a 3 year plan to SBP to demonstrate its ability to meet the MCR through organic growth, as advised by the SBP. Subsequently, MoF vide its letter no. F.2(1) Inv-IV/2014 dated 16 January 2018 had stated that in the last quarter of current Financial Year, after a review of fiscal space, injection of equity would be given due consideration. Consequently, SBP vide its letter No. BPRD/BA&CP/657/5114/2018 dated 07 March 2018 granted relaxation in MCR till 30 June 2018. Recently SBP vide its letter No. BPRD/BA&CP/657/25618/2018 dated 20 November 2018 reiterated for a definitive timeline for equity injection in the company by GoP for meeting the MCR shortfall. Subsequent to year end, MoF in its letter No. F.2(1)/NV.IV/2014 dated 15 January 2019 stated that Finance Division has agreed to the proposal or injection of Rs.1 billion to meet MCR of the Company during financial years 2018-2019 and 2019-2020. The Company is in a process of updating the Libyan shareholder and finalising the date.

Subsidiary Company

1.3 Kamoke Powergen (Private) Limited (the Company) (KPL) was incorporated in Pakistan as a private limited company on 07 February 2017. The Company is wholly owned subsidiary of Pak Libya Holding Company (Private) Limited. The Company has been established as a Special Purpose Vehicle (SPV) and is in the process of applying for the power generation license from NEPRA to increase the salability of assets of Kamoki Energy Limited (KEL). Approval from State Bank of Pakistan (SBP) was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

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

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

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

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

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

These financial statements represents separate financial statements of the Company. The unconsolidated financial statements to the DFIs and its subsidiary is issued separately.

3. BASIS OF MEASUREMENT

These unconsolidated 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 unconsolidated financial statements represents the separate financial statements of the Company in which investment in subsidiary is stated at cost. The consolidated financial statements of the Company and its subsidiary are presented separately.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2017 other than those disclosed in note 4.1 below:

4.1 New Standards, Interpretations and Amendments

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

Standard or Interpretation	**Effective Date (Annual periods beginning on or after)**
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendements to IFRS 2)	01 January 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended 31 December 2017 and 31 December 2018.

Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on 01 January 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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

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

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

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

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

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

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

4.4 Advances including net investment in finance leases

Advances are stated as net of provisions for bad and doubtful debts, if any, which are charged to the unconsolidated 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 unconsolidated profit and loss account.

Leases

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

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

Provisions

Specific

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

General provision

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

4.5 Investments

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

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

Held-to-maturity

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

Available-for-sale

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

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

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

The Company follows the ‘Settlement date’ accounting for investments.

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

Investment in subsidiary

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

4.6 Operating fixed assets

4.6.1 Owned

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

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

Depreciation is charged to the unconsolidated 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 unconsolidated profit and loss account as and when incurred.

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

4.6.2 Leased

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

4.6.3 Intangible assets

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

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

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

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

4.7 Taxation

Current

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

Deferred

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

4.8 Staff retirement benefits

Defined benefit plan

- **Gratuity Fund**

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

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

The last actuarial valuation of the scheme was carried out as at 31 December 2018. 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 (2016: 3.5 and 4) percent respectively and 10 percent of salary for the managing director and deputy managing director, as applicable. The Company has no further payment obligation once the contributions have been paid. The contributions are recognised as an expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction of the future payments is available.

Compensated absences

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

The Company recognises provision for compensated absences on the basis of actuarial valuation under Projected Unit Credit Method. The last actuarial valuation was carried out as at 31 December 2018.

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

4.11 Foreign currencies

Foreign currency transactions during the year are recorded at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee at the rates of exchange prevailing on the balance sheet date. Exchange gains and losses are included in the unconsolidated 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 unconsolidated profit and loss account net of expected recovery and the provision is classified under other liabilities.

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

4.13 Off-setting of financial assets and financial liabilities

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

4.14 Dividend and reserves

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

4.15 Critical accounting estimates and judgments

The preparation of these unconsolidated 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 & 4.12)

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

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

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

f) Impairment (note 4.20)

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

4.16 Segment reporting

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

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

Business segments

Following are the main segments of the Company:

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

Geographical segments

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

4.17 Borrowing cost

Borrowings are recorded at the proceeds received.

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

4.18 Earnings per share

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

4.19 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

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

4.20 Impairment

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

4.21 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or interpretation	**Effective date (annual periods beginning on or after)**
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instrumnets	July 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019

Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019
IAS 12/IAS 23/ IFRS 3/ IFRS 11 - Annual Imrovements to IFRS Standards 2015-2017 Cycle	January 1, 2019
IAS 1/IAS 8 - Defination of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020
Various - Amendments to Referecnes to the Conceptual Framework in IFRS Standards	January 1, 2020

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except IFRS 9.

Following new standards / interpretations will be effective based on their applicability in the relevant period:

Standard or interpretation	**Effective date (annual periods beginning on or after)**
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 16 – Leases	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	01 January 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	01 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01 January 2019
IAS 19 - Plan ammendment, Curtailment or Settlement (Amendments to IAS 19)	01 January 2019

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 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

		2018	2017
		------- (Rupees in '000) -------	

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2018	2017
In hand			
Local currency		**6**	30
Foreign currency		**159**	-
		165	30
With State Bank of Pakistan in			
Local currency current account	5.1	**22,178**	27,750
		22,178	27,750
With other central banks in			
Foreign currency current account		**-**	-
Foreign currency deposit account		**-**	-
		-	-
With National Bank of Pakistan in			
Local currency current account		**642**	549
Local currency deposit account		**-**	-
		642	549
Prize bonds		**-**	-
		22,985	28,328

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

6 BALANCES WITH OTHER BANKS

	Note	2018	2017
In Pakistan			
In current accounts		**4,196**	30,297
In deposit accounts	6.1	**50,469**	53,197
		54,665	83,494
Outside Pakistan			
In current accounts		**-**	-
In deposit accounts		**-**	-
		-	-
		54,665	83,494

6.1 The return on these balances ranges from 3.75 to 8.00 (2017: 3.75 to 4.00) percent per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2018	2017
Call / clean money lending	7.1.1	**1,983,064**	4,033,064
		1,983,064	4,033,064
Less: provision held against lending to financial institutions	7.3	**(33,064)**	(33,064)
Lending to financial institutions - net of provision		**1,950,000**	4,000,000

7.1 Particulars of lending

	2018	2017
In local currency	**1,950,000**	4,000,000
In foreign currencies	**-**	-
	1,950,000	4,000,000

7.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 8.00 to 12.10 (2017: 6.55 to 8.00) percent per annum. These are due to mature between 17 January 2019 and 21 May 2019.

7.2 Securities held as collateral against-Lending to financial institutions

	2018			2017		
	------- (Rupees in '000) -------					
	Held by Company	**Further given as collateral**	**Total**	Held by Company	Further given as collateral	Total
Market treasury bills	-	-	-	-	-	-
Pakistan investment bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

7.3 Category of classification

	Rupees in '000			
	2018		2017	
	Classified Lending	**Provision held**	Classified Lending	Provision held
Domestic				
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**33,064**	**33,064**	33,064	33,064
Total	**33,064**	**33,064**	33,064	33,064

Overseas

The company does not have any overseas lending during 2018 (2017 : Nil).

8 INVESTMENTS

8.1 Investments by type:

	2018 Cost / amortised cost	2018 Provision for diminution	2018 Surplus / (deficit)	2018 Carrying value	2017 Cost / amortised cost	2017 Provision for diminution	2017 Surplus / (deficit)	2017 Carrying Value
	------- (Rupees in '000) -------				------- (Rupees in '000) -------			
Held-for-trading securities								
Federal government securities	**499,722**	**-**	**(141)**	**499,581**	4,986,243	-	(968)	4,985,275
Shares	**12,410**	**(1,138)**	**-**	**11,272**	-	-	-	-
	512,132	**(1,138)**	**(141)**	**510,853**	4,986,243	-	(968)	4,985,275
Available-for-sale securities								
Federal government securities	**7,929,600**	**-**	**(196,558)**	**7,733,042**	1,629,504	-	(4,569)	1,624,935
Shares	**1,360,441**	**(448,434)**	**(120,545)**	**791,462**	1,299,843	(278,146)	(186,504)	835,194
Non Government debt securities	**2,990,628**	**(332,549)**	**2,149**	**2,660,228**	2,120,382	(332,549)	4,499	1,792,332
	12,280,669	**(780,983)**	**(314,954)**	**11,184,732**	5,049,729	(610,695)	(186,574)	4,252,460
Held-to-maturity securities								-
Non government debt securities	**137,331**	**(6,366)**	**-**	**130,965**	463,570	(6,366)	-	457,204
	137,331	**(6,366)**	**-**	**130,965**	463,570	(6,366)	-	457,204
Associates	**705,367**	**(704,867)**	**-**	**500**	705,367	(704,867)	-	500
Subsidiaries	**5,000**	**-**	**-**	**5,000**	5,000	-	-	5,000
Total	**13,640,499**	**(1,493,354)**	**(315,095)**	**11,832,050**	11,209,909	(1,321,927)	(187,542)	9,700,440

Particulars of Associates

Name of investee	% Holding	Number of shares 2018	Number of shares 2017	Cost 2018	Cost 2017	Assets	Liabilities	Based on Audited financial statements as at
				--- (Rupees in '000) ---				
FTC Management Company Limited								
(CEO - Mr. Kalim Sheikh)								
Unlisted ordinary Shares	9.10%	**50,000**	50,000	**500**	500	**489,368**	**70,466**	**30 June 2018**
Kamoki Energy Limited (under liquidation)								
Ordinary shares	50%	**50,000,000**	50,000,000	**404,867**	404,867	-	-	
Preference shares	100%	**30,000,000**	30,000,000	**300,000**	300,000	-	-	**Under liquidation**
				705,367	705,367			

Particulars of Subsidiaries

Name of investee	% Holding	Number of shares 2018	Number of shares 2017	Cost 2018	Cost 2017			
				--- (Rupees in '000) ---				
Kamoke Powergen (Private) Limited								
(CEO - Mr. Kashif Shabbir)								
Unlisted ordinary shares	100%	**500,000**	500,000	**5,000**	5,000	**5,801**	**1,318**	**31 December 2018**
Total				**5,000**	5,000			

	Note	2018 Cost / amortised cost	2018 Provision for diminution	2018 Surplus / (deficit)	2018 Carrying value	2017 Cost / amortised cost	2017 Provision for diminution	2017 Surplus / (deficit)	2017 Carrying value
		------- (Rupees in '000) -------				------- (Rupees in '000) -------			
8.2 Investments by segments:									
Federal government securities									
Market treasury bills		**499,722**	**-**	**(141)**	**499,581**	4,986,243	-	(968)	4,985,275
Pakistan investment bonds		**7,929,600**	**-**	**(196,558)**	**7,733,042**	1,629,504	-	(4,569)	1,624,935
		8,429,322	**-**	**(196,699)**	**8,232,623**	6,615,747	-	(5,537)	6,610,210
Shares									
Listed companies		**1,320,549**	**(397,271)**	**(120,545)**	**802,733**	1,247,542	(225,844)	(186,504)	835,194
Unlisted companies		**52,301**	**(52,301)**	**-**	**-**	52,301	(52,301)	-	-
		1,372,850	**(449,572)**	**(120,545)**	**802,733**	1,299,843	(278,145)	(186,504)	835,194
Non government debt securities									
Listed	8.2.7	**729,716**	**(22,387)**	**2,149**	**709,479**	444,531	(22,387)	4,499	426,643
Unlisted		**2,398,243**	**(316,528)**	**-**	**2,081,715**	2,139,421	(316,528)	-	1,822,893
		3,127,959	**(338,915)**	**2,149**	**2,791,194**	2,583,952	(338,915)	4,499	2,249,536
Associates		**-**	**-**	**-**	**-**	-	-	-	-
FTC Management Company Limited									
Unlisted ordinary shares	8.2.2	**500**	**-**	**-**	**500**	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)									
Unlisted ordinary shares	8.2.3 & 8.2.4	**404,867**	**(404,867)**	**-**	**-**	404,867	(404,867)	-	-
Unlisted preference shares	8.2.5	**300,000**	**(300,000)**	**-**	**-**	300,000	(300,000)	-	-
		705,367	**(704,867)**	**-**	**500**	705,367	(704,867)	-	500
Subsidiaries									
Kamoke Powergen (Pvt.) Limited									
Unlisted ordinary shares	1.3 & 8.2.6	**5,000**	**-**	**-**	**5,000**	5,000	-	-	5,000
		5,000	**-**	**-**	**5,000**	5,000	-	-	5,000
Total		**13,640,499**	**(1,493,354)**	**(315,095)**	**11,832,050**	11,209,908	(1,321,927)	(187,542)	9,700,440

8.2.1 Investments given as collateral

	2018	2017
	Cost ------- (Rupees in '000) -------	
Market treasury bills	**-**	4,123,623
Pakistan investment bonds	**7,150,000**	1,628,558
	7,150,000	5,752,181

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

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

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

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

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

As per the order of Honorable SHC, M/s. Joseph Lobo (Private) Limited was appointed to carry out fresh valuation of the KEL. Subsequently, the first and second auctions were held on 29 November 2014 and 08 April 2015 respectively under the jurisdiction of Official Assignee, which, however, remained uneventful. Consequently, the Honorable SHC passed an order dated 28 April 2015 to set off the assets of KEL to the extent of forced sale value of Rs. 1,134 million against claim of the Company. Later, the SHC vide its letter dated 27 May 2015 directed that the assets of KEL be handed over to the Company. Subsequent to the said order of SHC certain claimants filed their claims, amounting to Rs. 117.361 (2017: Rs. 117.361) million before official assignee, the final outcome of which is still pending.

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

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

8.2.6 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited with a paid-up capital of Rs. 5 million representing 500,000 shares of Rs. 10 each. The Company appointed an SVP grade executive (Mr. Kashif Shabbir) as Chief Executive Officer (CEO) of KPL. KPL has been established as a Special Purpose Vehicle (SPV) to obtain power generation license from NEPRA to increase the saleability of assets of KEL. SBP's approval was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016.

8.2.7 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the year, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its markup and entire principal amount. Consequently, an extraordinary meeting of the TFC holders was held on 19 November 2018 wherein the majority of the TFC holders agreed to extend the maturity date of the TFC Issue for a period of one year (27 October 2019) on the existing terms and conditions as the counter party invoked the lock-in clause governed by clause 4.1.1 of the 'Declaration of Trust' to hold the payment till the minimum capital requirement is met. The clause is mandatorily invoked for the time being until proposed merger. This extension was subject to compliance with all applicable laws, rules, regulations and requisite approval; however, such extension has yet to be approved by the SBP.

Management have not provided any impairment on the said TFCs on subjective basis due to above facts, in these un-consolidated financial statements.

8.3 Provision for diminution in value of investments

		2018	2017
		------- (Rupees in '000) -------	
8.3.1	Opening balance	**1,321,926**	1,296,736
	Add: adjustments during the year	-	-
	Charge / reversals		
	Charge for the year	**170,289**	45,402
	Reversals for the year	-	-
	Reversal on disposals	-	(20,212)
		170,289	25,190
	Transfers - net	**1,138**	-
	Amounts written off	-	-
	Closing Balance	**1,493,353**	1,321,926

8.3.2 Particulars of provision against debt securities

Category of classification	**2018 NPL**	**2018 Provision**	2017 NPL	2017 Provision
	----------------------- (Rupees in '000) -----------------------			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**332,549**	**332,549**	332,549	332,549
	332,549	**332,549**	332,549	332,549

Overseas

The company does not have any overseas investment during the year 2018 (2017 : Nil)

8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows

		2018	2017
		-- (Rupees in '000) ---	
		Cost	Cost
Federal Government Securities - Government guaranteed			
Market treasury bills		-	-
Pakistan investment bonds	8.4.1	**7,929,600**	1,629,504
Ijarah sukuk		-	-
Others		-	-
		7,929,600	1,629,504

8.4.1 Pakistan Investment Bonds

These Pakistan investment bonds carry interest rate of 9.25 to 11.50 (2017: 9.25) percent per annum maturing lastest by March 2020 (2017: March 2020). These are held by the SBP and are eligible for rediscounting.

Provincial government securities - government guaranteed

The Company does not have any investment in provincial government guaranteed securities (2017 : Nil).

	Note	2018		2017	
8.4.2 Shares		**Cost**	**Sector Wise Exposure**	Cost	Sector Wise Exposure
		(Rupees in '000)		**(Rupees in '000)**	
8.4.2.1 Listed companies					
- Fertilizer	**8.4.2.1.2**	**407,963**	**31.19%**	541,453	43.40%
- Commercial banks		**250,265**	**19.13%**	236,168	18.93%
- Financial services		**31,064**	**2.37%**	16,060	1.29%
- Chemicals		**38,344**	**2.93%**	39,332	3.15%
- Non life insurance		**228,556**	**17.47%**	170,485	13.67%
- Food & Personal care products		**38,416**	**2.94%**	35,552	2.85%
- Electric Goods		**-**	**0.00%**	-	0.00%
- Pharmaceuticals		**36,879**	**2.82%**	35,189	2.82%
- Refinery		**56,124**	**4.29%**	41,242	3.31%
- Technology & communication		**25,908**	**1.98%**	29,864	2.39%
- Textile		**49,185**	**3.76%**	19,252	1.54%
- Power generation & dibtribution		**41,640**	**3.18%**	33,655	2.70%
- Engineering		**13,470**	**1.03%**	13,470	1.08%
- Oil & gas		**90,325**	**6.90%**	35,818	2.87%
		1,308,140		1,247,542	

8.4.2.1.1 The nominal value of each share held in a listed company is Rs.10 per share as at 31 December 2018 and 31 December 2017.

8.4.2.1.2 Additional 1,008,787 ordinary shares of Agritech Limited (Agritech) at Rs. 35 per share were purchased at a total consideration of Rs. 35.31 million, under a buy-back arrangement, signed by the investors in year 2012, during first quarter of the financial year 2016. The SBP vide its letter No.BPRD/BPD (Policy)/ 2016-14898 dated 14 June 2016 had granted relaxation to the investors for recording impairment on this investment upto 30 June 2017 in phases. Pursuant to the requirement of said letter, impairment equivalent to 100% of the required amount has been recorded by the Company as at 30 June 2017.

		2018		2017	
8.4.2.2 Unlisted companies	**% holding**	**Cost**	**Breakup value**	Cost	Breakup value
		(Rupees in '000)		**(Rupees in '000)**	
Agro Dairies Limited	*	**2,301**	*	2,301	*
CEO - Mr. Mukhtar Hussain Rizvi					
Pakistan Textile City Limited	4%				
CEO - Mr. Muhammad Hanif		**50,000**	**3.38**	50,000	3.38
		52,301		52,301	
		1,360,441		**1,299,843**	

* Under litigation

8.4.2.2.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2018 and 31 December 2017.

8.4.3 Non government debt securities

	Cost 2018	Cost 2017
	------- (Rupees in '000) -------	
8.4.3.1 Listed		
AA+	**8,750**	23,750
A	**300,000**	-
A-	**-**	398,394
BBB-	**398,580**	-
Unrated	**22,387**	22,387
	729,716	444,531
8.4.3.2 Unlisted		
AA+	**456,250**	518,750
A+	**237,201**	311,496
AA	**205,000**	85,000
A	**135,000**	149,861
A-	**239,926**	100,000
AA-	**600,000**	-
BB+	**-**	90,000
Unrated	**387,535**	420,744
	2,260,912	1,675,851
	2,990,628	2,120,382

8.4.4 Equity securities

8.4.4.1 Listed

	2018	2017
Habib Bank Limited	**102,568**	102,568
National Bank of Pakistan	**44,544**	44,544
MCB Bank Limited	**88,654**	85,659
Habib Metropolitan Bank Limited	**-**	3,397
United Bank Limkited	**14,498**	-
Pakistan Stock Exchange	**31,064**	16,060
Agritech Limited	**266,766**	266,676
Ittehad Chemicals Limited	**38,344**	39,332
GlaxoSmithkline Pakistan Limited	**36,879**	35,189
Fauji Fertilizer Company Limited	**141,197**	141,197
Engro Corporation Limited	**-**	104,161
Engro Fertilizers Limited	**-**	29,419
Pakistan Reinsurance Company Limited	**85,796**	63,885
Adamjee Insurance Company Limited	**51,977**	38,728
IGI holdings Limited	**69,673**	48,286
Atlas Insurance Limited	**21,112**	19,586
Al Shaheer Corporation Limited	**38,416**	35,552
Gul Ahmed Textile Mills Limited	**-**	19,252
TPL Corporation Limited	**21,953**	21,953
TRG Pakistan Limited	**3,956**	7,911
Nishat Mills Limited	**49,185**	-
Lalpir Power Limited	**24,296**	22,256
Pakgen Power Limited	**17,343**	11,400
International Steels Limited	**13,470**	13,470
Hi-Tech Lubricants Limited	**-**	11,677
Oil & Gas Development Company Limited	**13,432**	24,141
Pakistan Petroleum Limited	**15,773**	-
Pakistan State Oil	**61,120**	-
Attock Refinery Limited	**56,124**	41,242
	1,308,140	1,247,542

		Note	Cost 2018	2017
			------- (Rupees in '000) -------	
8.4.4.2	**Unlisted**			
	Agro Dairies Limited		**2,301**	2,301
	Pakistan Textile City Limited		**50,000**	50,000
			52,301	52,301
			1,360,441	1,299,843

Foreign securities

The company does not have any investment in foreign securities (2017 : Nil).

8.4.5 Particulars relating to held to maturity securities are as follows:

			2018	2017
8.4.5.1	**Federal government securities - government guaranteed**			
	Market treasury bills		-	-
	Pakistan investment bonds		-	-
	Sukuk		-	-
	Others		-	-
			-	-
8.4.5.2	**Provincial government securities - government guaranteed**		-	-

The company does not have any investment in provincial government guaranteed securities (2017 : Nil)

			2018	2017
8.4.6	**Non government debt securities**			
8.4.6.1	**Listed**			
	- AAA		-	-
	- AA+, AA, AA-		-	-
	- A+, A, A-		-	-
	- BBB+, BBB, BBB-		-	-
	- BB+, BB, BB-		-	-
	- B+, B, B-		-	-
	- CCC and below		-	-
	- Unrated		-	-
			-	-
8.4.6.2	**Unlisted**			
	A+	**8.4.6.2.1**	-	457,204
	Unrated		**137,331**	6,366
			137,331	463,570

8.4.6.2.1 The carrying value of securities classified as held-to-maturity as at December 31, 2018 is approximately fair value of those securities due to shorter term tenor of these securities.

Foreign securities

The company does not have any foreign debt investment during the year 2018 (2017 : Nil).

9 ADVANCES

	Note	Performing 2018	Performing 2017	Non Performing 2018	Non Performing 2017	Total 2018	Total 2017
		(Rupees in '000)					
Loans		**3,227,644**	2,739,232	**1,348,285**	1,754,224	**4,575,929**	4,493,456
Net investment in finance lease	9.1	**502,494**	65,983	**146,938**	146,938	**649,433**	212,921
Staff loans		**158,487**	149,709	**-**		**158,487**	149,709
Consumer loans and advances		**8,915**	20,128	**36,270**	38,142	**45,184**	58,270
Long-term financing of export oriented projects - (LTF-EOP)		**-**	-	**60,179**	60,179	**60,179**	60,179
Long-term financing facility (LTFF)		**384,082**	162,500	**-**	-	**384,082**	162,500
Advances - gross		**4,281,622**	3,137,553	**1,591,673**	1,999,483	**5,873,295**	5,137,036
Provision against advances							
- Specific	9.4	**-**	-	**1,522,851**	1,543,715	**1,522,851**	1,543,715
- General		**-**	-	**134**	237	**134**	237
		-	-	**1,522,985**	1,543,952	**1,522,985**	1,543,952
Advances - net of provision		**4,281,622**	3,137,553	**3,114,657**	3,543,436	**4,350,310**	3,593,084

9.1 Net investment in finance lease as disclosed below:

	2018 Not later than one year	2018 Later than one and less than five years	2018 Over five years	2018 Total	2017 Not later than one year	2017 Later than one and less than five years	2017 Over five years	2017 Total
	(Rupees in '000)							
Lease rentals receivable	**369,142**	**373,392**	**-**	**742,534**	195,637	30,754	-	226,391
Residual value	**58,532**	**19,651**	**-**	**78,183**	51,960	9,722	-	61,682
Minimum lease payments	**427,674**	**393,043**	**-**	**820,717**	247,597	40,476	-	288,073
Financial charges for future periods	**118,928**	**52,356**	**-**	**171,284**	73,321	1,831	-	75,152
	118,928	**52,356**	**-**	**171,284**	73,321	1,831	-	75,152
Present value of minimum	**-**	**-**	**-**	**-**	-	-	-	-
lease payments	**308,746**	**340,687**	**-**	**649,433**	174,276	38,645	-	212,921

9.1.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amounts recoverable under these arrangements are receivable by the year 2023 and carry mark-up at rates ranging between 9.56 to 12.94 (2017: 8.09 to 9.97) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs.78.182 million (2017: Rs.61.682 million) as security deposits on behalf of the lessees which are included under 'other liabilities'.

	2018	2017
9.2 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	**5,873,295**	5,137,036
In foreign currency	**-**	-
	5,873,295	5,137,036

9.3 Advances include Rs.1,591.67 (2017 1,980.90 million) which have been placed under non-performing status as detailed below:-

Category of classification	2018 Non Performing Loans	2018 Provision	2017 Non Performing Loans	2017 Provision
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	**168**	**-**	251	-
Substandard	**11,263**	**2,816**	399,456	21,055
Doubtful	**3,347**	**1,674**	-	-
Loss	**1,576,893**	**1,518,362**	1,581,193	1,522,660
Total	**1,591,672**	**1,522,851**	1,980,900	1,543,715

Overseas

The company does not have any overseas advances during the year 2018 (2017 : Nil)

9.4 Particulars of provision against advances

	2018 Specific	2018 General	2018 Total	2017 Specific	2017 General	2017 Total
	---- (Rupees in '000) ----					
Opening balance	**1,543,715**	**237**	**1,543,952**	1,516,914	650	1,517,564
Charge for the year	**2,936**	**13**	**2,949**	72,763	-	72,763
Less: Reversal during the year	**(23,800)**	**(117)**	**(23,917)**	(45,923)	(413)	(46,336)
Net (reversal) / charge for the year	**(20,864)**	**(104)**	**(20,968)**	26,840	(413)	26,427
Less: Amounts written off	**-**	**-**	**-**	(39)	-	(39)
Closing balance	**1,522,851**	**133**	**1,522,984**	1,543,715	237	1,543,952

9.4.1 Particulars of provision against advances

	2018 Specific	2018 General	2018 Total	2017 Specific	2017 General	2017 Total
In local currency	**1,522,851**	**133**	**1,522,984**	1,543,715	237	1,543,952
In foreign currency	**-**	**-**	**-**	-	-	-
	1,522,851	**133**	**1,522,984**	1,543,715	237	1,543,952

9.4.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2017: Nil) in respect of consumer financing, and Rs.58.532 million (2017: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

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

		Note	2018	2017
9.5	**PARTICULARS OF WRITE OFFs:**		---- (Rupees in '000) ----	
9.5.1	Against provisions	9.4	-	-
	Directly charged to profit & loss account		-	-
			-	-
9.5.2	Write offs of Rs. 500,000 and above	9.6		
	- Domestic		-	-
	- Overseas		-	-
	Write offs of below Rs. 500,000		-	39
			-	39

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended 31 December 2018 is given in Annexure I.

10 FIXED ASSETS

	Note	2018	2017
		---- (Rupees in '000) ----	
Capital work-in-progress	10.1	-	-
Property and equipment	10.2	**58,530**	77,551
		58,530	77,551

10.1 Capital work-in-progress

The Company does not have any capital work-in-progress as at year end.

10.2 Property and equipment

	Freehold land	Leasehold land	Building on Freehold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) **	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles **	Total
	2018									
	Rupees '000									
At 1 January 2018										
Cost	**-**	**1,951**	**-**	**69,591**	**11,363**	**49,007**	**46,346**	**20,208**	**62,694**	**261,161**
Accumulated depreciation	**-**	**603**	**-**	**48,946**	**10,357**	**38,334**	**35,208**	**17,063**	**33,099**	**183,610**
Net book value	**-**	**1,348**	**-**	**20,645**	**1,006**	**10,673**	**11,138**	**3,146**	**29,596**	**77,551**
Year ended December 2018										
Opening net book value	**-**	**1,348**	**-**	**20,645**	**1,006**	**10,673**	**11,138**	**3,146**	**29,596**	**77,552**
Additions	**-**	**-**	**-**	**-**	**-**	**2,051**	**504**	**6,317**	**-**	**8,872**
Movement in surplus on assets revalued during the yea	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisitions through business combinations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment loss recognised in the profit and loss account - net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-** **-**
Disposals	**-**	**-**	**-**	**-**	**-**	**(642)**	**-**	**-**	**(1,134)**	**(1,776)**
Depreciation charge	**-**	**(22)**	**-**	**(1,727)**	**(109)**	**(4,160)**	**(3,912)**	**(1,528)**	**(14,660)**	**(26,117)**
Exchange rate adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other adjustments / transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing net book value	**-**	**1,326**	**-**	**18,918**	**897**	**7,922**	**7,730**	**7,934**	**13,802**	**58,530**
At 31 December 2018										
Cost	**-**	**1,951**	**-**	**69,591**	**11,363**	**47,793**	**46,509**	**19,337**	**42,278**	**238,822**
Accumulated depreciation	**-**	**(625)**	**-**	**(50,673)**	**(10,466)**	**(39,871)**	**(38,779)**	**(11,403)**	**(28,476)**	**(180,293)**
Net book value	**-**	**1,326**	**-**	**18,918**	**897**	**7,922**	**7,730**	**7,934**	**13,802**	**58,530**
Rate of depreciation (percentage)		**1.11%**		**5%**	**5%**	**15%-25%**	**10%-30%**	**25%**	**33.33%**	

	2017									
	Free hold land	Lease hold land	Building on Free hold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) **	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles **	Total
	---Rupees '000---									
At 1 January 2017										
Cost	-	1,951	-	69,591	11,363	48,225	42,484	19,993	40,735	234,342
Accumulated depreciation	-	582	-	47,218	10,248	35,592	31,736	13,848	15,862	155,086
Net book value	-	1,369	-	22,373	1,115	12,633	10,748	6,145	24,873	79,256
Year ended December 2017										
Opening net book value	-	1,369	-	22,373	1,115	12,633	10,748	6,145	24,873	79,256
Additions	-	-	-	-		2,264	4,176	256	21,960	28,656
Movement in surplus on assets revalued during the year	-	-	-	-		-	-	-	-	-
Acquisitions through business combinations	-	-	-	-		-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-		-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(22)	-	(1,727)	(109)	(4,225)	(3,784)	(3,256)	(17,238)	(30,361)
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	-	1,347	-	20,646	1,006	10,672	11,140	3,145	29,595	77,551
At 31 December 2017										
Cost	-	1,951	-	69,591	11,363	49,294	46,345	20,208	62,695	261,447
Accumulated depreciation	-	604	-	48,945	10,357	38,622	35,205	17,064	33,099	183,896
Net book value	-	1,347	-	20,646	1,006	10,672	11,140	3,144	29,596	77,551
Rate of depreciation (percentage)		1.11%		5%	5%	15%-25%	10%-30%	25%	33.33%	
Rate of depreciation (percentage)										

10.2.1 Assets shown above in fixed assets do not include any items under finance lease arrangement (2017 : Nil).

10.2.2 Assets shown above in fixed assets do not include any items which have been revalued (2017 : Nil).

10.2.3 Furniture and fixture includes house hold furnishing items provided to certain employees, below items have been disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	--- (Rupees in '000) ---					
Key Management Personnel						
Furniture and fixtures	**1,607**	**1,241**	**366**	**366**		
House hold furnishing items **	193	193	-		Company Policy	Shaukat Hussain
House hold furnishing items **	330	330	-	-	Company Policy	Muhammad Sabihuddin
House hold furnishing items **	205	205	-	-	Company Policy	Suneel K. Dhanwani
House hold furnishing items **	428	62	366	366	Company Policy	Muhammad Sabihuddin
House hold furnishing items **	451	451	-	-	Company Policy	Muhammad Masood Ebrahim

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

** These are related parties of the Company.

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

10.2.5 Assets having cost of Rs.98.58 million (2017: Rs. 96.38 million) are fully depreciated, however, these assets are still in use.

11 INTANGIBLE ASSETS

	2018		
	Computer software	**Others**	**Total**
	---- (Rupees in '000) ----		
At 1 January 2018			
Cost	**6,008**	-	**6,008**
Accumulated amortisation and impairment	**3,101**	-	**3,101**
Net book value	**2,907**	-	**2,907**
Year ended December 2018			
Opening net book value	**2,907**	-	**2,907**
Additions:			
- developed internally	-	-	-
- directly purchased	**2,427**	-	**2,427**
- through business combinations	-	-	-
	2,427	-	**2,427**
Impairment loss recognised in the profit and loss account - net	-	-	-
Disposals	-	-	-
Amortisation charge	**(1,503)**	-	**(1,503)**
Exchange rate adjustments	-	-	-
Other adjustments	-	-	-
Closing net book value	**3,831**	-	**3,831**
At 31 December 2018	-		
Cost	**8,435**	-	**8,435**
Accumulated amortisation and impairment	**4,604**	-	**4,604**
Net book value	**3,831**	-	**3,831**
Rate of amortisation (percentage)	**20%**	-	**20%**
Useful life	**5**	-	**5**

	2017		
	Computer software	Others	Total
	---- (Rupees in '000) ----		
At 1 January 2017			
Cost	4,683	-	4,683
Accumulated amortisation and impairment	1,955	-	1,955
Net book value	2,728	-	2,728
Year ended December 2017			
Opening net book value	2,728	-	2,728
Additions:			
- developed internally	-	-	-
- through acquisitions / purchased	1,325	-	1,325
- through business combinations	-	-	-
	1,325	-	1,325
Impairment loss recognised in the profit and loss account - net	-	-	-
Disposals	-	-	-
Amortisation charge	(1,146)	-	(1,146)
Exchange rate adjustments	-	-	-
Other adjustments	-	-	-
Closing net book value	2,907	-	2,907
At 31 December 2017			
Cost	6,008	-	6,008
Accumulated amortisation and impairment	3,101	-	3,101
Net book value	2,907	-	2,907
Rate of amortisation (percentage)	20%	-	20%
Useful life	5	-	5

Intangible assets having cost of Rs. 1.407 million (2017: Rs. .06 million) are fully depreciated, however, these intangible assets are still in use.

12 DEFERRED TAX ASSETS

	2018			
	At 1 Jan 2018	**Recognised in P&L A/c**	**Recognised in OCI**	**At 31 Dec 2018**
	(Rupees in '000)			
Deductible temporary differences on				
- Tax losses carried forward	**-**	**-**	**-**	**-**
- Post retirement employee benefits	**3,825**	**1,529**	**-**	**5,354**
- Deficit on revaluation of investments	**-**	**-**	**-**	**-**
- Accelerated tax depreciation	**-**	**-**	**-**	**-**
- Provision against advances, off balance sheet etc.	**80,242**	**(2,674)**	**-**	**77,568**
- Others	**-**	**-**	**-**	**-**
	84,067	**(1,145)**	**-**	**82,922**
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	**-**	**-**	**-**	**-**
- Surplus on revaluation of investments	**28,839**	**171**	**70,944**	**99,954**
- Accelerated tax depreciation	**1,206**	**(1,036)**	**-**	**170**
- Net investment in finance lease	**(28,782)**	**(30,632)**	**-**	**(59,414)**
	1,263	**(31,497)**	**70,944**	**40,710**
	85,330	**(32,642)**	**70,944**	**123,633**

	2017			
	At 1 Jan 2017	Recognised in P&L A/c	Recognised in OCI	At 31 Dec 2017
	(Rupees in '000)			
Deductible temporary differences on				
- Tax losses carried forward	-	-	-	-
- Post retirement employee benefits	4,527	(702)	-	3,825
- Deficit on revaluation of investments	-		-	-
- Accelerated tax depreciation	-	-	-	-
- Provision against advances, off balance sheet etc.	82,917	(2,675)	-	80,242
- Others	-	-	-	-
	87,444	(3,377)	-	84,067
Taxable remporary differences on				
- Surplus on revaluation of fixed assets	-	-	-	-
- Surplus on revaluation of investments	(31,108)		59,947	28,839
- Accelerated tax depreciation	(50)	1,256		1,206
- Net Investment in finance lease	(29,866)	1,084		(28,782)
	(61,024)	2,340	59,947	1,263
	26,420	(1,037)	59,947	85,330

12.1 As at 31 December 2018, the Company has available provision for advances, investments and other assets amounting to Rs.1,804.75 million (31 December 2017: Rs.1,801.99 million) and unused tax losses upto 31 December 2018 amounting to Rs. 2,178.82 million (31 December 2017: Rs.2,001.45 million). However, the management has prudently recognised the deferred tax asset only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

			2018	2017
13	**OTHER ASSETS**		---- (Rupees in '000) ----	
	Income / mark-up accrued in local currency-net of provision		**543,074**	155,758
	Advances, deposit, advance rent and other prepayments		**27,049**	24,770
	Advance taxation (payments less provisions)		**291,209**	228,616
	Non-banking assets acquired in satisfaction of claims	13.1	**1,179,360**	1,179,360
	Other receivables		**10,024**	32,920
			2,050,717	1,621,425
	Less: provision held against other assets	13.2	**(18,682)**	(29,628)
	Other assets - (net of provison)		**2,032,035**	1,591,797
	Surplus on revalution of non-banking assets acquired in satisfaction of claims		**-**	-
	Other assets - total		**2,032,035**	1,591,797

13.1 Market value of non-banking assets acquired in satisfaction of claims has been discussed in note 13.1.1

13.1.1	**Non-banking assets acquired in satisfaction of claims**	2018	2017
		---- (Rupees in '000) ----	
	Opening balance	**1,179,360**	1,179,360
	Additions	-	-
	Revaluation	-	-
	Disposals	-	-
	Depreciation	-	-
	Impairment	-	-
	Closing balance	**1,179,360**	1,179,360

This includes non-banking assets acquired under satisfaction of claim in relation to KEL's exposure. These assets comprise of land measuring 14.125 acre, building structure and power plant (for details refer note 42.2). The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at December 2016. As per the new valuation the market value of these assets were Rs.1.799 billion whilst forced sale value is Rs.1.286 billion.

13.1.2	**Gain / loss on disposal of non-banking assets acquired in satisfaction of claims**	2018	2017
		---- (Rupees in '000) ----	
	Disposal proceeds	-	-
	less		
	- Cost	-	-
	- Impairment / depreciation	-	-
		-	-
	Gain/loss	-	-

13.2	**Provision held against other assets**		
	Advances, deposits, advance rent & other prepayments	**18,682**	29,628
	Non banking assets acquired in satisfaction of claims	**-**	-
	Others	-	-
		18,682	29,628

13.2.1	**Movement in provision held against other assets**		
	Opening balance	**29,628**	14,091
	Charge for the year	**-**	18,065
	Reversals	**(10,946)**	(2,528)
	Amount written off	**-**	-
	Closing balance	**18,682**	29,628

14. Contingent assets

The company does not have any contingent assets at year end 2018 (2017 : Nil).

15. Bill payable

The company does not have any bills payable at year end 2018 (2017 : Nil).

16. BORROWINGS

	Note	2018	2017
		---- (Rupees in '000) ----	
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	16.1	**384,082**	162,500
Repurchase agreement borrowings - repo	16.2	**7,107,411**	5,368,021
Borrowings from financial institutions	16.3	**3,561,500**	7,787,500
Bai muajjal	16.4	**-**	299,111
Total secured		**11,052,993**	13,617,132
Unsecured			
Clean borrowings		**4,300,000**	750,000
		15,352,993	14,367,132

16.1 The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, the SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.0 to 2.5 (2017: 2.5 & Nil) percent per annum.

16.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 04 February 2019 (31 December 2017: April 2018). The rate of mark-up on these facilities range from 10.05 to 10.35 (31 December 2017: 5.9) percent per annum.

16.3 This includes borrowings from financial institutions as under:

(a) Rs.3,362.5 million (2017: Rs.3,785.5 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis (2017: six months KIBOR plus 0.35 percent to 1.00 percent per annum payable on semi-annual basis). As at 31 December 2018, the applicable interest rates were 7.29 to 11.14 (2017: 6.40 and 7.17) percent per annum. These borrowings are due for maturity latest by July 2023 (2017: August 2022).

(b) This represents short term borrowings (running finance) from certain financial institutions for period ranging from overnight to 12 months for running finance and 1 month to 12 months. They carry mark-up rate of three months KIBOR plus .75 percent per annum. Of the total short term borrowings, facility amounting to Rs.199 million and is secured by way of hypothecation on all present and future assets of the company with 30% margin.

16.4 Rs. Nil (2017: Rs. 299.11l million) representing financing through Bai Muajjal of Sukuk from financial institution secured against Government Securities due for repayment on 08 November 2018.

		2018	2017
16.2	**Particulars of borrowings with respect to currencies**	**---- (Rupees in '000) ----**	
	In local currency	**15,352,993**	14,367,132
	In foreign currency	-	-
		15,352,993	14,367,132

17 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	-------------------------------Rupees in '000-------------------------------					
Customers						
Certificate of Investment	**643,575**	-	**643,575**	39,000	-	39,000
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	643,575	-	**643,575**	39,000	-	39,000
Financial Institutions						
Certificate of Investment	-	-	-	-	-	-
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
	643,575	-	**643,575**	39,000	-	39,000

The profit rates on these Certificates of Investment (COIs) range from 7.45 to 10.50 (31 December 2017: 6.10) percent per annum. These COIs are due for maturity on various dates latest by 28 March 2018 (31 December 2017: 09 August 2018).

		2018	2017
		---- (Rupees in '000) ----	
17.1	Composition of deposits		
	- Individuals	-	-
	- Government (Federal and Provincial)	-	-
	- Public sector entities	-	-
	- Banking companies	-	-
	- Non-banking financial institutions	-	-
	- Private sector	**643,575**	39,000
		643,575	39,000

17.2 This includes deposits amounting to Nil eligible to be covered under insurance arrangements (2017: Nil).

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The company does not have any liabilities subject to lease finance during the year 2018 (2017: Nil)

19 SUBORDINATED DEBT

The company does not have any subordinated debt during the year 2018 (2017: Nil)

20 DEFERED TAX LIABILITIES

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

21 OTHER LIABILITIES

	Note	2018	2017
Mark-up/ Return/ Interest payable in local currency		**128,017**	109,948
Accrued expenses		**33,747**	23,972
Advance payments		**-**	-
Current taxation (provisions less payments)		**-**	-
Unclaimed dividends		**-**	-
Dividends payable		**-**	-
Mark to market loss on forward foreign exchange contracts		**-**	-
Employees' compensated absences	21.1	**17,994**	15,384
Staff retirement gratuity - liability / (asset)	21.1	**4,525**	(11,117)
Charity fund balance		**-**	-
Provision against off-balance sheet obligations		**-**	-
Security deposits against lease		**78,182**	61,682
Other		**514**	2,014
		262,980	201,884

21.1 This is based on actuarial valuation carried out as of 31 December 2018 for regular employees.

21.2 Provision against off-balance sheet obligations

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

22 SHARE CAPITAL

22.1 Authorized Capital

2018	2017		2018	2017
Number of shares			**---- (Rupees in '000) ----**	
800,000	800,000	Ordinary shares of Rs.10,000 each	**8,000,000**	8,000,000

22.2 Issued, subscribed and paid up capital

2018	2017		2018	2017
Number of shares			**---- (Rupees in '000) ----**	
		Ordinary shares		
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

22.3 SBP on behalf of the GOP and the LAFICO on behalf of the State of Libya each held 307,089 (2017: 307,089) ordinary shares of the Company as at 31 December 2018.

		Note	2018	2017
			---- (Rupees in '000) ----	
23	**SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS**			
	Surplus / (deficit) on revaluation of			
	- Available for sale securities	8.2	**(314,954)**	(186,574)
	- Fixed Assets		**-**	-
	- Non-banking assets acquired in satisfaction of claims		**-**	-
			(314,954)	(186,574)
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities		**99,783**	28,839
	- Fixed Assets		**-**	-
	- Non-banking assets acquired in satisfaction of claims		**-**	-
			99,783	28,839
			(215,171)	(157,735)
24	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees	24.1	**866,826**	861,571
	-Commitments	24.2	**414,083**	1,171,952
	-Other contingent liabilities		**166,558**	166,558
			1,447,467	2,200,081
24.1	**Guarantees:**			
	Financial guarantees		**25,706**	20,451
	Performance guarantees		**841,120**	841,120
	Other guarantees		**-**	-
			866,826	861,571
24.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		**138,117**	104,666
	Commitments in respect of:			
	- forward foreign exchange contracts		**-**	-
	- forward government securities transactions		**-**	-
	- derivatives (specify separately in sub note for each class of derivative eg IRS, CCS etc)		**-**	-
	- forward lending		**-**	-
	- operating leases		**-**	-
	Commitments for acquisition of:			
	- operating fixed assets		**9,040**	2,550
	- intangible assets		**-**	-
	Other commitments	24.2.2	**266,926**	1,064,736
			414,083	1,171,952

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

The company does not have any commitment in respect to foreign exchange contract, government securities transactions, derivates and forward lending.

		2018	2017
		---- (Rupees in '000) ----	
24.2.2	Other commitments		
	Commitments to extend credit	**220,491**	1,021,967
	Unsettled investment transactions for Sale / Purchase of listed ordinary shares	**44,823**	28,890
	Commitments against other services	**1,612**	13,879
		266,926	1,064,736

24.3 Other contingent liabilities

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

24.3.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is expected to be fixed for hearing in the year 2019.

For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vides his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed in addition to a rectification application on 02 March 2017. The appeal is expected to be fixed for hearing in the year 2019.

For the tax year 2014, the ACIR passed an order wherein he demanded tax of Rs.57.866 million disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vides his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017. The appeal is expected to be fixed for hearing in the year 2019.

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

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

25 DERIVATIVE INSTRUMENTS

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

		Note	2018	2017
			---- (Rupees in '000) ----	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		**398,680**	219,041
	Investments		**863,157**	725,354
	Lendings to financial institutions		**165,163**	71,784
	Balance with banks		**1,128**	745
	Others		**-**	-
			1,428,129	1,016,924
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		**41,068**	16,060
	Borrowings		**1,127,464**	736,243
	Subordinated debt		-	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			1,168,533	752,303
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		**-**	-
	Card related fees (debit and credit cards)		-	-
	Credit related fees		**6,067**	19,092
	Investment banking fees		**-**	-
	Commission on trade		**-**	-
	Commission on guarantees		**695**	642
	Commission on cash management		**-**	-
	Commission on remittances including home remittances		**-**	-
	Commission on bancassurance		**-**	-
	Others (incl max 5 % of total)		**-**	-
			6,762	19,733
			6,762	19,733
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	**25,588**	249,916
	Unrealised-held for trading		**(312)**	(968)
			25,276	248,949
29.1	**Realised gain on:**			
	Federal government securities		**(857)**	101,644
	Shares		**26,446**	148,272
	Non-government debt securities		**-**	-
	Associates		**-**	-
	Subsidiaries		**-**	-
	Others		**-**	-
			25,588	249,916
30	**OTHER INCOME**			
	Rent on property		**3,337**	3,317
	Gain on sale of operating fixed assets		**4,192**	15
	Gain on sale of nonbanking assets - net		-	-
	Others		**753**	6,909
			8,282	10,240

		Note	2018	2017
31	**OPERATING EXPENSES**		---- (Rupees in '000) ----	
	Total compensation expense	31.1	**311,054**	287,303
	Property expense			
	Rent and taxes		**1,676**	2,097
	Insurance		**3,492**	3,550
	Utilities cost		**4,454**	4,144
	Security (including guards)		**980**	866
	Repair and maintenance (including janitorial charges)		**14,024**	12,802
	Depreciation		**1,858**	1,858
	Others		**-**	-
			26,483	25,316
	Information technology expenses			
	Software maintenance		**2,125**	1,928
	Hardware maintenance		-	135
	Depreciation		**2,707**	2,573
	Amortisation		**1,503**	1,145
	Network charges		**945**	886
	BCP expense		**732**	737
			8,011	7,405
	Other operating expenses			
	Directors' fees and allowances		**4,396**	3,418
	Fees and allowances to Shariah Board		**-**	-
	Legal and professional charges		**6,661**	4,525
	Outsourced services costs (refer note 38.1)		**4,608**	5,345
	Travelling and conveyance		**3,963**	4,455
	NIFT clearing charges		**-**	-
	Depreciation		**21,552**	25,930
	Training and development		**759**	854
	Postage and courier charges		**239**	184
	Communication		**4,770**	4,652
	Head office / regional office expenses (only for branches of foreign banks operating in Pakistan)		**-**	-
	Stationery and printing		**2,575**	2,895
	Marketing, advertisement & publicity		**3,049**	2,746
	Donations	31.2		
	Auditors' remuneration	31.3	**3,468**	2,850
	Board meeting expenses		**26,072**	24,701
	Meal and business networking exp		**581**	739
	Canteen expenses		**707**	646
	Bank charges		**338**	405
	Miscellaneous expenses		**175**	55
	Others		**-**	-
			83,912	84,399
			429,461	404,423

Total cost relating to outsourced activities included in Other Operating Expenses is Rs 4.608 million (Prior Year: Rs 5.345 million). All amounts, pertain to the payment to companies incorporated in Pakistan Total cost of outsourced activities for the year given to related parties is Rs Nil (2017: Rs Nil).

		2018	2017
31.1	**Total compensation expense**	---- (Rupees in '000) ----	
	Fees and allowances	**4,382**	5,169
	Managerial remuneration		
	i) Fixed	**243,442**	234,830
	ii) Variable		
	of which;		
	a) Cash bonus / awards	**26,146**	30,643
	b) Bonus and awards in shares		
	Charge for defined benefit plan	**9,611**	(11,075)
	Contribution to defined contribution plan	**7,672**	7,152
	Rent and house maintenance	**1,204**	1,190
	Utilities	**3,943**	4,132
	Medical	**11,439**	8,979
	Conveyance	**1,101**	1,412
	Group insurance	**535**	726
	Benevolent fund	**131**	126
	EOBI	**632**	581
	Liveries and uniform	**1**	254
	Hajj Expense	**566**	566
	Club Membership	**250**	2,450
	Accomodation expense		170
	Others	**-**	-
	Sub-total	**311,054**	287,303
	Sign-on Bonus	**-**	-
	Severance allowance	**-**	-
	Grand Total	**311,054**	287,303

31.2 The company did not make any donation during 2018 (2017 : Nil).

		Note	2018	2017
			---- (Rupees in '000) ----	
31.3	**Auditors' remuneration**			
	Audit fee		**864**	864
	Fee for other statutory certifications		**1,080**	324
	Fee for audit of foreign branches (for banks incorporated in Pakistan)			
	Fee for audit of employee funds		**-**	-
	Special certifications and sundry advisory services		**246**	210
	Tax services		**1,026**	1,266
	Out-of-pocket expenses		**252**	186
			3,468	2,850

The Auditors of the company are also engaged in the audit of the Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund and Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund. However, fees for the both funds were borne by the respective funds. Total fees for was Rs..088 million (2017: .088 million)

		Note	2018	2017
32	**OTHER CHARGES**			
	Arrangement fee and documentation charges		**232**	3,666
	Brokerage commission		**4,888**	4,515
	Expenses for privately placed term finance certificates		**-**	470
	Expenses pertaining to KEL		**36,825**	20,875
	Penalties imposed by State Bank of Pakistan		**-**	244
	Penalties imposed by other regulatory bodies		**-**	-
			41,945	29,771
33	**PROVISIONS & WRITE OFFS - NET**			
	Provisions against lending to financial institutions		**-**	(2,504)
	Loss on non-banking assets acquired in satisfaction of claims		**-**	-
	Provisions for diminution in value of investments	8.3.1	**170,288**	25,190
	(Reversal) / provisions against loans and advances	9.4	**(20,968)**	26,427
	(Reversal) / provision against other recevable		**(10,946)**	15,537
	Bad debts written off directly		**-**	-
	Recovery of written off / charged off bad debts		**(11,154)**	-
			127,220	64,650
34	**TAXATION**			
	Current		**29,676**	65,329
	Prior years		-	(30,021)
	Deferred		**32,642**	1,036
			62,318	36,344

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

		Note	2018	2017
35	**BASIC EARNINGS/ (LOSS) PER SHARE**		---- (Rupees in '000) ----	
	(Loss) / profit for the year		**(322,959)**	47,781
	Weighted average number of ordinary shares		**614,178**	614,178
	Basic earnings per share		**(526)**	78
36	**DILUTED EARNINGS/ (LOSS) PER SHARE**			
	(Loss) / profit for the year		**(322,959)**	47,781
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**614,178**	614,178
	Diluted earnings per share		**(526)**	78

36.1 There were no convertible dilutive potential ordinary shares outstanding as at 31 December 2018 (31 December 2017: Nil).

		Note	2018	2017
37	**CASH AND CASH EQUIVALENTS**			
	Term deposit receipts (TDRs)	7.1	**1,700,000**	3,550,000
	Cash and balance with treasury banks	5	**22,985**	28,328
	Balance with other banks	6	**54,665**	83,494
	Others		**-**	-
			1,777,650	3,661,822

37.1 These term deposit receipts (TDRs) are due for maturity on various dates between January 2019 to March 2019.

		2018	2017
38	**STAFF STRENGTH**	**Number**	
	Permanent	**81**	81
	Temporary / on contractual basis	**3**	6
	Daily wagers	**11**	11
	Bank's own staff strength at the end of the year	**95**	98
	Outsourced (Third Party)	**11**	13

38.1 In addition to the above no (2017 : Nil) employee of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than guarding and janitorial services.

39 DEFINED BENEFIT PLAN

39.1 General description

Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund was established for the benefit of all eligible employees of Pak-Libya Holding Company (Private) Limited through a trust deed dated 01 January 1999. The fund has been approved by the Commissioner of

39.2 Number of Employees under the scheme

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

		2018	2017
		------------ (Number) ------------	
-	Pension fund	**-**	-
-	Gratuity fund	**81**	81
-	Other benefits schemes	**-**	-

39.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2018 using the following significant assumptions:

	2018	2017
	---------- Per annum ----------	
Discount rate	**13.25**	8.25
Expected rate of return on plan assets	**13.25**	8.25
Expected rate of salary increase	**11.75**	6.75
Expected rate of increase in pension	**-**	-
Expected rate of increase in medical benefit	**-**	-

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

		2018		2017	
		---- (Rupees in '000) ----		**---- (Rupees in '000) ----**	
		Pension fund	**Gratuity fund**	Pension fund	Gratuity fund
Present value of obligations		-	**116,781**	-	110,647
Fair value of plan assets		-	**(112,256)**	-	(121,764)
(Receivable) / payable		-	**-**	-	-
		-	**4,525**	-	(11,117)

39.5 Movement in defined benefit obligations

Obligations at the beginning of the year		-	**110,647**	-	130,755
Current service cost		-	**10,528**	-	10,408
Interest cost		-	**8,397**	-	8,785
Benefits paid		-	**(17,738)**	-	(19,171)
Past service cost		-	**-**	-	(21,514)
Re-measurement loss / (gain)		-	**4,947**	-	1,384
Obligations at the end of the year		-	**116,781**	-	110,647

39.6 Movement in fair value of plan assets

Fair value at the beginning of the year		-	**121,764**	-	125,582
Interest income on plan assets		-	**9,314**	-	8,754
Contributions		-	**-**	-	9,509
Benefits paid		-	**(17,738)**	-	(19,171)
Re-measurements: Net return on plan assets over interest income gain / (loss)	39.8.2	-	**(1,084)**	-	(2,910)
Fair value at the end of the year		-	**112,256**	-	121,764

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

Opening balance		-	**(11,117)**	-	5,173
Charge / (reversal) for the year		-	**9,611**	-	(11,075)
Contribution by the Bank - net		-	**-**	-	(9,509)
Re-measurement loss / (gain) recognised in OCI during the year	39.8.2	-	**6,031**	-	4,294
Benefits paid		-		-	-
Closing balance		-	**4,525**	-	(11,117)

39.8 Charge for defined benefit plans

39.8.1 Cost recognised in profit and loss

Current service cost		-	**10,528**	-	10,408
Net interest on defined benefit asset / liability		-	**(917)**	-	31.00
		-	**9,611**	-	10,439

39.8.2 Re-measurements recognised in OCI during the year

Loss / (gain) on obligation					
- Demographic assumptions		-	**-**	-	-
- Financial assumptions		-	**4,947**	-	1,384
- Experience adjustment		-	**1,084**	-	2,910
Return on plan assets over interest income		-	**-**	-	-
Total re-measurements recognised in OCI		-	**6,031**	-	4,294

39.9 Components of plan assets

	2018		2017	
	Pension fund	**Gratuity fund**	Pension fund	Gratuity fund
Cash and cash equivalents - net	-	**25**	-	3,170
Government securities	-	**77,962**	-	86,067
Shares	-	-	-	-
Non-government debt securities	-	**36,021**	-	32,083
Units of mutual funds	-	-	-	1,025

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

Financial year	**Present value**	**Fair value**	**Surplus / (deficit)**
	---- (Rupees in '000) ----		
2018	116,781	113,384	(3,397)
2017	110,649	121,764	11,115
2016	130,755	125,582	(5,173)
2015	112,319	103,448	(8,871)
2014	99,830	90,949	(8,881)

39.10 Sensitivity analysis

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

	2018	
	---- (Rupees in '000) ----	
	Pension fund	**Gratuity fund**
1% increase in discount rate	-	**(5,885)**
1% decrease in discount rate	-	**6,487**
1 % increase in expected rate of salary increase	-	**7,021**
1 % decrease in expected rate of salary increase	-	**(6,462)**
1% increase in expected rate of pension increase	-	-
1% decrease in expected rate of pension increase	-	-
1% increase in expected rate of medical benefit increase	-	-
1% decrease in expected rate of medical benefit increase	-	-

39.11 Expected contributions to be paid to the funds in the next financial year **12,689**

39.12 Expected charge / (reversal) for the next financial year **12,689**

39.13 Maturity profile

Particulars	**Undiscounted payments (Rupees in '000)**
Year 1	19,594
Year 2	15,042
Year 3	11,308
Year 4	13,866
Year 5	3,703
Year 6 to Year 10	118,959
Year 11 and above	125,381

39.14 Funding Policy

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

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

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

40 DEFINED CONTRIBUTION PLAN

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

	2018	2017
	---- (Rupees in '000) ----	
Contribution from the Company	**7,672**	7,152
Contribution from the employees	**7,672**	7,152

40.1 **Provident Fund Disclosures**

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

	Unaudited	Audited
	2018	2017
	------ (Rupees in '000) ------	
Size of the Fund - total assets	**103,793**	94,812
Cost of investment made	**100,987**	93,021
Fair value of investments	**101,316**	93,840
Percentage of investment made	**98%**	99%

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

	Unaudited		Audited	
	2018		2017	
	Rupees in '000	**Percent**	Rupees in '000	Percent
Bank balances	**1,739**	**1.7%**	1,887	2.0%
Market treasury bills	**69,298**	**67.2%**	61,590	65.6%
Pakistan investment bonds	-	-	-	-
Certificate of Investment (COIs) - at amortised cost	**25,651**	**24.9%**	20,611	22.0%
Units of mutual funds	**6,368**	**6.2%**	9,752	10.4%
	103,056	**100%**	93,840	100%

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

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

2018							
Items	**Directors**			**Members Shariah Board**	**CEO / MD**	**Key Management Personnel**	**Other Material Risk Takers/ Controllers**
	Chairman	**Executives (other than CEO)**	**Non-Executives**				
Fees and allowances etc.	**1,492**	**-**	**2,904**	**-**	**-**	**-**	**-**
Managerial remuneration							
i) Fixed	**-**	**30,005**	**-**	**-**	**27,529**	**48,762**	**26,203**
ii) Total variable	**-**	**5,445**	**-**	**-**	**5,353**	**10,279**	**4,998**
of which							
a) Cash bonus / awards	**-**	**3,385**	**-**	**-**	**3,504**	**5,408**	**2,579**
b) Bonus and Awards in shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for defined benefit plan	**-**	**1,291**	**-**	**-**	**2,546**	**4,401**	**1,567**
Contribution to defined contribution plan	**-**	**1,732**	**-**	**-**	**1,508**	**1,707**	**761**
Rent and house maintenance	**-**	**1,399**	**-**	**-**	**1,268**	**-**	**-**
Utilities	**-**	**1,414**	**-**	**-**	**1,184**	**-**	**-**
Medical	**-**	**168**	**-**	**-**	**467**	**1,178**	**1,054**
Conveyance	**-**	**1,296**	**-**	**-**	**1,350**	**-**	**177**
Leave fare assistance	**-**	**5,811**	**-**	**-**	**5,690**	**4,099**	**3,419**
Children education	**-**	**3,971**	**-**	**-**	**4,065**	**-**	**-**
Repatriation expense	**-**	**-**	**-**	**-**	**-**	**-**	**1,869**
House furnishing allowance	**-**	**-**	**-**	**-**	**-**	**-**	**576**
Others	**-**	**326**	**-**	**-**	**278**	**1,519**	**1,067**
Total	**1,492**	**52,858**	**2,904**	**-**	**51,238**	**71,945**	**41,691**
Number of persons	**1**	**1**	**4**	**-**	**1**	**12**	**8**

2017							
Items	Directors			Members Shariah Board	CEO / MD	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
Fees and allowances etc.	1,322	-	2,096	-	-	-	-
Managerial remuneration							
i) Fixed	-	27,530	-	-	25,717	46,060	27,070
ii) Total variable	-	10,913	-	-	5,284	9,476	4,954
of which							
a) Cash bonus / awards	-	10,913	-	-	3,680	5,628	2,704
b) Bonus and awards in shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	2,328	-	-	890	4,883	1,997
Contribution to defined contribution plan	-	1,480	-	-	1,304	1,641	719
Rent and house maintenance	-	1,467	-	-	905	-	-
Utilities	-	1,510	-	-	1,525	-	-
Medical	-	211	-	-	309	1,108	677
Conveyance	-	1,187	-	-	1,223	-	203
Leave fare assistance	-	5,629	-	-	7,315	3,854	3,412
Club membership	-	-	-	-	2,281	600	250
Children education	-	3,684	-	-	3,739	-	-
Repatriation expense	-	5,497	-	-	-	-	-
House furnishing facility	-	-	-	-	-	-	-
Others	-	220	-	-	13	1,486	814
Total	1,322	61,656	2,096	-	50,505	69,108	40,096
Number of persons	1	1	3	-	1	12	7

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.

Out of total Rs. 61.656 million, Rs. 27.161 million is related to compensation during the period to former Deputy Managing Director of the Company. His directorship had been concluded at 31 March 2017 and a new Deputy Managing Director resumed the office.

MD, DMD and regular staff are entitled to certain employment benefits as may be applicable under the terms of the employment and Human Resource policy.

Key management personnel are those executives reporting directly to the CEO / MD of the Company.

Other material risk takers / controllers are those executives, other than key management personnel, involved in material risk taking and related controlling activities respectively.

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

2018							
		Meeting Fees and Allowances Paid					
			For Board Committees				
Sr. No.	Name of Director	For Board Meetings	Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	Total Amount Paid
		Rs. in '000'					
1	Mr. Bashir B. Omer	1,492	-	-	-	-	1,492
2	Mr. Ramadan A. Haggiagi	284	142	-	-	-	426
3	Mr. Fazal-ur-Rehman	599	220	-	-	-	819
4	Dr Muhammad Tahir Noor	750	295	-	-	-	1,045
5	Mr. Abdulfatah Alshour Ejayedi	462	152	-	-	-	614
	Total Amount Paid	3,587	809	-	-	-	4,396

2017							
		Meeting Fees and Allowances Paid					
			For Board Committees				
Sr. No.	Name of Director	For Board Meetings	Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	Total Amount Paid
		Rs. in '000'					
1	Mr. Bashir B. Omer	1,127	-	-	129	65	1,321
2	Mr. Ramadan A. Haggiagi	614	242	-	-	-	856
3	Mr. Haque Nawaz	258	64	-	-	-	322
4	Mr. Fazal-ur-Rehman	613	177	-	129	-	919
	Total Amount Paid	2,612	483	-	258	65	3,418

41.3 Remuneration paid to Shariah Board Members

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

42 FAIR VALUE MEASUREMENTS

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

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

42.1 Fair value of financial assets

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	**-----------------------Rupees in '000-----------------------**			
Financial assets - measured at fair value				
Investments				
Federal government securities	**-**	**8,232,623**	**-**	**8,232,623**
Provincial government securities	**-**	**-**	**-**	**-**
Shares	**802,733**	**-**	**5,500**	**808,233**
Non-government debt securities	**-**	**709,479**	**-**	**709,479**
Foreign securities	**-**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**
Financial assets - disclosed but not measured at fair value				
Investments	**-**	**-**	**-**	**-**
Others	**-**	**-**	**-**	**-**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	**-**	**-**	**-**	**-**
Forward sale of foreign exchange	**-**	**-**	**-**	**-**
Forward agreements for lending	**-**	**-**	**-**	**-**
Forward agreements for borrowing	**-**	**-**	**-**	**-**
Derivatives purchases	**-**	**-**	**-**	**-**
Derivatives sales	**-**	**-**	**-**	**-**
	802,733	**8,942,102**	**5,500**	**9,750,335**

	2017			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	-----------------------Rupees in '000-----------------------			
Financial assets - measured at fair value				
Investments				
Federal government securities	-	6,610,211	-	6,610,211
Provincial government securities	-	-	-	-
Shares	794,364	40,831	5,500	840,695
Non-government debt securities	-	426,642	-	426,642
Foreign securities	-	-	-	-
Others	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	-
Others	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	-	-	-
Forward sale of foreign exchange	-	-	-	-
Forward agreements for lending	-	-	-	-
Forward agreements for borrowing	-	-	-	-
Derivatives purchases	-	-	-	-
Derivatives sales	-	-	-	-
	794,364	**7,077,684**	**5,500**	**7,877,548**

42.2 Fair value of non-financial assets

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet non-financial assets	----------------------Rupees in '000----------------------			
Non-banking assets acquired in satisfaction of claims.	**-**	**1,798,923**	**-**	**1,798,923**
	-	**1,798,923**	**-**	**1,798,923**

	2017			
	Level 1	Level 2	Level 3	Total
On balance sheet non-financial assets	----------------------Rupees in '000----------------------			
Non-banking assets acquired in satisfaction of claims.	-	1,798,923	-	1,798,923
	-	1,798,923	-	1,798,923

Methodology And Valuation Approach

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

Land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.42.375 million.

Buildings And Civil Works

All civil works were physically inspected to ascertain the type of construction, finishes and present condition. The structures covered are the owned and developed assets on owned land and long leased land holdings. The verification was also made from the architectural drawings and completion drawings as available. The buildings were checked to ascertain the maintenance standard and construction at site in accordance with the drawings. A suitable depreciation factor depending upon the present condition and life of the buildings was applied to arrive at the present assessed value and the assessed value is Rs.179.242 million.

Plant And Machinery Including Spares

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

For the purpose of valuation of plant, machinery and equipment, valuer enquired values of second-hand machinery and checked their own archives, apart from the local market, keeping in view the make, model, capacity & present condition of the plant.

For the imported items computation was based upon exchange rate 1 US$= Rs. 104.78 and Euro= Rs. 111.81, as on 02.12.2016, the date of valuation which resulted in value of Rs.1,577.306 million.

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

At year end, the Company performed an impairment review to ascertain that the carrying amount of the power plant does not exceed its recoverable amount; the review was based on a financial model with various assumptions, as the power plant has not started its operations yet.

Further the Company has applied to NEPRA for power generation license as disclosed in note 1.3 which is pending for approval. However, the management of the company is hopeful in obtaining the license and is confident to dispose off power plant even without having a generation license.

Management of the company is in the continuous process of identifying and negotiating with prospective buyers inside and outside the country as the plant deal can be in the money due to rise in prices of new plants and rise of exchange rates.

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

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

	2018					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated	Total
Profit and loss						
Net mark-up/return/profit	67,919	97,877	-	18,616	20,580	204,992
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	6,487	(857)	64,480	1,677	4,066	75,853
Total Income	74,406	97,020	64,480	20,293	24,646	280,845
Segment direct expenses	51,480	18,973	16,005	16,053	204,810	307,321
Inter segment expense allocation	3,342	2,911	1,367	5,346	174,061	187,027
Total expenses	54,822	21,884	17,372	21,399	378,871	494,348
(Reversal) / (recovery) / provision	(14,850)	312	168,185	(178)	(106,331)	47,138
Profit before tax	34,434	74,824	(121,077)	(928)	(247,894)	(260,641)

Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated	Total
Cash and bank balances	-	77,650	-	-	-	77,650
Investments	3,940,548	8,451,617	763,914	-	-	13,156,079
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	1,983,064	-	-	-	1,983,064
Advances - performing	3,625,286	-	-	676,039	-	4,301,325
- non-performing	1,555,403	-	-	36,270	-	1,591,673
Others	1,299,512	408,416	2,200	12,306	514,277	2,236,711
						-
Less: Provision (Loan and advances)	(1,508,324)	-	-	(34,364)	-	(1,542,688)
Less: Provision (Investments)	(1,308,293)	(15,737)	-	-	-	(1,324,030)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	-	-	-	-	(18,682)	(18,682)
Total Assets	7,604,132	10,871,946	766,114	690,251	495,595	20,428,038
Borrowings	4,452,239	10,188,446	-	712,309	-	15,352,994
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	643,575	-	-	-	643,575
Net inter segment borrowing	-	-	-	-	-	-
Others	141,039	65,160	342	991	55,448	262,980
Total liabilities	4,593,278	10,897,181	342	713,300	55,448	16,259,549
Equity	3,114,706	-	1,053,783	-	-	4,168,489
Total equity and liabilities	7,707,984	10,897,181	1,054,125	713,300	55,448	20,428,038
Contingencies and commitments	1,121,254	-	44,823	104,180	177,210	1,447,467

	2017					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated	Total
Profit and loss						
Net mark-up/return/profit	132,717	127,743	-	4,161	-	264,621
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	35,573	101,644	171,503	930	(8,534)	301,116
Total Income	168,290	229,387	171,503	5,091	(8,534)	565,737
Segment direct expenses	32,570	20,776	14,396	12,253	117,084	197,079
Inter segment expense allocation	8,766	11,429	11,167	4,652	182,901	218,915
Total expenses	41,336	32,205	25,563	16,905	299,985	415,994
Provisions	61,524	(1,536)	-	(891)	6,521	65,618
Profit before tax	65,430	198,718	145,940	(10,923)	(315,040)	84,125

Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated	Total
Cash and bank balances	-	111,822	-	-	-	111,822
Investments	3,384,529	6,843,477	794,362	-	-	11,022,368
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	4,033,064	-	-	-	4,033,064
Advances - performing	2,787,842	-	-	349,712	-	3,137,554
- non-performing	1,961,341	-	-	38,142	-	1,999,483
Others	1,237,164	81,875	1,950	2,626	613,305	1,936,920
						-
Less: Provision (Loan and advances)	(1,505,574)	-	-	(38,379)	-	(1,543,953)
Less: Provision (Investments)	(1,455,899)	(15,737)	-	-	-	(1,471,636)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	-	-	-	-	(29,628)	(29,628)
Total Assets	6,409,403	11,021,437	796,312	352,101	583,677	19,162,930
Borrowings	3,439,984	10,539,294	-	387,854	-	14,367,132
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	39,000	-	-	-	39,000
Net inter segment borrowing	-	-	-	-	-	-
Others	104,936	66,694	130	1,691	28,432	201,883
Total liabilities	3,544,920	10,644,988	130	389,545	28,432	14,608,015
Equity	3,574,049	-	980,866	-	-	4,554,915
Total Equity & liabilities	7,118,969	10,644,988	980,996	389,545	28,432	19,162,930
Contingencies & Commitments	1,602,168	-	28,890	371,324	197,699	2,200,081

44 TRUST ACTIVITIES

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

45 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its 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 are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include those executives reporting directly to CEO / MD.

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

	31 December 2018 (audited)							31 December 2017 (audited)						
	Parent	**Directors**	**Key manage-ment personnel**	**Subsidiaries**	**Associates**	**Joint venture**	**Other related parties (3)**	**Parent**	**Directors**	**Key manage-ment personnel**	**Subsidiaries**	**Associates**	**Joint venture**	**Other related parties (3)**
	---- (Rupees in '000) ----														
Balances with other banks														
In current accounts	-	-	-	-	-	-	22,820	-	-	-	-	-	-	28,298
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	22,820	-	-	-	-	-	-	28,298
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	100,000	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	450,000	-	-	-	-	-	-	100,000
Repaid during the year	-	-	-	-	-	-	(300,000)	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	100,000
Investments														
Opening balance	-	-	-	5,000	500	704,867	6,911,185	-	-	-	-	500	704,867	11,201,958
Investment made during the year	-	-	-	-	-	-	24,460,846	-	-	-	5,000	-	-	18,538,264
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(22,582,227)	-	-	-	-	-	-	(22,829,037)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	5,000	500	704,867	8,789,804	-	-	-	5,000	500	704,867	6,911,185
Provision for diminution in value of investments	-	-	-	-	-	704,867	65,123	-	-	-	-	-	704,867	50,000
Surplus / (deficit) in value of investments	-	-	-	-	-	-	(226,600)	-	-	-	-	-	-	(18,265)
Advances														
Opening balance	-	-	51,496	-	-	-	32,634	-	25,000	34,905	-	-	-	35,177
Addition during the year	-	-	21,155	-	-	-	12,707	-	(25,000)	27,353	-	-	-	1,999
Repaid during the year	-	-	(13,444)	-	-	-	(5,519)	-	-	(10,762)	-	-	-	(4,543)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	59,207	-	-	-	39,822	-	-	51,496	-	-	-	32,633
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 December 2018							31 December 2017						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (3)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (3)
	(Rupees in '000)													
Other Assets														
Interest / mark-up accrued	-	-	1,097	-	-	-	358,368	-	-	667	-	-	-	41,420
Receivable from staff retirement fund	-	-	-	-	-	-	1,174	-	-	-	-	-	-	-
Other receivable (3)		5,983		1,318			-	-	26,110	-	1,318	-	-	-
Other advances	-	-	480	-	-	-	1,692	-	-	538	-	-	-	240
Advance taxation	-	-	-	-	-	-	291,209	-	-	-	-	-	-	228,616
Provision against other assets	-	(5,983)	-	-	-	-	(2,765)	-	(26,110)	-	-	-	-	(3,002)
Borrowings														
Opening balance	-	-	-	-	-	-	3,900,923	-	-	-	-	-	-	2,260,256
Borrowings during the year	-	-	-	-	-	-	208,126,402	-	-	-	-	-	-	201,916,445
Settled during the year	-	-	-	-	-	-	(205,436,832)	-	-	-	-	-	-	(200,275,778)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	6,590,493	-	-	-	-	-	-	3,900,923
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	-	-	39,000	-	-	-	-	-	-	200,000
Received during the year	-	-	-	-	640,000	-	2,112,767	-	-	-	-	-	-	439,000
Withdrawn during the year	-	-	-	-	(440,000)	-	(1,836,191)	-	-	-	-	-	-	(600,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	200,000	-	315,576	-	-	-	-	-	-	39,000
Other Liabilities														
Interest / mark-up payable	-	-	-	-	-	-	37,796	-	-	-	-	-	-	15,275
Payable to staff retirement fund	-	-	-	-	-	-	4,525	-	-	-	-	-	-	(11,117)
Other liabilities	-	-	-	-	-	1,008	162	-	-	-	-	-	1,008	1,132
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	866,826	-	-	-	14,712	-	-	861,571	2,284

	31 December 2018							31 December 2017						
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (3)	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (3)
	---------- (Rupees in '000) ----------													
Income														
Mark-up / return / interest earned -net	-	-	909	-	-	-	659,254	-	65	446	-	-	-	620,116
Fee and commission income				-	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	7,409	-	-	-	-	-	-	7,095
Gain on Sale of Securities - Net	-	-	-	-	-	-	1,718	-	-	-	-	-	-	124,761
Expense														
Mark-up / return / interest expensed	-	-	-	-	11,762	-	320,023	-	-	-	-	-	-	129,087
Operating expenses														
Office maintenance and related expenses	-	-	-	-	12,863	-	-	-	-	-	-	12,507	-	-
Non-executive directors' remuneration	-	4,396	-	-	-	-	-	-	3,418	-	-	-	-	-
Board Meeting Expense	-	20,580	3,760	-	-	-	1,078	-	17,323	3,959	-	-	-	2,472
Remunerations	-	97,018	65,837	-	-	-	39,363	-	106,159	62,584	-	-	-	37,380
Consultancy expense	-	-	-	-	-	28,531	-	-	-	-	-	-	11,136	-
Contribution to defined contribution plan	-	3,241	1,707	-	-	-	761	-	2,784	1,641	-	-	-	719
Contribution to defined benefit plan	-	3,837	4,401	-	-	-	1,567	-	3,218	4,883	-	-	-	1,996
Depreciation	-	14,201	724	-	-	-	-	-	12,243	691	-	-	-	-
Other Charges														
Others	-	-	-	1,157	-	2,585	-	-	-	-	801	-	5,210	-
Insurance premium paid	-	-	-	-	-	3,908	-	-	-	-	-	-	3,908	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

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

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

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

(5) Contribution to approved defined benefit plan and defined contribution plan, post employment benefits, are disclosed in note 39 and note 40 respectively to these unconsolidated financial statements. Employees compensated absences, other long term benefits, are discussed in note 21 to the unconsolidated financial statements.

(6) Remuneration and short term employee benefits are disclosed in note 34 to the unconsolidated financial statements.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2018	2017
	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**4,072,010**	4,401,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**2,075,039**	3,732,169
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**2,075,039**	3,732,169
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**2,075,039**	3,732,169
Risk Weighted Assets (RWAs):		
Credit Risk	**9,263,513**	9,519,190
Market Risk	**1,790,707**	1,610,297
Operational Risk	**647,127**	719,201
Total	**11,701,347**	11,848,688
Common Equity Tier 1 Capital Adequacy ratio	**17.73%**	31.50%
Tier 1 Capital Adequacy Ratio	**17.73%**	31.50%
Total Capital Adequacy Ratio	**17.73%**	31.50%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**2,075,039**	3,732,169
Total Exposures	**26,873,506**	25,979,248
Leverage Ratio	**7.72%**	14.37%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**1,133,556**	933,213
Total Net Cash Outflow	**2,090,157**	237,267
Liquidity Coverage Ratio	**54%**	393%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**8,693,975**	8,811,281
Total Required Stable Funding	**9,185,006**	7,887,243
Net Stable Funding Ratio	**95%**	112%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS is available at https://paklibya.com.pk/uploads/files/financials-files/Capital_Adequacy_Statements/CAR-Audited-Report-2018-1.pdf

46.1 CAPITAL ASSESSMENT AND ADEQUACY

46.1.1 Capital adequacy

SBP's regulatory capital guidelines under Basel III allow for three tiers of capital. Common Equity Tier I capital includes common shares and retained earnings. Pak Libya currently does not hold any instruments in Additional Tier 1 or Tier 2 capital. The authorised share capital of the Company is Rs.8,000 million and the paid-up capital is Rs.6,141.780 million consisting of 614,178 shares with a par value of Rs.10,000 per share.

Company's regulatory capital is divided into three tiers.

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

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

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

Minimum capital requirement

SBP has prescribed that the minimum paid-up capital (free of losses) for DFI is required to be maintained at Rs.6 billion and ratio of total regulatory capital to risk weighted asset is to be maintained at or above 10% alongwith Capital Conservation Buffer (CCB) of 1.9%. The paid-up capital (free of losses) of the Company as of 31 December 2018 amounted to Rs.4.072 billion, which is below the minimum capital requirement of Rs.6 billion. SBP granted exemption to the Company in meeting the MCR till 30 June 2018.The Board of Directors of the Company has approved the financial projections for the next 5 years, envisaging a capital injection plan which is aimed to comply with minimum capital requirement, enhance the risk absorption capacity and future growth and expansion in business prospects of the Company.

Capital management

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

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

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

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

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

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

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

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

Scope of applications

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

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

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

Significant subsidiary

Pak Libya has wholly owned subsidiary named Kamoke Powergen (Private) Limited incorporated on 07 February 2017. However, the Company does not have significant investment in any insurance entity.

46.2 CAPITAL ADEQUACY RETURN AS OF 31 December 2018

Rows #	Common Equity Tier 1 capital (CET1): Instruments and reserves	Source based on reference number from Step 2 Table 46.3.2	31 December 2018	31 December 2017
			------- (Rupees in '000) -------	
1	Fully paid-up capital / capital deposited with SBP	(t)	**6,141,780**	6,141,780
2	Balance in Share Premium Account			
3	Reserve for issue of Bonus Shares			
4	Discount on Issue of shares			
5	General / statutory reserves	(w)	**311,650**	311,650
6	Gain / (losses) on derivatives held as cash flow hedge			
7	Unappropriated / unremitted profits / (losses)	(y)	**(2,069,770)**	(1,740,780)
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(z)	**-**	-
9	**CET 1 before Regulatory Adjustments**		**4,383,660**	4,712,650
10	Total regulatory adjustments applied to CET1 (note 38.2.1)		**(2,308,621)**	(980,481)
11	**Common Equity Tier 1**		**2,075,039**	3,732,169
	Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium			
13	of which: Classified as equity	(u)	**-**	-
14	of which: Classified as liabilities	(n)	**-**	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	(aa)	**-**	-
16	of which: instrument issued by subsidiaries subject to phase out		**-**	-
17	**AT1 before regulatory adjustments**		**-**	-
18	Total regulatory adjustment applied to AT1 capital (note 38.2.2)		**(1,775,673)**	(609,058)
19	Additional Tier 1 capital after regulatory adjustments		**-**	-
20	**Additional Tier 1 capital recognized for capital adequacy**		**-**	-
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**		**2,075,039**	3,732,169
	Tier 2 Capital			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		**-**	-
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	(o)	**-**	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	(ab)	**-**	-
25	of which: instruments issued by subsidiaries subject to phase out		**-**	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	**134**	237
27	Revaluation Reserves (net of taxes)			
28	of which: Revaluation reserves on fixed assets		**-**	-
29	of which: Unrealized gains/losses on AFS	portion of (ac)	**-**	-
30	Foreign exchange translation reserves	(v)	**-**	-
31	Undisclosed / other reserves (if any)		**-**	-
32	**T2 before regulatory adjustments**		**134**	237
33	Total regulatory adjustment applied to T2 capital (note 38.2.3)		**(658,923)**	(438,910)
34	Tier 2 capital (T2) after regulatory adjustments		**(658,789)**	(438,673)
35	Tier 2 capital recognized for capital adequacy		**-**	-
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital		**-**	-
37	**Total Tier 2 capital admissible for capital adequacy**		**-**	-
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**		**2,075,039**	3,732,169
39	**Total Risk Weighted Assets (RWA) {for details refer note 38.5}**		**11,701,347**	11,848,688

		31 December 2018	31 December 2017
		------------- (%) -------------	
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**17.73%**	31.50%
41	**Tier-1 capital to total RWA**	**17.73%**	31.50%
42	**Total capital to total RWA**	**17.73%**	31.50%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
		-	-
44	of which: capital conservation buffer requirement	-	-
45	of which: countercyclical buffer requirement	-	-
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	**11.73%**	25.50%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	**6.00%**	**6.00%**
49	Tier 1 minimum ratio	**7.50%**	**7.50%**
50	Total capital minimum ratio	**10.00%**	**10.00%**
51	Total capital minimum ratio plus CCB	**11.90%**	**11.28%**
52	Leverage ratio	**3.00%**	**3.00%**

		Source based on reference number from Step 2 Table 46.3.2	31 December 2018	Subject to Pre-Basel III treatment*	31 December 2017
			--------------- (Rupees in '000) ---------------		
	Regulatory Adjustments and Additional Information				
46.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**				
1	Goodwill (net of related deferred tax liability)	(k) - (p)	-	-	-
2	All other intangibles (net of any associated deferred tax liability)	(h)+(l)-(q)	**(3,831)**	-	(2,907)
3	Shortfall in provisions against classified assets	(f)	-	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(i) - (s} * x%	-	-	-
5	Defined-benefit pension fund net assets	{(m) - (r)} * x%	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	(d)	-	-	-
7	Cash flow hedge reserve		-	-	-
8	Investment in own shares / CET1 instruments		-	-	-
9	Securitization gain on sale		-	-	-
10	Capital shortfall of regulated subsidiaries		-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets / AFS	ad	**(215,171)**	-	(157,735)
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(a)-(ae)-(ag)	**(308,946)**	-	(210,781)
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b)-(af)-(ah)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(j)	-	-	-
15	Amount exceeding 15% threshold		-	-	-
16	of which: significant investments in the common stocks of financial entities		-	-	-
17	of which: deferred tax assets arising from temporary differences		-	-	-
18	National specific regulatory adjustments applied to CET1 capital		-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit		-	-	-
20	Any other deduction specified by SBP (mention details)		**(5,000)**	-	(4,000)
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions		**(1,775,673)**	-	(605,058)
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)		**(2,308,621)**	-	(980,482)

		Source based on reference number from Step 2 Table 47.3.2	31 December 2018	31 December 2018 Subject to Pre-Basel III treatment*	31 December 2017
			--------------- (Rupees in '000) ---------------		
46.2.2	**Additional Tier-1 & Tier-1 Capital: regulatory adjustments**				
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	(c)	-	-	-
24	Investment in own AT1 capital instruments		-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities		-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	**(1,116,883)**	-	(165,886)
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital		-	-	(500)
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions		**(658,790)**	-	(438,672)
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)		**(1,775,673)**	-	(605,058)
46.2.3	**Tier 2 Capital: regulatory adjustments**				
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-	-	(500)
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities		-	-	-
33	Investment in own Tier 2 capital instrument		-	-	-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ag)	**(658,923)**	-	(438,410)
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ah)	-	-	-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)		**(658,923)**	-	(438,910)

		31 December 2018	31 December 2017
		------- (Rupees in '000) -------	
46.2.4	**Additional Information**		
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
(i)	of which: deferred tax assets	-	-
(ii)	of which: Defined-benefit pension fund net assets	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	52,696
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	151,074
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	**416,466**	455,201
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	**123,633**	85,330
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	**134**	237
42	Cap on inclusion of provisions in Tier 2 under standardized approach	**115,794**	118,990
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

46.3 Capital Structure Reconciliation

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

46.3.2 Step 2: Under Step 2 the company is required to expand the balance sheet under the regulatory scope of consolidation to identify all the elements that are used in the capital adequacy disclosure template set out in Note 46.2. Each element must be given a reference number / letter in the 2nd column that will be used as a cross reference for note 46.2.

		31 December 2018	
Step 2	**Reference**	**Statement of financial position as in published unconsolidated financial statements**	**Under regulatory scope of consolidation**
		------- (Rupees in '000) -------	
Assets			
Cash and balances with treasury banks		**22,985**	**22,985**
Balances with other banks		**54,665**	**54,665**
Lendings to financial institutions		**1,950,000**	**1,950,000**
Investments		**11,832,050**	**11,832,050**
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	a	**2,084,753**	**2,084,753**
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	b		
of which: Mutual Funds exceeding regulatory threshold	c		
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	d		
of which: others (mention details)	e		
Advances	f	**4,350,310**	**4,350,310**
shortfall in provisions / excess of total EL amount over eligible provisions under IRB			
general provisions reflected in Tier 2 capital	g	**134**	**134**
Fixed assets		**62,361**	**62,361**
of which: intangible	h	**3,831**	**3,831**
Deferred tax assets		**123,633**	**123,633**
of which: DTAs that rely on future profitability excluding those arising from temporary differences	i	-	-
of which: DTAs arising from temporary differences exceeding regulatory threshold	j	**123,633**	**123,633**
Other assets		**2,032,035**	**2,032,035**
of which: Goodwill	k		
of which: Intangibles	l	-	-
of which: Defined-benefit pension fund net assets	m		
Total assets		**20,428,038**	**20,428,038**
Liabilities and equity			
Bills payable		-	-
Borrowings		**15,352,993**	**15,352,993**
Deposits and other accounts		**643,575**	**643,575**
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		**262,980**	**262,980**
Total liabilities		**16,259,548**	**16,259,548**
		-	
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		**311,650**	**311,650**
of which: portion eligible for inclusion in CET1: Share premium	v	-	-
of which: portion eligible for inclusion in CET1: General / statutory reserves	w	**311,650**	**311,650**
of which: portion eligible for inclusion in Tier 2	x	-	-
Unappropriated profit / (losses)	y	**(2,069,770)**	**(2,069,770)**
Minority Interest			
of which: portion eligible for inclusion in CET1	z	-	-
of which: portion eligible for inclusion in AT1	aa	-	-
of which: portion eligible for inclusion in Tier 2	ab	-	-
Surplus on revaluation of assets			
of which: Revaluation reserves on fixed assets	ac		
of which: Unrealized gains / (losses) on AFS		-	-
In case of Deficit on revaluation (deduction from CET1)	ad	**(215,171)**	**(215,171)**
Total liabilities and equity		**20,428,038**	**20,428,038**

46.4 Main features template of regulatory capital instruments

Disclosure template for main features of regulatory capital instruments

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

46.5 Risk weighted exposures

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

	Capital requirements		**Risk weighted assets**	
	2018	2017	**2018**	2017
	--------------------------- **(Rupees in '000)** ---------------------------			
Credit risk				
PSE	**-**	5,529	**-**	55,291
Banks	**55,103**	131,357	**551,032**	1,313,574
Corporates	**450,820**	309,895	**4,508,200**	3,098,950
Retail portfolio	**2,207**	2,333	**22,067**	23,329
Secured by residential mortgage	**4,829**	4,705	**48,293**	47,049
Past due loans	**12,546**	56,380	**125,464**	563,797
Significant investment and DTAs	**30,908**	21,333	**309,083**	213,325
Listed equity investment	**35,475**	48,856	**354,748**	488,558
Unlisted equity investment	**75**	75	**750**	750
Investment in fixed assets	**5,853**	7,755	**58,530**	77,551
Other assets	**203,204**	159,180	**2,032,035**	1,591,796
	801,020	747,397	**8,010,202**	7,473,969
Credit risk on off-balance sheet				
Non-market related	**124,381**	203,745	**1,243,809**	2,037,451
Market related	**950**	777	**9,502**	7,769
Market risk				
Interest rate risk	**80,303**	36,139	**803,033**	361,392
Equity position risk	**98,757**	124,883	**987,574**	1,248,825
Foreign exchange risk	**10**	8	**100**	79
Operational risk				
Capital requirement for operational risks	**64,702**	71,920	**647,127**	719,201
Total	**1,170,123**	1,184,869	**11,701,347**	11,848,687

	2018		2017	
Capital adequacy ratios	**Required**	**Actual**	Required	Actual
CET1 to total RWA	**6.00%**	**17.73%**	6.00%	31.50%
Tier-1 capital to total RWA	**7.50%**	**17.73%**	7.50%	31.50%
Total capital to total RWA	**10.00%**	**17.73%**	10.00%	31.50%
Total capital plus CCB to total RWA	**11.90%**	**17.73%**	11.28%	31.50%
Leverage Ratio	**3.00%**	**7.72%**	3.00%	14.37%

47. 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. The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. The Board’s Risk Management Committee along with various management committees supports Board of Directors in order to achieve this task. It involves identification, measurement, monitoring and controlling risks with a view to ensure that:

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

Scope of application of Basel III framework

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

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

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

Credit risk

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

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

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

The Company manages credit risk through:

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

Market risk

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

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

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

Operational risk

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

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

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

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

Liquidity risk

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

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

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

The LCR is a regulatory requirement set to ensure that the Company has unencumbered high quality liquid assets to meet its liquidity needs in a 30-calendar-day liquidity stress scenario. The Company monitors and reports its liquidity position under the State Bank of Pakistan (SBP) guidelines on Basel III Liquidity Standards implementation in Pakistan. The LCR became effective on 31 March 2017, with currently no minimum ratio requirement in Pakistan for DFIs, however, the Company ratio stood at 64% on an average during the year 2018 while the ratio stood at 54% as on December 31, 2018.

The Net Stable Funding Ratio is the regulatory metric for assessing the Company's structural funding profile. The NSFR is intended to reduce long-term funding risks by requiring banks/DFIs to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (ASF) (the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (RSF) (a function of the liquidity characteristics of various assets held). Banks/DFIs are expected to meet the NSFR requirement of at least 100% on an ongoing basis from December 31, 2017, however, the Company remained above the required level while maintaining the ratio at 95% as on December 31, 2018.

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

47.1 Credit risk

Credit risk management objectives and policies

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

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

The management of credit risk is governed by credit risk 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 through Policy Guidelines. The Executive Committee (EC) approves facilities of upto the limit defined in Credit Risk Management Policy guidelines based on the internal risk rating of the borrower.The facilities exceeding this limit require approval from the Board of Directors on recommendation of the EC. ALCO / Credit Committee (CC) considers and recommends the said facilities to EC upon identifying key opportunities and risks prevalent in taking requisite exposure towards the borrower / counterparty.

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

Credit risk rating

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

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

Objective of Internal Credit Risk Rating (ICRR)

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

- Internal risk reporting;
- Portfolio management; and
- Setting of credit risk concentration limits.

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

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

Exposures	**JCR-VIS**	**PACRA**	**Other**
Corporate	Yes	Yes	x
Banks	Yes	Yes	x

Credit exposures subject to standardised approach

		2018			2017		
Exposures	**Rating Category**	**Amount outstanding**	**Deduction CRM***	**Net amount**	Amount outstanding	Deduction CRM*	Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	**-**	**-**	**-**	-	-	-
	1	**352,215**	**-**	**352,215**	1,016,802	-	1,016,802
	2	**980,838**	**-**	**980,838**	693,572	-	693,572
	3-4	**235,809**	**-**	**235,809**	532,353	-	532,353
	5-6	**-**	**-**	**-**	-	-	-
	Unrated	**3,178,371**	**-**	**3,178,371**	1,735,012	-	1,735,012
		4,747,233	**-**	**4,747,233**	3,977,739	-	3,977,739
Banks	0	**-**	**-**	**-**	-	-	-
	1	**1,504,335**	**-**	**1,504,335**	2,583,494	-	2,583,494
	2-3	**500,330**	**-**	**500,330**	1,593,750	-	1,593,750
	4-5	**-**	**-**	**-**	-	-	-
	6	**-**	**-**	**-**	-	-	-
	Unrated	**-**	**-**	**-**	-	-	-
		2,004,665	**-**	**2,004,665**	4,177,244	-	4,177,244
Sovereigns		**-**	**-**	**-**	-	-	-
Total Credit Exposure		**6,751,898**	**-**	**6,751,898**	8,154,983	-	8,154,983

*CRM= Credit Risk Mitigation

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

47.1.1 *Lendings to financial institutions*

Credit risk by public / private sector

	Gross		Non-performing		Provision held	
	---------------------------------------Rs '000---------------------------------------					
	2018	2017	**2018**	2017	**2018**	2017
Public/ Government	**33,064**	33,064	**33,064**	33,064	**33,064**	33,064
Private	**-**	-	**-**	-	**-**	-
	33,064	33,064	**33,064**	33,064	**33,064**	33,064

47.1.2 *Investment in debt securities*

Credit risk by industry sector

	Gross 2018	Gross 2017	Non-performing 2018	Non-performing 2017	Provision held 2018	Provision held 2017
Agriculture, Forestry, Hunting and Fishing	**1,925**	1,925	**1,925**	1,925	**1,925**	1,925
Mining and Quarrying	**-**	-	**-**	-	**-**	-
Textile	**291,817**	291,817	**291,817**	291,817	**291,817**	291,817
Chemical and Pharmaceuticals	**35,000**	45,000	**-**	-	**-**	-
Cement	**-**	-	**-**	-	**-**	-
Sugar	**-**	11,111	**-**	-	**-**	-
Footwear and Leather garments	**-**	-	**-**	-	**-**	-
Automobile and transportation equipment	**-**	50,000	**-**	-	**-**	-
Electronics and electrical appliances	**18,770**	309,529	**15,957**	15,957	**15,957**	15,957
Construction	**-**	-	**-**	-	**-**	-
Power (electricity), Gas, Water, Sanitary	**232,292**	132,962	**-**	-	**-**	-
Vehicle & Asset Tracking	**50,000**	-	**-**	-	**-**	-
Food & Agricultue	**100,000**	-	**-**	-	**-**	-
Transport, Storage and Communication	**77,407**	110,581	**-**	-	**-**	-
Financial	**2,318,181**	1,449,380	**24,775**	24,775	**24,775**	24,775
Insurance	**-**	-	**-**	-	**-**	-
Services	**-**	-	**-**	-	**-**	-
Individuals	**-**	-	**-**	-	**-**	-
Others	**4,441**	204,441	**4,441**	4,441	**4,441**	4,441
	3,129,833	2,606,746	**338,915**	338,915	**338,915**	338,915

Credit risk by public / private sector

	Gross 2018	Gross 2017	Non-performing 2018	Non-performing 2017	Provision held 2018	Provision held 2017
Public/ Government	**-**	-	**-**	-	**-**	-
Private	**3,129,833**	2,606,746	**338,915**	338,915	**338,915**	338,915
	3,129,833	2,606,746	**338,915**	338,915	**338,915**	338,915

47.1.3 *Advances*

Credit risk by industry sector

	Gross 2018	Gross 2017	Non-performing 2018	Non-performing 2017	Provision held 2018	Provision held 2017
Agriculture, Forestry, Hunting and Fishing	**7,354**	27,354	**7,354**	7,354	**7,354**	7,354
Mining and Quarrying	**-**	-	**-**	-	**-**	-
Textile	**907,457**	768,100	**229,340**	229,340	**220,809**	220,809
Chemical and Pharmaceuticals	**655,874**	741,253	**500,000**	500,000	**500,000**	500,000
Cement	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Sugar	**704,038**	389,506	**70,999**	60,000	**62,750**	60,000
Footwear and Leather garments	**-**	-	**-**	-	**-**	-
Automobile and transportation equipment	**138,781**	138,781	**138,781**	138,781	**138,781**	138,781
Electronics and electrical appliances	**200,000**	-	**-**	-	**-**	-
Construction	**-**	53,897	**-**	53,897	**-**	3,897
Power (electricity), Gas, Water, Sanitary	**1,163,924**	957,590	**301,135**	301,135	**301,135**	301,135
Wholesale and Retail Trade	**-**	-	**-**	-	**-**	-
Engineering	**403,897**	-	**53,897**	-	**3,897**	-
Transport, Storage and Communication	**439,384**	684,002	**53,896**	447,944	**53,896**	73,598
Financial	**304,559**	226,103	**-**	-	**-**	-
Insurance	**-**	-	**-**	-	**-**	-
Services	**261,897**	20,582	**-**	-	**-**	-
Individuals	**203,671**	207,978	**36,269**	42,449	**34,231**	38,142
Manufacturing	**282,459**					
Others	**-**	721,890	**-**	-	**-**	-
	5,873,295	5,137,036	**1,591,671**	1,980,900	**1,522,853**	1,543,716

Credit risk by public / private sector	**Gross advances**		**Non-performing advances**		**Provision held**	
	2018	2017	**2018**	2017	**2018**	2017
Public/ Government	**-**	-	**-**	-	**-**	-
Private	**5,873,295**	5,137,036	**1,591,673**	1,980,900	**1,522,851**	1,543,716
	5,873,295	5,137,036	**1,591,673**	1,980,900	**1,522,851**	1,543,716

47.1.4 ***Contingencies and Commitments***

Credit risk by industry sector	**Amount in Rs '000**	
	2018	2017
Agriculture, Forestry, Hunting and Fishing	**-**	-
Mining and Quarrying	**-**	-
Textile	**2,141**	100,000
Chemical and Pharmaceuticals	**-**	89,206
Cement	**-**	-
Sugar	**2,500**	12,500
Footwear and Leather garments	**-**	-
Automobile and transportation equipment	**-**	-
Electronics and electrical appliances	**-**	-
Construction	**-**	-
Power (electricity), Gas, Water, Sanitary	**1,016,514**	1,589,668
Wholesale and Retail Trade	**-**	-
Exports/Imports	**-**	-
Transport, Storage and Communication	**100,000**	-
Financial	**-**	-
Insurance	**-**	9,684
Services	**15,532**	216,429
Individuals	**-**	14,712
Others	**311,080**	1,324
	1,447,767	2,033,523

Credit risk by public / private sector		
Public / Government	166,558	-
Private	1,281,209	2,033,523
	1,447,767	2,033,523

47.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) aggregated to Rs 4,105.93 million (2017: Rs.3,757.49) are as following:

	2018	2017
	---- (Rupees in '000) ----	
Funded	3,101,087	2,791,248
Non Funded	1,004,844	966,237
Total Exposure	4,105,931	3,757,485

The sanctioned limits against these top 10 expsoures aggregated to Rs 18.032 million (2017: Rs.12.50 million)

Total funded classified therein	**2018**		2017	
	Amount	**Provision held**	Amount	Provision held
OAEM	**-**	**-**	-	-
Substandard	-	-	394,048	19,702
Doubtful	**-**	**-**	-	-
Loss	**801,135**	**801,135**	801,135	801,135
Total	**801,135**	**801,135**	1,195,183	820,837

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

47.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2018							
	Disbursements	Utilization						
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sindh	**2,405,028**	**1,934,619**	**470,409**	**-**	**-**	**-**	**-**
KPK including FATA	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balochistan	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Islamabad	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AJK including Gilgit-Baltistan	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,405,028**	**1,934,619**	**470,409**	**-**	**-**	**-**	**-**

	2017						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	-	-	-	-	-	-	-
Sindh	2,007,336	1,320,212	387,124	-	-	300,000	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	2,007,336	1,320,212	387,124	-	-	300,000	-

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

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

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

47.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

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

47.2.1 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----------Rupees in '000----------					
Cash and balances with treasury banks	**22,985**	**-**	**22,985**	28,328	-	28,328
Balances with other banks	**54,665**	**-**	**54,665**	83,494	-	83,494
Lendings to financial institutions	**1,950,000**	**-**	**1,950,000**	4,000,000	-	4,000,000
Investments	**10,529,736**	**1,302,314**	**11,832,050**	8,865,246	835,194	9,700,440
Advances	**4,350,310**	**-**	**4,350,310**	3,593,084	-	3,593,084
Fixed assets	**58,530**	**-**	**58,530**	77,551	-	77,551
Intangible assets	**3,831**	**-**	**3,831**	2,907	-	2,907
Deferred tax assets	**123,633**	**-**	**123,633**	85,330	-	85,330
Other assets	**2,032,035**	**-**	**2,032,035**	1,591,797	-	1,591,797
	19,125,724	**1,302,314**	**20,428,038**	18,327,737	835,194	19,162,931

47.2.2 Foreign Exchange Risk

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

	2018				2017			
	Foreign Currency Assets	**Foreign Currency Liabilities**	**Off-balance sheet items**	**Net foreign currency exposure**	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000				Rupees in '000			
Pak-rupee	**-**	**-**	**-**	**-**	-	-	-	-
United States Dollar	**100**	**-**	**163,823**	**-**	79	-	125,117	-
Great Britain Pound Sterling	**-**	**-**	**-**	**-**	-	-	-	-
Euro	**159**	**-**	**-**	**-**	-	-	-	-
Japanese Yen	**-**	**-**	**-**	**-**	-	-	-	-
Other currencies	**-**	**-**	**-**	**-**	-	-	-	-
	259	**-**	**163,823**	**-**	79	-	125,117	-

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	3	-	1	-
- Other comprehensive income	-	-	-	-
- Other*	1,638	-	1,251	-

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

47.2.3 Equity position Risk

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

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**564**	-	-
- Other comprehensive income	**-**	**33,637**	-	36,071

47.2.4 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2018										
		Exposed to yield / interest rate risk										Non-interest
						Over						
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	bearing financial instruments
		------------- (Rupees in '000) -------------										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	22,985	-	-	-	-	-	-	-	-	-	22,985
Balances with other banks	8.00%	54,665	41,731	-	-	-	-	-	-	-	-	12,934
Investments	7.16% to 12.54%	11,832,050	1,255,287	980,620	1,054,867	5,926,432	1,806,610	-	-	-	-	808,234
Lendings to financial institutions	8.00% to 12.10%	1,950,000	1,050,000	650,000	250,000	-	-	-	-	-	-	-
Advances	4% to 14.11%	4,350,310	937,610	2,224,781	727,145	199,866	156,108	-	-	-	-	104,800
Other assets		2,032,034	-	-	-	-	-	-	-	-	-	2,032,034
		20,242,044	3,284,628	3,855,401	2,032,012	6,126,298	1,962,718	-	-	-	-	2,980,987
Liabilities												
Borrowings	2% to 11.14%	15,352,993	9,541,707	3,178,204	2,075,000	228,893	78,258	66,816	54,316	54,316	75,483	-
Deposits and other accounts	7.45% to 10.50%	643,575	70,304	573,271	-	-	-	-	-	-	-	-
Other liabilities	-	262,980	-	-	-	-	-	-	-	-	-	262,980
		16,259,548	9,612,011	3,751,475	2,075,000	228,893	78,258	66,816	54,316	54,316	75,483	262,980
On-balance sheet gap		3,982,496	(6,327,383)	103,926	(42,988)	5,897,405	1,884,460	(66,816)	(54,316)	(54,316)	75,483	2,718,007
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(6,327,383)	103,926	(42,988)	5,897,405	1,884,460	(66,816)	(54,316)	(54,316)	75,483	
Cumulative yield / interest rate risk sensitivity gap			(6,327,383)	(6,223,457)	(6,266,445)	(369,040)	1,515,420	1,448,604	1,394,288	1,339,972	1,415,455	

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

Total financial assets	20,242,044
Non financial instruments	
Operating fixed assets	62,361
Deferred taxation	123,633
	20,428,038

	Effective yield / interest rate	2017										
			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 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	28,328	-	-	-	-	-	-	-	-	-	28,328
Balances with other banks	3.75% - 4.00%	83,494	53,197	-	-	-	-	-	-	-	-	30,297
Investments	5.99% - 9.71%	9,700,440	5,120,275	421,979	1,235,353	457,204	-	1,624,935	-	-	-	840,694
Lendings to financial institutions	6.55% - 8.00%	4,000,000	2,000,000	1,550,000	250,000	200,000.00	-	-	-	-	-	-
Advances	5.00% - 10.95%	3,593,084	310,063	2,250,503	661,003	32,674	83,307	74,308	91,376	-	-	89,850
Other assets		1,591,796	-	-	-	-	-	-	-	-	-	1,591,796
		18,997,142	7,483,535	4,222,482	2,146,356	689,878	83,307	1,699,243	91,376	-	-	2,580,966
Liabilities												
Borrowings	2.5%-7.17%	14,367,132	5,118,022	1,612,500	3,212,500	50,000	75,000	-	-	-	-	4,299,110
Deposits and other accounts	6.10%	39,000	-	-	-	39,000	-	-	-	-	-	-
Other liabilities	-	201,883	-	-	-	-	-	-	-	-	-	201,883
		14,608,015	5,118,022	1,612,500	3,212,500	89,000	75,000	-	-	-	-	4,500,993
On-balance sheet gap		4,389,127	2,365,513	2,609,982	(1,066,144)	600,878	8,307	1,699,243	91,376	-	-	(1,920,028)
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			2,365,513	2,609,982	(1,066,144)	600,878	8,307	1,699,243	91,376	-	-	
Cumulative yield / interest rate risk sensitivity gap			2,365,513	4,975,495	3,909,351	4,510,229	4,518,536	6,217,779	6,309,155	6,309,155	6,309,155	

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

Total financial assets	18,997,142
Non financial instruments	
Operating fixed assets	80,458
Deferred taxation	85,330
	19,162,930

47.4 Liquidity Risk

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

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

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

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

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

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

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

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

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

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

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

2018

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		(Rupees in '000)								
Assets										
Cash and balances with treasury banks	22,985	22,985	-	-	-	-	-	-	-	-
Balances with other banks	54,665	54,665	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,950,000	1,050,000	650,000	250,000	-	-	-	-	-	-
Investments	11,832,050	1,026,800	305,223	280,568	6,186,623	2,134,050	98,886	357,304	1,442,596	-
Advances	4,350,310	109,052	378,872	222,765	1,166,848	771,876	934,758	358,128	407,207	804
Operating fixed assets	62,362	2,222	4,410	5,986	9,388	12,753	12,582	2,859	9,246	2,916
Deferred tax asset - net	123,633	-	4,050	3,878	37,272	40,222	25,471	12,740	-	-
Other assets	2,032,033	377,073	105,929	87,706	1,207,644	124,692	124,692	-	4,297	-
	20,428,038	2,642,797	1,448,484	850,903	8,607,775	3,083,593	1,196,389	731,031	1,863,346	3,720
Liabilities										
Borrowings	15,352,993	8,741,707	2,878,204	387,500	803,893	1,003,258	929,316	533,632	75,483	-
Deposits and other accounts	643,575	70,304	573,271	-	-	-	-	-	-	-
Other liabilities	262,980	142,635	65,549	16,771	14,992	-	-	514	-	22,519
	16,259,548	8,954,646	3,517,024	404,271	818,885	1,003,258	929,316	534,146	75,483	22,519
	4,168,490	(6,311,849)	(2,068,540)	446,632	7,788,890	2,080,335	267,073	196,885	1,787,863	(18,799)

Share capital	6,141,780
Reserves	311,650
Unappropriated/ Unremitted profit/ (Loss)	(2,069,770)
Deficit on revaluation of assets - net of tax	(215,171)
	4,168,489

2017

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		(Rupees in '000)								
Assets										
Cash and balances with treasury banks	28,328	28,328	-	-	-	-	-	-	-	-
Balances with other banks	83,494	83,494	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,000,000	2,000,000	1,550,000	250,000	200,000	-	-	-	-	-
Investments	9,700,440	5,096,482	155,849	346,993	1,199,787	355,173	1,772,246	106,491	667,419	-
Advances	3,593,084	97,659	341,873	548,192	559,772	612,795	469,449	448,108	514,476	760
Operating fixed assets	80,458	2,789	5,567	6,617	12,848	19,572	10,225	8,099	10,009	4,732
Deferred tax asset - net	85,330	-	4,012	4,012	8,023	16,979	18,350	16,977	16,977	-
Other assets	1,591,796	32,121	94,667	40,138	1,241,508	89,361	89,361	-	4,640	-
	19,162,930	7,340,873	2,151,968	1,195,952	3,221,938	1,093,880	2,359,631	579,675	1,213,521	5,492
Liabilities										
Borrowings	14,367,132	4,668,021	5,112,500	775,000	874,111	1,125,000	825,000	762,500	225,000	-
Deposits and other accounts	39,000	-	-	-	39,000	-	-	-	-	-
Other liabilities	201,883	81,070	34,550	78,237	-	-	2,650	-	5,376	-
	14,608,015	4,749,091	5,147,050	853,237	913,111	1,125,000	827,650	762,500	230,376	-
	4,554,915	2,591,782	(2,995,082)	342,715	2,308,827	(31,120)	1,531,981	(182,825)	983,145	5,492

Share capital	6,141,780
Reserves	311,650
Unappropriated/ Unremitted profit/ (Loss)	(1,740,780)
Deficit on revaluation of assets - net of tax	(157,735)
	4,554,915

48. 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.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 25-Mar-2019 by the Board of Directors of the Company.

50. GENERAL

50.1 In its latest rating announcement (June 2018), 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).

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

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

Sd/-	Sd/-
Chief Financial Officer	**Managing Director & CEO**
Sd/-	Sd/-
Director	**Director**

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDERED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED DECEMBER 31 2018

Annexure - I

31 December 2018

(Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal	Interest/Mark-up	Other financial	Total
					Principal	Interest/Mark-up	Other than Interest/Mark-up	Total	written-off	written-off/ waived	relief provided	
											-	-
1	**MUHAMMAD YOUSUF H.NO. B-14, FALAK NAZ ARCADE, MAIN SHAFRAH-E-FAISAL KHI.		42201-0626896-7	MUHAMMAD ISRAIL	165	40	459	665	-	40	467	508
2	***GHULAM MUHAMMAD BANGLANI HOUSE # B-71/II,28th STREET, KHAYABAN-E-BADAR, PHASE VI,DHA,KARACHI		42301-1046990-7	ALI MURAD KHAN	7,090	778	24,926	32,793	-	16,743	8,183	24,926
3	ARSHAD MAHMOOD FLAT # DX-714, SAMA HILL VIEW, 7th FLOOR, BLOCK-17, RAILWAY HOUSING SOCITY, GULISTAN-E-JOHAR, KARACHI.		42301-5675412-1	PEER MOHAMMAD	780	666	1,070	2,516	-	-	10,968	10,968
	Total:				8,035	1,485	26,455	35,975	-	16,784	19,618	36,402

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

** This case has been rescheduled / restructured to recover outstanding liabilities and in case of any breach of terms / default in payment, all amounts waived shall become liable.

*** The loan was rescheduled / restructured in 2012 at Rs. 50 million to be repaid in seven years after allowing waiver of Rs. 24.925 million. The customer paid the agreed amount and finally settled in 2019.

STATEMENT SHOWING WRITTEN- OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDERED THOUSAND RS. OR ABOVE, PROVIDED DURING THE YEAR ENDED DECEMBER 31 2017

31 December 2017 (Rupees in '000)

S.No	NAME & ADDRESS OF THE BORROWERS	NAME OF INDIVIDUALS / PARTNERS / DIRECTORS	CNIC NUMBER	FATHER'S/HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				Principal written-off	Interest/Mark-up written-off/ waived	Other financial relief provided	Total
					Principal	Interest/Mark-up	Other than Interest/Mark-up	Total				
1	Samin Textile Mills Limited / 50-C Main Gulberg, Lahore	Mr. Sarmad Amin	35202-2542463-3	Muhammad Amin							1,250	1,250
		Mr. Jehanzeb Amin	35202-0678117-5	Sarmad Amin								
		Mr. Safder Hussain Tariq	35202-7560182-5	Jaffar Hussain								
		Mr. Qamber Hamid	35202-2796208-1	Sheikh Akhtar								
		Mr. Shehryar Amin	35202-3737616-9	Sarmad Amin								
		Mr. Jamil Masood	611011-1880963-1	Iqbal Masood								
		Mr. Tariq Jillani	35201-2601114-9	Mian Ghulam Jillani								
2	Khawaja Abdul Aziz Ghori / H.No. D-138, BL-7, Gulshan-e-Iqbal, Karachi.		42201-3359001-9	Khawaja Mubzool-ur-Rehman Ghori							12,893**	12,893
3	Ali Murtaza Obaid / C-4,PHASE 3, F # 502, Haroon Royal City, Block 17, Gulistan-e-Johar, Karachi		42201-7553927-7	Muhammad Ali Naved							3,461**	3,461

* Markup - These amounts represent suspended markup
** Other - These amounts include late payment charges and other fee and charges that were kept out of books of accounts.
Note: Serial no. 2 and 3
- Both these cases have been rescheduled / restructured to recover outstanding liabilities and in case of any breach of terms / default in payment, all amounts waived shall become liable.
- Waiver amounts have been worked out on the basis of total receivable as per the initial terms of the loans net-off the amout worked out as per Court Decree.

Annexure - II

ISLAMIC BANKING BUSINESS

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

ناظمین کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو اختتام پذیر سال پر ہم پاک لیبیا ہولڈنگ کمپنی لمیٹڈ ("پاک لیبیا") کی ڈائریکٹرز رپورٹ بمع محاسب شدہ (audited) سالانہ مالیاتی گوشوارے اور محاسبین (auditor's) کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

2018 پاکستان کی لئے ایک مسائل کا سال رہا جس میں بیرونی قرضہ 9.686 ارب امریکی ڈالر اضافے سے بڑھ کر 99.11 ارب ڈالر ہو گیا (دسمبر 2017: 89.424 ارب امریکی ڈالر)۔ اس صورتحال نے قرضے (debt) سے مجموعی قومی پیداوار (GDP) کا بڑھتا ہوا تناسب گذشتہ سال کے 60.7 فیصد سے بڑھ کر 65.6 فیصد ہو گیا اور ہر سال اس کی صورتحال ابتر ہوتی رہی ہے جس کی وجہ وہ پالیسیاں جو سرمایہ کاری کو فروغ دے سکتی ہیں اور جس سے سرمایہ ملک میں آ سکتا ہے ان کے نفاذ میں تاخیر یا نااہلی ہے۔

نئی حکومت نے اگست 2018 میں حلف لیں، اس کے پاس بھی قلیل المدت کوئی فوری حل یا اختیار نہیں ہے کہ وہ ملکی اور بین الاقوامی قرضوں کی ذمہ داروں کو پورا ما سوائے زیادہ یا تبدیل شدہ ادائیگیوں کے شیڈول (restructured) کے۔ مزید یہ کہ پاکستانی روپے نے امریکی ڈالر کے مقابلے میں اب تک کی بدترین گراوٹ دیکھی اور اس کی قدر گذشتہ سال کے 110.43 روپے فی ڈالر سے گر 138.79 روپے فی امریکی ڈالر ہو گئی۔ پاکستانی روپے کی قدر میں اہم گراوٹ اور اس کے نتیجے میں افراط زر کے ساتھ، بینک دولت پاکستان (SBP) نے پالیسی نرخ میں گذشتہ سال کی 5.75 فیصد کے مقابلے میں جاری سال میں 10 فیصد کر دیا۔

پاکستان اسٹاک ایکسچینج نے سال 2017 کے پہلے نصف میں 53,123.54 پوائنٹس کی بلندترین سطح حاصل کی اور یہ سفر سال 2018 میں جاری رہ کر KSE - 100، 37,066.67 پوائنٹس پر بند ہوا جس میں سال کے دوران 3,404.81 پوائنٹس اور بلندترین سطح سے 16,056.87 پوائنٹس کی کمی ہوئی۔

نومنتخب گورنمنٹ کو کوششوں کی وجہ سے معیشت کے استحکام کے آثار دکھا رہی ہے۔ بڑا جاری کھاتے کا خسارہ معمولی کم ہوا ہے جبکہ حالیہ دنوں میں روپے کی قدر میں کمی کی رفتار کافی حد تک کم ہوئی ہے۔ علاوہ ازیں، بڑھتا ہوئے جاری خسارے، گھٹتے ہوئے غیر ملکی زرمبادلہ کے ذخائر اور مالیاتی خسارے کو نتیجہ بھی پاکستان کی طویل المدت غیر ملکی اور مقامی کرنسی کی نادہندگی کی درجہ بندی مستحکم سے منفی منظرنامہ پیش کرتی ہے۔

معیشت کو 'طویل المدت مسائل (challenges)' کا سامنا رہے گا، جیسا کہ خاصہ تجارتی خسارہ، ادائیگیوں کا توازن کے معاملات، ملک میں تیل کی قیمتوں کا بڑھتا ہوا رجحان، ناکافی محصولات کی اصلاحا، دہشت گردی کے خلاف کاروائی اور عالمی امن کی کوششوں کے معیشت پر اثرات کے سلسلے میں گورنمنٹ کی جاری کوششیں نہایت اہم ہوں گی۔

آنے والے دنوں میں گورنمنٹ، چین پاکستان اقتصادی راہداری (CPEC) سے متعلق منصوبوں کو ان کی اصل روح کے مطابق نافذ کرنے میں سنجیدہ لگتی ہے؛ سال 2019 میں پاکستان اور چین کی صنعتی تعاون کے پیدا ہونے سے CPEC نئی بلندیوں کو چھونے لیے پوری طرح تیار ہے۔ سعودی عرب کے سرمایہ کاری کے اعلان سے امکان ہے کی دوسرے دوست ممالک بھی ملک میں سرمایہ لگائیں گے

اداراتی کارکردگی

سرمایہ منڈی میں اتار چڑھاؤ (volatility)، شرح سود میں مسلسل اضافہ اور تزویری (strategic) نوعیت کی فیصلوں کے نفاذ میں تاخیر کی وجوہات کی بنا ہر کمپنی نے ایک مشکل سال دیکھا۔

انتظامیہ نے بلند معیار کے ایڈوانس پورٹ فولیو کی تشکیل اور قائم رکھنے میں محتاط موقف (stance) جاری رکھنے کے ساتھ ساتھ سرمائے اور پیسے کی منڈی (Money markets) میں دیگر کاروباری مواقعوں سے فائدہ اٹھانے کے لیے بنیادی کاروبار کی آمدنی میں اضافے کی کوششوں کو سراہتی ہے۔

اثاثہ جات کا آمیزہ (mix) ڈیٹ تمسکات میں سرمایہ کاری میں کے ساتھ نمایاں رہا کیونکہ تیزی کا رجحان زیادہ عرصے تک اپنے قدم نہ جما سکا اور مئی 2017 میں پھر سے درجہ بندی (reclassification) میں پاکستان کی سرحدی (Frontier) منڈی سے ابھرتی ہوئی (Emerging) منڈی میں درجہ بندی سے حصص منڈی میں بہت ہی زیادہ تغیر پذیر رہی۔ دوسری جانب سودی نرخوں میں مسلسل اضافے نے کمپنی کے گورنمنٹ تمسکات کے پورٹ فولیو کی کشش کو کم کر دیا ہے۔

ہمارے کاروبار کی ہر اکائی نے انتظامیہ کی حکمت عملی میں معاونت کرنے میں کوششیں کیں، تاہم ایسی تمام کوششیں مناسب منافع بخشی (profitability) پیدا کرنے کے لیے کافی نہیں تھیں۔ منافع جات (margins) گھٹ گئے اور غیر پیداواری / ناکارکردگی دکھانے والے اثاثہ جات کی فنانسنگ کی لاگتیں کافی حد تک بڑھ چکی ہیں۔ نتیجتاً، کمپنی نے 260.64 ملین روپے کا نقصان قبل از محصول کیا۔

موجودہ اور مرتب ہونے والی ضوابط کی پابندیاں جو سرمایہ اور سیالیت (liquidity) کا انتظام کر رہی (governing) ہیں ان کے ساتھ ہم نے جو اقدامات اٹھائے یا لینے کی ضرورت ہے تاکہ ان کو اپنایا جاسکے، جو کمپنی کے لیے اسے مجموعی طور پر محفوظ تر، لچکدار مالیاتی نظام تشکیل دینے کے لیے کمپنی کی طویل المدت تسلسل سے نمو کے حصول کے لیے انتہائی ضروری ہیں

سال 2018 کے لیے پاکستان کی کریڈٹ ریٹنگ ایجنسی (PACRA) نے پاک لیبیا کی گذشتہ سال کی کریڈٹ درجہ بندی کو برقرار رکھا جو درج ذیل ہے؛

قلیل المدت A1+

طویل المدت AA-

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

ایک مستقل (Persistent) کوشش

مسائل سے پر کاروباری ماحول یعنی عملی مجبوریوں کے باوجود ہمارے کاروبار کی ہر اکائی نے انتظامیہ کی کاروباری حکمت عملی کی معاونت کی ہے۔ سال 2018 کے دوران ہمارے کاروباری اکائیوں کی کارکردگی کی جھلکیاں درج ذیل ہیں۔

اداراتی اور سرمایہ کاری بینکاری (CIB)

کمپنی کی بنیادی کاروباری سرگرمیوں کو مدنظر رکھتے ہوئے کریڈٹ پورٹ فولیو میں اضافے کے لیے خاصی اہم کوششیں کی ہیں۔ CIB کا خالص کریڈٹ پورٹ فولیو (خالص وصولیابیاں اور مختصات) گذشتہ سال کے 3,093.9 ملین پاکستانی روپے سے بڑھ کر 3,513.9 ملین پاکستانی روپے تک بڑھ گیا۔ علاوہ ازیں، سال کے دوران ٹیم ڈیٹ انویسٹمنٹ پورٹ فولیو میں 532.91 ملین روپے کا اضافہ کر سکی۔ تاہم، سودی نرخوں میں اضافے کے باوجود گذشتہ سال کے مقابلے میں خالص سودی آمدنی (NII) کے کم ہوئی ہے جس کی وجہ پورٹ فولیو کا بڑا حصہ غیر پیداواری ہے لیکن لاگتوں کے لیے پرکشش ہے۔

SME اور ریٹیل بینکاری (SME-RB)

مجموعی کریڈٹ پورٹ فولیو کی معاونت کرنے کے لیے **SME-RB** نے SME کے مخصوص ذیلی سیکٹرز کی شناخت کی، متعدد مصنوعات پیش کی ہیں۔ تیار کیں اور کاروباری ٹیم کے اہداف متعین کئے گئے۔ سال کے دوران شعبہ گاڑیوں، لیز فنانسنگ اور جائیداد کو رہن رکھ کر کاروباری قرضہ جات کی فراہمی میں مصروف عمل رہا؛ اور مجموعی طور پر دونوں سیکٹرز میں بڑھتی ہوئی سرگرمیوں سے پیدا ہونے والی طلب مستحکم اور نمایاں ہو سال کے دوران، شعبہ گاڑیوں اور پٹہ (lease) کی فنانسنگ اور جائیداد کو رہن رکھ کر کاروباری قرضوں کی فراہم میں مشغول رہا؛۔ اور اپنے پورٹ فولیو (خالص وصولیابیاں اور مختصات) میں 328.47 ملین پاکستانی روپے کی توسیع کا انتظام کر سکا۔

انتظامیہ نے CIB اور SME-RB کے لیے گاہکوں کے انتخاب کے سلسلے میں سخت خطرہ کے تخمینہ اور قرضہ کی فراہمی کے بعد سخت نگرانی میں اضافی احتیاط کا طریقہ اختیار کیا۔

خزانہ اور فنڈ مینجمنٹ(TFM)

ہمارے TFM کے شعبے نے کاروباری اکائیوں کے لیے مسابقتی نرخوں پر وسائل کو متحرک کرنے کے علاوہ کمپنی کے بنیادی کاروبار کی آمدنی میں اضافے کے لیے ثانوی منڈی میں سرمایہ کاری اور منتخب قرضوں (debt) کی مالیاتی دستاویزات(instruments) میں سرمایہ کاری جاری رکھیں۔ سال کے دوران TFM نے شرح سود میں اضافے کی وجہ سے قرضوں (debt) کی تمسکات سے سرمایہ میں اضافے کی مد حصہ نہیں ڈالا تاہم 820.91 ملین روپے کو سودی آمدنی حاصل کی۔ سال2018 میں، سرمایہ مارکیٹ ٹریژری(Market Treasury) بلز(MTBs)میں اور مجموعی کلّی، معیشت کی صورتحال اور ڈسکاؤنٹ نرخوں میں تیزی کے رجحان کو مدنظر رکھتے ہوئے قلیل مدت روش(tenor) پاکستان انویسٹ بانڈز (PIBs) مرکوز رہی۔

تمسکات پورٹ فولیو مینجمنٹ(SPM)

سال کے دوران منڈی میں غیر یقینی، تجارت کا کم حجم اور AFS ملکیتی سرمایہ کے پورٹ فولیو کی بلند وزنی اوسط لاگت (weighted average cost) نے کمپنی کی پورٹ فولیو کو مجتمع (reposition) کرنے کی صلاحیت کو محدود کر دیا تھا۔ کم سے کم مطلوبہ سرمائے کی ضرورت میں کمی کی وجہ سے محتاط حدود کی پابندی کے باوجود ہمارے SPM کے شعبے نے ہمارے مجموعی کاروباری خطرے کے میلان(appetite)اور دستیاب وسائل کی بنیاد پر تقریباً6.24 فیصد منافع (returns) کا اندراج کیا(جس میں درستگی کے اثرات کے بغیر)۔

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

	2018	2017
اختتام سال کے بقایاجات	**پاکستانی روپے000 میں**	
کل اثاثہ جات	**20,428,038**	19,162, 931
کل مالیاتی ذمہ داریاں	**16,259,548**	14,608,016
خالص اثاثہ جات	**4,168,489**	4,554,915
حصص کنندگان کا ملکیتی سرمایہ (خالص)		
حصصی سرمایہ	**6,141,780**	6,141,780
ذخائر	**311,650**	311,650
جمع شدہ مجموعی نقصان	**(2,069,770)**	(1,740,780)
ذیلی مجموعہ	**4,383,660**	4,712,650
اثاثہ جات دوبارہ قدر پیمائی پر اضافہ / کمی- محصول کا خالص	**4,168,489**	4,554,915
مجموعہ(Total)	**4,168,489**	4,554,915
برائے سال		
(نقصان)/ منافع قبل از محصول	**(260,641)**	84,125
(نقصان)/ منافع بعد از محصول	**(322,959)**	47,781
(نقصان)/ آمدنی فی حصص (پاکستانی روپے)	**(526)**	78

سال2017 میں کمپنی نے منافع بعد از محصول کا 20 فیصد کی مالیت کے مساوی رقم دستوری ذخائر میں منتقل کر دیا ہے جو مروجہ قانونی ضروریات کے مطابق ہے۔

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

اداراتی اور مالیاتی رپورٹنگ کے ڈھانچے پر بیان

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

اداراتی سماجی ذمہ داری

کمپنی ہمیشہ سے اپنی سماجی ذمہ داری پوری کرنے کے لیے مستعد رہی ہے اور مستقبل میں بھی اس محاذ پر کوششیں جاری رکھے گی۔ تاہم، کمپنی کی کارکردگی کے باوجود، ہم بینک دولت پاکستان کے کم سے کم سرمایہ کی پابندی اور دیگر قوائد وضوابط کی وجہ سے ہم نمایاں اور معروف خیراتی اداروں کی مدد نہیں کر سکے۔

بورڈ کی ساخت

سال کے دوران 31 مارچ 2017 پر جناب خالد ایس۔ ٹی۔ بنر جوبہ، LAFICO کے نامزد ایگزیکیٹوڈائریکٹر کی جگہ جناب خالد جمعہ الزرزور لے چکے ہیں۔ قانونی ضوابط کی کاروائیوں ک بعد انہوں نے 5 اپریل 2017 کو اپنا دفتر سنبھالا۔ مزید، بعد از اختتام سال، گورنمنٹ آف پاکستان کے 22 جنوری 2018 کے اجرا کردہ مراسلہ نمبر-F. No 1(3) Inv-IV/2007 کے مطابق حکومت پاکستان کے نامزد کردہ نان ایگزیکیٹیوڈائریکٹر جناب حق نواز کی جگہ جناب محمد طاہر نے لے لی ہے۔

مالیاتی خطرے سے نپٹنے کا انتظامی ڈھانچہ

کمپنی کا مجموعی مالیاتی خطرے سے نپٹنے کا ڈھانچہ مضبوط ہے۔ کمپنی کے رسک مینجمنٹ کی ساخت کی نگرانی بورڈ کی رسک مینجمنٹ کمیٹی (BRMC) کرتی ہے جسے کو مزید مینجمنٹ رسک مینجمنٹ کمیٹی (MRMC) کی ذمہ داری بھی دی گئی ہے کہ وہ کمپنی کے مجموعی کاروباری میلان کی بنیاد پر اس کو درپیش خطرات کا تخمینہ لگائے اور ان کو کم کرنے کے لیے حکمتِ عملی بنائے اور عملی اقدام کرے۔

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

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

آپریشنل رسک کو مدِ نظر رکھتے ہوئے ہم نے پوری کمپنی میں ہر کاروباری یونٹ کے کاروبار کے تسلسل کے لیے دستاویزی منصوبے کو باضابطہ بنا چکے ہیں۔ سال کے دوران ہم نے مروجہ بہترین پریکٹسز اور رپورٹنگ کی ضرویات کو مدِ نظر رکھتے ہوئے اپنے اندرونی نگرانی کے نظام کو مضبوط کرنے کا عمل جاری رکھتے ہوئے متعدد اقدامات کئے اور مزید بہتری کے ساتھ مربوط IT سسٹم نافذ کیا جاچکا ہے۔ علاوہ ازیں ہماری تعمیل، رسک مینجمنٹ اور مجموعی اندرونی نگرانی کا نظام مضبوط ہے اور SBP کی ہدایات کا نفاذ اور مالیاتی رپورٹنگ (ICFR) کے لیے اندرونی نگرانی کا ڈھانچہ مستحکم ہے۔

مارکیٹ رسک فنکشن نے مارکیٹ سے متعلق رسکس کی نگرانی جاری رکھی۔ دباؤ ٹیسٹنگ کا تجزیئے کا استعمال موجودہ قرضہ جات کو درپیش اہم خطرات کے ممکنہ اثرات کا اندازہ لگایا جا سکے۔ ترمیم شدہ مارکیٹ رسک پالیسی بمع مفصل شرح سود کے نرخ کا نفاذ کیا جاچکا ہے۔ مجموعی مارکیٹ رسک مینجمنٹ کے ڈھانچے سودی نرخ کے خطرات کے لئے نگرانی اور رپورٹنگ کے رہنما اصول کو بڑھا دیا گیا ہے۔

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

کمپنی نے پورے سال میں Basel-II اور Basel-III کی ضروریات کے مطابق اپنے CAR کو ضوابط میں دیے گئے معیار سے بھی بلند درجے پر برقرار رکھنا جاری رکھا۔ اندرونی سرمایہ کی موزونیت کے تخمینہ کے پراسس (ICAAP) کا ڈھانچا SBP کے فراہم کردہ رہنما اصولوں کی روشنی میں جائزہ لیا گیا تا کہ پراسس کو مضبوط اور مؤثر بنایا جاسکے۔ مزید یہ کہ 6 بلین کے کم سے کم سرمایہ کی دستوری پابندی (MCR) کی تعمیل کے لیے کوششیں جاری ہیں اور اس کے لیے SBP نے MCR کی تعمیل کے لیے 30 جون 2017 تک کا استثنیٰ دیا تھا۔ MoF نے اپنے مراسلہ نمبر F.2(1) Inv- IV/2014 بتاریخ 16 جنوری 2018 کو SBP سے MCR کی تعمیل کے سلسلے میں کمپنی کو توسیع دینے کی درخواست کی ہے جس میں کہا گیا ہے کہ موجودہ اقتصادی سال کی آخری سہ ماہی میں مالیاتی گنجائش کا جائزہ لینے کے بعد ملکیتی سرمایہ (equity) کو جمع کروانے پر مناسب غور کیا جائے گا۔ اس کے نتیجے میں SBP نے MCR تعمیل کے لیے 30 جون 2018 تک کی توسیع کی منظوری دے دی ہے۔

کمپنی کے پورٹ فولیو کے رسک کے متعین حدود سے بڑھ جانے سے بچاؤ کے لیے اس کو مؤثر طور پر دیکھ بھال کی جارہی ہے۔ پروڈینشل کے ضابطوں میں ترمیم کے بعد ان حدود کو بھی باضابطہ طور سے تبدیل کر دیا گیا ہے۔ کمپنی کی منشاء ہے کہ کاروبار کی ترقی کے لیے براہِ راست شمولیت کے ذریعے اور خطرہ میں اپنا حصہ ڈالے۔ رسک مینجمنٹ ڈیویژن رسک طے شدہ مثبت نکات پر مستعدی سے درپیش خطرات میں سے منتخب کرتا ہے۔

کمپنی اپنے رسک منیجمنٹ اور اندرونی کنٹرول ڈھانچے کو مزید بہتر اور مضبوط کرنے کے عمل کو جاری رکھے ہوئے ہے۔

اندرونی کنٹرول پر بیان

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

محاسبین (Auditors) کا اپنی آڈٹ رپورٹ پر تبصرہ

کمپنی کے آڈیٹرز نے مذکورہ اضافی پیراگراف پر توجہ اپنی آڈٹ رپورٹ میں دے چکے ہیں۔ انہوں نے منسلک مالیاتی دستاویزات میں نوٹ 1.2 توجہ دلائی ہے اور بیان کیا ہے کہ بینک دولت پاکستان نے مطلوبہ 6 بلین روپے کے کم سے کم اداشدہ سرمایہ (نقصان سے پاک) کی شرط کو پورا کرنے کے لیے 30 جون 2018 تک استثنیٰ کی منظوری دے چکی ہے۔

آڈیٹر کی رائے مطلوبہ معاملے پر منفی (qualified) نہیں ہے۔

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

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

پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کا بیان

31 دسمبر 2017 پر آڈٹ شدہ گوشواروں کی بنیاد پر پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کی مالیت (علاوہ بینک میں نقد رقم) بالترتیب 91.95 ملین پاکستانی روپے اور 119.18 ملین پاکستانی روپے رہی۔

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

بورڈ آف ڈائریکٹرز کے اجلاس کی تفصیلات

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

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی عمر	چیرمین	5	5
جناب فضل الرحمان*	ناظم (Director)	5	4
جناب رمضان اے، الحاجیاجی **	ناظم (Director)	2	2
ڈاکٹر محمد طاہر نور	ناظم (Director) (2018/02/20)	5	5

جناب عبد الفتح عشور علی ایجائیدی	ناظم (Director)	3	3
جناب عابد عزیز***	ناظم اعلیٰ (Managing Director) (2019/03/08)	5	5
جناب خالد جمعہ الزورزور	نائب ناظم اعلیٰ (Deputy Managing Director)	5	5

* جناب ابرار احمد مرزا کے متبادل (8 فروری 2019 کے مراسلے کے ذریعہ)

** جناب عبد الفتح عشور علی ایجائیدی کے متبادل

*** جناب خرم حسین کے متبادل (8 فروری 2019 کے مراسلے کے ذریعہ: 11 مارچ 2019 کو شمولیت کی)

آڈٹ کمیٹی کے اجلاس کی تفصیلات

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

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب فضل الرحمان	چیرمین	4	3
ڈاکٹر محمد طاہر نور	رکن	4	3
جناب رمضان اے، الحاجیاجی	رکن	2	2
جناب عبد الفتح عشور علی ایجائیدی	رکن (18 جولائی 2018)	2	2

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

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

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
ڈاکٹر محمد طاہر نور	چیرمین	2	2
جناب رمضان اے، الحاجیاجی	رکن	1	1
جناب خالد جمعہ الزورزور	رکن	2	2

انسانی وسائل اور مشاہراہ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران انسانی وسائل کمیٹی اور مشاہرہ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

بورڈ کریڈٹ / سرمایہ کاری کمیٹی کے اجلاس کی تفصیلات

سال کے دوران **کریڈٹ کمیٹی / سرمایہ کاری کمیٹی** کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

محاسبین(Auditors)

موجودہ محاسب میسرز گرانٹ تھورٹن انجم رحمان (گرانٹ تھورٹن انٹرنیشنل کا رکن ادارہ)، چارٹرڈ اکاؤنٹینٹس، کی مدت معاہدہ ختم ہوگئی ہے اور اس بات کے اہل ہونے کی وجہ سے اپنے آپ کو دوبارہ منتخب کروانے کے لیے اپنی خدمات دوبارہ پیش کی ہیں۔۔ آڈٹ کمیٹی نے بورڈ کی توثیق کے ساتھ ان کی بطور کمپنی محاسب، 31 دسمبر 2019 تک کے لیے دوبارہ انتخاب کرنے کی تجویز دی ہے۔

حصص کی ملکیت رکھنے کا رجحان

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

کمپنی کا منظر نامہ

کم از کم دستوری سرمایہ کی پابندی ایک رکاوٹ ہے جسے سال 2018 میں دور کرنے کی ضرورت ہے۔ اس سلسلے میں ہماری وزارت خزانہ (MoF) اور لیبیئن فارن انویسٹمنٹ کمپنی (LAFICO) ہونے والی پیش رفت سے ہم پر امید ہیں کہ اس معاملے پر سال کے دوران اس کے مثبت نتائج آئیں گے اور اس کے بعد ہم پر اعتماد ہیں کہ متوقع 2 ارب پاکستانی روپے کے تخمینہ سرمائے کے داخل ہونے کے ساتھ ساتھ کاموکی انرجی لمیٹڈ (KEL) کے اثاثہ جات کی فروخت، جو اس سال پہلے نصف میں متوقع ہے، سے ہمیں اس قابل کردے گی اس مسئلہ پر قابو پاسکیں جس سے ہمیں اپنے نمایاں ہمسر DFIs کے ساتھ مساوی کاروبا کے موقعے میسر آئیں گے اور صنعت میں موجودگی کا احساس پیدا کریں گے۔ نتیجتاً، سال میں KEL کے مستحکم اثاثہ جات کی فروخت پذیری میں اضافے کے لیے، کمپنی نے ایک مکمل طور پر ملکیتی ذیلی کمپنی تشکیل دی ہے اور بجلی کے پیداوری لائسنس کے اجراء کے لیے NEPRA کو درخواست دی ہے۔ علاوہ ازیں LAFICO نے یقین دہانی کرواچکی ہے کہ MoF کی جانب سے سرمایہ فراہم کرنے کے ساتھ اضافی سرمایہ کو جمع کروانے کو وعدہ پورا کرے گی۔

ہم اپنے مستقبل کی حکمتِ عملی اور مستقبل کے کاروبار کے بارے میں ایک مضبوط موقف رکھتے ہیں۔ ہم اپنے ایڈوانس کے پورٹ فولیو کو اگلے تین سالوں میں تقریباً دگنا کرنے کے مقصد کے ساتھ آگے بڑھ رہے ہیں، اور ہم سمجھتے اور یقین رکھتے ہیں کہ ہمارے بنیادی کاروبار کا ایک کارکردگی دکھانے والا پورٹ فولیو، جو ایک متوازن شرح سے ترقی کر رہا ہے، وہ ہمارے طویل المدت ترقی اور بہتری کا حصول میں ہمارے کاروباری اہداف کے مقاصد کو بڑھائیں گے۔

انتظامیہ کمپنی کے منافع بخش آپریشن کے حصول کے لیے تمام ممکنہ مواقعوں پر توجہ دے رہی ہے۔ اس میں شامل ہیں، لیکن اس تک ہی محدود نہیں ہیں، مسائل کا شکار اور ناکارکردگی دکھانے والے اثاثہ جات سے وصولی جو کہ ایک ممکنہ کمائی کا ذریعہ ہیں۔

انتظامیہ کی جانب سے کی جانے والی مجموعی کوششوں اور مسلسل کئی سالوں سے مثبت نتائج حاصل کرنے کی بنیاد پر ہم کمپنی کی مستقبل میں ترقی، منفع بخش ہونے اور مسابقتی برتری کے بارے میں، بہت پر امید ہیں۔

ستائش

بورڈ اور انتظامیہ کی جانب سے، ہم اپنے گاہکوں اور پاک۔ لیبیا کے تمام شرکاء مفاد (stakeholders) کا کمپنی پر اعتماد کرتے رہنے پر اظہار ممنونیت کرتے ہیں۔ ہم اپنے حصص یافتگان: LAFICO اور SBP بشمول MoF کی مسلسل حمائت اور رہنمائی اور کمپنی کے ملازمین کے مسلسل اعتماد اور وفاداری کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

خالد جمعہ الزروزور
نائب ناظم اعلیٰ (Deputy Managing Director)

خرم حسین
ناظم اعلیٰ (Managing Director) اور CEO

مارچ 2019

گذشتہ چھ سالوں کا اہم آپریشن اور مالیاتی اعداد و شمار

پاکستانی روپے ملین میں						
2012	2013	2014	2015	2016	2017	
1,355	1,805	553	782	1,613	2,427	مجموعی منظوریاں*
1,295	1,213	807	479	986	1,799	فراہمی قرضہ جات
1,319	-	997	3,539	2,891	-	سرمایہ کاری-خالص
745	851	1,586	1,218	1,190	1,001	وصولیابیاں-اصل
183	68	433	138	540	225	واگذاری(Redemption)-سرمایہ
1,349	1,331	1,532	1,830	1,298	1,335	مجموعی آمدن
245	254	315	360	313	265	خالص سودی آمدن
(3,317)	196	318	472	1,032	84	خالص نفع/نقصان قبل از محصول
111	14	85	167	241	36	محصولات-خالص
(3,429)	182	233	305	791	48	خالص نفع/نقصان بعد از محصول
3,144	3,320	3,586	3,895	4,761	4,555	حصص کنندگان کا ملکیتی سرمایہ-خالص
13,466	12,121	12,436	15,274	18,895	19,163	کال اثاثہ جات
104	111	110	105	106	111	افرادی قوت (تعداد)**

* دوبارہ کی جانے والے سرمایہ کاری شامل ہے

** ٹھیکہ پر کام دیے جانے والا عملہ شامل ہے

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