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

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, 2019**, 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, 2019 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 fully explains uncertainty related to the continuity of the operations and related mitigating factors due to non-compliance with the minimum capital requirement as prescribed by the State Bank of Pakistan (SBP) together with the current adverse economic conditions of the country.

ii) Refer note 8.2.6 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 13 & 42.2 to the accompanying unconsolidated financial statements relating to the company's plan and actions for disposal of asset relating to Kamoki Energy Limited (KEL).

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

- 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.

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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

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: March 31, 2020

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

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We have reviewed the enclosed Statement of Compliance with the best practices of Corporate Governance (the Statement) prepared by the Board of Pak-Libya Holding Company (Private) Limited (the Company) for the year ended December 31, 2019. The Code of Corporate Governance is no longer applicable on Development Finance Institutions (DFI's) vide BPRD Circular no. 14 dated October 20, 2016 issued by the State Bank of Pakistan. However, DFI's are expected to continue to follow the best practice on corporate governance.

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

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

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

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Based on our review, nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices of corporate governance followed by the Company for the year ended December 31, 2019.

Date : March 31, 2020
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

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 2019.

The year 2019 was quite a challenging year for the Country as well as the Company; high current account deficit, burgeoning debt, balance of payment crisis and circular debt left no other option but for another IMF bailout package. Overall economic scenario remained subdued due to increased interest rates and rupee devaluation; macro-level indicators of the economy and changing global landscape proved tough for the business environment. The 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, all these factors impacted the Money and Capital Markets which affected the Company which started making losses from last year. This year the Company incurred a loss after tax of PKR 303.71 million; consequently, the Company has been making 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.

The management is in the process of implementing pending strategic decisions including additional equity injection as the Company has been facing certain limitations in carrying out its operations at optimal level. The foreign shareholder has already injected its share of PKR 1 billion, out of entire additional equity of PKR 2 billion.

I firmly believe that the Company, management and staff will face all challenges with positivity to achieve Company's strategic objectives.

The shareholders are committed to support the Company to enable it 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.

Chairman
6th March 2020

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 2019.

Economic Overview

Year 2019 started with high expectations, from the newly elected government, regarding economic prosperity; the much needed structural changes, broadening of tax net and strong financial governance were/are fervently expected as they would help in providing new opportunities for business, jobs, affordable housing, and a self-sustainable economic model. However, due to high current account deficit, burgeoning debt, balance of payment crisis and circular debt, inherited from previous governments, resulted in another IMF bailout package.

The nation felt the pain of IMF bailout package as it imposed strict demands to enact rise in utility prices, higher taxes, tighter monetary policy and rupee devaluation; all these factors together with unimplemented austerity measures restricting the government's ability to achieve its promised targets. Rupee depreciation and indirect taxes which were fuelled by IMF program has started hitting the masses as inflation touching 12.63% at yearend. Further, economic growth has declined to 3.29% from last year level of 5.53% resulting in slow-down in manufacturing and contraction in demand for credit due to increase in interest rates.

On the positive side, implementation of IMF program has proved to be encouraging for containing current account deficit as the rate of increase in debt has slowed down.

The year remained extremely volatile for Pakistan Stock Exchange with KSE 100 index briefly touched its lowest level of 28,764 points in August 2019 whilst managed to close the year at 40,735 (2018: 37,066) points, an increase of 3,669 points during the year. The stagnation in economy and the stock market presented different scenarios as decline in earnings of corporates has not jittered the interest of investors, at least till yearend.

Nonetheless, sharp rupee depreciation during the year has now stabilised whilst efforts to broaden tax base and to document the economy are expected to bear fruit. In these economic circumstances, a silver lining, remittances from Pakistanis abroad, maintained its rising trend and supported the Country.

Moreover, all eyes are now set on true implementation of much publicised China Pakistan Economic Corridor project, as it still has to prove as a game changer for the economy.

Corporate Performance

The Company witnessed another 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.

Each of our business units contributed to support the results but overall contribution was not sufficient to generate profitability due to the net interest expense position of the Company till 3rd quarter end 2019. The margins had shrunk mainly due to inefficient investments in certain government securities and financing costs of non-yielding/non-performing assets. Resultantly, the Company incurred a loss before tax of PKR 276.83 million.

However, the situation has been arrested by the new leadership as the management after revisiting its business model, asset mix, available resources and capacity building measures, developed a revised business strategy which was approved by the Board in its 2nd quarter meeting held in August 2019.

Though the Company posted a loss before tax for the current year but it has been reduced significantly consequent to the revised business strategy. Currently, management is focusing on the front office activities vis-à-vis objective of long-term sustainability through implementing revised business strategy completely.

The management believes that through disposal of Power Plant (non-banking assets), expansion in performing advances portfolio to almost double in the next three years and deposit mobilisation as a stable funding source will bring back the Company on its track of profitability.

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.

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 2019 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.

The asset mix remained dominant with investments in debt securities due to high interest rate and inconsistent performance of the bourse as the bullish trend could not hold its ground for longer term and the market remained extremely volatile owing to the economic scenario of the Country and political developments.

Gross mark-up income during the year was PKR 1,929 million compared to PKR 1,428 million last year; however, net interest income (NII) has decreased by PKR 183 million mainly due to the unfavourable spreads on government securities portfolio consequent to continuous increase in interest rates and unachieved growth in credit portfolio due to regulatory limits. To address the situation, the Company, under the new leadership, has divested its loss making government securities portfolio and started building fresh portfolio with favourable spreads considering the interest rate scenario. Consequently, the spreads have become positive again.

Highlights on our business units' performance during the year 2019 is presented hereunder;

Corporate & Investment Banking (CIB)

Considering the core activity of the Company, significant efforts are being made to increase the credit portfolio. The credit portfolio (net of recoveries and provisions) of the CIB has increased from PKR 3,513.9 million last year to PKR 3,842.9 million. Moreover, the team managed to maintained its debt investment portfolio during the year. However, despite increase in overall portfolio by PKR 246.1 million, net interest income (NII) has reduced compared to last year mainly due to repricing lag and increasing interest rates as the significant portion of the portfolio is non-yielding but attracts financing costs.

SME & Retail Banking (SME-RB)

The management, considering the potential in SME, has keen interest to penetrate in the sector in terms of diversification and for enhanced earning spread. 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. Considering the high interest rate scenario, management was mindful of potential infection and was selective in taking exposure.

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.

Treasury & Fund Management (TFM)

Our TFM department in addition to mobilising resources at competitive rates for business units continued to supplement our core business income through secondary market investments and selected investments in debt instruments.

TFM recovered up to an extent, its loss of interest income resulted in holding negative yielding PIB portfolio; during the 2nd half of the year TFM made capital gain of PKR 64.04 million and the fresh portfolio yielding a positive earning spread. In the year 2019, the investments remained concentrated in Market Treasury Bills (MTBs) and Pakistan Investment Bonds (PIBs) of different tenors considering the overall macroeconomic conditions and trend in discount rates.

During the 3rd quarter, the Company managed to turn its net interest expense (NIE) into net interest income (NII) again and recovered it significant portion of capital losses demonstrating implementation of its Treasury and Fund Management related strategy.

Securities Portfolio Management (SPM)

Economic and political uncertainty, at domestic and international levels, showing no signs of stable capital market; low trading volumes and current weighted average cost of equity securities portfolio had already impacted the profitability due to impairment and fewer opportunities for capital gains. During the year, there was an increase of 43% in dividend income of the equity securities portfolio. The management has been continuously reviewing its equity AFS portfolio and making efforts to make the portfolio diversified and dynamic. The impairment charged during the year was of PKR 59.21 million out of which PKR 37.19 million has reversed due to disposal of related shares.

Our SPM department on the basis of our overall risk appetite and resources available posted returns of around 8.24% despite restricted prudential limits due to minimum capital requirement (MCR) shortfall.

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

	2019	2018
	PKR in thousands	
Year-end balances:		
Total assets	**29,089,421**	20,428,038
Total liabilities	**23,835,903**	16,259,548
Net assets	**5,253,518**	4,168,489
Shareholders' equity (net):		
Share capital	**6,141,780**	6,141,780
Reserves	**311,650**	311,650
(Deficit)/Surplus on revaluation of assets – net of tax	**(36,336)**	(215,171)
Accumulated loss	**(2,363,576)**	(2,069,770)
Advanee against shares subscription	**1,200,000**	-
Total	**5,253,518**	4,168,489
For the year:		
(Loss)/Profit before taxation	**(276,826)**	(260,641)
(Loss)/Profit after taxation	**(303,712)**	(322,959)
(Loss)/Earnings per share (PKR)	**(495)**	(526)

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.

In view of the minimum capital requirement (MCR) shortfall faced by the Company, no amount eould be considered for distribution of dividends (bonus or cash) to the shareholders. We are, however, eonfident that once the capital injeetion 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, eash 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.

Green Banking Initiative

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

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

Consumer Grievances Handling Mechanism

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

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

Board Composition

During the year, one of the 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 who joined the Company on 11 March 2019.

Performance Evaluation of the Board

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

Risk Management Framework

The Risk Management Structure of the Company is overseen by the Board's Risk Management Committee (BRMC) which has further entrusted the task to the Management's Risk Management Committee (MRMC) to carry out the assessment and supervision/monitoring of all types of risks, the Company is exposed to and work on a strategy and action plan to mitigate the risks on the basis of Company's overall risk appetite.

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

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

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

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

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

The Company continued to strengthen compliance program during the year with appropriate KYC/AML controls in place and ensuring regulatory compliance and awareness through the forum of Compliance Committee. All policies, procedures and products are reviewed from compliance perspective along with maintaining relationship with regulatory authorities.

The Company continues to maintain its CAR well above prescribed regulatory thresholds throughout the year based on applicable Basel II and Basel III requirements. Internal Capital Adequacy

Assessment Process (ICAAP) framework has been reviewed in view of the guidelines issued by SBP and implemented to make the process more robust and effective. Moreover, efforts are underway to comply with regulatory Minimum Capital Requirement (MCR) of PKR 6 billion. Meanwhile, SBP had allowed exemption to the Company from meeting the required MCR till 30 June 2019. 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. In this regard, the authorised capital of the Company has increased to PKR 10 billion and Company is in the process of right issue to the shareholders. Further, PKR 200 million has already been received from GoP as its portion of tranche in June 2019 whilst, the Libyan shareholder has injected entire amount of PKR 1 billion for subscription of right issue. The Company based on these developments, requested SBP for MCR extension till June 2020.

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

The Company'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 plaee 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 finaneial reporting as effectivc 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 following emphasis of matter paragraphs in their audit report. They have drawn attention to:

a) Refer note 1.2 to the accompanying unconsolidated financial statements regarding Company's plan and actions to meet its minimum capital requirement.

b) Refer note 8.2.6 to the aceompanying 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 outeome 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.

e) Refer note 13 & 42.2 to the accompanying unconsolidated financial statements relating to the company's plan and actions for disposal of asset relating to Kamoki Energy Limited (KEL).

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

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 2018 were PKR 101.32 million and PKR 113.98 million respectively based on the audited accounts of these funds.

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

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

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

** Replaced Mr. Fazal-ur-Rehman (vide letter dated 08/02/2019)*

*** Replaced Mr. Abid Aziz (vide letter dated 08/02/2019)*

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
Dr. Muhammad Tahir Noor	Chairman* (25/03/2019)	4	4
Mr. Abrar Ahmed Mirza	Member	4	4
Mr. Abdulfatah Ashour Ali Ejayedi	Member	4	4

** Became chairman upon conclusion of directorship of Mr. Fazal-ur-Rehman*

Details of Risk Management Committee Meetings

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

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Abrar Ahmed Mirza*	Chairman (25/03/2019)	2	2
Mr. Abdulfatah Ashour Ali Ejayedi	Member	2	2
Mr. Khaled Joma Ezarzor	Member	2	2

** Replaced Dr. Muhammad Tahir Noor consequent to the re-composition of the committee*

Details of Human Resource and Remuneration Committee Meetings

During the year, one meeting of the human resource and remuneration committee was held.

Name of Director	Designation	Meetings held during directorship	Meetings attended
Mr. Bashir B. Omer	Chairman	1	1
Dr. Muhammad Tahir Noor*	Member	1	1

** Replaced Mr. Fazal-ur-Rehman*

*** In the absence of Mr. Bashir B. Omer, Mr. Abdulfatah Ashour Ali Ejayedi acts as Chairman whilst in the absence of Dr. Muhammad Tahir Noor, Mr. Abrar Ahmed Mirza acts as member*

Details of Credit/Investment Committee Meeting of the Board

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

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

** Replaced Mr. Fazal-ur-Rehman*

*** Replaced Mr. Abid Aziz*

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 2020 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 2020 will bring substantial positive developments for the Company.

The shortfall in statutory minimum regulatory capital is an impediment we still need to overcome; however, the long outstanding equity injection issue has started to resolve. In this regard the authorised capital of the Company has already increased to PKR 10 billion.

The Ministry of Finance (MoF) has injected PKR 200 million as its portion of tranche in June 2019 and agreed to the remaining injection of additional capital to meet the MCR of the Company during financial year 2019-2020.

The Libyan Foreign Investment Company (LAFICO) agreed to match the actions of MoF; however, brotherly relationship bond between the two Countries and its confidence in the Company after review of revised business strategy, the foreign shareholder has injected entire amount of PKR 1 billion in the Company. Currently, the Company is in the process of first right issue to shareholders.

In relation to KEL power plant (non-banking assets), the management is actively evaluating its options and is engaged in advance stage negotiation in terms of restructuring the deal for the disposal of these assets with a specialised engineering firm. Under the said arrangement, the Company will be able to recover the entire carrying value of these assets and aims to turn these non-yielding assets into yielding assets on a profit sharing basis without taking any further exposure.

Moreover, new long-term credit lines are being negotiated to fill in the liquidity gaps and to ensure contingency funding planning. Further, the Company has revisited 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), deposit mobilisation as stable funding source 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.

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	**Khurram Hussaiu**
Deputy Managing Director	**Managing Director & CEO**

6th March 2020

Summary of key operational and financial data for last six years

(PKR in millions)

	2019	2018	2017	2016	2015	2014
Gross Approvals*	2,357	2,313	2,427	1,613	782	553
Disbursements	1,767	2,540	1,799	986	479	807
Investments - net	7,188	2,132	-	2,891	3,539	997
Recoveries - Principal	1,598	2,151	1,001	1,190	1,218	1,586
Redemption - Investments	672	259	225	540	138	433
Gross Income	1,954	1,507	1,335	1,298	1,830	1,532
Net interest income	77	260	265	313	360	315
Net (loss)/profit before tax	(277)	(261)	84	1,032	472	318
Taxation - net	27	62	36	241	167	85
Net (loss)/profit after tax	(304)	(323)	48	791	305	233
Shareholders' Equity - net	5,254	4,168	4,555	4,761	3,895	3,586
Total assets	29,089	20,428	19,163	18,895	15,274	12,436
Staff strenght (number)**	103	106	111	106	105	110

* Include rollover

** Including outsourced staff

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

ناظمین کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2019کو اختتام پذیر ہونے والے سال پر ہم پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ("پاک لیبیا") کی ڈائریکٹرز رپورٹ بمع محاسب شدہ (audited) سالانہ مالیاتی گوشوارے اور محاسبین (auditor's) کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معا شی جائزہ

سال 2019 کا آغاز نئی منتخب شدہ حکومت سے بلند توقعات سے ہوا جس میں معاشی خوشحالی، بہت زیادہ متقاضی ڈھانچیاتی تبدیلیوں، محصول کے دائرہ کار میں توسیع اور مضبوط مالیاتی نظم و ضبط جن کی شدت سے توقعات کی جا رہی تھیں/ہیں، کہ وہ کاروبار ، ملا زمتوں اور سستی رہائش کے مواقع پیدا کرنے اور خود انحصار ی سےتسلسل سے جاری رہنے والا معاشی ماڈل کی تشکیل میں مدد کرے گا۔تاہم ، بلند جاری کھاتے کے خسارہ، بڑھتا ہوا قرضہ، ادائیگیوں کے توازن کے مسائل اور گردشی قرضے جو پچھلی حکومتوں کے دور میں لئے گئے تھے کا نتیجہ ایک اور IMFکے بیل آوٹ پیکیج کی صورت میں ظاہر ہوا۔

قوم کو IMFکے بیل آوٹ پیکیج سے ہونے والی تکلیف کا احساس ہے، جو سخت پابندیوں کے نفاذ کا تقاضہ کرتا ہے کہ جس کے تحت قانون سازی کرکےیوٹیلیٹیز کی قیمتوں میں اضافہ، بلند تر محصولات، سخت مالیاتی پالیسی اور روپے کی قدر میں کمی کی جائے؛یہ تمام عوامل کے ساتھ غیر نافظ شدہ کفائت شعاری (austerity)کے اقدامات کی وجہ سے حکومت کی اپنے کیے ہوئے وعدوں کے اہداف کے حاصل کرنے کی صلاحیت کو محدود کر دیتی ہے۔روپے کی قدر میں کمی اور بلواسطہ محصولات، جس میں IMF پروگرام کی وجہ سے تیزی آگئی تھی ، نے عوام الناس کو متاثر کرنا شروع کردیا ہے جس کی وجہ سےسال کے اختتام پر افراط زر 12.63فیصد پر پہنچا۔ مزید یہ کہ معاشی نمو گذشتہ سال 5.53فیصد سے گھٹ کر 3.29فیصد ہو گئی جس کا نتیجہ صنعتی پیداوار میں سست روی اور سودی نرخوں کے اضافے سے قرضوں کی طلب میں کمی آئی۔

IMF کے پروگرام کے نفاذ کا مثبت پہلو یہ ہے کہ جیسے ہی قرضوں کے بڑھنے کی رفتار کی شرح میں کمی آئی ،جاری کھاتے کے خسارے پر قابو پانا حوصلہ افزا ثابت ہوا ۔

پاکستان اسٹاک ایکسچینج کے لیے سال انتہائی تغیر پذیر (volatile) رہا اور اگست 2019 میں KSE-100نے 28,764 پوائنٹس کی کم ترین سطح کو چھوا لیکن سال کے دوران وہ 40,735 (2018:37,066)پوائنٹس پر بند ہوا جس میں سال کے دوران 3,669 پوائنٹس کا اضافہ ہوا۔ معیشت اور اسٹاک مارکیٹ میں جمود (stagnation) نے مختلف منظرنامہ پیش کیا جیسا کہ اداراتی آمدنی میں کمی کے باوجودسرمایہ کاروں کی دلچسپی سال کے آخر تک برقرار رہی۔

اس کے باوجود، سال کے دوران روپے کی تیزی سے قدر میں کمی اب مستحکم ہو چکی ہے جبکہ اسی اثنا میں محصولات کے دائرہ کارمیں توسیع اور معیشت کو دستاویزی کرنے کی کوششوں سے توقع ہے اس کے جلد بہتر نتائج آئیں گے۔ ان معاشی حالات میں غیر ممالک پاکستانیوں کی جانب سے ترسیلات نے اضافے کے رجحان کو برقرار رکھا اور ملک کی مدد کی۔

علاوہ ازیں، اب تمام نظریں بہت زیادہ تشہیر شدہ "چین پاکستان معاشی راہداری" منصوبے کے درست طور سے نفاذ پر مرکوز ہیں، جس نے یہ ثابت کرنا ہے کہ وہ ابھی تک معیشت کا پانسہ پلٹنے کا سبب بن سکتا ہے۔

اداراتی کارکردگی

سرمایہ منڈی میں اتار چڑھاؤ (volatility)، شرح سو د میں مسلسل اضافہ اور تزویراتی (strategic) نوعیت کی فیصلوں کے نفاذ میں تاخیر کی وجوہات کی بنا پرکمپنی نے ایک مشکل سال کا سامنا کیا۔

ہمارے ہر کاروباری اکائی نے نتائج کے حصول میں معاونت کے ذریعے اپنا حصہ ڈالا، لیکن کمپنی کی 2019 کے اختتام پذیر تیسری سہ ماہی تک خالص سودی اخراجات کی صورتحال کی وجہ سے مجموعی حصہ منافع بخشی پیدا کرنے کے لیے ناکافی تھا۔

آمدنی اور لاگت کے فرق (margin) میں کمی جس کی بنیادی وجہ گو رنمنٹ کے تمسکات میں نامناسب سرمایہ کاری اور غیر منافع بخش /ناکارکردگی دکھانے والے اثاثہ جات میں سرمایہ کاری کی لاگت تھی۔ نتیجتاً کمپنی کو 276.83ملین روپے کا قبل از محصول نقصان ہوا۔

تاہم ، انتظامیہ اپنے کاروبار کے ماڈل، اثاثہ جات کے آمیزہ (mix)، دستیاب وسائل، استعداد بڑھانے کے اقدامات، اور نظر ثانی شدہ کاروباری حکمت عملی کی تیاری کے بعد جس کی منظوری بورڈ نے اگست 2019 میں دوسرے منعقدہ اجلاس میں دی تھی، جسے نئی قیادت سنبھال چکی ہے۔

اگرچہ کمپنی نے موجودہ سال میں قبل از محصول نقصان کا اندراج کیا ہے لیکن اس نقصان کو بڑی حد تک ،نظر ثانی شدہ حکمت عملی کے نتیجے میں کم کیا جا چکا ہے۔ فی الوقت انتظامیہ فرنٹ آفس کی سرگرمیوں پر توجہ دے رہی ہے اور اس کا مقصد نظر ثانی شدہ حکمت عملی کا نفاظ کرکے تسلسل سے طویل المدت مقاصد کا حصول ہے۔

انتظامیہ کو یقین ہے کہ توانائی کے پلانٹ (غیر بینکاری اثاثہ جات) کی فروخت، کارکردگی دکھانے والے قرضے کے پورٹ فولیو میں اگلے تین سالوں میں تقریباً دو گنا توسیع اور ڈپازٹس ، جو پائیدارفنڈنگ کا ذریعہ ہے ، کو متحرک کرنے سے کمپنی کو واپس منافع بخشی کی راہ پر ڈال دے گی۔

انتظامیہ، بلند معیار کےقرضوں کے پورٹ فولیو میں اضافہ اور اسے بر قرار رکھنے کے لیے محتاط موقف جاری رکھنے کے ساتھ ساتھ اس بات کی ضرورت کو بھی سراہتی ہے کہ بنیادی کاروبار کی آمدنی میں اضافے کے لیے کیپیٹل اور زر منڈیوں میں دیگر کاروباری مواقعوں سے فائدہ اٹھایا جائے۔

موجودہ اور ارتقائی ضوابطی ضروریات جو کیپیٹل، لیوریج(leverage) اور س مائعیت (liquidity) کو منظم کرتی ہے کے ساتھ ہم جو اقدامات اٹھا چکے ہیں/ یا جن اقدامات کو اختیار کرنا ضروری ہے ، وہ کمپنی کی طویل المدت تسلسل سے جاری رہنے والی نمو اور مجموعی طور پرایک محفوظ اورلچکدار مالیاتی نظام کی تشکیل کیلئے لازم ہے۔

سال 2019 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 بند یاں قرضہ جات کی وصولیابی کے کم خطرے کی نشاندہی کرتی ہے اورمالیاتی ادائیگیوں کی یقین دھانیوں کی بروقت ادا کرنے کی انتہائی مضبوط صلاحیت کو ظاہر کرتی ہیں

ایک مستقل کوشش(جہد مسلسل)

ہمارے کاروبار کی ہر اکائی نے مشکل کاروباری ماحول یعنی آپریشنل پابندیوں کے باوجود ، انتظامیہ کی کاروباری حکمت عملی کی معاونت میں حصہ ڈالا۔

اثاثہ جات کی آمیزش نمایانرہی اور اس کے ساتھ قرضہ کے تمسکات میں سرمایہ کاری جس کی وجہ بلند سودی نرخ اور حصص کے بازار کی غیر موافق کارکردگی تھی کیونکہ تیزی کا رجحان طویل وقت کے لیے قائم نہیں رہ سکتا اورملک کےمعاشی اور ہونے والی پیش رفت کے سیاسی پس منظر کی بنیاد پر کاروبارِحصص انتہائی تغیر پذیر رہی۔

سال کے دوران مجموعی مارک اپ آمدنی 1,929 ملین روپے تھی جبکہ اس کے مقابلے میں گذشتہ سال یہ 1,428 ملین روپے تھی؛ تاہم خالص سودی آمدنی (NII) میں 183 ملین روپے کی کمی ہوئی جس کی وجہ گورنمنٹ کے تمسکات پورٹ فولیو میں نا مساعد پھیلاؤ جس کا نتیجہ سودی نرخوں میں مسلسل اضافہ اور ضوابطی حدود کی

وجہ سے کریڈٹ پورٹ فولیو میں نمو کا حاصل نہیں کر سکتا ہے۔ اس صورتحال کے سد باب کے لیے ، کمپنی نے اپنی نئی قیادت میں نقصان دینے والی گورنمنٹ کے سیکوریتیز پورٹ فولیو میں سرمایہ کاری ختم کردی اور ، سودی نرخ کے پس منظر میں ،نئے پورٹ فولیو کے ساتھ ایک سازگار پھیلاؤ کی تشکیل کا آغاز کیا جس کے نتیجے میں پھر سے مثبت پھیلاؤ ممکن ہوا۔

سال 2019 کے دوران ہمارے کاروباری اکائیوں کی کارکردگی کی جھلکیاں درج ذیل ہیں

اداراتی اور سرمایہ کاری بینکاری (CIB)

کمپنی نے بنیادی کاروباری سرگرمیوں کو مد نظر رکھتے ہوئے کریڈٹ پورٹ فولیو میں اضافے کے لیے خاصی اہم کوششیں کی ہیں۔ CIBکا کریڈٹ پورٹ فولیو (خالص وصولیابیوں اور مختصات) بڑھ کر 3,842.9 ملین پاکستانی روپے تک پہنچ گیا جو گذشتہ سال 3,513.9 ملین پاکستانی روپے تھا۔ علاوہ ازیں ۔ سال کے دوران ، ٹیم اپنے قرضہ سرمایہ کاری پورٹ فولیو برقرار رکھنے کا انتظام کر سکی۔ تاہم، مجموعی پورٹ فولیو میں 246.1 ملین روپے کے اضافے کے باوجود، خالص سودی آمدنی (NII) میں گذشتہ سال کے مقابلے میں کمی آئ جس کی وجہ قیمتوں کےتعین میں کمی اور بڑھتے ہوئے سودی نرخ تھے کیونکہ پورٹ فولیو کا زیادہ تر حصہ غیر منافع بخشتھا لیکن فنانسگ کی لاگت کے لیے موزوں ہے۔

SME اور ریٹیل بینکاری (SME-RB)

انتظامیہ ،تنووع اور آمدنی کے پھیلاؤ میں زیادہ اضافے کے لیے SME کےمزید ممکنہ سیکٹر میں سرمایہ کاری کرنے پر غور کر رہی ہے۔ مجموعی پورٹ فولیو کی معاونت کے لیے، تنوع کی مد اور بڑھی ہوئی آمدنی کے لیے SME-RB نے SME کے مخصوص ذیلی سیکٹرز کی شناخت کی ، متعدد مصنوعات پیش کی ہیں۔ سال کے دوران شعبہ گاڑیوں، لیز فنانسنگ اور جائیداد کو رہن رکھ کر کاروباری قرضہ جات کی فراہمی میں مصروف عمل رہا۔ بلند سودی نرخ کے پس منظر کو مد نظر رکھتے ہوئے انتظامیہ نے ناقص سرمایہ کاری کرنے سے گریز کیا ۔

انتظامیہ نے CIB اور SME-RB کے لیے گاہکوں کے انتخاب کے سلسلے میں سخت محتاط رویہ اور قرضہ کی فرہمی 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 ڈیٹ (debt) مالی دستاویزات میں سرمایہ کاری جاری رکھیں۔

TFM کی کارکردگی کسی حد تک بحال ہوی، اس کی سودی آمدنی PIB پورٹ فولیو میں خسارہ کی وجہ سے متاثر رہی ؛ سال کے دوسرے نصف میں TFM نے 64.04ملین روپے کا کیپیٹل گین میں اضافہ کیا اور نیا پورٹ فولیو مثبت آمدنی کے ساتھ قائم رہا۔ سال 2019 میں، مجموعی کلّی معیشت کے حالات اور رعائتی نرخ کو مد نظر رکھتے ہوئے سرمایہ کاری مارکیٹ ٹریزی بلز (MTBs) اورمختلف دورانیہ کے پاکستان انویسٹمنٹ بانڈز (PIBs) میں مرتکز (concentrated)رہی ۔

تیسری سہ ماہی کے دوران، کمپنی خالص سودی اخراجات (NIE) کو خالص سودی آمدنی (NII) میں تبدیل کر سکی اور دوبارہ سے کیپیٹل کے خاصے نقصانات کے بڑے حصے کو بحال کیا جو ا س کی ٹریزی اینڈ فنڈ مینجمنٹ سے متعلق حکمت عملی کے نفاذ کا مظہر ہے۔

تمسکات پورٹ فولیو مینجمنٹ (SPM)

ملکی اور عالمی سطح پر معاشی اور سیاسی غیر یقینی کی صورتحال کیپیٹل مارکیٹ کے استحکام کے اشارے نہیں دکھا رہا ہے؛ تجارت کا کم حجم، اور ملکیتی تمسکات پورٹ فولیو کی موجودہ وہیٹڈ اوسط (weighted average)

لاگت، نا مساعد حالات اور کیپیٹل گین کے گنے چنے مواقعوں کی وجہ سے جو پہلے ہی منافع بخشی کو متاثر کر چکا تھا۔ سال کے دوران، ملکیتی سرمایہ کے تمسکات پورٹ فولیو میں منقسمہ منافع(dividend) کی آمدنی میں 43فیصد اضافہ تھا۔ انتظامیہ، ملکیتی سرمایہ AFS پورٹ فولیو کا مسلسل جائزہ لیتی رہتی ہے اور کوشش کر رہی ہے کہ پورٹ فولیو کو متنوع (diversified) اور متحرک (dynamic) بنایا جائے۔ سال کے دوران 59.21 ملین روپے کی کمی (Impairment) واقعہ ہوئی جس میں سے متعلقہ حصص کی فروخت سے 37.19ملین روپے واپس ہو چکے ہیں۔

کم سے کم سرمایہ کی پا بندی (MCR) میں کمی کی وجہ سے عائد پابندیوں کے باوجود ہمارے SPM شعبے نے مجموعی خطرہ کے لیے رغبت اور دستیاب وسائل بنیاد پر تقریباً 8.24فیصد کی آمدنی دکھائی۔

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

	2019	2018
اختتام سال کے بقایا جات	**پاکستانی روپے 000 میں**	
کل اثاثہ جات	**29,089,421**	20,428,038
کل مالیاتی ذمہ داریاں	**23,835,903**	16,259, 548
خالص اثاثہ جات	**5,253, 518**	4,168,489
حصص کنندگان کا ملکیتی سرمایہ (خالص)		
حصصی سرمایہ	6,141,780	6,141,780
ذخائر	**311,650**	**311,650**
اثاثہ جات دوبارہ قدر پیمائی پر اضافہ/(کمی)- محصول کا خالص	**(36,336)**	(215,171)
جمع شدہ مجموعی نقصان	**(2,363,576)**	(2,069,770)
شیئرز سبسکرپشن پر ایڈوانس ہ	**1,200,000**	-
مجموعہ	**5,253, 518**	4,168, 489
برائے سال		
(نقصان)/منافع قبل از محصول	**(276,826)**	(260,641)
(نقصان)/منافع بعد از محصول	**(303,712)**	(322,959)
(نقصان)/ آمدنی فی حصص (پاکستانی روپے)	**(495)**	(526)

سال 2017 میں کمپنی نے منافع بعد از محصو ل کا 20 فیصد کی مالیت کے مساوی رقم دستوری ذخائر میں منتقل کر دیا ہے جومروجہ قانونی ضروریا ت کے مطابق ہے۔

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

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 مالیاتی گوشواروں میں 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 و ضبط کی بہترین مشقوں (practices) سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- اندرونی نگرانی کا نظام اور اندرونی نگرانی کی مالیاتی رپورٹنگ کا ڈیزائن مضبوط ہے اور اس کا موئثر طور پر نفاذ کیا جا چکا ہے اور نگرانی کی جاتی ہے۔
- گذشتہ چھ سالوں کے آپریشنل اور مالیاتی اعداد و شمار کا خلاصہ منسلک ہے۔

اداراتی سماجی ذمہ داری

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

سبز بینکاری کا آغاز

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

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

صارف کی شکائتوں کے تدارک کا میکینزم

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

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

بورڈ کی ساخت

سال کے دوران، گورنمنٹ آف پاکستان کے 8 فروری 2019 کے اجرا کردہ مراسلہ نمبر-F. No 2(3)-Inv IV/2006 کے مطابق حکومت پاکستان کے نامزد کردہ نان ایگزیکیٹیو ڈائریکٹر جناب فضل الرحمان کی جگہ جناب ابرار احمد مرزا نے لے لی ہے۔ علاوہ ازیں، گورنمنٹ آف پاکستان 8 فروری 2019 کو جناب خرم حسین کو تین سالوں کے لیے کمپنی کا بطور مینجنگ ڈائریکٹر/CEO منتخب کرچکی ہے جنہوں نے 11 مارچ 2019 کو اپنی ذمہ داریاں سنبھال لی ہیں۔

بورڈ کی کارکردگی کا جائزہ

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

مالیاتی خطرے سے نپٹنےکا انتظامی ڈھانچہ

کمپنی کے رسک مینجمنٹ کی ساخت کی نگرانی بورڈ کی رسک مینجمنٹ کمیٹی (BRMC)کرتی ہے جسے مزید مینجمنٹ رسک مینجمنٹ کمیٹی (MRMC) کی ذمہ داری بھی دی گئی ہے کہ وہ کمپنی کےمجموعی کاروباری میلان کی بنیاد پر اس کو در پیش خطرات کا اندازہ لگائے اور ان کو کم کرنے کے لیے حکمتِ عملی بنائے اور عملی اقدام کرے۔

کمپنی کےقرضہ پالیسی اور قرضہ کی ہدایات کے کتابچے (manual) کو خطرات اور قوائد و ضوابط کے تبدیل ہوتے ہوئے ماحول کے مطابق ان میں ترمیم یا تجدید کی جاتی ہے اور ان کا نفاذ کیا جا تاہے تاکہ ہرگاہک جو خطرہ اپنے ساتھ لاتا ہے اس کی تسلسل سے بہتر اور جامع قدر پیمائی کی جاتی رہے۔ متعلقہ خطرات کی قدر پیمائی کے لیے Obligatory Risk Rating Model اور Facility Risk Rating Model کا تبدیل شدہ ڈیزائن مقاصد کا بھر پور احاطہ کرنے کے لیے اندرونی خطرے کی درجہ بندی کے نمونے (Internal Rating Model) پر زور دیتا ہے۔ نتیجتاً، خطرےکو کم کرنےکےلئے گاہک کی نوعیت کے مطابق مخصوص حدود کو شامل کرنا ہے۔ مزید یہ کہ نگرانی اور رپورٹنگ کے میکنزم کو بھی مضبوط کر دیا گیا ہے جس کا مقصد مجموعی قرضوں کے خطرات کے انتظامی طریقِ عمل کو بہتر کیا جانا ہے۔

ہمارا خیال ہے کہ سال کے دوران بنا رکاوٹ کے آپریشن کے کاموں کی ادائیگی میں 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 اپنے کاروبار کو جاری رکھنے کے لیے ، BCPسائٹ کو برقرار رکھا جا رہا ہے۔ مزید یہ کہ قوائد کی تعمیل کے ساتھ ساتھ کوئی حادثہ جس کا تدارک فوری ضروری ہو اور اپریشن رسک میکنزم کے مؤثر ہونے کی قدر پیمائی کے لیے آپریشنل رسک کا ڈیٹا بیس با قائدگی سے رکھا جا رہا ہے۔

آپریشن کی سرگرمیوں سے پیدا ہونے والے رسککے انتظام کو مدنظر رکھتے ہوئے ہم پوری کمپنی میں ہر کاروباری یونٹ کے کاروبار کے تسلسل کے لیے دستاویزی منصوبے کو باضابطہ بنا چکے ہیں۔ سال کے دوران ہم نے مروجہ بہترین 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 اورمزید بہتر ی کے ساتھ مربوط IT سسٹم نافذ کیا ہے ۔ علاو ہ 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 رکھیدباؤ ٹیسٹنگ(Stress testing) کےتجزئیے کا استعمال موجودہ قرضہ جات کو درپیش اہم خطرات کے ممکنہ اثرات کا اندازہ لگایا جا تا ہے۔ ترمیم شدہ مارکیٹ رسک پالیسی بمع مفصل شرح سود کے نرخ کا نفاذ کیا جا چکا ہے۔ مجموعی مارکیٹ رسک مینجمنٹ کے ڈھانچے سودی نرخ کے خطرات کے لئے نگرانی اور رپورٹنگ کے رہنما اصول کو بڑھا دیا گیا ہے۔

کمپنی کے پاس ما ئعیت (liquidity) مینجمنٹ پالیسی کے علاوہ مائعیت (liquidity) رسک مینجمنٹ پالیسی بھی موجود ہے۔ تبدیل شدہ ما ئعیت رسک مینجمنٹ کی ہدایات کےکتابچے میں س ما ئعیت کے لیے تفصیلی اور جامع ہنگامی پلان شامل ہے۔

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

کمپنی نے پورے سال میں Basel-II اور Basel-III کی ضروریات کے مطابق اپنے CAR کوضوابط میں دیئے گئے معیار کو آعلیٰ درجے پر برقرار رکھا ۔ اندرونی سرمایہ کی موزونیت کے تخمینہ کے پراسس (ICAAP) کا ڈھانچا SBPکے فراہم کردہ رہنما اصولوں کی روشنی میں جائزہ لیا گیا تاکہ پراسس کو مضبوط اور مؤثر بنایا جا سکے۔ مزید یہ کہ 6 بلین کے کم سے کم سرمایہ کی دستوری پابندی (MCR) کی تعمیل کے لیے کوششیں جاری ہیں اور اس کے لیے SBPنے MCR کی تعمیل کے لیے 30 جون 2019 تک کا استثنیٰ دیا تھا۔ MoF اور LAFICO (دونوں حصص کنندگان ہیں) اس بات پر متفق ہیں کہ کمپنی میں اضافی ملکیتی سرمایہ ڈالا جائے تاکہ کمپنی کی نقصان برداشت کرنے استعداد ، ہموار آپریشن اور طویل المدت تسلسل سے جاری رہنے والی نمو میں اضافہ کیا جاسکے۔ اس سلسلے میں کمپنی کا منظور شدہ کیپیٹل بڑھا کر 10 ارب روپے کردیا گیا ہے اور کمپنی ، حصص کنندگان کو رائٹ ایشو کے اجراء کے مراحل میں ہے۔ کمپنی نے ان وجوہات کی بنا پر SBP سے درخواست کی ہے کہ MCR کا استثنیٰ جون 2020 تک کردیا جائے۔

کمپنی کے پورٹ فولیو کی نمو کا انتظا م موئثر طور کیا جا رہا ہے تاکہ ہر اہم /متعلقہ ایریا میں اس کی متعین حدود کے ذریعے سے رسک کے ارتکاز (concentration) کو روکا جا سکے۔ پروڈینشل کے ضابطوں میں ترمیم ، اگر کوئی ہے تو، کے بعد ان حدود کو بھی با ضابطہ طور سے تبدیل کردیا جاتاہے۔ کمپنی کی منشاء ہے کہ کاروبار کی ترقی کے لیے براہِ راست شمولیت کے ذریعے یا مشترکہ خطرہ میں اپنا حصہ ڈالے ۔ رسک مینجمنٹ فنکش رسک کےطے شدہ مثبت نکات پر مستعد ی سے حصہ لیتا ہے۔

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

اندرونی کنٹرول پر بیان

کمپنی کے مقاصد کو حاصل کرنے کے لیے ایک مضبوط اندرونی کنٹرول کا نظام موجود ہے اور اس میں کاروبارکی ضروریات اور آپریشن کے ماحول میں تبدیلی کی روشنی میں مسلسل بہتری لائی جا رہی ہے۔ انتطامیہ اندرونی کنٹرول بمع مالیاتی رپورٹنگ کا اندرونی کنٹرولز کا اندازہ لگا چکی ہے اور اس کو مؤثر قرار دے چکی ہے جس کی توثیق بورڈ نے بھی کردی ہے۔ کمپنی کے مضبوط کنٹرول کے ماحول کو 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 توجہ دلائی ہےکہ منسلک غیر انظمام شدہ مالیاتی دستاویز ات کے مطابق ؛

a. نوٹ 1.2 دیکھا جائے ،جس میں کمپنی کا کم سے کم کیپیٹل کی ضرورت کو پورا کرنے کے لیے کااس کا منصوبہ اور اس پر عمل۔

b. نوٹ 8.2.6 کو دیکھا جائے جس میں انتظامیہ نے کمپنی کی سمّٹ بینک (Summit Bank) میں سرمایہ کاری ، TFC کی مالیت 398.58ملین روپے ہے، کی وصولیابی کے معاملات ظاہر کیے ہیں حتمی نتیجہ کا دارومدا ر مختلف معاملات پر ہے۔ وہاں پر بیان کردہ معاملہ کا فل الوقت تعین نہیں کیا جا سکتا اور

کسی بھی قسم کے ممکنہ نقصان اس غیر انظمام شدہ مالیاتی دستاویز ات میں کوئی رقم مختص (provision) کی گئی ہےجس کی وجوہات مذکورہ بالا نوٹ میں بیان کی گئی ہے۔

c. نوٹ 13 اور42.2 کو دیکھا جائے جس میں کمپنی کا "کاموکی انرجی لمیٹڈ (KEL)" سے متعلق اثاثہ جات کی فروخت کے سلسلے میں کمپنی کا منصوبہ اور عمل۔

آڈیٹر کی رائے مذکورہ بالا معاملے پر کوالیفائڈ (qualified)نہیں ہے۔

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

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

پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کا بیان

31 دسمبر 2018 پر آڈٹ شدہ گوشواروں کی بنیاد پر پراویڈینٹ اور گریجوٹی کی سرمایہ کاری کی مالیت (علاوہ بینک میں نقد رقم) بالترتیب 101.32 ملین پاکستانی روپے اور 113.98 ملین پاکستانی روپے رہی۔

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

سال کے دوران بورڈ کے ناظمین کے 5 اجلاس ہوئے اور ان میں ڈائریکٹرز کی شرکت کی تفصیلات درج ذیل ہیں
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ڈائریکٹر کا نام	**عہدہ**	**اجلاس**	
		منعقد ہوئے	**میں شرکت کی**
جناب بشیر بی ۔عمر	چیرمین	**5**	**5**
ڈاکٹر محمد طاہر نور	ناظم (Director)	**5**	**5**
جناب ابرار احمد مرزا *	ناظم (Director)	**5**	**5**
جناب عبدلفتح عشور علی ایجائیدی	ناظم (Director)	**5**	**5**
جناب خرم حسین**	ناظم اعلیٰ (Managing Director)	**5**	**5**
جناب خالد جمعہ الزروزور	نائب ناظم اعلیٰ (Deputy Managing Director)	**5**	**5**

* جناب فضل الرحمان کے متبادل (08/02/2019 کے مراسلہ کے ذریعے)

** جناب عابد عزیز کے متبادل (08/02/2019 کے مراسلہ کے ذریعے)

آڈٹ کمیٹی کے اجلاس کی تفصیلات

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

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
ڈاکٹر محمد طاہر نور	چیرمین* (25/03/2019)	4	4
جناب ابرار احمد مرزا	رکن	4	4
جناب عبدلفتح عشور علی ایجائیدی	رکن	4	4

* جناب فضل الرحمان کی نظامت کے اختتام پر چیر مین بنے

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

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

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب ابرار احمد مرزا *	چیرمین	2	2
جناب عبدلفتح عشور علی ایجائیدی	رکن	2	2
جناب خالد جمعہالزروزور	رکن	2	2

انسانی وسائل اور مشاہراہ کمیٹی کے اجلاس کی تفصیلات

سال کے دوران بھرتی اور معاوضہ کمیٹی کے ایک اجلاس ہوا اور ان میں ارکان کی شرکت کی تفصیلات درج ذیل ہیں

ڈائریکٹر کا نام	عہدہ	اجلاس	
		منعقد ہوئے	میں شرکت کی
جناب بشیر بی عمر	چیرمین	1	1
ڈاکٹر محمد طاہر نور *	رکن	1	1

* جناب فضل الرحمان کے متبادل

** جناب بشیر بی۔ عمر کی عدم موجودگی میں جناب عبدلفتح عشور علی ایجائیدی بطور چیر مین کام کریں گے اور ڈاکٹر محمد طاہر نور کے عدم موجودگی میں جناب ابرار احمد مرزا بطور رکن کام کریں گے۔

کریڈٹ /سرمایہ کاری کمیٹی کے اجلاس کی تفصیلات

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

محاسب

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 2020 تک کے لیےدوبارہ 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/ریاست آف لیبیا بذریعہ لیبین فارن انویسٹمنٹ کمپنی (LAFICO)	50
کل	**100**

جاری سال کے نتائج کے باوجود ، ہم پر امید ہیں مالیاتی سال 2020 کمپنی کے لیے بہت بہتری لائے گا۔

کم از کم دستوری سرمایہ کی پابندی ایک رکاوٹ ہے جسے اب بھی دور کرنے کی ضرورت ہے؛ تاہم کمپنی میں ملکیتی سرمایہ ڈالنے کو دیرینہ معاملہ حل ہونا شروع ہو گیا ہے۔ اس سلسلے میں کمپنی کے اتھورائزڈ(authorized) کیپیٹل کو پہلے ہی 10 ارب روپے تک بڑھایا جا چکا ہے۔

جون2019 میں وزارت خزانہ (MoF) اپنے حصے ک 200 ملین روپے ایک قسط جمع کروا چکا ہے اور MCR کی ضرورت کو پورا کرنے کے لیے بقایا کیپیٹل سال 2019-2020 کے دوران کمپنی میں جمع کرنے پر متفق ہے۔

"دی لیبئن فارن انویسٹمنٹ کمپنی (LAFICO)" اس بات پر متفق ہے MoF کے کیے گئے اقدامات کے مطابق ان پر عملدرآمد کرے گی؛ تاہم دو ملکوں میں برادرانہ تعلق اور ان کا کمپنی پر بھروسے کی بنیاد پر ، نظر ثانی شدہ حکمت عملی کا جائزہ لینے کے بعد ، غیر ملکی حصص کنندہ نےاپنے حصے کی ایک ارب روپے کی تمام رقم کمپنی میں جمع کروادی ہے۔ فی الوقت کمپنی اپنا پہلے رائٹ ایشو کے اجراء کے مراحل میں ہے۔

KEL پاور پلانٹ (غیر بینکاری اثاثہ جات) کے تعلق سے انتظامیہ، ان اثاثہ جات کی فروخت کے سودے کے متعلق ایک ماہرانجینیر نگ فرم سے شرائط کی ترمیم کے ساتھ مذاکرات کےحتمی مراحل میں ہے ۔ مذکورہ بالا سودے کے تحت کمپنی کے لیے یہ بات ممکن ہو گی کہ وہ ان اثاثہ جات پر آنے والی کل لاگت وصول کر لے اور اس کا ارادہ ہے کہ ان غیر منافع دینے والے اثاثہ جات میں مالی طور پر ملوث ہوئے بغیرمنافع میں حصہ کی بنیاد پر ان اثاثہ جات کو منافع دینے والے اثاثہ جات میں تبدیل کر دے۔

علاوہ ازیں، کمپنی کی ما ئعیت(liquidity) کا خلا کو پورا کرنے اور غیر یقینی صورتحا ل کے لیے فنڈکرنے کی منصوبہ بندی کو یقینی بنانے کے لیے ایک طویل مدت کی نئی کریڈٹ لائن کے لیے مذاکرات جاری ہیں۔ مزید یہ کہ کمپنی نے اپنے کروبار کے ماڈل، اثاثہ جات کے آمیزہ (mix) اور دستیاب وسائل پر نظر ثانی کی ہے تاکہ منافع بخشی پر مناسب اثرات ہوں اور دستوری ضروریات کی تعمیل کے ساتھ ساتھ طویل المدت تسلسل سے جاری رہنے والی نمو کو حاصل کیا جا سکے۔

ہم اپنے مستقبل کی حکمتِ عملی اور مستقبل کے کاروبار کے بارے میں ایک مضبوط موقف رکھتے ہیں۔ پاور پلانٹ (غیر بینکاری اثاثہ جات) ، ڈپازٹ کو بطور مستحکم فنڈ کا ذریعہ کے طور پر متحرک کرنا اور اس بات کا عزم رکھتے ہیں کہ ایڈوانسز کے پورٹ فولیو کے سائز کو اگلے تین سالوں میں تقریباً دگنا کر دیں گے، ہم سجھتے اور یقین رکھتے ہیں اپنے بنیادی کاروبار سے ایک کارکردگی دکھانے والے پورٹ فولیو کے ذریعے کمپنی کو واپس

منافع بخشی کے راستے پر ڈالنے میں مدد ملےگی ۔انتظامیہ کمپنی کے منافع بخش آپریشن بشمول مسائل پیدا کرنے والے اور عدم کارکردگی دکھانے والے اثاثہ جات کی بحالی کی کوششوں کے سلسلے میں تمام ممکنہ امکانات پر توجہ دے رہی ہے۔

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

ستائش

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

بورڈ آف ڈائریکٹرز کی جانب سے

خالد جمعہ الزروزور
ڈپٹی مینجنگ ڈائریکٹر

خرم حسین
مینجنگ ڈائریکٹر اور CEO

6 مارچ 2020

گذشتہ چھ سالوں کا اہم آپریشن اور مالیاتی اعداد و شمار

	پاکستانی روپیے ملین میں					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
مجموعئی منظوریاں*	2,357	2,313	2,427	1,613	782	553
فراہمی قرضہ جات	1,767	2,540	1,799	986	479	807
سرمایہ کاری- خالص	7,188	2,132	-	2,891	3,539	997
وصولیابیاں – اصل	1,598	2,151	1,001	1,190	1,218	1,586
واگذاری (Redemption)-سرمایہ	672	259	225	540	138	433
مجموعئی آمدن	1,954	1,507	1,335	1,298	1,830	1,532
خالص سودی آمدن	77	260	265	313	360	315
خالص نفع/نقصان قبل از محصول	(277)	(261)	84	1,032	472	318
محصولات- خالص	27	62	36	241	167	85
خالص نفع/نقصان بعد از محصول	(304)	(323)	48	791	305	233
حصص کنندگان کا ملکیتی سرمایہ- خالص	5,254	4,168	4,555	4,761	3,895	3,586
کال اثاثہ جات	29,089	20,428	19,163	18,895	15,274	12,436
افرادی قوت (تعداد)**	103	106	111	106	105	110

* دوبارہ کی جانے والے سرمایہ کاری شامل ہے

** ٹھیکہ پر کام دئے جانے والا عملہ شامل ہے

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

STATEMENT OF INTERNAL CONTROLS
FOR THE YEAR ENDED 31 DECEMBER 2019

OVERVIEW OF INTERNAL CONTROL SYSTEM

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

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

Following is the brief on the internal control systems:

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

- Documentation for Internal Controls Over Financial Reporting (ICFR) has been updated in current financial year, as well, to incorporate the updated status of processes and controls as a result of new operating activities and implementation of related controls/system. This is aimed to bring further improvement in the ICFR framework of the Company.
- SBP's instructions (specific or general) issued on the matter of ICFR from time to time are being complied at earliest possible timelines.
- The SBP has granted exemption, to the Company, from the requirement of Statutory Auditors' Long Form Report on ICFR. Consequently, the Company has been submitting the Audit Committee's annual assessment report on the efficacy of the Internal Control over Financial Reporting as required under circular 'OSED Circular No. 01 of 2014' dated 7 February 2014.

EVALUATION OF INTERNAL CONTROL SYSTEMS INCLUDING INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's internal controls including internal controls over financial reporting are sound in design and are being effectively implemented and monitored. The Company has made efforts during the financial year 2019 to bring further improvements in the internal control systems through implementation of integrated Credit system and related automated controls. The new system is under user acceptance testing process therefore any gaps identified are being reviewed vis-à-vis in the internal control systems, including internal controls over financial reporting and are targeted to be completed at the earliest possible timeline.

Khaled Joma Ezarzor
Deputy Managing Director

Khurram Hussain
Managing Director & CEO

STATEMENT OF BEST PRACTICES OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2019

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 five listed companies, (excluding the listed subsidiaries of listed holding companies).
3. The Company has prepared code of conduct and statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
4. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any 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.
6. During the year, 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 joined the Company on 11 March 2019.

7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Regulations.

8. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

9. The Board of Directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Companies Act, 2017 and the Regulations.

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

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

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

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

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

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

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

Audit Committee	4
Risk Management Committee	2
HR Management Committee	1

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

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

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

19. The SBP vide BPRD circular No. 14 dated October 2016 has intimated that the requirement of CCG as mentioned in Prudential Regulations are now no longer applicable on DFIs, however it is expected that all DFIs will continue to follow the best practices on corporate governance.

Khaled Joma Ezarzor
Deputy Managing Director

Khurram Hussain
Managing Director & CEO

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019	2018
		------ (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks	5	32,474	22,985
Balances with other banks	6	134,554	54,665
Lendings to financial institutions	7	2,800,000	1,950,000
Investments	8	19,019,915	11,832,050
Advances	9	4,525,152	4,350,310
Fixed assets	10	87,155	58,530
Intangible assets	11	3,190	3,831
Deferred tax asset - net	12	52,526	123,633
Non-banking assets acquired in satisfaction of claim	13	1,179,360	1,179,360
Other assets	13	1,255,095	852,675
		29,089,421	20,428,038
LIABILITIES			
Bills payable	15	-	-
Borrowings	16	21,914,147	15,352,993
Deposits and other accounts	17	1,551,020	643,575
Liabilities against assets subject to finance lease	18	-	-
Sub-ordinated loans	19	-	-
Deferred tax liabilities	20	-	-
Other liabilities	21	370,736	262,980
		23,835,903	16,259,548
NET ASSETS		5,253,518	4,168,489
REPRESENTED BY			
Share capital	22	6,141,780	6,141,780
Reserves		311,650	311,650
(Deficit) / surplus on revaluation of assets - net of tax	23	(36,336)	(215,171)
Unappropriated / unremitted profit / (loss)		(2,363,576)	(2,069,770)
Advance against shares subscription		1,200,000	-
		5,253,518	4,168,489
CONTINGENCIES AND COMMITMENTS	24		

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		------- (Rupees in '000) -------	
Mark-up / return / interest earned	26	1,928,804	1,428,129
Mark-up / return / interest expensed	27	1,852,255	1,168,533
Net mark-up / interest income		76,549	259,596
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	10,002	6,762
Dividend income		54,376	38,034
Foreign exchange income		13	34
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	29	(44,118)	25,588
Unrealised loss on revaluation of investments classified as 'held-for-trading'	29	(397)	(312)
Other income	30	5,402	8,282
Total non mark-up / interest income		25,278	78,389
Total Income		101,827	337,985
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	31	446,192	429,461
Workers welfare fund	24	-	-
Other charges	32	15,365	41,945
Total non mark-up / interest expenses		461,557	471,406
(Loss) / profit before provisions		(359,730)	(133,421)
(Reversal) / provisions and write offs - net	33	(82,904)	127,220
Extraordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(276,826)	(260,641)
Taxation	34	26,886	62,318
(LOSS) / PROFIT AFTER TAXATION		(303,712)	(322,959)
		------- (Rupees) -------	
Basic (loss) / earnings per share	35	(494.50)	(525.84)
Diluted (loss) / earnings per share	36	(494.50)	(525.84)

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	(Rupees in '000)	
(Loss) / profit after taxation	(303,712)	(322,959)
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 surplus / (deficit) on revaluation of investments - net of tax*	178,835	(57,436)
Others	-	-
	178,835	(57,436)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	9,906	(6,031)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	9,906	(6,031)
Total comprehensive (loss) / income	(114,971)	(386,426)

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

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	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)					
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	-	-	-	-	-	-
Opening balance as at 01 January 2019	6,141,780	311,650	(215,171)	-	(2,069,770)	4,168,489
(Loss) after taxation for the year 2019	-	-	-	-	(303,712)	(303,712)
Other comprehensive income - net of tax	-	-	178,835	-	-	178,835
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	-	-	-	-	9,906	9,906
Transactions with owners, recorded directly in equity						
Dividend	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Closing balance for the year 2019	6,141,780	311,650	(36,336)	-	(2,363,576)	4,053,518

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		------ (Rupees in '000) ------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(276,826)	(260,641)
Less: Dividend income		(54,376)	(38,034)
		(331,202)	(298,675)
Adjustments:			
Depreciation	10.2	25,331	26,117
Amortization	11	1,142	1,503
(Reversal) / provision and write-offs	9.4	(20,537)	(20,968)
Unrealised loss on revaluation of investments classified as 'held-for trading'		397	312
Reversal of provision against lendings to financial institutions		-	-
(Reversal) of provision / provision against other assets	13.2.1	19,504	(10,946)
Provision / (reversal) of provision for diminution in the value of investments - net	8.3.1	(81,871)	170,289
(Gain) on sale of operating fixed assets	30	(449)	(4,192)
		(56,483)	162,114
		(387,685)	(136,561)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(850,000)	200,000
Held-for-trading securities		502,555	4,474,111
Advances		(154,304)	(736,258)
Others assets (excluding advance taxation)		(342,432)	(366,447)
		(844,182)	3,571,405
Increase / (decrease) in operating liabilities			
Bills payable		-	-
Borrowings from financial institutions		6,561,154	985,861
Deposits		907,445	604,575
Other liabilities		117,662	55,065
		7,586,261	1,645,502
		6,354,394	5,080,346
Income tax paid		(121,421)	(92,269)
Net cash generated from operating activities		6,232,973	4,988,077
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in 'available-for-sale' securities - net		(7,278,058)	(7,230,940)
Investments in 'held-to-maturity' securities - net		(68,106)	326,239
Dividend received		56,576	37,784
Investments in operating fixed assets - net		(56,177)	(11,299)
Proceeds from sale of operating fixed assets		2,170	5,968
Net cash flow (used) in investing activities		(7,343,595)	(6,872,248)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/payments of subordinated debt		-	-
Receipts/payments of lease obligations		-	-
Advance against share subscription		1,200,000	-
Dividend paid		-	-
Remittances made to/received from company		-	-
Net cash flow generated from financing activities		1,200,000	-
Net increase / (decrease) in cash and cash equivalents		89,379	(1,884,171)
Cash and cash equivalents at beginning of the year		1,777,650	3,661,822
Cash and cash equivalents at end of the year	37	1,867,029	1,777,650

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

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATUS AND NATURE OF BUSINESS

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

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

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs. 6 billion. The paid-up capital of the Company (free of losses) as of 31 December 2019 amounted to Rs. 3.778 billion (31 December 2018: Rs. 4.072 billion). The Company is non-compliant with minimum capital requirements at yearend which has a trickle-down effect on every aspect of the operations including various reduced prudential limits. The management of the Company has taken following steps to improve the financial position of the Company.

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 - GoP). Both shareholders in the Annual General Meeting (AGM) held on 15 April 2016, considering the events occured during early 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).

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. 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. Consequently, MoF in its letter No. F.2(1)/NV.IV/2014 dated 15 January 2019 stated that Finance Division has agreed to the proposal for injection of Rs.1 billion to meet MCR of the Company during financial years 2018-2019 and 2019-2020.

In this regard, the authorised capital of the Company has increased to Rs.10 billion and Company is in the process of right issue to the shareholders. Further, Rs.200 million has already been received from GoP as its portion of tranche in June 2019 whilst, the Libyan shareholder has injected entire amount of Rs.1 billion. The total amount of Rs.1.2 billion has been treated as advance against share subscription till the conclusion of right issue process.

In addition to the equity injection, the Company has taken various measures including efforts to dispose non-banking assets related to Kamoki Energy Limited and tighten the controls over operating cost and expenses with the aim to attain profit and positive cash flows from operations. The management is taking steps to improve the Company's liquidity, profitability and cash flows via active cost saving and other measures.

Further, the BoD of the Company have approved the Company's 5 year plan prepared by the management. The projections covered the period of 5 years from the end of the reporting year. The management is confident that, taking into account the above mentioned plans and measures, the Company will have sufficient funds to finance its operations and to meet its financial obligations. The Company based on these developments, requested SBP for MCR extension till June 2020.

Subsequent Event
The existence of novel corona virus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, no one considers it practicable to estimate the potential impact of this outbreak on the economy as well as on the Company. The impact of this outbreak on the Company's unconsolidated financial statements, if any, will be considered in the next unconsolidated financial statements. However, the Company has been evaluating the rapidly changing situation and implementing following mitigating factors against current situation:

- Holding extraordinary relevant committee meetings:
  - Credit Committee to continuously monitoring the credit risk and potential problematic cases
  - Asset-Liability Committee as often as required to monitor the balance sheet position and implement relevant actions
  - BCP group meeting to ensure mitigation of settlement and operational risks and smooth operations
- Implementation of approved ICAAP and continuous monitoring of regulatory ratios
- Contingency funding planning and sufficient liquidity
- Functional BCP team in place

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. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

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

These financial statements represents separate financial statements of the Company. The consolidated financial statements of the DFI and its subsidiary are issued separately.

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

There are certain new amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements, except as follows:

IFRS 9 "Financial Instruments"

IFRS 9 replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised classification and measurement of financial instruments and a new expected credit loss approach for calculating impairment on financial assets. The Company carried out an impact assessment as at 31 December 2017 which was submitted to State Bank of Pakistan. During the year, State Bank of Pakistan has deferred through BPRD circular No. 04 of 2019 dated 23 October 2019, its implementation till 31 December 2020, hence the implementation date for IFRS 9 is 1 January 2021.

IFRS 16 "Leases"

During the current year, the Company has adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supercedes IAS 17 "Leases", IFRIC 4 "Determining whether an arrangment contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the substance of transactions involving the legal form of a lease". The standard sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessess to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The adoption of IFRS does not have any material impact on the Company's financial statements, except IFRS 9.

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

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

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

	Effective date (annual periods beginning on or after)
IFRS 3, Business Combinations (Amendments)	**1 January 2020**
IAS 1, Presentation of Financial Statements (Amendments)	**1 January 2020**
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	**1 January 2020**

2.4 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 4.5)

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

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

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

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

f) Impairment (note 4.14)

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

3. BASIS OF MEASUREMENT

These 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 same as those applied in the preparation of the annual audited uconsolidated financial statements for the year ended 31 December 2018.

4.1 SBP revised the format of presentation of Banks / DFIs financial statements for the year ended 31 December 2018, this requires a change in presentation of deficit / surplus on revaluation of investments which is now required to be shown as part of equity. Previously, it was shown below the equity.

4.2 Cash and cash equivalents

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

4.3 Securities under repurchase / resale agreements

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

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

4.4 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transaction costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the 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. Provision for diminution in value of investments in respect of unlisted shares is calculated with reference to book value of the same. On derecognition of quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of investments' is included in the 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.

4.5 Advances including net investment in finance leases

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

4.6 Operating fixed assets and depreciation

4.6.1 Owned

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

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

Depreciation is charged to the 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 Right of use assets (ROUA)

The Company recognises ‘Right of use asset’ (ROUA) in respect of the leases measured as the present value of the remaining lease payments on property lease agreements and discounted using the incremental borrowing rate for the Company. These assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. These assets are also reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

4.6.4 Intangible assets

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

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

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

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

4.7 Non-banking assets acquired in satisfaction of claims

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

4.8 Borrowings and deposits

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

4.9 Staff retirement benefits

Defined benefit plan

- **Gratuity Fund**

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

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

The last actuarial valuation of the scheme was carried out as at 31 December 2019. 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 (2018: 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 2019.

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 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.

4.13 Taxation

Current

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

Deferred

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

4.14 Impairment

The carrying amounts of the Company's assets are reviewed at each 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.

4.15 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Company to settle the obligation. The provision is charged to the 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.

4.16 Off-setting of financial assets and financial liabilities

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

4.17 Dividend and reserves

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

4.18 Earnings per share

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

4.19 Segment reporting

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

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

Business segments

Following are the main segments of the Company:

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

Geographical segments

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

4.20 Borrowing cost

Borrowings are recorded at the proceeds received.

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

4.21 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

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

	Note	2019	2018
		------- (Rupees in '000) -------	

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2019	2018
In hand			
Local currency		**6**	6
Foreign currency		**157**	159
		163	165
With State Bank of Pakistan in			
Local currency current account	5.1	**31,534**	22,178
		31,534	22,178
With other central banks in			
Foreign currency current account		**-**	-
Foreign currency deposit account		**-**	-
		-	-
With National Bank of Pakistan in			
Local currency current account		**777**	642
Local currency deposit account		**-**	-
		777	642
Prize bonds		**-**	-
		32,474	22,985

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	2019	2018
In Pakistan			
In current accounts		**12,356**	4,196
In deposit accounts	6.1	**122,199**	50,469
		134,554	54,665
Outside Pakistan			
In current accounts		**-**	-
In deposit accounts		**-**	-
		-	-
		134,554	54,665

6.1 The return on these balances ranges from 8.00 to 11.75 (2018: 3.75 to 8.00) percent per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2019	2018
Call / clean money lending	7.1.1	**2,833,064**	1,983,064
		2,833,064	1,983,064
Less: provision held against lending to financial institutions	7.3	**(33,064)**	(33,064)
Lending to financial institutions - net of provision		**2,800,000**	1,950,000

7.1 Particulars of lending

	2019	2018
In local currency	**2,800,000**	1,950,000
In foreign currencies	**-**	-
	2,800,000	1,950,000

7.1.1 Call / clean money lending includes term deposit receipts carrying mark-up at rates ranging from 14.50 to 15.00 (2018: 8.00 to 12.00) percent per annum. These are due to mature between 28 January 2020 and 04 September 2020.

7.2 Securities held as collateral against-Lending to financial institutions

	2019			2018		
	------- (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			
	2019		2018	
	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 2019 (2018 : Nil).

8 INVESTMENTS

8.1 Investments by type:

	Note	2019 Cost / amortised cost	2019 Provision for diminution	2019 Surplus / (deficit)	2019 Carrying value	2018 Cost / amortised cost	2018 Provision for diminution	2018 Surplus / (deficit)	2018 Carrying value
		------- (Rupees in '000) -------				------- (Rupees in '000) -------			
Held-for-trading securities									
Federal government securities		-	-	-	-	499,722	-	(141)	499,581
Shares		**8,298**	**(397)**	-	**7,901**	12,410	(1,138)	-	11,272
		8,298	**(397)**	-	**7,901**	512,132	(1,138)	(141)	510,853
Available-for-sale securities									
Federal government securities		**15,380,521**	-	**27,459**	**15,407,980**	7,929,600	-	(196,558)	7,733,042
Shares		**1,309,673**	**(366,564)**	**(79,630)**	**863,480**	1,360,441	(448,434)	(120,545)	791,462
Non government debt securities		**2,868,532**	**(332,549)**	-	**2,535,983**	2,990,628	(332,549)	2,149	2,660,228
		19,558,727	**(699,113)**	**(52,171)**	**18,807,443**	12,280,669	(780,983)	(314,954)	11,184,732
Held-to-maturity securities									
Non government debt securities		**205,437**	**(6,366)**	-	**199,071**	137,331	(6,366)	-	130,965
		205,437	**(6,366)**	-	**199,071**	137,331	(6,366)	-	130,965
Associates		**705,367**	**(704,867)**	-	**500**	705,367	(704,867)	-	500
Subsidiaries		**5,000**	-	-	**5,000**	5,000	-	-	5,000
Total		**20,482,828**	**(1,410,742)**	**(52,171)**	**19,019,915**	13,640,499	(1,493,354)	(315,095)	11,832,050

Particulars of Associates

Name of investee	% Holding	Number of shares 2019	Number of shares 2018	Cost 2019	Cost 2018	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	**483,931**	**76,953**	**30 June 2019**
Kamoki Energy Limited (under liquidation)								
Unlisted ordinary shares	50%	**50,000,000**	50,000,000	**404,867**	404,867	-	-	
Unlisted preference shares	100%	**30,000,000**	30,000,000	**300,000**	300,000	-	-	**Under liquidation**
				705,367	705,367	**483,931**	**76,953**	

Particulars of Subsidiaries

Name of investee	% Holding	Number of shares 2019	Number of shares 2018	Cost 2019	Cost 2018			
				--- (Rupees in '000) ---				
Kamoke Powergen (Private) Limited								
(CEO - Mr. Kashif Shabbir)								
Unlisted ordinary shares	100%	**500,000**	500,000	**5,000**	5,000	**5,757**	**1,376**	**31 December 2019**
				5,000	5,000	**5,757**	**1,376**	

	Note	2019 Cost / amortised cost	2019 Provision for diminution	2019 Surplus / (deficit)	2019 Carrying value	2018 Cost / amortised cost	2018 Provision for diminution	2018 Surplus / (deficit)	2018 Carrying value
		------- (Rupees in '000) -------				------- (Rupees in '000) -------			
8.2 Investments by segments:									
Federal government securities									
Market treasury bills		2,371,312	-	(3,603)	2,367,709	499,722	-	(141)	499,581
Pakistan investment bonds		13,009,210	-	31,061	13,040,271	7,929,600	-	(196,558)	7,733,042
		15,380,521	-	27,459	15,407,980	8,429,322	-	(196,699)	8,232,623
Shares									
Listed companies		1,265,670	(314,659)	(79,630)	871,381	1,320,549	(397,271)	(120,545)	802,733
Unlisted companies		52,301	(52,301)	-	-	52,301	(52,301)	-	-
		1,317,971	(366,960)	(79,630)	871,381	1,372,850	(449,572)	(120,545)	802,733
Non government debt securities									
Listed	8.2.6	881,466	(22,387)	2,149	861,228	729,716	(22,387)	2,149	709,479
Unlisted	8.2.7	2,192,503	(316,528)	-	1,875,974	2,398,243	(316,528)	-	2,081,715
		3,073,969	(338,915)	2,149	2,737,203	3,127,959	(338,915)	2,149	2,791,194
Associates		-	-	-	-	-	-	-	-
FTC Management Company Limited									
Unlisted ordinary shares	8.2.4	500	-	-	500	500	-	-	500
Kamoki Energy Limited (Joint Venture under Liquidation)									
Unlisted ordinary shares	8.2.2	404,867	(404,867)	-	-	404,867	(404,867)	-	-
Unlisted preference shares	8.2.3	300,000	(300,000)	-	-	300,000	(300,000)	-	-
		705,367	(704,867)	-	500	705,367	(704,867)	-	500
Subsidiaries									
Kamoke Powergen (Pvt.) Limited									
Unlisted ordinary shares	1.3 & 8.2.5	5,000	-	-	5,000	5,000	-	-	5,000
		5,000	-	-	5,000	5,000	-	-	5,000
Total		20,482,828	(1,410,742)	(50,023)	19,022,064	13,640,499	(1,493,354)	(315,095)	11,832,050

8.2.1 Investments given as collateral

	2019	2018
	Cost	
	------- (Rupees in '000) -------	
Market treasury bills	650,000	-
Pakistan investment bonds	13,000,000	7,150,000
	13,650,000	7,150,000

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

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

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

8.2.5 The Company established a wholly owned subsidiary named Kamoke Powergen (Private) Limited with a paid-up capital of Rs. 5 million representing 500,000 ordinary shares of Rs. 10 each. 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.

8.2.6 It includes an investment in listed term finance certificates (TFC) amounting to Rs. 398.58 million comprising 79,955 units. During last quarter of the 2018, upon maturity, the issuer informed investors the status of minimum capital requirements and its pending merger with and into another Bank. As a result, issuer could not make the final payment of its 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; however, during the period under review, the pending merger has been called off. Therefore, another extraordinary meeting of the TFC holders was held on 20 November 2019 wherein, considering the developments, the majority TFC holders agreed to extend the maturity of the TFC Issue for a period of another one year (27 October 2020) on the same terms. In this regard, SBP has given its final approval for the period till 27 October 2019 and has given a seperate in-principal approval for the period covering till 27 October 2020.

Management have not provided any impairment on the said TFCs on subjective basis due to above facts and the recent developments & negotiations, in these unconsolidated financial statements.

8.2.7 It includes investment in unlisted TFCs of PIA amounting to Rs.11.058 million (2018 : Rs.77.407 million) against which no provision has been made on the basis of exposure being guaranteed by the Government as stated in Annexure V "Guidelines in the matter of classification and provisioning of assets" of Prudential Regulations R-8 of Corporate / Commercial Banking.

8.3 Provision for diminution in value of investments

		2019	2018
		-- (Rupees in '000) ---	
8.3.1	Opening balance	**1,493,354**	1,321,926
	Add: adjustments during the period / year	-	-
	Charge / reversals		
	Charge for the year	**78,659**	170,289
	Reversals for the year	-	-
	(Reversal) / charge on disposals	**(160,530)**	-
		(81,871)	170,289
	Transfers / Mark-to-market - net	**(741)**	1,138
	Amounts written off	-	-
	Closing balance	**1,410,742**	1,493,354

8.3.2 Particulars of provision against debt securities

----------------------- (Rupees in '000) -----------------------

Category of classification	**2019**		2018	
	Classified	**Provision**	Classified	Provision
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 ended December 2019 (31 December 2018 : Nil)

8.4 Quality of Available for Sale securities

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

		2019	2018
		-- (Rupees in '000) ---	
		Cost	Cost
Federal Government Securities - Government guaranteed			
Market treasury bills		**2,500,000**	-
Pakistan investment bonds	8.4.1	**13,000,000**	7,929,600
Ijarah sukuk		-	-
Others		**11,058**	77,407
		15,511,058	8,007,007

8.4.1 Pakistan Investment Bonds

Floater

These Pakistan investment bonds carry interest rate of 14.69 (2018: NA) percent per annum. Effective yield on investment is 14.26 (2018: NA) percent per annum maturing latest by August 2029 (2018: NA). These are held by the SBP and are eligible for rediscounting.

Fixed

These Pakistan investment bonds carry interest rate of 9.00 to 10.00 (2018: 9.25 to 11.50) percent per annum. Effective yield on investment ranges 11.25 to 11.68 (2018: 10.61 to 11.31) percent per annum and will be maturing latest by September 2029 (2018: 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 (2018: Nil).

	Note	2019		2018	
		Cost	**Sector Wise Exposure**	Cost	Sector Wise Exposure
8.4.2 Shares		**(Rupees in '000)**		(Rupees in '000)	
8.4.2.1 Listed companies					
- Fertilizer		**481,491**	**39.01%**	407,963	31.19%
- Commercial banks		**188,076**	**15.24%**	250,265	19.13%
- Financial services		**31,064**	**2.52%**	31,064	2.37%
- Chemicals		**41,282**	**3.34%**	38,344	2.93%
- Non life insurance		**240,506**	**19.48%**	228,556	17.47%
- Food & Personal care products		**-**		38,416	2.94%
- Pharmaceuticals		**-**		36,879	2.82%
- Refinery		**-**		56,124	4.29%
- Technology & communication		**21,953**	**1.78%**	25,908	1.98%
- Textile		**91,903**	**7.45%**	49,185	3.76%
- Power generation & dibtribution		**42,843**	**3.47%**	41,640	3.18%
- Engineering		**-**	**0.00%**	13,470	1.03%
- Oil & gas		**95,302**	**7.72%**	90,325	6.90%
		1,234,419		1,308,140	

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 2019 and 31 December 2018.

		2019		2018	
8.4.2.2 Unlisted companies	**% holding**	**Cost**	**Breakup value**	Cost	Breakup value
		(Rupees in '000)		(Rupees in '000)	
Agro Dairies Limited	*	**2,301**	*	2,301	*
CEO - Mr. Mukhtar Hussain Rizvi					
Pakistan Textile City Limited	4%				
CEO - Mr. Muhammad Hanif		**50,000**	**	50,000	**
		52,301		52,301	
		1,286,720		1,360,441	

* Under litigation

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

8.4.2.2.1 The nominal value of each share held in an unlisted company is Rs.10 per share as at 31 December 2019 and 31 December 2018.

8.4.3 Non government debt securities

		Cost	
		2019	2018
		------- (Rupees in '000) -------	
8.4.3.1	**Listed**		
	AA+	**-**	8,750
	A	**460,500**	300,000
	A-	**-**	-
	BBB-	**-**	398,580
	CCC and below	**398,580**	
	Unrated	**22,387**	22,387
		881,466	729,716
8.4.3.2	**Unlisted**		
	AA+	**425,000**	456,250
	A+	**255,975**	237,201
	AA	**130,000**	205,000
	A	**434,910**	135,000
	A-	**99,960**	239,926
	AA-	**320,000**	600,000
	BB+	**-**	-
	Unrated	**321,221**	387,535
		1,987,066	2,260,912
		2,868,532	2,990,628

8.4.4 Equity securities

8.4.4.1	**Listed**		
	Habib Bank Limited	**-**	102,568
	National Bank of Pakistan	**50,223**	44,544
	MCB Bank Limited	**88,654**	88,654
	Habib Metropolitan Bank Limited	**-**	-
	United Bank Limkited	**8,716**	14,498
	Bank Alfalah Limited	**40,484**	-
	Pakistan Stock Exchange	**31,064**	31,064
	Agritech Limited	**266,766**	266,766
	Ittehad Chemicals Limited	**41,282**	38,344
	GlaxoSmithkline Pakistan Limited	**-**	36,879
	Fauji Fertilizer Company Limited	**141,197**	141,197
	Engro Corporation Limited	**-**	-
	Engro Fertilizers Limited	**73,528**	-
	Pakistan Reinsurance Company Limited	**85,796**	85,796
	Adamjee Insurance Company Limited	**67,115**	51,977
	IGI holdings Limited	**66,484**	69,673
	Atlas Insurance Limited	**21,112**	21,112
	Al Shaheer Corporation Limited	**-**	38,416
	Gul Ahmed Textile Mills Limited	**29,680**	-
	TPL Corporation Limited	**21,953**	21,953
	TRG Pakistan Limited	**-**	3,956
	Nishat Mills Limited	**62,223**	49,185
	Lalpir Power Limited	**24,296**	24,296
	Pakgen Power Limited	**18,547**	17,343
	International Steels Limited	**-**	13,470
	Hi-Tech Lubricants Limited	**-**	-
	Oil & Gas Development Company Limited	**-**	13,432
	Pakistan Petroleum Limited	**-**	15,773
	Pakistan State Oil	**82,233**	61,120
	Sui Southern Gas Company Limited	**4,773**	-
	Sui Northern Gas Pipeline Ltd	**8,296**	-
	Attock Refinery Limited	**-**	56,124
		1,234,419	1,308,140

		Note	Cost 2019	Cost 2018
			------- (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
			1,286,720	1,360,441

Foreign securities

The company does not have any investment in foreign securities (2018 : Nil).

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

		Note	2019	2018
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 (2018 : Nil)

		Note	2019	2018
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**	**199,596**	-
	Unrated		**5,841**	137,331
			205,437	137,331

8.4.6.2.1 The carrying value of securities classified as held-to-maturity as at December 31, 2019 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 2019 (2018 : Nil).

9 ADVANCES

	Note	Performing		Non Performing		Total	
		2019	2018	**2019**	2018	**2019**	2018
		(Rupees in '000)					
Loans		**3,492,830**	3,227,644	**1,320,703**	1,348,285	**4,813,533**	4,575,929
Net investment in finance lease	9.1	**484,849**	502,494	**146,938**	146,938	**631,788**	649,433
Staff loans		**144,145**	158,487	**-**	-	**144,145**	158,487
Consumer loans and advances		**3,823**	8,915	**37,907**	36,270	**41,730**	45,184
Long-term financing of export oriented projects - (LTF-EOP)		-	-	**60,179**	60,179	**60,179**	60,179
Long-term financing facility (LTFF)		**336,223**	384,082	**-**	-	**336,223**	384,082
Advances - gross		**4,461,871**	4,281,622	**1,565,728**	1,591,673	**6,027,599**	5,873,295
Provision against advances							
- Specific	9.4	**-**	-	**1,502,343**	1,522,851	**1,502,343**	1,522,851
- General		**-**	-	**104**	134	**104**	134
		-	-	**1,502,447**	1,522,985	**1,502,447**	1,522,985
Advances - net of provision		**4,461,871**	4,281,622	**63,281**	68,688	**4,525,152**	4,350,310

9.1 Net investment in finance lease as disclosed below:

	2019				2018			
	(Rupees in '000)							
	Not later than one year	**Later than one and less than five years**	**Over five years**	**Total**	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	**416,574**	**323,551**	**-**	**740,125**	369,142	373,392	-	742,534
Residual value	**58,532**	**19,150**	**-**	**77,682**	58,532	19,651	-	78,183
Minimum lease payments	**475,106**	**342,701**	**-**	**817,807**	427,674	393,043	-	820,717
Financial charges for future periods	**134,655**	**51,364**	**-**	**186,019**	118,928	52,356	-	171,284
	134,655	**51,364**	**-**	**186,019**	118,928	52,356	-	171,284
Present value of minimum	**-**	**-**	**-**	**-**	-	-	-	-
lease payments	**340,451**	**291,337**	**-**	**631,788**	308,746	340,687	-	649,433

9.1.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amounts recoverable under these arrangements are receivable by the year 2024 and carry mark-up at rates ranging between 9.10 to 17.12 (2018: 9.56 to 12.94) percent per annum. In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs.77.682 million (2018: Rs.78.182 million) as security deposits on behalf of the lessees which are included under 'other liabilities'.

	2019	2018
9.2 Particulars of advances (Gross)	(Rupees in '000)	
In local currency	**6,027,599**	5,873,295
In foreign currency	**-**	-
	6,027,599	5,873,295

9.3 Advances include Rs.1,565.73 million (2018: Rs.1,591.67 million) which have been placed under non-performing status as detailed below:-

Category of classification	2019		2018	
	Non Performing Loans	**Provision**	Non Performing Loans	Provision
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	**3,136**	**-**	168	-
Substandard	**1,274**	**318**	11,263	2,816
Doubtful	**1,523**	**761**	3,347	1,674
Loss	**1,559,795**	**1,501,263**	1,576,893	1,518,362
Total	**1,565,728**	**1,502,343**	1,591,672	1,522,851

Overseas

The Company does not have any overseas advances during the year ended 31 December 2019 (31 December 2018 : Nil).

9.4 Particulars of provision against advances

	2019			2018		
	Specific	**General**	**Total**	Specific	General	Total
	---- (Rupees in '000) ----					
Opening balance	**1,522,851**	**134**	**1,522,985**	1,543,715	237	1,543,953
Charge for the year	**9,212**	**-**	**9,212**	2,936	13	2,949
Less: Reversal during the year	**(29,720)**	**(29)**	**(29,749)**	(23,800)	(117)	(23,917)
Net (reversal) for the year	**(20,508)**	**(29)**	**(20,537)**	(20,864)	(104)	(20,968)
Less: Amounts written off	-	-	-	-	-	-
Closing balance	**1,502,343**	**104**	**1,502,447**	1,522,851	134	1,522,985

9.4.1 Particulars of provision against advances

In local currency	**1,502,343**	**104**	**1,502,447**	1,522,851	134	1,522,985
In foreign currency	-	-	-	-	-	-
	1,502,343	**104**	**1,502,447**	1,522,851	134	1,522,985

9.4.2 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.Nil (31 December 2018: Nil) in respect of consumer financing and Rs.58.532 million (2018: 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	2019	2018
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		-	-
			-	-

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 2019 is given in Annexure I.

10 FIXED ASSETS		**2019**	2018
		---- (Rupees in '000) ----	
Capital work-in-progress	10.1	-	-
Property and equipment	10.2	**87,155**	58,530
		87,155	58,530

10.1 Capital work-in-progress

The Company does not have any capital work-in-progress as at year end (31 December 2018 : Nil).

10.2 Property and equipment

	2019									
	Freehold land	**Leasehold land**	**Building on Freehold land**	**Building on Lease hold land (Office)**	**Building on Lease hold land (Residence) (10.2.7)**	**Furniture and fixture**	**Electrical, office and computer equipment**	**Vehicles**	**Vehicles (10.2.7)**	**Total**
	---Rupees '000 ---									
At 1 January 2019										
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
Year ended December 2019										
Opening net book value	-	1,326	-	18,918	897	7,922	7,730	7,934	13,802	58,530
Additions	-	-	-	18,841	-	2,661	638		33,537	55,677
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-
Impairment loss recognised in the										-
profit and loss account - net	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(28)	-	-	(1,693)	(1,722)
Depreciation charge	-	(22)	-	(2,198)	(109)	(2,625)	(3,395)	(2,944)	(14,038)	(25,331)
Exchange rate adjustments	-	-	-	-	-	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-	-	-	-	-	-
Closing net book value	-	1,305	-	35,561	788	7,929	4,973	4,991	31,608	87,155
At 31 December 2019										
Cost	-	1,951	-	88,432	11,363	49,285	40,179	19,337	55,496	266,044
Accumulated depreciation	-	(647)	-	(52,871)	(10,574)	(41,356)	(35,206)	(14,347)	(23,888)	(178,889)
Net book value	-	1,305	-	35,561	788	7,929	4,973	4,991	31,608	87,155
Rate of depreciation (percentage)		1.11%		5%	5%	15%-25%	10%-30%	25%	33.33%	

	2018									
	Free hold land	Lease hold land	Building on Free hold land	Building on Lease hold land (Office)	Building on Lease hold land (Residence) (10.2.7)	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Vehicles (10.2.7)	Total
	---Rupees '000---									
At 1 January 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	77,552
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%	
Rate of depreciation (percentage)										

10.2.1 Assets shown above in fixed assets do not include any items under finance lease arrangement (2018: Nil).

10.2.2 Assets shown above in fixed assets do not include any items which have been revalued (2018: Nil).

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

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	---(Rupees in '000)---					
Key Management Personnel						
Vehicle	**20,318**	**18,625**	**1,693**	**2,032**		
Mercedes Benz	20,318	18,625	1,693	2,032	Company Policy	Abid Aziz**
Furniture and fixtures	**720**	**692**	**-**	**28**		
House hold furnishing items	247	247	-	-	Company Policy	Tasneem Lotia**
House hold furnishing items	227	199	-	28	Company Policy	Merajuddin**
House hold furnishing items	246	246	-	-	Company Policy	Kashif Shabbir**

** These are related parties of the Company.

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

10.2.6 Assets having cost of Rs.94.50 million (2018: Rs. 98.58 million) are fully depreciated, however, these assets are still in use.

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

11 INTANGIBLE ASSETS

	2019		
	Computer software	**Others**	**Total**
	---- (Rupees in '000) ----		
At 1 January 2019			
Cost	**8,435**	-	**8,435**
Accumulated amortisation and impairment	**4,604**	-	**4,604**
Net book value	**3,831**	-	**3,831**
Year ended December 2019			
Opening net book value	**3,831**	-	**3,831**
Additions:			
- developed internally	-	-	-
- directly purchased	**500**	-	**500**
- through business combinations	-	-	-
	500	-	**500**
Impairment loss recognised in the profit and loss account - net	-	-	-
Disposals	-	-	-
Amortisation charge	**(1,141)**	-	**(1,141)**
Exchange rate adjustments	-	-	-
Other adjustments	-	-	-
Closing net book value	**3,190**	-	**3,190**
At 31 December 2019	-		
Cost	**8,935**	-	**8,935**
Accumulated amortisation and impairment	**5,745**	-	**5,745**
Net book value	**3,190**	-	**3,190**
Rate of amortisation (percentage)	**20%**	-	**20%**
Useful life	**5**	-	**5**

	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	-	-	-
- through acquisitions / 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

Intangible assets having cost of Rs. 1.407 million (2018: Rs. 1.407 million) are fully depreciated, however, these intangible assets are still in use.

12 DEFERRED TAX ASSETS

	2019			
	At 1 Jan 2019	**Recognised in P&L A/c**	**Recognised in OCI**	**At 31 Dec 2019**
	(Rupees in '000)			
Deductible temporary differences on				
- Tax losses carried forward	**-**	**-**	**-**	**-**
- Post retirement employee benefits	**5,354**	**(478)**	**-**	**4,876**
- Deficit on revaluation of investments	**-**	**-**	**-**	**-**
- Accelerated tax depreciation	**-**	**-**	**-**	**-**
- Provision against advances, off balance sheet etc.	**77,568**	**-**	**-**	**77,568**
- Others	**-**	**-**	**-**	**-**
	82,922	**(478)**	**-**	**82,444**
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	**-**	**-**	**-**	**-**
- Surplus on revaluation of investments	**99,954**	**(111)**	**(83,948)**	**15,895**
- Accelerated tax depreciation	**170**	**(221)**	**-**	**(51)**
- Net investment in finance lease	**(59,414)**	**13,652**	**-**	**(45,762)**
	40,710	**13,320**	**(83,948)**	**(29,918)**
	123,632	**12,842**	**(83,948)**	**52,526**

	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 remporary 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

12.1 As at 31 December 2019, the Company has available provision for advances, investments and other assets amounting to Rs.1,785.41 million (31 December 2018: Rs.1,804.75 million) and unused tax losses upto 31 December 2019 amounting to Rs. 539.047 million (31 December 2018: Rs.2,178.82 million). However, the management has prudently recognised the deferred tax asset, if any, only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

		2019	2018
		---- (Rupees in '000) ----	
13 OTHER ASSETS			
Income / mark-up accrued in local currency-net of provision		**892,374**	**543,074**
Advances, deposit, advance rent and other prepayments		**19,801**	**27,049**
Advance taxation (payments less provisions)		**372,901**	**291,209**
Other receivables		**8,205**	**10,024**
		1,293,281	**871,357**
Less: provision held against other assets	13.2	**(38,186)**	**(18,682)**
Other assets - (net of provison)		**1,255,095**	**852,675**
Non-banking assets acquired in satisfaction of claims - held for sale	13.1	**1,179,360**	**1,179,360**
Surplus on revalution of non-banking assets acquired in satisfaction of claims		-	-
		1,179,360	**1,179,360**

13.1 Market value of non-banking assets acquired in satisfaction of claims has been disclosed in note 13.1.1 & note 32.2

13.1.1 Non-banking assets acquired in satisfaction of claims - held for sale

	2019	2018
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. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at 31 December 2019. As per the new valuation the assessed value of these assets were Rs.2.531 billion (2018: 1.799 billion) whilst forced sale value is Rs.1.570 billion (2018 : 1.286 billion). However the surplus on revaluation on the non-banking assets has not been recorded in these unconsolidated financial statements on prudent basis.

13.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims

	2019	2018
	---- (Rupees in '000) ----	
Disposal proceeds	-	-
less		
- Cost	-	-
- Impairment / depreciation	-	-
	-	-
Gain/loss	-	-

		2019	2018
		---- (Rupees in '000) ----	

13.2 Provision held against other assets

	2019	2018
Advances, deposits, advance rent & other prepayments	**38,186**	18,682
Non banking assets acquired in satisfaction of claims	**-**	-
Others	**-**	-
	38,186	18,682

13.2.1 Movement in provision held against other assets

	2019	2018
Opening balance	**18,682**	29,628
Charge for the period / year	**19,504**	-
Reversals	-	(10,946)
Amount written off / (recovered)	-	-
Closing balance	**38,186**	18,682

14. Contingent assets

The Company does not have any contingent assets as at year end December 2019 (31 December 2018 : Nil).

15. Bill payable

The Company does not have any bills payable as at year end December 2019 (31 December 2018 : Nil).

16 BORROWINGS

	Note	**2019**	2018
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing facility (LTFF)	16.1	**336,223**	384,082
Repurchase agreement borrowings - Repo	16.2	**13,444,981**	7,107,411
Borrowings from financial institutions	16.3	**3,411,500**	3,561,500
Total secured		**17,192,705**	11,052,993
Unsecured			
Clean borrowings		**500,000**	4,300,000
Bai Muajjal	16.4	**4,221,443**	-
		21,914,147	15,352,993

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 (2018: 2.0 to 2.5) 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 14 January 2020 (31 December 2018: Feb 2019). The rate of mark-up on these facilities range from 12.85 to 13.40 (31 December 2018: 10.05 to 10.35) percent per annum.

16.3 This includes borrowings from financial institutions as under:

(a) Rs.3,212.50 million (2018: Rs.3,362.5 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 0.50 percent per annum payable on semi-annual basis (2018: six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis). As at 31 December 2019, the applicable interest rates were 13.37 to 14.58 (2018: 7.29 and 11.14) percent per annum. These borrowings are due for maturity latest by July 2023 (2018: July 2023).

(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 0.75 percent per annum. This short term borrowing amounting to Rs.199 million is secured by way of hypothecation on all present and future assets of the company with 30 percent margin.

16.4 This represents financing through unsecured Bai Muajjal from a financial institution due for repayment latest by 01 April 2020. The rate of mark-up on this facility ranges from 13.5 to 14.25 (2018: Nil).

		2019	2018
16.2	**Particulars of borrowings with respect to currencies**	**---- (Rupees in '000) ----**	
	In local currency	**21,914,147**	15,352,993
	In foreign currency	-	-
		21,914,147	15,352,993

17 DEPOSITS AND OTHER ACCOUNTS

	2019			2018		
	In local currency	**In foreign currency**	**Total**	In local currency	In foreign currency	Total
	-------------------------------Rupees in '000-------------------------------					
Customers						
Certificate of Investment	**1,551,020**	**-**	**1,551,020**	643,575	-	643,575
Term deposits	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
	1,551,020	**-**	**1,551,020**	643,575	-	643,575
Financial Institutions						
Certificate of Investment	**-**	**-**	**-**	-	-	-
Term deposits	**-**	**-**	**-**	-	-	-
Others	**-**	**-**	**-**	-	-	-
	-	**-**	**-**	-	-	-
	1,551,020	**-**	**1,551,020**	643,575	-	643,575

The profit rates on these Certificates of Investment (COIs) range from 13.40 to 14.50 (31 December 2018: 7.45 to 10.50) percent per annum. These COIs are due for maturity on various dates latest by 03 September 2020 (31 December 2018: 28 March 2018).

		2019	2018
		---- (Rupees in '000) ----	
17.1	Composition of deposits		
	- Individuals	**30,000**	-
	- Government (Federal and Provincial)	**1,336,020**	-
	- Public sector entities	**-**	-
	- Banking companies	**-**	-
	- Non-banking financial institutions	**-**	-
	- Private sector	**185,000**	643,575
		1,551,020	643,575

17.2 This includes deposits amounting to Nil eligible to be covered under insurance arrangements (2018: Nil).

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company does not have any liabilities subject to lease finance during the year ended December 2019 (31 December 2018: Nil)

19 SUBORDINATED DEBT

The Company does not have any subordinated debt during the year ended December 2019 (31 December 2018: Nil)

20 DEFERED TAX LIABILITIES

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

21 OTHER LIABILITIES

	Note	2019	2018
Mark-up/ Return/ Interest payable in local currency		**227,270**	128,017
Accrued expenses		**51,067**	33,747
Advance payments		**5,647**	-
Current taxation (provisions less payments)		**-**	-
Unclaimed dividends		**-**	-
Dividends payable		**-**	-
Mark to market loss on forward foreign exchange contracts		**-**	-
Employees' compensated absences	21.1	**16,993**	17,994
Staff retirement gratuity - liability / (asset)	21.1	**(8,437)**	4,525
Charity fund balance		**-**	-
Provision against off-balance sheet obligations		**-**	-
Security deposits against lease		**77,682**	78,182
Other		**514**	514
		370,736	262,980

21.1 This is based on actuarial valuation carried out as of 31 December 2019 for regular employees and MD & DMD of the Company.

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

2019	2018		2019	2018
Number of shares			---- (Rupees in '000) ----	
1,000,000	800,000	Ordinary shares of Rs.10,000 each	**10,000,000**	8,000,000

22.2 Issued, subscribed and paid up capital

2019	2018		2019	2018
Number of shares			---- (Rupees in '000) ----	
		<u>Ordinary shares</u>		
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 holds 307,089 (2018: 307,089) ordinary shares of the Company as at 31 December 2019.

23 SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS

	2019	2018
Surplus / (deficit) on revaluation of		
- Available for sale securities	**(52,171)**	(314,954)
- Fixed Assets	**-**	-
- Non-banking assets acquired in satisfaction of claims	**-**	-
	(52,171)	(314,954)
Deferred tax on surplus / (deficit) on revaluation of:		
- Available for sale securities	**15,835**	99,783
- Fixed Assets	**-**	-
- Non-banking assets acquired in satisfaction of claims	**-**	-
	15,835	99,783
	(36,336)	(215,171)

	Note	2019	2018
		---- (Rupees in '000) ----	
24 CONTINGENCIES AND COMMITMENTS			
-Guarantees	24.1	**869,736**	866,826
-Commitments	24.2	**826,128**	414,083
-Other contingent liabilities	24.3	**213,227**	166,558
		1,909,092	1,447,467

24.1 Guarantees:

	Note	2019	2018
Financial guarantees	24.1.1	**841,120**	841,120
Performance guarantees	24.1.1	**28,616**	25,706
Other guarantees		**-**	-
		869,736	866,826

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

	Note	2019	2018
		---- (Rupees in '000) ----	
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		**350,000**	138,117
Commitments in respect of:			
- forward foreign exchange contracts		**-**	-
- forward government securities transactions		**-**	-
- derivatives		**-**	-
- forward lending		**-**	-
- operating leases		**-**	-
Commitments for acquisition of:			
- operating fixed assets		**-**	9,040
- intangible assets		**708**	-
Other commitments	24.2.2	**475,420**	266,926
		826,128	414,083

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 at year end (31 December 2018: Nil).

	2019	2018
	---- (Rupees in '000) ----	
24.2.2 Other commitments		
Commitments to extend credit	**466,040**	220,491
Unsettled investment transactions for sale / purchase of listed ordinary shares	**7,956**	44,823
Commitments against other services	**1,425**	1,612
	475,420	266,926

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 pending before ATIR and has not been fixed yet.

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

24.3.4 For the tax year 2014, the ACIR passed an order wherein he demanded tax of Rs.57.866 million disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. 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 pending before ATIR and has not been fixed yet.

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

24.3.6 For the tax year 2017, the ADCIR passed an order under section 122(1)/ (5) of the Ordinance on September 30, 2019. As a result of the order passed there is no change in the tax liability. However, loss declared as per return Rs.611.559 million reduced to Rs.133.227 million. In the order passed DCIR disallowed the provision for non-performing advances, apportioned the financial and administrative expenses against dividend income and capital gain, board meeting expenses and treated the expenditure incurred on privately placed TFCs as capital expenditure, whilst treatment on certain matters were decided in favour of the Company. Therefore, an appeal before CIR(A), to contest the various treatments adopted in the above mentioned order issued by ADCIR, appeal has been filed on 29 October 2019.

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.

24.3.7 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 year end, the outcome was still pending.

25 DERIVATIVE INSTRUMENTS

The Company did not enter into any interest rate swaps, forward rate agreements and foreign exchange options during the year (31 December 2018: Nil)

		Note	2019	2018
			---- (Rupees in '000) ----	
26	**MARK-UP/RETURN/INTEREST EARNED**			
	loans and advances		**525,360**	398,680
	Investments		**1,154,329**	863,157
	Lendings to financial institutions		**246,037**	165,163
	Balance with banks		**3,077**	1,128
	Others		**-**	-
			1,928,804	1,428,129
27	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		**124,315**	41,068
	Borrowings		**1,727,940**	1,127,465
	Subordinated debt		**-**	-
	Cost of foreign currency swaps against foreign currenty deposits/ borrowings		-	-
			1,852,255	1,168,533
28	**FEE & COMMISSION INCOME**			
	Branch banking customer fees		-	-
	Consumer finance related fees		-	-
	Card related fees (debit and credit cards)		-	-
	Credit related fees		**9,030**	6,067
	Investment banking fees		**-**	-
	Commission on trade		-	-
	Commission on guarantees		**971**	695
	Commission on cash management		-	-
	Commission on remittances including home remittances		-	-
	Commission on bancassurance		-	-
	Others		-	-
			10,002	6,762
29	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	29.1	**(44,118)**	25,588
	Unrealised-held for trading		**(397)**	(312)
			(44,515)	25,276
29.1	**Realised gain on:**			
	Federal government securities		**28,395**	(857)
	Shares		**(73,020)**	26,446
	Non-government debt securities		**507**	-
	Associates		-	-
	Subsidiaries		-	-
	Others		-	-
			(44,118)	25,588
30	**OTHER INCOME**			
	Rent on property		**3,943**	3,337
	Gain on sale of operating fixed assets		**449**	4,192
	Gain on sale of non-banking assets - net		**-**	-
	Bank charges on consumer and SME-RBD portfolio		**960**	1,402
	Others		**50**	(649)
			5,402	8,282

		Note	2019	2018
31	**OPERATING EXPENSES**		---- (Rupees in '000) ----	
	Total compensation expense	31.1	**316,844**	310,487
	Property expense			
	Rent and taxes		**100**	1,676
	Insurance		**3,066**	3,492
	Utilities cost		**4,172**	4,454
	Security (including guards)		**1,015**	980
	Repair and maintenance (including janitorial charges)		**15,115**	13,333
	Depreciation		**2,329**	1,858
	Others		**-**	-
			25,797	25,793
	Information technology expenses			
	Software maintenance		**2,286**	2,125
	Hardware maintenance		**1,080**	690
	Depreciation		**2,198**	2,707
	Amortisation		**1,142**	1,503
	Network charges		**952**	945
	BCP expense		**731**	732
			8,389	8,702
	Other operating expenses			
	Directors' fees and allowances		**5,391**	4,396
	Fees and allowances to Shariah Board		**-**	-
	Legal and professional charges		**7,692**	6,661
	Outsourced services costs *		**6,446**	4,608
	Travelling and conveyance		**4,843**	3,963
	NIFT clearing charges		**-**	-
	Depreciation		**20,804**	21,552
	Training and development		**558**	759
	Postage and courier charges		**277**	239
	Communication		**4,510**	4,770
	Head office / regional office expenses		**-**	-
	(only for branches of foreign banks operating in Pakistan)			
	Stationery and printing		**2,277**	2,575
	Marketing, advertisement & publicity		**2,912**	3,049
	Donations	31.2		
	Auditors' remuneration	31.3	**2,372**	3,468
	Board meeting expenses		**34,484**	26,072
	Meal and business networking expenses		**645**	581
	Canteen expenses		**748**	707
	Liveries and uniform		**214**	1
	Hajj expense		**654**	566
	Bank charges		**239**	338
	Miscellaneous expenses		**100**	175
			95,163	84,480
			446,192	429,461

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

		Note	2019	2018
31.1	**Total compensation expense**		---- (Rupees in '000) ----	
	Fees and allowances		**-**	-
	Managerial remuneration			
	i) Fixed		**265,548**	247,824
	ii) Variable			
	of which;			
	a) Cash bonus / awards		**6,010**	26,146
	b) Bonus and awards in shares			
	Charge for defined benefit plan		**14,308**	9,611
	Contribution to defined contribution plan		**8,227**	7,672
	Rent and house maintenance		**3,674**	1,204
	Utilities		**3,810**	3,943
	Medical		**9,944**	11,439
	Conveyance		**1,047**	1,101
	Group insurance		**1,209**	535
	Benevolent fund		**122**	131
	EOBI		**623**	632
	Club Membership		**2,323**	250
	Others		-	-
	Sub-total		**316,844**	310,487
	Sign-on Bonus		-	-
	Severance allowance		-	-
	Grand Total		**316,844**	310,487

31.2 The company did not make any donation perriod 2019 (2018 : Nil).

		2019	2018
		---- (Rupees in '000) ----	
31.3	**Auditors' remuneration**		
	Audit fee	**1,054**	864
	Fee for other statutory certifications	**435**	1,080
	Fee for audit of foreign branches (for banks incorporated in Pakistan)		
	Fee for audit of employee funds	**-**	-
	Special certifications and sundry advisory services	**311**	246
	Tax services	**382**	1,026
	Out-of-pocket expenses	**190**	252
		2,372	3,468

The Auditors of the company are also engaged in the audit of the Pak-Libya Holding Company (Private) Limited - Employees' Gratuity Fund and Pak-Libya Holding Company (Private) Limited - Employees' Provident Fund. However, audit fee for both the funds was Rs.88 thousand and was borne by the respective funds 2018: Rs. 88 thousand).

		2019	2018
		---- (Rupees in '000) ----	
32	**OTHER CHARGES**		
	Arrangement fee and documentation charges	**393**	232
	Brokerage commission	**7,544**	4,888
	Expenses for privately placed term finance certificates	**-**	-
	Expenses pertaining to KEL	**7,429**	36,825
	Penalties imposed by State Bank of Pakistan	**-**	-
	Penalties imposed by other regulatory bodies	**-**	-
		15,365	41,945

			2019	2018
			---- (Rupees in '000) ----	
33	**PROVISIONS & WRITE OFFS - NET**			
	Provisions against lending to financial institutions		**-**	-
	Loss on non-banking assets acquired in satisfaction of claims		**-**	-
	Provisions for diminution in value of investments	8.3.1	**(81,870)**	170,288
	(Reversal) / provisions against loans and advances	9.4	**(20,537)**	(20,968)
	(Reversal) / provision against other recevable		**19,504**	(10,946)
	Bad debts written off directly		**-**	-
	Recovery of written off / charged off bad debts		**-**	(11,154)
			(82,904)	127,220
34	**TAXATION**			
	Current		**39,728**	29,676
	Prior years		**-**	-
	Deferred		**(12,842)**	32,642
			26,886	62,318

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 period / year has not been presented.

			2019	2018
35	**BASIC EARNINGS/ (LOSS) PER SHARE**		---- (Rupees in '000) ----	
	(Loss) / profit for the period		**(303,712)**	(322,959)
	Weighted average number of ordinary shares		**614,178**	614,178
	Basic earnings per share (Rupees)		**(494.5)**	(525.8)
36	**DILUTED EARNINGS/ (LOSS) PER SHARE**			
	(Loss) / profit for the period		**(303,712)**	(322,959)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**614,178**	614,178
	Diluted earnings per share (Rupees)		**(494.5)**	(525.8)
37	**CASH AND CASH EQUIVALENTS**			
	Term deposit receipts (TDRs)	7.1	**1,700,000**	1,700,000
	Cash and balance with treasury banks	5	**32,474**	22,985
	Balance with other banks	6	**134,554**	54,665
	Others		**-**	-
			1,867,029	1,777,650

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

		2019	2018
38	**STAFF STRENGTH**	**Number**	
	Permanent	**77**	79
	Temporary / on contractual basis	**3**	5
	Daily wagers	**11**	11
	Bank's own staff strength at the end of the year	**91**	95
	Outsourced (Third Party)	**12**	11

38.1 In addition to the above no employee (2018: Nil) 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 Income tax under Rule 1 of Part III of the sixth schedule to the repealed Income tax ordinance 1979 to take effect from 01 February 1999.

39.2 Number of Employees under the scheme

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

	2019	2018
	(Number)	
- Pension fund	**-**	-
- Gratuity fund	**79**	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:

	2019	2018
	Per annum	
Discount rate	**11.25**	13.25
Expected rate of return on plan assets	**11.25**	13.25
Expected rate of salary increase	**9.75**	11.75
Expected rate of increase in pension	**-**	-
Expected rate of increase in medical benefit	**-**	-

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

	Note	**2019**		2018	
		---- (Rupees in '000) ----		**---- (Rupees in '000) ----**	
		Pension fund	**Gratuity fund**	Pension fund	Gratuity fund
Present value of obligations		**-**	**125,477**	-	116,781
Fair value of plan assets		**-**	**(133,914)**	-	(112,256)
(Receivable) / payable		**-**	**-**	-	-
		-	**(8,437)**	-	4,525

39.5 Movement in defined benefit obligations

		Pension fund 2019	Gratuity fund 2019	Pension fund 2018	Gratuity fund 2018
Obligations at the beginning of the year		**-**	**116,781**	-	110,647
Current service cost		**-**	**14,859**	-	10,528
Interest cost		**-**	**14,725**	-	8,397
Benefits paid		**-**	**(11,297)**	-	(17,738)
Past service cost		**-**	**-**	-	-
Re-measurement loss / (gain)		**-**	**(9,591)**	-	4,947
Obligations at the end of the year		**-**	**125,477**	-	116,781

39.6 Movement in fair value of plan assets

	Note	Pension fund 2019	Gratuity fund 2019	Pension fund 2018	Gratuity fund 2018
Fair value at the beginning of the year		**-**	**112,256**	-	121,764
Interest income on plan assets		**-**	**15,276**	-	9,314
Contributions		**-**	**17,364**	-	-
Benefits paid		**-**	**(11,297)**	-	(17,738)
Re-measurements: Net return on plan assets over interest income gain / (loss)	39.8.2	**-**	**315**	-	(1,084)
Fair value at the end of the year		**-**	**133,914**	-	112,256

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

	Note	Pension fund 2019	Gratuity fund 2019	Pension fund 2018	Gratuity fund 2018
Opening balance		**-**	**4,525**	-	(11,117)
Charge / (reversal) for the year		**-**	**14,308**	-	9,611
Contribution by the Company - net		**-**	**(17,364)**	-	-
Re-measurement loss / (gain) recognised in OCI during the year	39.8.2	**-**	**(9,906)**	-	6,031
Benefits paid		**-**	**-**	-	-
Closing balance		**-**	**(8,437)**	-	4,525

39.8 Charge for defined benefit plans

39.8.1 Cost recognised in profit and loss

	Pension fund 2019	Gratuity fund 2019	Pension fund 2018	Gratuity fund 2018
Current service cost	**-**	**14,859**	-	10,528
Net interest on defined benefit asset / liability	**-**	**(551)**	-	(917)
	-	**14,308**	-	9,611

39.8.2 Re-measurements recognised in OCI during the year

	Pension fund 2019	Gratuity fund 2019	Pension fund 2018	Gratuity fund 2018
Loss / (gain) on obligation				
- Demographic assumptions	**-**	**-**	-	-
- Financial assumptions	**-**	**(9,591)**	-	4,947
- Experience adjustment	**-**	**(315)**	-	1,084
Return on plan assets over interest income	**-**	**-**	-	-
Total re-measurements recognised in OCI	**-**	**(9,906)**	-	6,031

39.9 Components of plan assets

	2019		2018	
	Pension fund	**Gratuity fund**	Pension fund	Gratuity fund
Cash and cash equivalents - net	**-**	**80**	-	25
Government securities	**-**	**6,601**	-	77,962
Shares	**-**	**-**	-	-
Non-government debt securities	**-**	**123,600**	-	36,020
Units of mutual funds	**-**	**-**	-	-

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) ----	
2019	125,477	133,914	8,437
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)

39.10 Sensitivity analysis

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

	Gratuity fund	
	2019	2018
	---- (Rupees in '000) ----	
1% increase in discount rate	**(6,694)**	(5,885)
1% decrease in discount rate	**7,404**	6,487
1 % increase in expected rate of salary increase	**8,043**	7,021
1 % decrease in expected rate of salary increase	**(7,382)**	(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	**12,235**	12,689
39.12 Expected charge / (reversal) for the next financial year	**12,235**	12,689

39.13 Maturity profile

Particulars	**Undiscounted**	
	2019	2018
	(Rupees in '000)	
Year 1	**21,335**	19,594
Year 2	**10,947**	15,042
Year 3	**12,862**	11,308
Year 4	**3,301**	13,866
Year 5	**20,978**	3,703
Year 6 to Year 10	**100,981**	118,959
Year 11 and above	**119,745**	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.

	2019	2018
	---- (Rupees in '000) ----	
Contribution from the Company	**8,227**	7,669
Contribution from the Employees	**8,227**	7,669

40.1 **Provident Fund Disclosures**

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

	Unaudited	Audited
	2019	2018
	------ (Rupees in '000) ------	
Size of the Fund - total assets	**103,106**	103,257
Cost of investment made	**99,418**	101,645
Fair value of investments	**101,179**	101,316
Percentage of investment made	**98%**	98%

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

	Unaudited		Audited	
	2019		2018	
	Rupees in '000	**Percent**	Rupees in '000	Percent
Bank balances	**429**	**0.4%**	1,739	1.7%
Market treasury bills	**3,591**	**3.5%**	69,298	67.2%
Pakistan investment bonds	**-**	**-**	-	-
Certificate of Investment (COIs) - at amortised cost	**97,588**	**96.0%**	25,651	24.9%
Units of mutual funds	**-**		6,368	6.2%
	101,608	**100%**	103,056	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

2019							
	Directors						
Items	**Chairman**	**Executive (other than CEO)**	**Non-Executive**	**Members Shariah Board**	**CEO (Executive director)**	**Key Management Personnel**	**Other Material Risk Takers/ Controllers**
Fees and allowances etc.	1,685	-	3,706	-	-	-	-
Managerial remuneration							
i) Fixed	-	37,327	-	-	31,340	45,056	30,820
ii) Total variable	-	2,364	-	-	2,097	4,716	2,084
of which							
a) Cash bonus / awards	-	-	-	-	-	825	-
b) Bonus and Awards in shares	-	-	-	-	-	-	-
Charge for defined benefit plan	-	1,806	-	-	1,949	4,811	2,077
Contribution to defined contribution plan	-	2,106	-	-	1,824	1,128	625
Rent and house maintenance	-	486	-	-	2,368	-	-
Utilities and communication	-	1,645	-	-	1,335	672	326
Medical	-	735	-	-	93	941	407
Conveyance / Vehicle running expense	-	1,628	-	-	1,002	602	553
Leave fare assistance	-	8,581	-	-	7,197	3,824	2,470
Club membership and subscription		48	-	-	3,156	211	60
Children education	-	4,897	-	-	4,814	-	-
Repatriation expense	-	-	-	-	3,932	-	-
House furnishing	-	159	-	-	628	-	-
Security services	-	896	-	-	495	-	-
Visa fee and immigration	-	680	-	-	-	-	-
Others	-	-	-	-	501	204	141
Total	1,685	63,358	3,706	-	* 62,731	62,165	39,563
Number of persons	1	1	4	-	* 2	11	7

2018							
	Directors						
Items	Chairman	Executive (other than CEO)	Non-Executives	Members Shariah Board	CEO (Executive director)	Key Management Personnel	Other Material Risk Takers/ Controllers
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	-	652	-	-	417	-	-
Utilities and communication	-	1,414	-	-	1,184	-	-
Medical	-	168	-	-	467	1,178	1,054
Conveyance / Vehicle running expense	-	1,296	-	-	1,350	-	177
Leave fare assistance	-	5,811	-	-	5,690	4,099	3,419
Club membership	-	-	-	-	-	220	-
Children education	-	3,971	-	-	4,065	-	-
Repatriation expense	-	-	-	-	-	-	1,869
House furnishing	-	10	-	-	95	-	576
Security services	-	737	-	-	756		
Visa fee and immigration	-	149	-	-	-		
Others	-	177	-	-	278	1,299	1,067
Total	1,492	52,858	2,904	-	51,238	71,945	41,691
Number of persons	1	1	4	-	1	12	8

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

* Out of total Rs. 62.731 million, Rs. 11.124 million (including repatriation expenses) is related to compensation during the period to former Managing Director of the Company. His directorship had been concluded on 8 March 2019 and a new Managing Director resumed the office on 11 March 2019.

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

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

2019							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	
		Rs. in '000'					
1	**Mr. Bashir B. Omer**	**1,685**	**-**	**-**	**-**	**-**	**1,685**
2	**Dr Muhammad Tahir Noor**	**843**	**336**	**-**	**-**	**-**	**1,179**
3	**Mr. Abdulfatah Ashour Ejayedi**	**843**	**421**	**-**	**-**	**-**	**1,264**
4	**Mr. Abrar Ahmed Mirza**	**843**	**421**	**-**	**-**	**-**	**1,264**
	Total Amount Paid	**4,214**	**1,178**	**-**	**-**	**-**	**5,392**

2018							
Sr. No.	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resources & Rem. Committee	Credit/Investment Committee	
		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

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:

	2019			
	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	-	15,407,980	-	15,407,980
Provincial government securities	-	-	-	-
Shares	871,381	-	5,500	876,881
Non-government debt securities	-	861,228	-	861,228
Foreign securities	-	-	-	-
Others	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments	-	-	1,875,974	1,875,974
Cash and balances with treasury banks	-	-	32,474	32,474
Balances with other banks	-	-	134,554	134,554
Lendings to financial institutions	-	-	2,800,000	2,800,000
Advances	-	-	4,525,152	4,525,152
Other assets	-	-	1,255,095	1,255,095
Financial liabilities - disclosed but not measured at fair value				
Borrowings	-	-	(21,914,147)	(21,914,147)
Deposits and other accounts	-	-	(1,551,020)	(1,551,020)
Other liabilities	-	-	(370,736)	(370,736)
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	-	-	-	-
	871,381	16,269,208	(13,207,154)	3,933,436

	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	-	-	2,081,715	2,081,715
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
Advances	-	-	4,350,310	4,350,310
Other assets	-	-	852,675	852,675
Financial liabilities - disclosed but not measured at fair value				
Borrowings	-	-	(15,352,993)	(15,352,993)
Deposits and other accounts	-	-	(643,575)	(643,575)
Other liabilities	-	-	(262,980)	(262,980)
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**	**(6,941,699)**	**2,803,136**

42.2 Fair value of non-financial assets

	2019			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet non-financial assets	**----------------------Rupees in '000----------------------**			
Non-banking assets acquired in satisfaction of claims.	**-**	**2,530,518**	**-**	**2,530,518**
	-	**2,530,518**	**-**	**2,530,518**

	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

Methodology and Valuation Approach

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

Land

The valuer verified the land by examining the land purchase/ ownership documents or copies thereof, apart from physical verification. The valuation of land is based upon prevailing market rates for similar usage without any restrictions for sale, transfers, etc. for large areas and the prevailing market condition at the location. For this purpose the valuer also made inquiries from the local dealers of the area and assessed the value at Rs.56.500 million (2018: 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 is Rs.150.570 million (2018: 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, which resulted in valuation of Rs.1,363.009 million (2018: 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 2018, the Company performed an impairment review to ascertain that the carrying amount of the power plant does not exceed its recoverable amount; the review was based on a financial model with various assumptions, as the power plant has not started its operations yet. Considering the assets being non-operational, the management engaged an external valuation expert to assess the value of these assets. As a result of the assessment, the management considered that no impairment on these assets is required for the year ended 31 December 2019, as the revised market/assessed as well as forced sales values based on the report of valuation expert, exceeded their carrying values as at 31 December 2019. Consequently, as per new valuation at year end the assessed value is Rs. 2,530.518 million (2018: Rs. 1,798.923 million).

Management of the Company is in the continuous process of identifying and negotiating with prospective buyers for the disposal of these assets. Currently, the management is actively evaluating its options and is engaged in advance stage negotiation in terms of restructuring the deal for the disposal of these assets with a specialised engineering firm. In this regard, the SBP has allowed the Company time till 30 June 2020 to finalise and resolve the matter. Consequent to non-resolution of the matter, the Company will be required to maintain 50% provision against these assets.

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

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

	2019					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Profit and loss						
Net mark-up/return/profit	10,287	75,577	-	30,838	(40,154)	76,549
Inter segment revenue - net	-	-	-	-	-	-
Non mark-up / return / interest income	10,102	28,407	(19,041)	1,369	4,443	25,279
Total Income	20,389	103,984	(19,041)	32,207	(35,711)	101,828
Segment direct expenses	23,259	21,213	15,531	14,117	115,181	189,301
Inter segment expense allocation	2,433	3,675	1,613	5,531	259,005	272,256
Total expenses	25,692	24,888	17,144	19,648	374,185	461,557
(Reversal) / (recovery) / provision	9,856	9,767	(101,321)	(1,205)	-	(82,904)
Profit / (loss) before tax	(15,159)	69,329	65,136	13,765	(409,896)	(276,826)

	2019					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	Total
Cash and bank balances	-	167,029	-	-	-	167,029
Investments	3,896,567	15,616,753	917,337	-	-	20,430,657
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	2,833,064	-	-	-	2,833,064
Advances - performing	3,784,404	-	-	533,323	144,145	4,461,873
- non-performing	1,527,820	-	-	37,907	-	1,565,727
Others	1,351,197	705,439	-	15,098	543,778	2,615,512
Less: Provision (Loan and advances)	(1,469,289)	-	-	(33,158)	-	(1,502,448)
Less: Provision (Investments)	(1,334,110)	(9,371)	(67,261)	-	-	(1,410,742)
Less: Provision (Lending)	-	(33,064)	-	-	-	(33,064)
Less: Provision (Others)	(22,320)	(9,757)	-	-	(6,109)	(38,186)
Total Assets	7,734,269	19,270,092	850,076	553,170	681,814	29,089,421
Borrowings	3,868,100	17,492,877	-	553,170	-	21,914,147
Subordinated debt	-	-	-	-	-	-
Deposits and other accounts	-	1,551,020	-	-	-	1,551,020
Net inter segment borrowing	-	-	-	-	-	-
Others	83,330	227,270	7,399	8,612	44,126	370,736
Total liabilities	3,951,430	19,271,167	7,399	561,782	44,126	23,835,903
Equity	3,782,839	-	998,904	-	471,775	5,253,518
Total equity and liabilities	7,734,269	19,271,167	1,006,302	561,782	515,901	29,089,421
Contingencies and commitments	1,669,736	-	7,956	14,340	217,060	1,909,092

	2018					
	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	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 / (loss) before tax	34,434	74,824	(121,077)	(928)	(247,894)	(260,641)

	2018					
Balance Sheet	Corporate and Investment Banking	Treasury	Capital Markets	SME & Retail Banking	Un-allocated / others	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	3,466,799	-	-	676,039	158,487	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	7,445,645	10,871,946	766,114	690,251	654,082	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 & liabilities	7,707,984	10,897,181	1,054,125	713,300	55,448	20,428,038
Contingencies & Commitments	1,121,254	-	44,823	104,180	177,210	1,447,467

44 TRUST ACTIVITIES

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

45 RELATED PARTY TRANSACTIONS

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

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

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

	31 December 2019 (Audited)							31 December 2018 (Audited)						
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)													
Balances with other banks														
In current accounts	-	-	-	-	-	-	32,311	-	-	-	-	-	-	22,820
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	32,311	-	-	-	-	-	-	22,820
Lendings to financial institutions														
Opening balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	100,000
Addition during the year	-	-	-	-	-	-	750,000	-	-	-	-	-	-	450,000
Repaid during the year	-	-	-	-	-	-	(750,000)	-	-	-	-	-	-	(300,000)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	250,000	-	-	-	-	-	-	250,000
Investments														
Opening balance	-	-	-	5,000	500	704,867	8,789,804	-	-	-	5,000	500	704,867	6,911,185
Investment made during the year	-	-	-	-	-	-	67,889,598	-	-	-	-	-	-	24,460,846
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(60,949,106)	-	-	-	-	-	-	(22,582,227)
Transfer in / (out) - net	-	-	-	-	-	-	(4,158)	-	-	-	-	-	-	-
Closing balance	-	-	-	5,000	500	704,867	15,726,138	-	-	-	5,000	500	704,867	8,789,804
Provision for diminution in value of investments	-	-	-	-	-	704,867	69,854	-	-	-	-	-	704,867	65,123
Surplus / (deficit) in value of investments	-	-	-	-	-	-	2,135	-	-	-	-	-	-	(226,600)
Advances														
Opening balance	-	-	59,207	-	-	-	39,822	-	-	51,496	-	-	-	32,634
Addition during the year	-	-	2,081	-	-	-	2,304	-	-	21,155	-	-	-	12,707
Repaid during the year	-	-	(12,015)	-	-	-	(3,291)	-	-	(13,444)	-	-	-	(5,519)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	49,273	-	-	-	38,835	-	-	59,207	-	-	-	39,822
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	31 December 2019 (Audited)							31 December 2018 (Audited)						
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	----- (Rupees in '000) -----													
Other Assets														
Interest / mark-up accrued	-	-	1,364	-	-	-	609,978	-	-	1,097	-	-	-	358,368
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,174
Other receivable (4)	-	5,983	-	1,376	-	-	-	-	5,983	-	1,318	-	-	-
Other advances	-	1,430	338	-	-	-	200	-	-	480	-	-	-	1,692
Advance taxation	-	-	-	-	-	-	372,901	-	-	-	-	-	-	291,209
Provision against other assets	-	(5,983)	-	-	-	-	(985)	-	(5,983)	-	-	-	-	(2,765)
Borrowings														
Opening balance	-	-	-	-	-	-	6,590,493	-	-	-	-	-	-	3,900,923
Borrowings during the year	-	-	-	-	-	-	183,148,765	-	-	-	-	-	-	208,126,402
Settled during the year	-	-	-	-	-	-	(183,680,153)	-	-	-	-	-	-	(205,436,832)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	6,059,105	-	-	-	-	-	-	6,590,493
Subordinated debt														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts														
Opening balance	-	-	-	-	200,000	-	315,576	-	-	-	-	-	-	39,000
Received during the year	-	-	-	-	790,000	-	5,502,353	-	-	-	-	640,000	-	2,112,767
Withdrawn during the year	-	-	-	-	(805,000)	-	(4,481,909)	-	-	-	-	(440,000)	-	(1,836,191)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	185,000	-	1,336,020	-	-	-	-	200,000	-	315,576
Other Liabilities														
Interest / mark-up payable	-	-	-	-	348	-	35,895	-	-	-	-	-	-	37,796
Payable to staff retirement fund	-	-	-	-	-	-	(8,437)	-	-	-	-	-	-	4,525
Other liabilities	-	-	-	-	-	1,008	64	-	-	-	-	-	1,008	162
Contingencies and Commitments														
Other contingencies	-	-	-	-	-	869,736	213,227	-	-	-	-	-	866,826	166,558

	31 December 2019 (Audited)						
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)						
Income							
Mark-up / return / interest earned -net	-	-	1,483	-	-	-	909,200
Fee and commission income	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	7,824
Gain on sale of securities - net	-	-	-	-	-	-	21,782
Gain on disposal of fixed assets	-	339	-	-	-	-	-
Expense							
Mark-up / return / interest expensed	-	-	-	-	23,082	-	381,152
Operating expenses							
Office maintenance and related expenses	-	-	-	-	15,370	-	-
Non-executive directors' remuneration	-	5,391	-	-	-	-	-
Board Meeting Expense	-	26,869	4,102	-	-	-	2,057
Remunerations	-	118,372	56,225	-	-	-	36,861
Consultancy expense	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	3,930	1,128	-	-	-	626
Contribution to defined benefit plan	-	3,756	4,811	-	-	-	2,077
Depreciation	-	14,147	622	-	-	-	303
Other Charges							
Others	-	-	-	2	-	3,779	-
Insurance premium paid	-	-	-	-	-	3,648	-
Insurance claims settled	-	-	-	-	-	-	-

	31 December 2018						
	Parent	Directors	Key manage-ment personnel	Subsidiaries	Associates	Joint venture	Other related parties (2)
	(Rupees in '000)						
Income							
Mark-up / return / interest earned -net	-	-	909	-	-	-	659,254
Fee and commission income				-	-	-	-
Dividend Income	-	-	-	-	-	-	7,409
Gain on sale of securities - net	-	-	-	-	-	-	1,718
Gain on disposal of fixed assets	-	-	-	-	-	-	-
Expense							
Mark-up / return / interest expensed	-	-	-	-	11,762	-	320,023
Operating expenses							
Office maintenance and related expenses	-	-	-	-	12,863	-	-
Non-executive directors' remuneration	-	4,396	-	-	-	-	-
Board Meeting Expense	-	20,580	3,760	-	-	-	1,078
Remunerations	-	97,018	65,837	-	-	-	39,363
Consultancy expense	-	-	-	-	-	28,531	-
Contribution to defined contribution plan	-	3,241	1,707	-	-	-	761
Contribution to defined benefit plan	-	3,837	4,401	-	-	-	1,567
Depreciation	-	14,201	724	-	-	-	-
Other Charges							
Others	-	-	-	1,157	-	2,585	-
Insurance premium paid	-	-	-	-	-	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) It includes state controlled entities, certain other material risk takers and controllers.

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

(4) In financial 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, which is appearing in other receivables (Note 13).

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

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2019	2018
	---- (Rupees in '000) ----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**3,778,204**	4,072,010
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**2,254,643**	2,075,039
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**2,254,643**	2,075,039
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**2,254,643**	2,075,039
Risk Weighted Assets (RWAs):		
Credit Risk	**9,360,978**	9,263,513
Market Risk	**2,506,235**	1,790,707
Operational Risk	**514,012**	647,127
Total	**12,381,225**	11,701,347
Common Equity Tier 1 Capital Adequacy ratio	**18.21%**	17.73%
Tier 1 Capital Adequacy Ratio	**18.21%**	17.73%
Total Capital Adequacy Ratio	**18.21%**	17.73%
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**2,254,643**	2,075,039
Total Exposures	**42,146,137**	26,873,506
Leverage Ratio	**5.35%**	7.72%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**1,816,155**	1,133,556
Total Net Cash Outflow	**2,632,983**	2,090,157
Liquidity Coverage Ratio	**69%**	54%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**9,921,272**	8,693,975
Total Required Stable Funding	**8,844,084**	9,185,006
Net Stable Funding Ratio	**112%**	95%

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

46.1 CAPITAL ASSESSMENT AND ADEQUACY

46.1.1 Capital adequacy

SBP's regulatory capital guidelines under Basel III allow for three tiers of capital. Common Equity Tier I capital includes common shares and retained earnings. Pak Libya currently does not hold any instruments in Additional Tier 1 or Tier 2 capital. The authorised share capital of the Company is Rs.10,000 million and the paid-up capital is Rs.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 2019 amounted to Rs.3.778 billion, which is below the minimum capital requirement of Rs.6 billion. SBP granted exemption to the Company in meeting the MCR till 30 September 2019.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. During the year, the Government of Pakistan and Government of Libya has provided Rs.200 million and Rs.1 bilion on account of advance against share subscription respectivel through Ministry of Finance and LAFICO.

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.

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 89% on an average during the year 2019 while the ratio stood at 69% as on December 31, 2019.

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 112% as on December 31, 2019.

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 Policy guidelines based on the internal or external risk rating of the borrower.The facilities exceeding this limit require approval from the Board of Directors on recommendation of the EC. Credit Committee (CC) considers and recommends the said facilities to EC upon identifying key opportunities and risks prevalent in taking requisite exposure towards the borrower / counterparty.

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

Credit risk rating

Credit risk rating is an important tool in 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.
- identifying key financial trends.

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

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

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

Credit exposures subject to standardised approach

		2019			2018		
Exposures	**Rating Category**	**Amount outstanding**	**Deduction CRM***	**Net amount**	Amount outstanding	Deduction CRM*	Net amount
		(Rupees in '000)			(Rupees in '000)		
Corporate	0	**-**	**-**	**-**	-	-	-
	1	**324,071**	**-**	**324,071**	352,215	-	352,215
	2	**1,925,189**	**-**	**1,925,189**	980,838	-	980,838
	3-4	**374,877**	**-**	**374,877**	235,809	-	235,809
	5-6	-	-	-	-	-	-
	Unrated	**2,643,522**	**-**	**2,643,522**	3,178,371	-	3,178,371
		5,267,660	**-**	**5,267,660**	4,747,233	-	4,747,233
Banks	0	**-**	**-**	**-**	-	-	-
	1	**633,265**	**-**	**633,265**	1,504,335	-	1,504,335
	2-3	**1,001,289**	**-**	**1,001,289**	500,330	-	500,330
	4-5	**-**	**-**	**-**	-	-	-
	6	**-**	**-**	**-**	-	-	-
	Unrated	-	-	-	-	-	-
		1,634,554	**-**	**1,634,554**	2,004,665	-	2,004,665
Sovereigns		**-**	**-**	**-**	-	-	-
Total Credit Exposure		**6,902,214**	**-**	**6,902,214**	6,751,898	-	6,751,898

*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	
	2019	2018	**2019**	2018	**2019**	2018
	--		Rs '000		--------------------------------------	
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 2019	Gross 2018	Non-performing 2019	Non-performing 2018	Provision held 2019	Provision held 2018
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**	35,000	**-**	-	**-**	-
Cement	**-**	-	**-**	-	**-**	-
Sugar	**-**	-	**-**	-	**-**	-
Footwear and Leather garments	**-**	-	**-**	-	**-**	-
Automobile and transportation equipment	**-**	-	**-**	-	**-**	-
Electronics and electrical appliances	**18,770**	18,770	**15,957**	15,957	**15,957**	15,957
Construction	**-**	-	**-**	-	**-**	-
Power (electricity), Gas, Water, Sanitary	**232,292**	232,292	**-**	-	**-**	-
Vehicle & Asset Tracking	**50,000**	50,000	**-**	-	**-**	-
Food & Agricultue	**100,000**	100,000	**-**	-	**-**	-
Transport, Storage and Communication	**77,407**	77,407	**-**	-	**-**	-
Financial	**2,318,181**	2,318,181	**24,775**	24,775	**24,775**	24,775
Insurance	**-**	-	**-**	-	**-**	-
Services	**-**	-	**-**	-	**-**	-
Individuals	**-**	-	**-**	-	**-**	-
Others	**4,441**	4,441	**4,441**	4,441	**4,441**	4,441
	3,129,833	3,129,833	**338,915**	338,915	**338,915**	338,915

Credit risk by public / private sector

	Gross 2019	Gross 2018	Non-performing 2019	Non-performing 2018	Provision held 2019	Provision held 2018
Public/ Government	**-**	-	**-**	-	**-**	-
Private	**3,129,833**	3,129,833	**338,915**	338,915	**338,915**	338,915
	3,129,833	3,129,833	**338,915**	338,915	**338,915**	338,915

47.1.3 *Advances*

Credit risk by industry sector

	Gross 2019	Gross 2018	Non-performing 2019	Non-performing 2018	Provision held 2019	Provision held 2018
Agriculture, Forestry, Hunting and Fishing	**7,354**	7,354	**7,354**	7,354	**7,354**	7,354
Mining and Quarrying		-		-		-
Textile	**1,158,489**	907,457	**201,758**	229,340	**193,227**	220,809
Chemical and Pharmaceuticals	**588,339**	655,874	**500,000**	500,000	**500,000**	500,000
Cement	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Sugar	**614,493**	704,038	**70,999**	70,999	**70,999**	62,750
Footwear and Leather garments		-		-		-
Automobile and transportation equipment	**138,781**	138,781	**138,781**	138,781	**138,781**	138,781
Electronics and electrical appliances	**500,000**	200,000	**-**	-	**-**	-
Construction		-		-		-
Power (electricity), Gas, Water, Sanitary	**1,092,550**	1,163,924	**301,135**	301,135	**301,135**	301,135
Wholesale and Retail Trade		-		-		-
Engineering	**541,397**	403,897	**53,897**	53,897	**3,897**	3,897
Transport, Storage and Communication	**429,613**	439,384	**53,896**	53,896	**53,896**	53,896
Financial	**133,382**	304,559	**-**	-	**-**	-
Insurance		-		-		-
Services	**205,609**	261,897		-		-
Individuals	**185,875**	203,671	**37,907**	36,269	**33,054**	34,231
Manufacturing	**231,718**	282,459	**-**		**-**	
Others		-		-		-
	6,027,600	5,873,295	**1,565,727**	1,591,671	**1,502,343**	1,522,853

Credit risk by public / private sector	2019	2018	2019	2018	2019	2018
	Gross advances		Non-performing advances		Provision held	
	----------Rs '000----------					
Public/ Government	-	-	-	-	-	-
Private	6,027,600	5,873,295	1,565,727	1,591,671	1,502,343	1,522,853
	6,027,600	5,873,295	1,565,727	1,591,671	1,502,343	1,522,853

47.1.4 ***Contingencies and Commitments***

Credit risk by industry sector	2019	2018
	---- (Rupees in '000) ----	
Agriculture, Forestry, Hunting and Fishing	-	-
Mining and Quarrying	-	-
Textile	-	2,141
Chemical and Pharmaceuticals	-	-
Cement	-	-
Sugar	200,000	2,500
Footwear and Leather garments	-	-
Automobile and transportation equipment	-	-
Electronics and electrical appliances	250,000	-
Construction	-	-
Power (electricity), Gas, Water, Sanitary	1,219,736	1,016,514
Wholesale and Retail Trade	-	-
Exports/Imports	-	-
Transport, Storage and Communication	-	100,000
Financial	-	-
Insurance	-	-
Services	2,133	15,532
Individuals	1,700	-
Others	227,567	311,080
	1,901,136	1,447,767
Credit risk by public / private sector		
Public / Government	166,558	166,558
Private	1,734,578	1,281,209
	1,901,136	1,447,767

47.1.5 **Concentration of Advances**

The bank top 10 exposures on the basis of total (funded and non-funded expsoures) aggregated to Rs 4,457.13 million (2018: Rs 4,105.93) are as following:

	2019	2018
Funded	3,237,396	3,101,087
Non Funded	1,219,736	1,004,844
Total Exposure	4,457,132	4,105,931

The sanctioned limits against these top 10 expsoures aggregated to Rs 18.032 million (2018: Rs 18.032 million)

Total funded classified therein	2019		2018	
	Amount	Provision held	Amount	Provision held
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	801,135	801,135	801,135	801,135
Total	801,135	801,135	801,135	801,135

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

47.1.6 Advances - Province/Region-wise Disbursement & Utilization

	2019						
	Disbursements	Utilization					
Province/Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	-	-	-	-	-	-	-
Sindh	**1,768,450**	**1,613,810**	**154,640**	-	-	-	-
KPK including FATA	-	-	-	-	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	**1,768,450**	**1,613,810**	**154,640**	-	-	-	-

	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	-	-	-	-

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

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

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

47.2 Market Risk

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

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

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

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

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

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

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

47.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----------Rupees in '000----------					
Cash and balances with treasury banks	**32,474**	**-**	**32,474**	22,985	-	22,985
Balances with other banks	**134,554**	**-**	**134,554**	54,665	-	54,665
Lendings to financial institutions	**2,800,000**	**-**	**2,800,000**	1,950,000	-	1,950,000
Investments	**18,148,534**	**871,381**	**19,019,915**	10,529,736	1,302,314	11,832,050
Advances	**4,525,152**	**-**	**4,525,152**	4,350,310	-	4,350,310
Fixed assets	**87,155**	**-**	**87,155**	58,530	-	58,530
Intangible assets	**3,190**	**-**	**3,190**	3,831	-	3,831
Deferred tax assets	**52,526**	**-**	**52,526**	123,633	-	123,633
Other assets	**2,434,455**	**-**	**2,434,455**	2,032,035	-	2,032,035
	28,218,040	**871,381**	**29,089,421**	19,125,724	1,302,314	20,428,038

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.

	2019				2018			
	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**	-	**28,616**	-	100	-	163,823	-
Great Britain Pound Sterling	-	-	-	-	-	-	-	-
Euro	-	-	-	-	159	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
	100	-	**28,616**	-	259	-	163,823	-

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	1	-	3	-
- Other comprehensive income	-	-	-	-
- Other*	286	-	1,638	-

* 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.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	-	**395**	-	564
- Other comprehensive income	-	**41,401**	-	33,637

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

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

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

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

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account	**31,420**	-	44,740	-
- Other comprehensive income	**209,311**	-	36,136	-

47.2.4 Mismatch of interest rate sensitive assets and liabilities

		2019										
	Effective yield / interest rate	Exposed to yield / interest rate risk										Non-interest
		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	bearing financial instruments
		---------- (Rupees in '000) ----------										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	32,474	-	-	-	-	-	-	-	-	-	32,474
Balances with other banks	11.30%	134,554	122,213	-	-	-	-	-	-	-	-	12,341
Investments	8.91% to 16.85%	19,019,915	661,532	10,666,714	3,135,207	856,310	-	937,479	944,915	940,877	-	876,881
Lendings to financial institutions	14.50% to 15.00%	2,800,000	400,000	1,300,000	250,000	850,000	-	-	-	-	-	-
Advances	4% to 16.94%	4,525,152	1,310,323	2,217,668	899,958	-	-	-	-	-	-	97,203
Other assets		2,434,455	-	-	-	-	-	-	-	-	-	2,434,455
		28,946,550	2,494,068	14,184,382	4,285,165	1,706,310	-	937,479	944,915	940,877	-	3,453,354
Liabilities												
Borrowings	2% to 14.58%	21,914,147	16,327,888	1,762,560	3,323,369	242,579	67,244	54,744	109,486	26,277	-	-
Deposits and other accounts	13.40% to 14.50%	1,551,020	924,567	251,453	175,000	200,000	-	-	-	-	-	-
Other liabilities	-	370,736	-	-	-	-	-	-	-	-	-	370,736
		23,835,903	17,252,455	2,014,013	3,498,369	442,579	67,244	54,744	109,486	26,277	-	370,736
On-balance sheet gap		5,110,647	(14,758,387)	12,170,369	786,796	1,263,731	(67,244)	882,735	835,429	914,600	-	3,082,618
Off-balance sheet financial instruments												
Forward lending		-	-	-	-	-	-	-	-	-	-	-
Forward borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest rate risk sensitivity gap			(14,758,387)	12,170,369	786,796	1,263,731	(67,244)	882,735	835,429	914,600	-	
Cumulative yield / interest rate risk sensitivity gap			(14,758,387)	(2,588,018)	(1,801,222)	(537,491)	(604,735)	278,000	1,113,429	2,028,029	2,028,029	

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

Total financial assets	28,946,550
Non financial instruments	
Operating fixed assets	90,345
Deferred taxation	52,526
	29,089,421

2018

	Effective yield / interest rate	Total	Exposed to yield / interest rate risk: Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	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)	2,718,006
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	1,264,489	

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

47.3 Operational Risk

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

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

Operational risk tolerance level consists of zero tolerance level for fraud, forgeries and theft, strict compliance for avoiding any regulatory and legal risk emanating from regulatory, legal and professional requirements, avoidance of any deviations from approved policies and procedures of respective departments thereby ensuring an acceptable assessment, with a positive risk-reward trade-off, of the control environment and ensuring proper arrangements to avoid system failures or information and data security breaches.

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

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

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

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

Considering the current epidemic of COVID-19, the global economy will be affected and a lot more efforts will be required to contain the disease, its cure and recovery of overall actual and potential financial losses around the globe. In this situation, Pakistan would be no exception and will bear its share of the crises. Consequently, all sector of the of our economy will show slowdown in activities which will impact the banking sector as well; our operational cash flows and financial conditions could also be negatively affected by the following:
• If employees are quarantined as the result of exposure to COVID-19, this could result in disruption of operations and impact economic activity
• Similarly, operational issues resulting from the rapid spread of COVID-19 in Pakistan may have a material effect on our business and results of operations

At Company level, the management has taken a number of measures for Business Continuity Planning (BCP) which includes a fully functional Disaster Recovery (DR) site. Further, considering the best practice, skeleton staff is being maintained to curb the spread of COVID-19, and work from home option has been adopted. Further, SBP has also been approached for the relaxation in certain clauses of the Code of Conduct for Treasuries of Banks, DFIs and PDs to allow the Company to perform/execute Capital and Money Market deals/transactions from Off-Premises other than Primary and DR site as required under Chapter I, Para 1 of Code of Conduct as well as usage of Wireless Communication devices and waiver of Chapter 5, Para 4 (i.e. recording of telephone conversations) of the said Code of Conduct. Moreover, various management committees have also been set up online and discussing proposals through teleconferencing at relevant forums. A focal person has been dealing with the regulator on continuous basis. At Country level, the longer the lockdown approach to managing this risk continues, the deeper and longer-lasting the economic slowdown will be. However, the federal government and SBP has been active in decision making and providing relief to various sectors by introducing financing schemes, relief packages, reduction in policy rate and petroleum prices, relaxation in regulations to ease out the current situation.

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

2019	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	32,474	32,474	-	-	-	-	-	-	-	-
Balances with other banks	134,554	134,554	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,800,000	400,000	1,300,000	250,000	850,000	-	-	-	-	-
Investments	19,019,915	309,247	306,555	2,262,918	1,017,663	274,411	1,243,148	1,957,236	11,648,737	-
Advances	4,525,152	142,788	182,513	293,257	1,203,882	991,285	569,675	609,722	531,781	249
Operating fixed assets	90,345	2,604	5,192	7,191	10,547	19,693	12,849	7,864	14,269	10,136
Deferred tax asset - net	52,526	(4,025)	3,878	7,757	11,229	11,229	11,229	11,229	-	-
Other assets	2,434,455	70,455	702,820	69,773	1,285,866	150,622	150,622	-	4,297	-
	29,089,421	1,088,097	2,500,958	2,890,896	4,379,187	1,447,240	1,987,523	2,586,051	12,199,084	10,385
Liabilities										
Borrowings	21,914,147	16,027,888	1,310,320	1,492,274	863,167	1,921,412	154,745	109,597	34,744	-
Deposits and other accounts	1,551,020	924,567	251,453	175,000	200,000	-	-	-	-	-
Other liabilities	370,736	251,918	19,930	40,767	40,781	-	-	514	-	16,826
	23,835,903	17,204,373	1,581,703	1,708,041	1,103,948	1,921,412	154,745	110,111	34,744	16,826
	5,253,518	(16,116,276)	919,255	1,182,855	3,275,239	(474,172)	1,832,778	2,475,940	12,164,340	(6,441)

Share capital	6,141,780
Reserves	311,650
Deficit on revaluation of assets - net of tax	(36,336)
Unappropriated/ Unremitted profit/ (Loss)	(2,363,576)
Advance against share subscription	1,200,000
	5,253,518

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
Deficit on revaluation of assets - net of tax	(215,171)
Unappropriated/ Unremitted profit/ (Loss)	(2,069,770)
	4,168,489

48. CUSTOMER SATISFACTION AND FAIR TREATMENT

The management through complaint handling mechanism, ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at our office, Company's website and through email. Complaint management process is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of recurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Company. During the year, no complaints were received directly by Pak-Libya and the average time taken to resolve these complaints was "not applicable" working days.

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

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

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 6th March 2020 by the Board of Directors of the Company.

51. GENERAL

51.1 In its latest rating announcement (June 2019), 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).

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

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

Chief Financial Officer

Managing Director & CEO

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 2019

Annexure - I

31 December 2019

(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	NINA INDUSTRIES LIMITED A-29/A, SITE, MANGHOPIR ROAD, KARACHI	WAQAR A. SATTAR	42201-6071516-3	SHAIKH ABDUL SATTAR	27,582	42,973	85,339	155,894	-	42,973	85,339	128,312
		UROOJ SAEED	42301-5809641-9	SAEED A. SATTAR								
		KASHIF SAEED SATTAR	42000-6177233-5	SAEED A. SATTAR								
		M. AMJAD KHAN	42101-3062136-1	M. AHMED KHAN								
		TAUQEER HASHMI	42401-5553740-1	HAFIZ ABDUS SAMAD HASHMI								
	Total:				**27,582**	**42,973**	**85,339**	**155,894**	**-**	**42,973**	**85,339**	**128,312**

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	
					Principal	Interest/Mark-up	Other than Interest/Mark-up	Total	written-off	written-off/ waived	relief provided	Total
											-	-
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	-	-	24,926	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	-	-	1,097	1,097
4	MASTER TILES CERAMIC INDUSTRIES LIMITED HAFEEZA TUFAIL BUILDING, ATTAWA, G.T. ROAD, GUJRANWALA, PAKISTAN	SHEIKH MAHMOOD IQBAL	34101-0956876-3	SHEIKH MUHAMMAD TUFAIL	-	-	2,000	2,000	-	-	2,000	2,000
		SHEIKH DAWOOD BIN MAHMOOD	34101-5694716-7	SHEIKH MEHMOOD IQBAL								
		SHEIKH SAUD BIN MAHMOOD	34101-7474512-5	SHEIKH MEHMOOD IQBAL								
		SHEIKH ABDUL WADOOD BIN MAHMOOI	34101-7483062-5	SHEIKH MEHMOOD IQBAL								
		UNZILA MAHMOOD	34101-6113953-4	SHEIKH MEHMOOD IQBAL								
		MAHJABEEN MAHMOOD	34101-2989303-8	SHEIKH MEHMOOD IQBAL								
5	CRESCENT BAHUMAN LIMITED 45 A, OFF ZAFAR ALI ROAD, GULBERG V, LAHORE 54600, PAKISTAN	NASIR SHAFI	35202-2302945-1	HAJI MUHAMMAD SHAFI	-	-	2,000	2,000	-	-	2,000	2,000
		JAHANZEB SHAFI	42201-0386475-7	TARIQ SHAFI								
		MUHAMMAD RAFI	42201-0260840-3	MUHAMMAD SHAFI								
		RIZWAN SHAFI	35202-2302941-5	NASIIR SHAFI								
		SHAMS RAFI	42201-0161775-5	MUHAMMAD SHAFI								
		SHOAIB RAFI	35202-2255073-1	NASIIR SHAFI								
		USMAN RAFI	42201-0383568-3	SHAUKAT SHAFI								
	Total:				8,035	1,485	30,455	39,975	-	40	30,490	30,531

* 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 2018.

Annexure - II

ISLAMIC BANKING BUSINESS

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