



SAUDI PAK

**A TRADITION
OF EXCELLENCE**

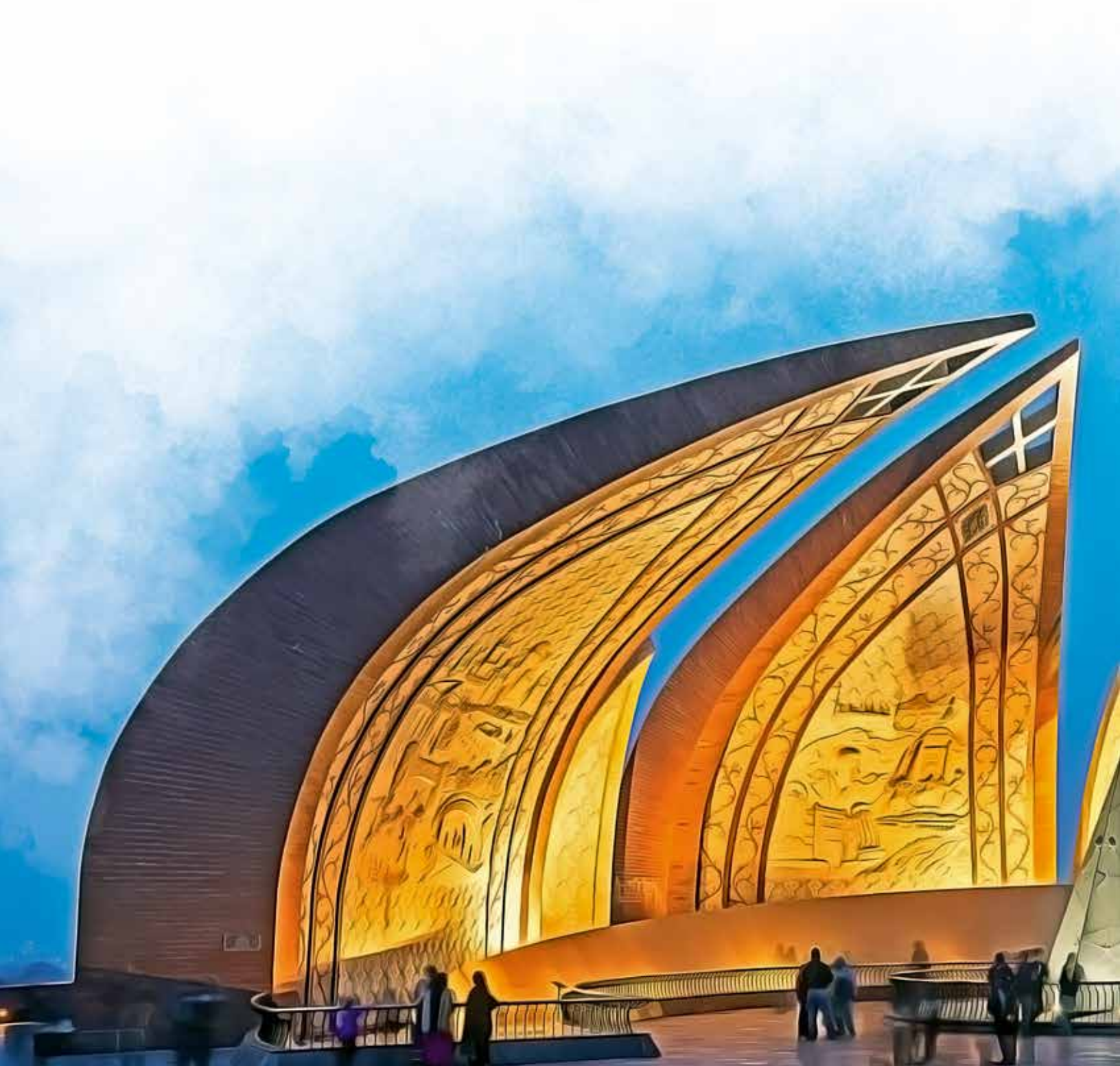
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Annual Report

SUCCESS STORY...

Saudi Pak is fully committed to promote investment in industrial and agricultural sectors. Commitment to creation of economic opportunities in partnership with our clients has always been our core objective.

We aim to move in 2020 with the same vision, so that we continue to play our due role in the economic progress of the country.



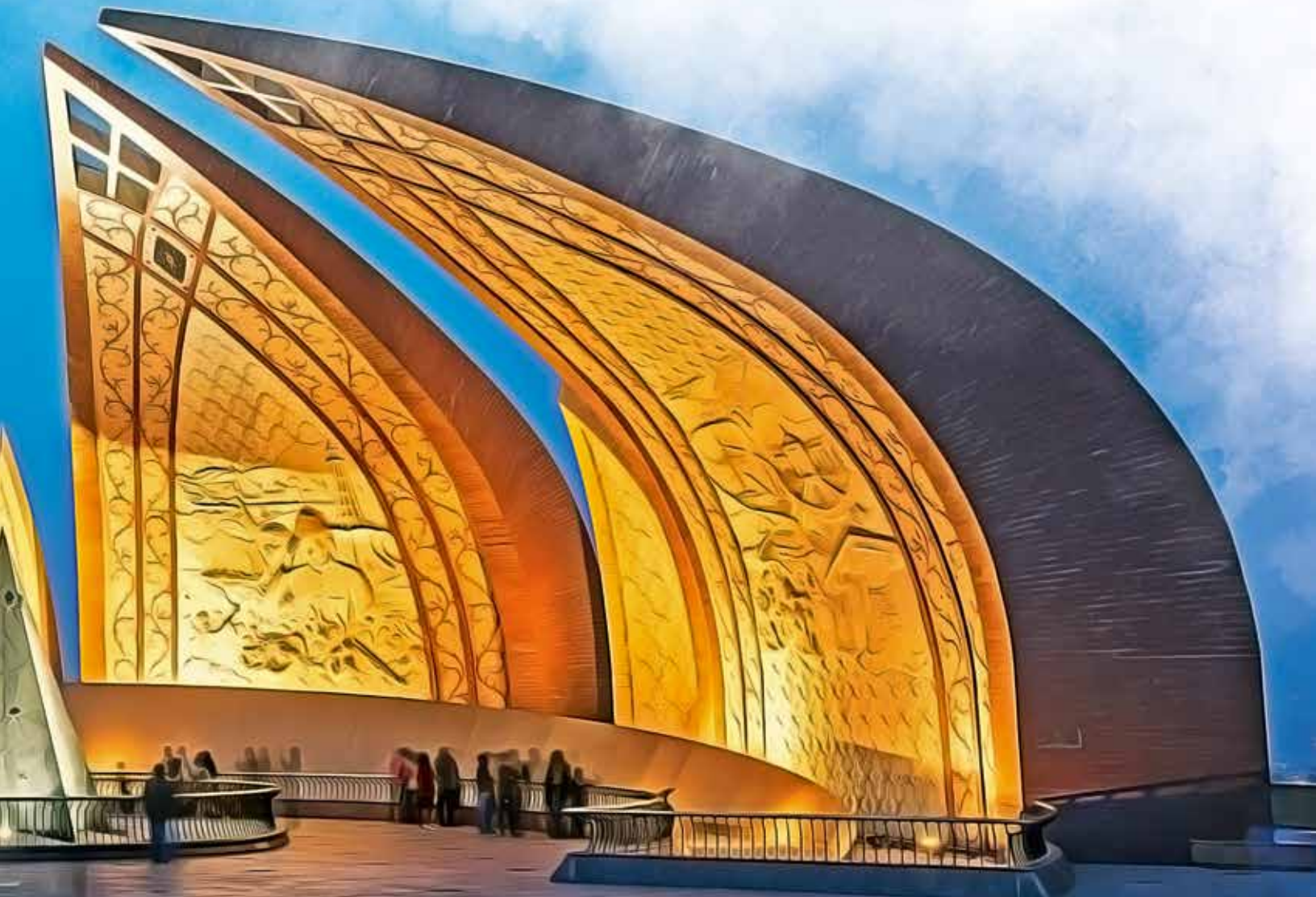
SAUDI PAK

Incorporated in 1981 under a joint venture agreement between the Kingdom of Saudi Arabia and Government of Islamic Republic of Pakistan with initial paid up capital Rs. 200 million. Saudi Pak has so far declared dividends aggregating to Rs. 11,703 million. Shareholders' equity has increased to Rs. 13,003 million as of December 31, 2019.

Cumulative loan disbursements to vital sectors of economy like manufacturing, energy, services etc. aggregated to Rs. 72,599 million till December 31, 2019.

Saudi Pak acquired a commercial bank in 2001 which was divested at a considerable profit during 2008. Strategic investments were also made in a listed leasing company and insurance company. Saudi Pak Real Estate Limited, a wholly owned subsidiary has also been established which was the first real estate company licensed by State Bank of Pakistan.

Saudi Pak owns a high rise building which is known as a landmark of Islamabad. A major portion of building is rented out to several multinational and local companies.





KAUST BREAKWATER BEACON

A 60 metre high centerpiece for the King Abdullah University of Science & Technology. Overlooking the Red Sea in Jeddah, Saudi Arabia, the tower draws inspiration from Arabic maritime traditions, with an emphasis on key architectural details, to create a modernized interpretation of a lighthouse.

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CORPORATE INFORMATION

Board of Directors

Mr. Sultan Abdulrauf

Chairman

Mr. Zafar Hasan

Deputy Chairman

Mr. Majid Misfer J. Alghamdi

Director

Mr. Mohammad Tanvir Butt

Director

Mr. Ghanem Alghanem

Director

Mr. Qumar Sarwar Abbasi

Director

Company Secretary

Mr. Mohammad Nayeem Akhtar

Risk Management Committee

Mr. Zafar Hasan

Chairman

Mr. Majid Misfer J. Alghamdi

Member

Mr. Qumar Sarwar Abbasi

Member

Mr. Ghanem Alghanem

Member

Mr. Mohammad Nayeem Akhtar

Secretary

Chief Financial Officer

Mr. Khawar Ashfaq

Auditors

A. F. Ferguson & Co.

Chartered Accountants

GM/Chief Executive

Mr. Kamal Uddin Khan

Audit Committee

Mr. Majid Misfer J. Alghamdi

Chairman

Mr. Mohammad Tanvir Butt

Member

Mr. Ghanem Alghanem

Member

Mr. Qumar Sarwar Abbasi

Member

Syed Safdar Abbas Zaidi

Secretary

Human Resource and Remuneration Committee

Mr. Sultan Abdulrauf

Chairman

Mr. Zafar Hasan

Member

Mr. Mohammad Tanvir Butt

Member

Mr. Majid Misfer J. Alghamdi

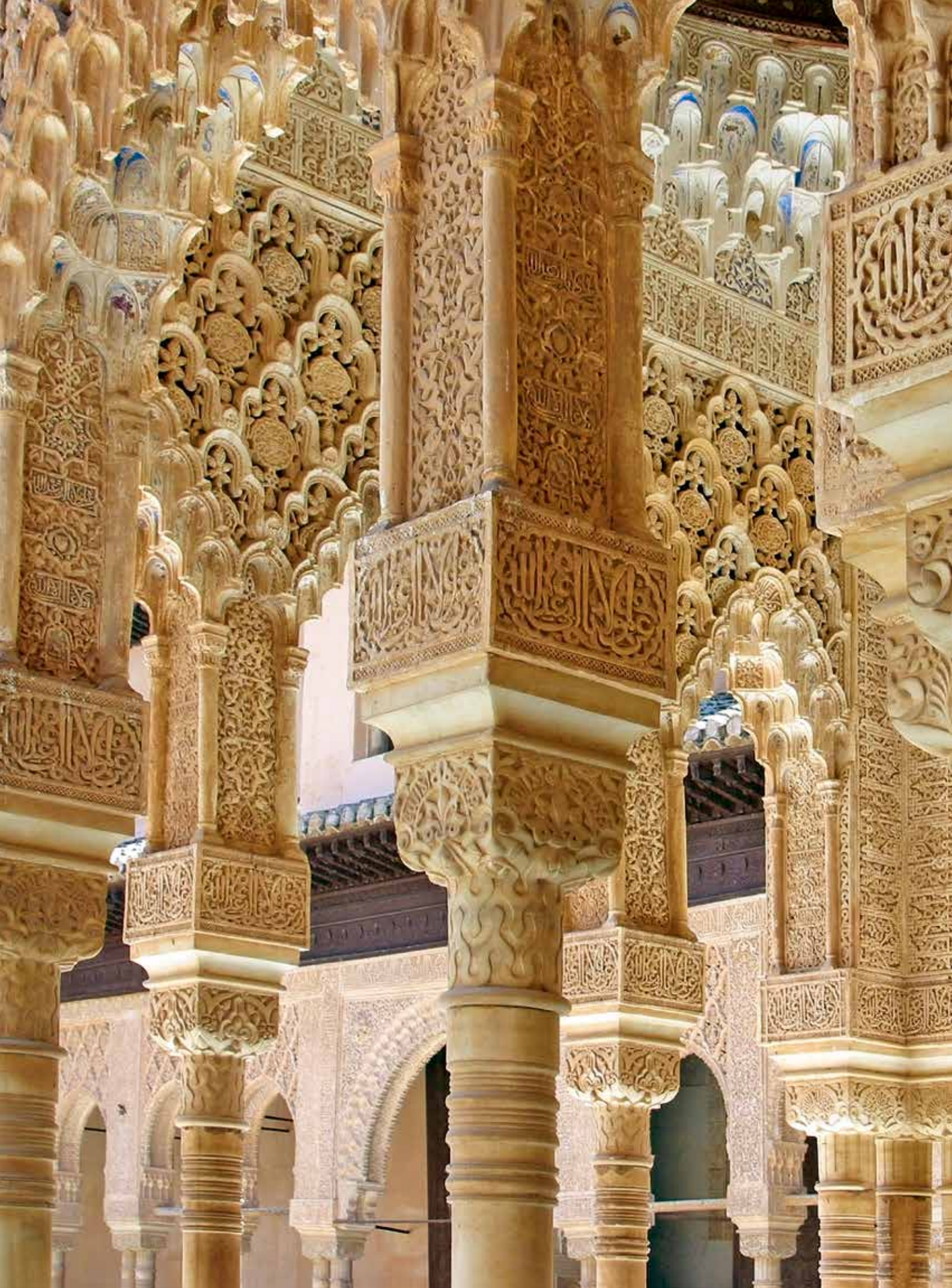
Member

Mr. Mohammad Nayeem Akhtar

Secretary

Legal Advisors

Hassan Kaunain Nafees



MISSION STATEMENT

Saudi Pak Industrial and Agricultural Investment Company Limited aims at strengthening economic cooperation between the brotherly people of Saudi Arabia and Pakistan. To achieve this objective, we are committed to add value for our stakeholders through capital formation and investment related activities in Pakistan and abroad.

CORPORATE VISION

To excel and play a leading role in the financial sector in Pakistan.

CORPORATE OBJECTIVES

- Promote investment in industrial and agro-based projects with high value addition, export potential, and maximum utilization of indigenous resources.
- Build and manage a diversified equity portfolio promising optimum return.
- Mobilize funds in a cost effective manner to meet our financing needs.
- Achieve sustainable growth and be competitive in our commercial operations.
- Undertake investment advisory services and formation/participation in financing syndicates.

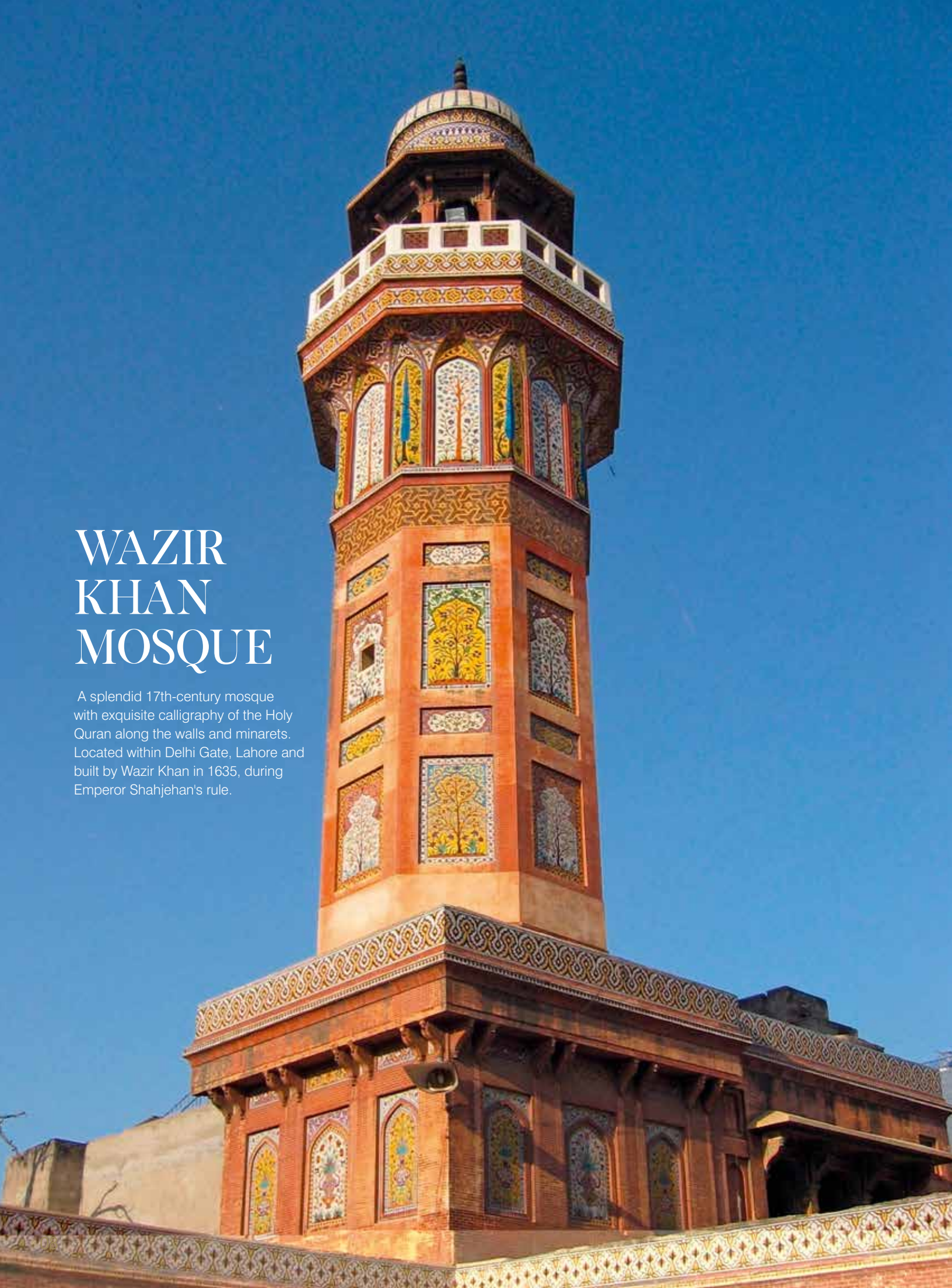
CORE VALUES

- Professionalism in our conduct.
- Competitiveness in our business.
- Transparency in our operations.
- Ethics in our dealings.



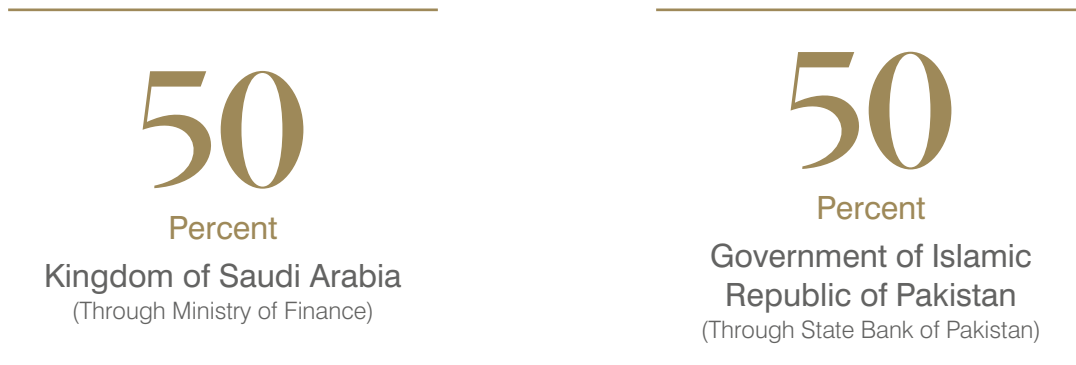
WAZIR KHAN MOSQUE

A splendid 17th-century mosque with exquisite calligraphy of the Holy Quran along the walls and minarets. Located within Delhi Gate, Lahore and built by Wazir Khan in 1635, during Emperor Shahjehan's rule.



CORPORATE PROFILE

Saudi Pak Industrial and Agricultural Investment Company Limited was incorporated in 1981 under a joint venture agreement between the Kingdom of Saudi Arabia and the Government of Islamic Republic of Pakistan. The initial authorized capital of the Company was Rs.1,000 million. As of December 31, 2019 paid up capital of the Company is Rs.6,600 million. It is held as under:



Saudi Pak has a diverse product range to cater the growing needs of its corporate customers in the private and public sectors. The product mix and services comprise of:

- Project Finance
 - Medium to long term loans
 - Lease financing
 - Term Finance Certificates (TFCs)
 - Long Term Finance for Export Oriented Projects (LTF-EOP)
- Short term loans to meet the working capital requirements
- Direct equity investments
- Underwriting of public issues of shares and Term Finance Certificates
- Non-funded commitments in the form of Letter of Comfort etc.
- Syndication, Trusteeship, Acting as Financial Arranger/ Advisor and Consultancy services



MOSQUE AL REHMAN

Floating Mosque in Jeddah

Masjid Al Rehman, also known by many as the floating mosque, is located in the north coast of the Red Sea in Jeddah. A fine piece of modern Islamic architecture, hence being a very popular tourist destination.







BOARD OF DIRECTORS



Mr. Sultan Abdulrauf

Chairman
Former Chief Investment Officer
Saudi Research & Marketing Group (SRMG)
Kingdom of Saudi Arabia



Mr. Zafar Hasan

Deputy Chairman
Secretary
Ministry of Planning Development & Reform
Government of Pakistan



Mr. Majid Misfer J. Alghamdi

Director
Executive Director
Capital Project Unit
Center of Spending Efficiency, Riyadh.
Kingdom of Saudi Arabia



Mr. Mohammad Tanvir Butt

Director
Senior Joint Secretary (Budget I)
Ministry of Finance
Government of Pakistan



Mr. Ghanem Alghanem

Director
Head of Investment Advisory Services
Jadwa Investments, Riyadh.
Kingdom of Saudi Arabia



Mr. Qumar Sarwar Abbasi

Director
Joint Secretary
Ministry of Planning Development & Reforms
Government of Pakistan

MANAGEMENT



Mr. Mohammad Nayeem Akhtar
Executive Vice President



Mr. Arshed Ahmed Khan
Executive Vice President



Mr. Yawar Khan Afridi
Executive Vice President

Mr. Kamal Uddin Khan
Chief Executive



Sheikh Aftab Ahmad
Executive Vice President



Mr. Fateh Tariq
Executive Vice President



Mr. Kashif Suhail
Executive Vice President



Ms. Fozia Fakhar
Executive Vice President



Mr. Ali Imran
Senior Vice President



Mr. Zafar Iqbal
Senior Vice President



Syed Safdar Abbas Zaidi
Senior Vice President



Mr. Irfan Karim
Senior Vice President



Mr. Khawar Ashfaq
Senior Vice President



Mr. Mohammed Ghairat Hayat
Senior Vice President



Mr. Arif Majeed Butt
Vice President / Head



Mrs. Tayyaba Yamin
Vice President / Head



A wide-angle photograph of a sunset over the Red Sea. The sky transitions from a deep blue at the top to a bright, hazy yellow and orange near the horizon. The water in the foreground is calm, reflecting the colors of the sky. On the right side, a rocky coastline with some sparse vegetation is visible. The overall mood is peaceful and majestic.

AL KHOBAR CORNICHE MOSQUE

A cornice is a road on the side of a cliff or mountain, with the ground rising on one side and falling away on the other.

The powerful silhouette of this mosque, along the cornice of Jeddah, facing the Red Sea, proclaims to all the presence of Islam. Classically Islamic in form, it has been rethought and transformed to serve contemporary purposes. The entire structure is of brick coated with plaster except for the dome interior in which the bricks are exposed and painted a dark bronze color.

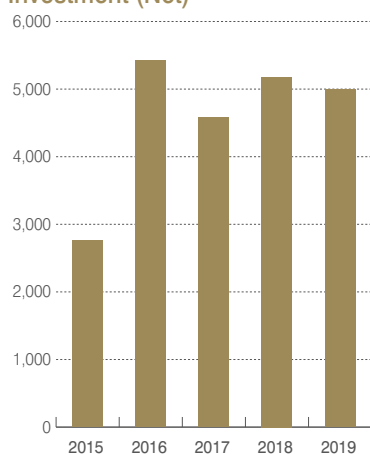


OPERATIONAL HIGHLIGHTS

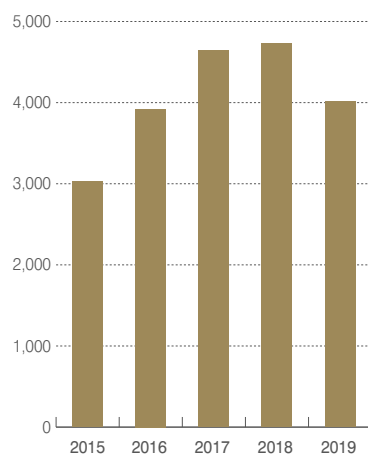
(Rs. in million)

	2015	2016	2017	2018	2019
Approval of Financing and Investment					
Long Term Finance/TFCs	2,705.0	3,950.0	4,060.0	5,309.0	3,733.0
Lease Finance	-	20.0	-	-	16.0
Equity Investment	-	330.0	250.0	-	-
Short Term Finance	450.0	970.0	619.5	1,395.0	1,315.0
Guarantees and Underwriting	-	350.0	830.0	-	200.0
Gross Approvals	3,155.0	5,620.0	5,759.5	6,704.0	5,264.0
Withdrawals	400.0	238.4	1,168.0	1,524.0	266.0
Net Approvals	2,755.0	5,381.6	4,591.5	5,180.0	4,998.0
Gross Cumulative Approvals	65,075.3	70,695.3	76,454.8	83,158.8	88,422.8
Cumulative Withdrawals	4,170.0	4,408.4	5,576.4	7,100.4	7,366.4
Net Cumulative Approvals	60,905.3	66,286.9	70,878.4	76,058.4	81,056.4
Disbursement of Funds					
Long Term Finance/TFCs	2,275.0	3,177.2	2,975.2	3,582.2	2,703.1
Lease Finance	-	-	20.0	-	-
Short Term Finance	750.0	744.5	845.0	1,145.0	1,315.0
Direct Equity & Underwriting Take-ups	-	-	807.0	-	-
Total Disbursements	3,025.0	3,921.7	4,647.2	4,727.2	4,018.1
Cumulative Disbursements	55,284.6	59,206.3	63,853.5	68,580.7	72,598.8
Recoveries					
Total Amount	3,079.0	3,115.9	3,994.3	5,187.3	3,877.4
Current Dues Collection Ratio (%)	88.02	90.70	91.82	87.26	85.83

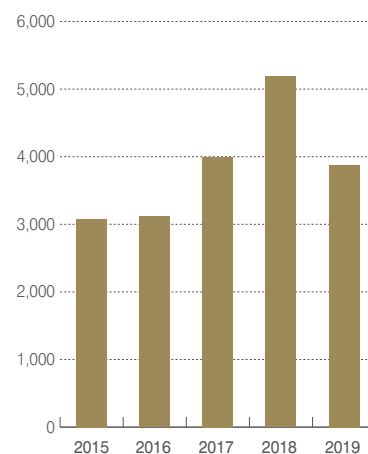
Approval of Financing & Investment (Net)



Disbursement of Funds



Recoveries

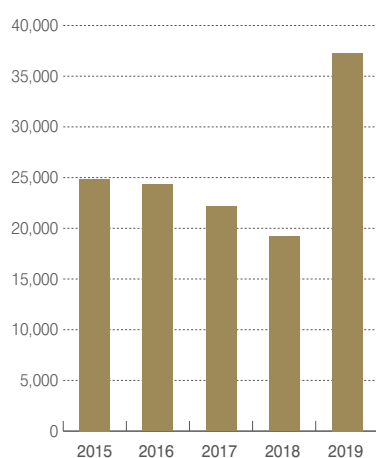


FINANCIAL HIGHLIGHTS

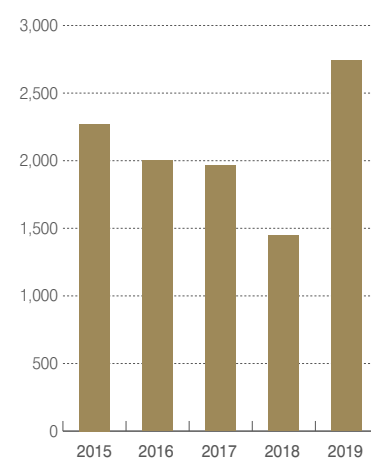
(Rs. in million)

	2015	2016	2017	2018	2019
Income Statement					
Total Income	2,272.4	2,059.8	1,962.6	1,446.0	2,740.4
Net Income	1,405.1	1,559.0	1,475.3	1,048.8	1,189.4
Profit before Tax	982.6	962.8	859.9	698.5	404.9
Profit after Tax	723.7	476.1	627.3	407.6	267.1
Balance Sheet at year end					
Total Shareholders' Equity	9,379.7	9,920.6	12,205.4	12,648.7	13,003.4
Total Assets	24,862.3	24,331.7	22,166.7	19,190.6	37,084.6
Selected Ratios					
Return on Average Equity(%)	8.1	4.9	5.7	3.3	2.1
Return on Average Assets(%)	3.1	1.9	2.7	2.0	0.9
Assets/Equity(times)	2.7	2.5	1.8	1.5	2.8

Total Assets



Total Income

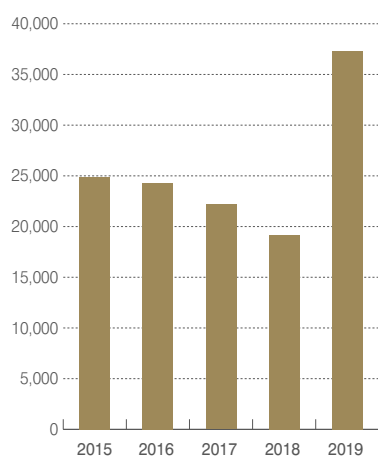


SUMMARY OF CONSOLIDATED ACCOUNTS

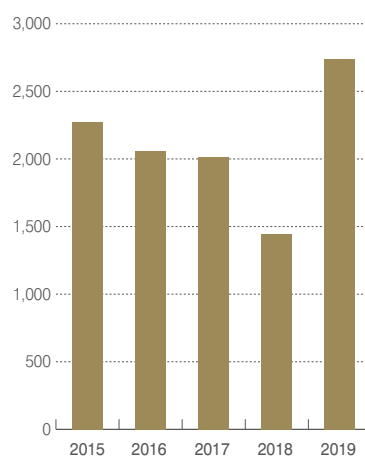
(Rs. in million)

	2015	2016	2017	2018	2019
Income Statement					
Total Income	2,302.4	2,096.3	2,006.3	1,493.2	2,782.6
Net Income	1,434.0	1,595.6	1,513.7	1,087.6	1,225.0
Profit before Tax	992.0	975.5	870.1	702.4	423.5
Profit after Tax	732.3	486.6	631.9	409.7	283.2
Balance Sheet at year end					
Total Shareholders' Equity	9,543.1	10,094.3	12,383.6	12,828.7	13,200.1
Total Assets	25,039.3	24,524.9	22,462.4	19,447.2	37,282.8

Total Assets



Total Income





CHAIRMAN'S MESSAGE



On behalf of the Board of Directors, I would like to present the 38th audited financial statements of Saudi Pak Industrial and Agricultural Investment Company Limited as well as consolidated accounts together with Auditors' Report to Members and the Directors' Report for the year ended December 31, 2019. The share of profit/loss of Saudi Pak Leasing Company Ltd being an associated company has also been taken into account as per the requirements of International Accounting Standards (IAS).

Economic challenges being faced by country intensified in 2019. Pakistan's Gross Domestic Product (GDP) growth decelerated steeply in fiscal year 2019 to 3.3 percent, a 2.2 percent decline compared to the previous year mainly owing to economic stabilization measures undertaken by the government. Average inflation accelerated sharply from 6.1 percent to 12.6 percent on year-on-year basis in December 2019 led by 9.5 percent surge in core inflation, currency depreciation, significant increase in fuel, staple goods and utility prices. In response to intensifying inflationary pressure, the State Bank of Pakistan raised its policy rate to 13.25 percent i.e. an increase of 575 basis points.

Over the past year, the exchange rate was allowed to depreciate, with a cumulative depreciation of 25.5 percent, the development budget was cut and energy prices were increased. As a result, private consumption growth decelerated from 6.8 percent in FY18 to 4.1 percent in FY19 while investment contracted by 8.9 percent. Sizable currency depreciation accelerated inflation but helped substantially narrow the Current Account Deficit.

The Current Account Deficit (CAD) declined significantly. The CAD narrowed to US\$13.5 billion (4.8 percent of GDP) in FY19 compared to US\$19.9 billion (6.3 percent of GDP) in FY18. The decline was primarily driven by lower import growth (goods imports declined by 7.4 percent while services imports fell by 14.9 percent). The largest decline in imports was for transport and machineries, because of the slowdown in investment and industrial growth, followed by food items and metals. However, petroleum related imports continued to grow (5.0 percent), albeit at a lower rate than last year (25 percent).

Exports, on the other hand, did not respond to the exchange rate depreciation, as regaining competitiveness after an extended period of an overvalued exchange rate may take time. The growth in remittances by 9.7 percent year-on-year in FY19, due to higher flows from USA, Malaysia, and GCC countries, also supported the current account.

Aided by bilateral, IMF, and other multilateral flows, international reserves have started to recover. Financial flows had a boost in FY19 due to a significant increase in central bank deposits and bilateral inflows from China, UAE and Saudi Arabia. Approval of the IMF Extended Fund Facility in July 2019 coupled with the resumption of multilateral budget support have contributed to an increase in the international reserves to US\$11.3 billion (2.6 months of import coverage) in December 2019 compared to US\$7.2 billion (1.3 months of import coverage) in December 2018. The gradual accumulation of reserves is also being supported by reduced pressures on the exchange rate.

Moving ahead, inflation is projected to accelerate further due to planned hike in domestic utility prices, taxes introduced in the FY 2020 budget, and the lagged impact of currency depreciation. These pressures are expected to start receding during second half of FY 2020.

Steep rise in interest rates coupled with sharp fall in GDP growth rate weighed negatively on capital Markets with KSE 100 touching a four year low of 28,671 in August 2019 before recovering to 40,735 at year end. At the same time demand for credit remained subdued.

Company maintained its cautious approach as per approved business plan. Focus remained on Capital preservation in a very difficult operating environment. Capital Market positions were managed to minimize losses in a falling market. Cautious approach was also adopted in project finance business given greater risk of defaults in a high interest rate environment. Investment in low risk Govt. Securities was enhanced given attractive risk free yields available.



During the year company's total assets increased by 93.2 percent to Rs. 37.1 billion mainly due to increased investment in high yielding government securities. As a result, Net Interest Income increased by 26.5 percent to Rs. 763.3 million. Income from Capital Markets was lower by 9.9% at Rs. 205.8 million. Profit before provisioning increased by 18.1% to Rs. 733.4 million. Company prudently made provisions of Rs. 328.5 million primarily against mark to market diminution in the value of quoted securities. Consequently reported pre-tax profit declined by 42.0% and after tax profit reduced by 34.5%.

Shareholder's equity increased by Rs. 355 million despite an interim cash dividend payment of Rs. 330 million. Main reason was mark to market appreciation of Rs. 385 million in the value of quoted securities as at December 31, 2019.

Company's overall risk profile including operating results and financial flexibility was reconfirmed by our Credit Rating Agency VIS who maintained Company's Long Term entity rating to AA+ and short term to A1+ with stable outlook.

The International Monetary Fund (IMF) has recently forecasted challenging economic indicators for Pakistan for fiscal year 2020, According to IMF report; the GDP growth will further decelerate to 2.4 percent in 2020 as compared to 3.3 percent in FY2019. Inflation is projected to peak during first half and then start receding gradually.

Company plans to remain focused on the core business activities and capitalize on available business opportunities while developing new revenue generating sources including private equity and fee income. Concerted efforts on recoveries, strengthening risk management framework, process improvements, resolving issues relating to its strategic investments will continue. The Board firmly supports management to pursue its plans.

In the end, I would like to express on my behalf and on behalf of the Board our sincere gratitude to the joint venture partners, the Kingdom of Saudi Arabia and the Islamic Republic of Pakistan for their unwavering support and State Bank of Pakistan as well as Securities Exchange Commission of Pakistan for their professional guidance. I am also thankful to the Board Members for their valuable contributions. Further, I congratulate and express my deep pride in the Saudi Pak's team for this excellent performance amid challenging economic environment.



Sultan Abdulrauf

Chairman

حیرمین کا پیغام

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو اختتام پذیر سال پر سعودی پاک انڈسٹریل اینڈ اینگری کچلرل انویسٹمنٹ کمپنی لمیٹڈ کے 38 ویں انضمام شدہ (consolidated) کھاتے کے ساتھ حاسب کی (s auditor) اور ناظم کی رپورٹس ارکان کو پیش کرنا چاہتا ہوں۔ سعودی پاک لیزنگ کمپنی لمیٹڈ (SPLC) جو کہ ایک ساتھی کمپنی ہے اس کے نفع / نقصان میں حصے تعین کرنے میں بھی بین الاقوامی حساب کتاب کے معیار کو بھی مد نظر رکھا گیا ہے۔

سال 2019 میں ملک کو پیش معاشی مسائل میں شدت آگئی تھی۔ مالی سال 2019 میں حکومت کے معاشی استحکام کے لئے اٹھائے گئے اقدامات کی وجہ سے پاکستان کی مجموعی قومی پیداوار (GDP) کی شرح نمو گزشتہ سال کی شرح نمو کے مقابلے میں 2.2 فیصد کی گھٹ کر 3.3 فیصد ہو گئی۔ اوسط افراط زر کی رفتار میں تیزی سے اضافہ ہوا اور سال 2019 میں سال بہ سال بنیاد پر 6.1 فیصد سے بڑھ کر 12.6 فیصد ہوا جس کا نتیجہ بنیادی افراط زر میں 9.5 فیصد کا بڑا اضافہ کرنی کی قدر میں کمی، ایندھن، پیداواری اشیاء اور یوٹیلٹی کی قیمتوں میں خاصا (significant) اضافہ ہوا۔ شدید ہوتے ہوئے افراط زر کے دباؤ کے نتیجے میں بینک دولت پاکستان نے پالیسی نرخ 13.25 فیصد کر دیا یعنی 575 بیس پوائنٹس کا اضافہ۔

گذشتہ سال کے دوران، زر مبادلہ کے نرخ کی قدر میں کمی ہونے دی گئی جس کے ساتھ مجموعی فروسودگی (depreciation) 25.5 فیصد ہوئی۔ ترقیاتی بجٹ میں کوئی اور توانائی کی قیمتوں میں اضافہ ہوا۔ نتیجہ کے طور پر نجی شعبہ کی قرضہ جات کی طلب کی رفتار 2018 کی 6.8 فیصد سے 2019 میں کم ہو کر 4.1 فیصد رہ گئی جبکہ سرمایہ کاری میں 8.9 فیصد کمی ہوئی۔ کرنی کی بڑی فروسودگی (depreciation) نے افراط زر کی رفتار میں اضافہ کیا لیکن اس نے جاری کھاتے کے خسارے کو کم کرنے میں مدد کی۔

جاری کھاتے کے خسارے میں خاصی کمی آئی ہے۔ جاری کھاتے کا خسارہ 2018 کے 19.9 ارب امریکی ڈالر (مجموعی قومی پیداوار کا 6.33 فیصد) کے مقابلے میں 2019 میں کم ہو کر 13.5 ارب امریکی ڈالر (مجموعی قومی پیداوار کا 4.8 فیصد) رہ گیا۔ اس کی بنیادی محرک کم تر درآمدات رہیں (اشیاء کی درآمدات میں 7.4 فیصد اور خدمات کی درآمدات میں 14.9 فیصد کی آئی) درآمدات میں سب سے زیادہ کمی مواصلات اور مشینوں کی شکل میں ہوئی جس کی وجہ سے سرمایہ کاری اور صنعتی نمونے ست روی تھیں۔ تاہم خام تیل سے متعلق درآمدات (5 فیصد) میں اضافہ جاری رہا جو کہ گزشتہ سال کے اضافے سے کم رہا (25 فیصد)۔

دوسری جانب برآمدات کے شعبے میں زرمبادلہ کے نرخ کی مسابقتی اہلیت کی بحالی کا کوئی خاص رد عمل نہیں نظر آیا جس کی وجہ ایک طویل عرصہ تک زرمبادلہ کے نرخ کو اس کی اصل قدر سے زیادہ رکھنا تھا اور اسی وجہ سے اس کے مثبت اثرات نظر آنے میں وقت لگا۔ سال بہ سال کی بنیاد پر 2019 کے دوران جاری کھاتے میں بہتری کی معاونت امریکہ، ملائیشیا، اور فلپائن تعاون مالک سے ترسیل زر میں 9.7 فیصد اضافے نے بھی کی۔

آئی ایم ایف اور دیگر کثیرالجنسی ترسیل زر کی مدد سے غیر ملکی زرمبادلہ کے ذخائر بحال ہونے شروع ہوئے۔ 2019 میں چین، متحدہ عرب امارات اور سعودی عرب سے مالی ترسیل زر سے مرکزی بینک کے ڈپازٹس میں اضافہ ہوا۔ جولائی 2019 میں آئی ایم ایف کی توسیع شدہ فنڈ کی سہولت کی منظوری کے ساتھ ساتھ کثیرالجنسی بجٹ کی معاونت کی بحالی وجہ سے دسمبر 2019 میں غیر ملکی زرمبادلہ کے ذخائر 11.3 ارب امریکی ڈالر (2.6 ماہ کی درآمدات کے لئے کافی) ہو گئے جبکہ اس کے مقابلے میں دسمبر 2018 میں 7.2 ارب امریکی ڈالر (1.3 ماہ کی درآمدات کے لئے کافی) تھے۔ زرمبادلہ کے نرخ پر کم ہونے والے دباؤ نے بھی مجموعی ذخائر میں بتدریج اضافے میں معاونت کی ہے۔

آنے والے دنوں میں منصوبہ بندی سے ملکی یوٹیلٹی کی قیمتوں میں اضافہ سال 2020 کے بجٹ میں متعارف کئے گئے محصولات اور کرنی کی فروسودگی سے ہونے والے سست روی کے اثرات کے سبب توقع ہے کہ افراط زر شرح میں بڑھوتری کی رفتار میں اضافہ ہوگا۔ توقع ہے کہ یہ تمام دباؤ 2020 کی دوسرے نصف سال کے دوران کم ہونا شروع ہو جائیں گے۔

سودی نرخ میں بہت زیادہ اضافے کے ساتھ مجموعی قومی پیداوار میں تیزی سے کمی کو سرمایہ کی منڈی میں منفی دیکھا گیا اور اس وجہ سے اگست 2019 میں 100KSE میں چار سالوں کی کم ترین سطح 28,671 پوائنٹس پر پہنچ کر سال کے آخر میں 40,735 پوائنٹس کی سطح پر بحال ہوا۔ اسی دوران قرضوں کی طلب میں بھی کمی رہی۔

کمپنی نے منظور شدہ کاروبار کے منصوبے کے تحت محتاط حکمت عملی کو برقرار رکھا۔ کاروبار کرنے کے لیے انتہائی مشکل حالات میں سرمایہ کو محفوظ رکھنے پر توجہ رہی۔ گرتی ہوئی مالیاتی منڈی میں نقصانات کو کم کرنے کے لیے، کمپنی نے مالیاتی منڈی میں سرمایہ کاری کو منظم کیا۔ بلند سودی نرخ کے پس منظر میں نادر ہندگی کے بڑھتے ہوئے خطرات سے فنانس کے کاروبار کے تحفظ کے لیے محتاط حکمت عملی اپنائی۔ گورنمنٹ کے خطرے سے پاک پرکشش منافع دینے والی دستیاب ترسکات (Securities) میں سرمایہ کاری میں اضافہ کیا۔

سال کے دوران کمپنی کے کل اثاثہ جات 93.2 فیصد اضافے سے بڑھ کر 37.1 ارب روپے ہو گئے جس کی وجہ زیادہ منافع دینے والی گورنمنٹ کی ترسکات میں سرمایہ کاری میں اضافہ ہے۔ اس کے نتیجے میں، خالص سودی آمدنی 26.5 فیصد اضافے سے بڑھ کر 763.3 ملین روپے ہو گئی۔ سرمایہ کی منڈیوں سے ہونے والی آمدنی 9.9 فیصد کمی کے ساتھ 205.8 ملین روپے رہی۔ مختص کرنے سے پہلے منافع 18.1 فیصد اضافے سے بڑھ کر 733.4 ملین روپے ہو گیا۔ کمپنی نے محتاط طریقے سے 328.5 ملین روپے کی نقصانات (provisions) کی، جس کی بنیادی وجہ منڈی میں تخفیف کے عمل کی وجہ سے پیش کردہ ترسکات کی قدر میں کمی ہے۔ نتیجتاً کمپنی کا مندرج منافع قبل از محصول میں 42 فیصد اور منافع بعد از محصول میں 34.5 فیصد کمی ہوئی۔

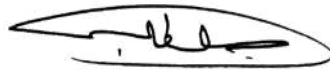
سال میں درمیانی مدت کے 330 ملین روپے کے نقد منقسم منافع کی ادائیگی کے باوجود حصص کنندگان کے ملکیت سرمایہ (Equity) میں 355 ملین روپے کا اضافہ ہوا۔ اس کی اصل وجہ منڈی میں 31 دسمبر 2019 کو ترسکات کی قدر میں 385 ملین روپے کا اضافہ ہے۔

کمپنی کے مجموعی خطرے کے پروفائل (profile) میں غیر معمولی بہتری ہوئی جس میں عملداری (operating) کے نتائج اور مالیاتی چلک شامل ہیں جس کی کریڈٹ ریٹنگ ایجنسی VIS نے بھی توثیق کی اور کمپنی کی طویل المدت کریڈٹ درجہ بندی کو AA+ اور قلیل المدت درجہ بندی کو سطح پس منظر کیا تھا A+ برقرار رکھا۔

آئی ایم ایف کی رپورٹ کے مطابق سال 2020 میں پاکستان کے لیے مشکل معاشی اشاروں کی حالیہ پیش گوئی کے مطابق پاکستان کی مجموعی پیداوار کی شرح نمو کی رفتار مزید کم ہو کر 2.4 فیصد رہے گی جو 2018 میں 3.3 فیصد تھی۔ اندازہ ہے کہ سال کے پہلے نصف میں افراط زر بلند سطح پر جانے کے بعد بتدریج کم ہونا شروع ہوگا۔

آئی ایم ایف کی رپورٹ کے مطابق سال 2020 میں پاکستان کے لیے مشکل معاشی اشاروں کی حالیہ پیش گوئی کے مطابق پاکستان کی مجموعی پیداوار کی شرح نمو کی رفتار مزید کم ہو کر 2.4 فیصد رہے گی جو 2018 میں 3.3 فیصد تھی۔ اندازہ ہے کہ سال کے پہلے نصف میں افراط زر بلند سطح پر جانے کے بعد اس میں بتدریج کمی ہونا شروع ہو جائے گی۔

آخر میں میں اپنی اور بورڈ کی جانب سے مشترکہ منصوبے کے شراکت داروں، سعودی عرب کی شاہی حکومت اور پاکستانی حکومت کی غیر متزلزل حمایت پر مخلصانہ شکرگزاری کا اظہار کرتا ہوں اور بینک دولت پاکستان اور ساتھ ہی ساتھ سیکورٹی اینڈ انکسچینج کمیشن آف پاکستان کی پیشروانہ رہنمائی کیلئے ان کا شکرگزار ہوں۔ میں بورڈ ممبران کا ان کی قیمتی شراکت کیلئے مشکور ہوں۔ مزید برآں، میں مشکل معاشی حالات میں شاندار کارکردگی دکھانے کیلئے سعودی پاک ٹیم کو مبارکباد دیتے ہوئے فخر محسوس کرتا ہوں۔



سلطان عبدالرؤف

چیئر مین

SHAH JAHAN MOSQUE

A 17th century Mosque, built in 1659 under the rule of Shah Jahan, and serving as the central mosque for the city of Thatta, Sindh. Known for its immaculate tile work, and how the mosque draws an architectural mix from Mughal, Safavid, and Timurid styles.







DIRECTORS' REPORT

ECONOMIC OVERVIEW

Economic challenges being faced by country intensified in 2019. Pakistan's Gross Domestic Product (GDP) growth decelerated steeply in fiscal year 2019 to 3.3 percent a 2.2 percentage points decline compared to the previous year mainly owing to economic stabilization measures undertaken by the government. Average inflation accelerated sharply from 6.1 percent to 12.6 percent on year on year basis in December 2019 led by 9.5 percent surge in core inflation, currency depreciation and significant increase in fuel, staple goods, and utility prices. In response to intensifying inflationary pressure, the State Bank of Pakistan raised its policy rate to 13.25 percent i.e. an increase of 725 basis points since January 2018.

Over the past year, the exchange rate was allowed to depreciate, with a cumulative depreciation of 25.5 percent, the development budget was cut and energy prices were increased. As a result, private consumption growth decelerated from 6.8 percent in FY18 to 4.1 percent in FY19 while investment contracted by 8.9 percent. Sizable currency depreciation accelerated inflation but helped substantially narrow the Current Account Deficit.

The Current Account Deficit (CAD) declined significantly. The CAD narrowed to US\$13.5 billion (4.8 percent of GDP) in FY19 compared to US\$19.9 billion (6.3 percent of GDP) in FY18. The decline was primarily driven by lower import growth (goods imports declined by 7.4 percent while services imports fell by 14.9 percent). The largest decline in imports was for transport and machineries, because of the slowdown in investment and industrial growth, followed by food items and metals. However, petroleum related imports continued to grow (5.0 percent), albeit at a lower rate than last year (25 percent).

Exports, on the other hand, did not respond to the exchange rate depreciation, as regaining competitiveness after an extended period of an overvalued exchange rate may take time. The growth in remittances by 9.7 percent year-on-year in FY19, due to higher flows from USA, Malaysia, and GCC countries, also supported the current account.

During July-December 2019 i.e. first six months of current fiscal year, growth in private sector credit off take was subdued. State Bank of Pakistan's data showed that the private sector credit increased by Rs.311.0 billion during July-Dec.2019 compared with net increase in private sector borrowing of Rs.531.5 billion in the same period a year ago i.e. growth in private sector credit declined by Rs.220.5 billion or 41.5 percent.

Aided by bilateral, IMF, and other multilateral flows, international reserves have started to recover. Financial flows had a boost in FY19 due to a significant increase in central bank deposits and bilateral inflows from China, UAE and Saudi Arabia. Approval of the IMF Extended Fund Facility in July 2019 coupled with the resumption of multilateral budget support have contributed to an increase in the international reserves to US\$11.3 billion (2.6 months of import coverage) in December 2019 compared to US\$7.2 billion (1.3 months of import coverage) in December 2018. The gradual accumulation of reserves is also being supported by reduced pressures on the exchange rate.

During 2020 government plans to take decisive steps for fiscal consolidation and lay the ground for sustainable recovery and build resilience. The adjustment will be supported by comprehensive efforts to drastically improve revenue mobilization, both at the federal and the provincial level, reduce public debt and generate 4-5 percentage points of GDP in additional tax revenue; this will be supported by an appropriate monetary policy to shore up confidence and contain inflation.

In the backdrop of prevailing economic environment, Saudi Pak during 2020 will maintain a cautious approach. Focus will remain on core project finance business meeting its risk reward standards. Investment in capital markets shall be rationalized for provisioning reversals and booking profits. Investments in government securities will be reviewed taking a cue from interest rates movements.





OPERATIONAL REVIEW

Corporate Finance

The year under review remained challenging for the corporate finance keeping into consideration the exigent economic conditions coupled with strict fiscal and monetary measures taken by the government. Major adverse factors including PKR devaluation, FATF reviews and rise in policy rate led to decline in the growth of private sector credit off-take. In spite of that, CFD prudently solicited existing as well as new customers and booked quality assets in line with Saudi Pak's 'Risk & Return' standards.

The Division maintained its focus towards effective, yield-centric business opportunities by diversifying its client base with top-to-mid tier corporate and tapping financing opportunities in growing sectors including power, textile, sugar, electronics and rubber. Furthermore, CFD originated new SME leads in the real estate & oil sectors. Consequently, total approvals for the period under review amounted to Rs. 4,854 million whereas total disbursements amounted to Rs. 4,019 million.

Despite the improved future outlook of the country foreseen by international rating agencies as well as reduction in overall current account deficit, sluggish economic activities are expected to continue in 2020. Consequently, GDP growth of the country may further decelerate. This will also result in stressed Large Scale Manufacturing which may adversely affect the private credit off-take. In view of the anticipated economic slowdown, CFD intends to remain cautious in year 2020 by executing quality bilateral and syndicated transactions whilst solidifying relationships with corporate clients and financial institutions across the country.



Credit Administration

The prime function of Credit Administration Division (CAD) is monitoring of regular advances and TFCs. It aims to ensure timely re-payments against credit facilities. Monitoring functions also include compliance of regulatory requirements, updating customers' risk ratings, collateral valuations etc.

During the year, focused management efforts on recovery produced excellent results and CAD surpassed its recovery budget by a fair margin. Against recovery budget of Rs. 3,561 million, an amount of Rs. 3,775 million was recovered.

CAD plans to gear itself during 2020 for further improvement in its operational efficiency capacity building of its staff especially in the areas Customers' continuous Due Diligence, Anti Money Laundering and Combating the Financing of Terrorism.

Treasury Operations

Treasury Division during 2019 efficiently managed both borrowing and placement portfolios by maintaining an active presence in the money market. Fresh funds arranged by Treasury and inflows received from recovery of loans were channelized to enhance the Treasury Portfolio. Treasury substantially increased its investment in Government Securities (i.e. Fixed and Floating rate PIBs) to around Rs. 17.0 billion.

On the sustainable fund mobilization side, Treasury Division continued to make strides in meeting this critical goal. Mobilization of long term and short term funding lines from commercial banks continued along with periodic servicing of repayments against the existing finances.

As an alternative funding source, COI deposits were also enlisted. Overall, Treasury maintained a positive spread between placements and borrowings thus contributing to net interest income. Additionally, capital gain was realized on sale of securities.

During 2020, Treasury Division will continue focusing on realizing capital gain opportunities while aiming for positive net interest spread on placements, given high interest rates environment.





DERAWAR FORT

Derawar Fort is a large square fortress in Punjab, Pakistan. It is located at 130 km south of the city of Bahawalpur.

This historically significant fort presents an enormous and impressive structure in the heart of the Cholistan desert and is visited by tourists throughout the year.





Special Asset Management

Special Assets Management Division focus during 2019 was on cash recovery from the non performing portfolio, resulting in reversal of provisions and cleansing of Balance Sheet. Almost 90 percent of NPLs are in litigation. Besides following up the legal course, the side by side negotiations for amicable settlement were pursued in cases where clients are willing to come up with workable settlement packages.

This strategy proved quite successful even amid the economic meltdown faced by the country. SAMD besides managing to keep the settlement arrangements on track struck new settlement deals. Considerable progress has been achieved in various chronic cases with expected recoveries in 2020. Further, tracing of personal properties of guarantors and their attachment through courts is under way in many cases. Mortgaged assets against Non Performing Loans in several cases are under auction which will hopefully materialize in 2020 leading to substantial NPL recovery/ write backs.

Risk Management Framework

Saudi Pak is in the business of taking risks in order to meet its corporate objectives. Recognizing that sound management of these risks is essential for achieving business goals while maintaining financial viability, Saudi Pak has instituted a robust risk management framework that has been refined over the years. Under the overall

purview of the Board of Directors and its Risk Management Committee, the necessary risk policies, procedures, limits, reporting mechanisms and independent control functions are in place, in line with regulatory requirements. These ensure that risks are identified, communicated, and managed to remain in line with Saudi Pak's approved risk appetite.

During the course of the year, despite a challenging economic environment, Saudi Pak achieved its profitability and business targets by adhering to stringent risk management standards. Each credit proposal was independently scrutinized by the Risk Management Division. Credit portfolio concentrations and risk levels were monitored throughout the year. The credit risk rating mechanism was successfully backtested and the credit risk management framework was strengthened through review of the Internal Credit Risk Rating Policy. Active oversight by the Middle Office served as an independent check to ensure that Treasury & Capital Markets exposures remained within approved risk parameters. Interest rate risk reports aided the Asset-Liability Committee in optimizing the balance sheet as per its interest rate outlook. Funding granularity improved during the year and liquidity metrics remained comfortable, in line with internal and regulatory requirements. Various tools implemented for operational risk, such as incident reporting, key risk indicators and risk & control assessments, collectively aided in identifying gaps and mitigating measures. Business Continuity Plan was tested to ensure continuity of business operations in case of an emergency or disaster.



On an enterprise level, integrated risk profile was assessed using the Basel Framework, Internal Capital Adequacy Assessment Process, and stress testing. Saudi Pak's Capital Adequacy Ratio remained well above both internal as well as regulatory requirements throughout the year, providing ample cushion to absorb unexpected losses. Stress testing exercises carried out during the year also revealed that Saudi Pak maintained a solid and resilient capital and liquidity position even under stress.

Settlement Division

Settlement Division carries out Money Market Settlements and database management within the framework of segregation and independence in execution of market transactions. Saudi Pak is a participant institution of "Pakistan Real Time Inter Bank Settlement Mechanism". Settlement Division performs settlement operations in coordination with the real time payment system environment of State Bank of Pakistan.

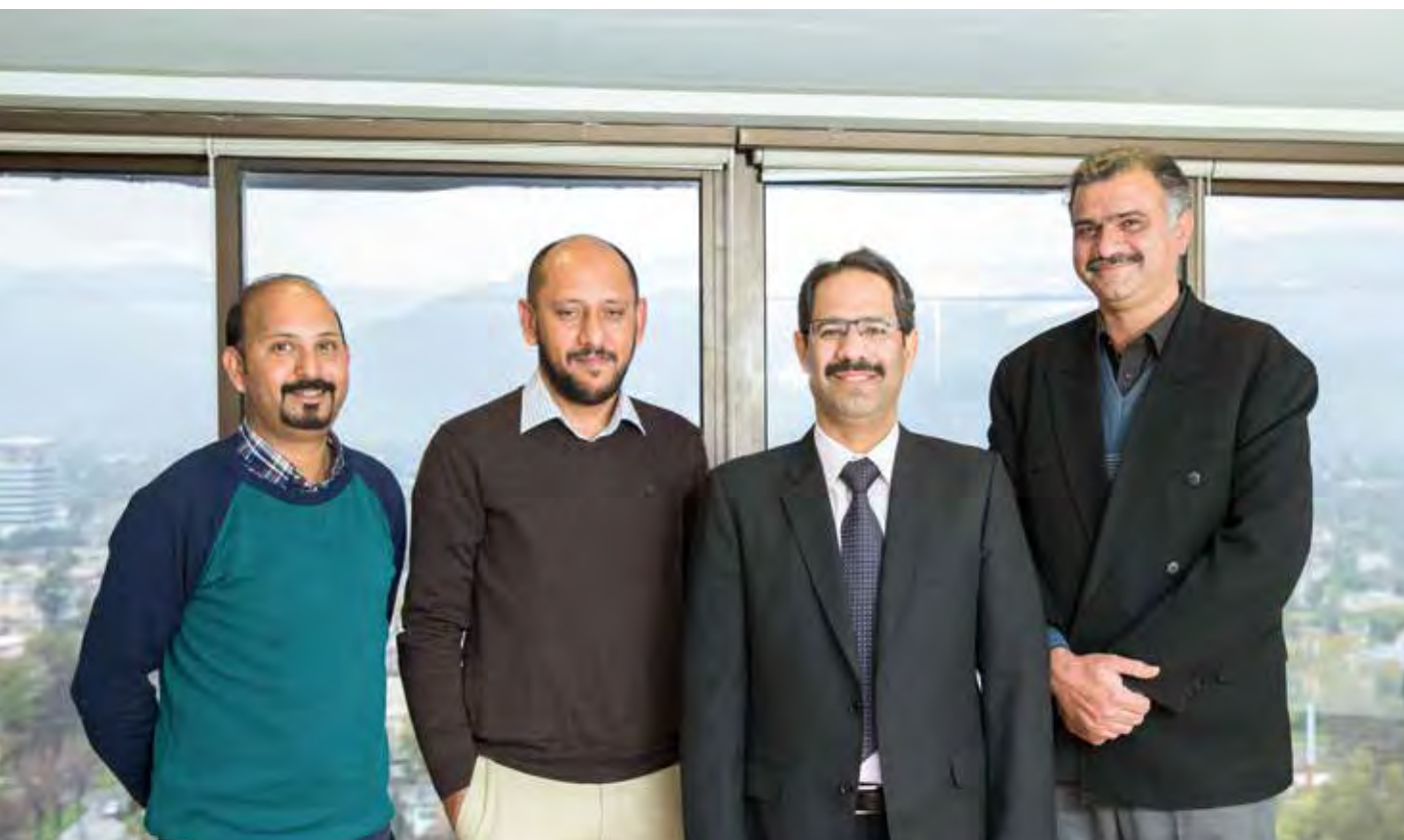
Settlement Division also provides a pivotal support in securitization and documentation of credit lines obtained from commercial banks. Long Term credit lines and their time efficient documentation are essential to meet business requirements. Keeping in view the rising interest rates during 2019, execution of credit lines were pro-actively planned and securitization and documentation/renewals of bank finances of aggregate value of PKR 2.5 billion were completed.

Capital Market Operations

During 2019 the Stock Market's performance remained subdued from February to August with KSE-100 Index touching four year low at 28,671 points in August due to multiple reasons such as economic slowdown, escalating inflation, increase in SBP Policy Rate and ongoing IMF & FATF reviews. However, September 2019 onwards, the trend was reversed on account of unchanged Policy Rate by SBP reaffirming the view in some corners that interest rate may have peaked. Moreover, IMF approval of reform implementation coupled with Pakistan's avoidance of FATF blacklist and improvement in macroeconomic indicators such as reduction in current account deficit, relatively stable currency and foreign exchange reserves buildup provided impetus to KSE-100 Index closing with an increase of 9.90% on year to year basis.

Portfolio Management Division maintained a diversified portfolio having regular stream of dividend income with an aim of capital preservation and realizing capital gains opportunistically. On gross basis Portfolio Management Division (PMD) realized income of Rs. 291 million. Further, despite significant volatility in PSX during 2019 PMD managed to reverse the opening negative revaluation of Rs. 245 million with absolute mark to market gain of Rs. 141 million at end 2019 i.e. net gain of Rs.385 million during 2019. Hence, on total return basis, PMD portfolio outperformed the KSE 100.





Stock market's future outlook depends on, GDP growth, inflation trajectory, SBP Monetary Policy, strengthening tax base, and stable political environment. Port Folio Management Division will continue to focus on dividend yielding stocks, capital preservation and realization of capital gains wherever found feasible.

Information Technology

Information technology plays a vital role towards progress of the company by managing its Infrastructure and facilitating strategic initiatives for accelerating business growth. The Information Technology function has gained enhanced role in the financial sector. Saudi Pak's IT Strategy is to use the power of ideas that provide momentum and direction to strengthen the Company's decision support systems, re-engineering of the legacy systems using latest technology, database upgrades, server and storage consolidation. IT Division is always serving to build capacity for growth.

During 2019, Technology Governance Framework was implemented to ensure the smooth functioning of business operations using best practices. Moreover, IT infrastructure was also further improved using evolving technologies and made more secured by strengthening the security controls.

IT Division has also setup Disaster Recovery site at new premises in Lahore with complete IT infrastructure, data and critical systems to effectively manage and ensure continuation of critical business operations, coping up with localized or global disasters. It provides reliability, trust and strengthens the confidence of our prestigious clients.

Internal Audit

The Internal Audit Division continued to perform its activities as per the internal audit planner in the year 2019 and also worked in line with the internal audit strategy for the year.

To ensure alignment to the SBP's guidelines on internal audit function, issued on April 03, 2019, the audit policies and procedures were updated as per the given timeline, under the guidance of Board Audit Committee.

Audit assignments were conducted to raise quality audit observations along with the suitable recommendations for overall improvement in strengthening the internal controls and risk management of the Company.

IAD strives to provide unhindered quality value add services to the Company, within its set domain, for the purpose of which, all the staff members posted in the Internal Audit Division were given the relevant internal and external trainings during the year 2019, to keep them abreast with the latest developments in the internal audit profession as well as financial sector.

Saudi Pak has developed necessary technology based infrastructure to cater to the requirements of inter-bank payment system. In line with the goals set for Settlement Division, payment system infrastructure is monitored for compliance of regulatory and technological advancements. During 2019, a payment system backup site was also made operational for ensuring business continuity under exigency scenario.

ENTITY RATING

Saudi Pak's long term and short term entity rating has been assessed by VIS Credit Rating Company Limited. Long Term entity rating has been reaffirmed at AA+ (Double A Plus) and Short Term entity rating reaffirmed at A-1+ (A One Plus). Outlook on assigned rating has been "Stable".

Credit Rating

By VIS Credit Rating Company Limited.

Long Term

AA+

Short Term

A-1+

Outlook

STABLE

AA+

High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A-1+

Highest certainty of timely payments. Short Term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's Short Term obligations.





Human Resource

During 2019, HR targeted its operational initiatives by adopting a more structured approach for effective identification of training needs through a rigorous TNA (Training Needs Analysis) exercise to align the Learning and Development Plan to the Company's Strategic Plan. An array of a blended Learning and Development approach remained the focal point as HR covered all key areas i.e. Compliance and regulatory, specifically in the area of AML and CFT, keeping in view the recent updates and importance as posed by the GOP and SBP; functional, soft skills and leadership aspects through yet a variety of approaches e.g. conducting a number of in-house training sessions by deploying both internal and external subject matter experts alongside the public programs, resulting in almost double the number of learning days as compared to the previous year.

During 2020 Human Resources Division's aims to ensure that an environment is created which enables Saudi Pak employees to thrive and draw out the best in them in order to attain high performance.

Corporate and Financial Reporting Framework

The Directors are pleased to state that:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have consistently been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has adequately been disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. An audit committee, composed of four non-executive

directors, has been formed for the purpose. The Committee meets periodically and independently throughout the year.

- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance.
- h) Key operating and financial data for the last five years, in summarized form, is included in this annual report.
- i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2019, except as disclosed in the financial statements.

- j) The value of investment of Provident Fund as at December 31, 2019 according to their audited financial statement is approximately Rs.88.00 million (2018: Rs.70.50 million).

Auditors

The Auditors, M/s A. F. Ferguson & Company, Chartered Accountants, have completed their assignment for the year ended December 31, 2019

The Board on the proposal of the Audit Committee, recommends the appointment of M/S A.F. Ferguson & Company, Chartered Accountants as Auditors for the year 2020.

Board of Directors Meeting

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

Name of Directors	Number of meetings held during the tenor of Directorship	Number of meetings attended during the tenor of Directorship
Mr. Sultan Abdulrauf	03	03
Mr. Zafar Hasan	06	06
Mr. Rayyan M. H. Nagadi	03	01
Mr. Mohammad Tanvir Butt	05	05
Mr. Majid Misfer J. Alghamdi	03	03
Mr. Qumar Sarwar Abbasi	06	06
Mr. Mohammed W. Al-Harby	03	03
Mr. Musaad A. Al-Fakhri	03	03
Dr. Shujat Ali	01	01
Mr. Mohammed A. Al-Jarbou	03	03



During the year, two meetings of the Risk Management Committee of the Board were held and attended by the directors as follows:

Name of Directors	Number of meetings held during the tenor of Directorship	Number of meetings attended during the tenor of Directorship
Mr. Zafar Hasan	02	02
Mr. Majid Misfer J. Alghamdi	01	01
Mr. Qumar Sarwar Abbasi	02	01
Mr. Mohammed A. Al-Jarbou	01	01

During the year, four meetings of the Audit Committee of the Board were held and attended by the directors as follows:

Name of Directors	Number of meetings held during the tenor of Directorship	Number of meetings attended during the tenor of Directorship
Mr. Majid Misfer J. Alghamdi	02	02
Mr. Mohammad Tanvir Butt	02	02
Mr. Rayyan M. H. Nagadi	02	01
Mr. Qumar Sarwar Abbasi	04	04
Mr. Mohammed A. Al-Jarbou	02	02
Dr. Shujat Ali	01	01
Mr. Musaad A. Al-Fakhri	02	02

During the year, three meetings of the Human Resource and Remuneration Committee of the Board were held and attended by the directors as follows:

Name of Directors	Number of meetings held during the tenor of Directorship	Number of meetings attended during the tenor of Directorship
Mr. Sultan Abdulrauf	02	02
Mr. Zafar Hasan	03	03
Mr. Mohammad Tanvir Butt	02	02
Mr. Majid Misfer J. Alghamdi	02	02
Mr. Mohammed W. Al-Harby	01	01
Mr. Musaad A. Al-Fakhri	01	01

The categories and pattern of shareholding as required by the Companies Ordinance, 1984 are included in this Report. The Government of Pakistan and the Kingdom of Saudi Arabia hold the shares of the Company in equal proportion.



Outlook-2020

Government plans to take decisive steps in 2020 for fiscal consolidation by laying the ground for sustainable recovery and resilience. Continuation of economic reforms would have positive impact on business confidence and help revive private investment.

For meeting the requirements of country's emerging economy, substantial investment shall be made towards acquisition of HR having requisite skills. Risk Management Framework will be further improved to curtail uncertainties in financing and investment decisions to the maximum possible extent.

Corporate Social Responsibility

Saudi Pak strongly believes in serving and giving back to the society and we feel it is our prime duty to facilitate, nourish and invest in our state for the better. With a view to fulfilling its Corporate Social Responsibilities, Saudi Pak has adopted "Corporate Voluntary Guidelines 2013" issued by the Securities and Exchange Commission of Pakistan. In this regard sizeable donations were made to non-profit NGOs managing socio-economic and development programs to help alleviate poverty in marginalized communities of Pakistan.

Saudi Pak also initiated a number of activities during 2019 e.g. providing internships to the youth to develop and prepare them for playing a pivotal role in upbringing of the society. Similarly, under the Spreading Smiles initiative, gifts were distributed among members of an old home to share the joys of Eid with the neglected and most deserving members of our society.

Green Initiative:

Saudi Pak is committed to serving and giving back to the society and considers it to be a prime duty to facilitate, nourish and invest in our country for the better.

In line with our Company' vision and the State Bank's framework and guidelines regarding Green Banking initiatives for the economic prosperity of our country, we continue to strive and play our role by actively engaging in eco-friendly initiatives. This year in support of the nation-wide 'Say No to Plastic Bags' customized and eco-friendly reusable cloth bags were distributed among the employees to discourage the usage of plastic bags and raise awareness regarding the dangerous and negative impacts it poses to the eco system.

We believe in taking care of the society to grow our business sustainably and make a positive difference.



A photograph of the Masmak Fort in Riyadh, Saudi Arabia. The fort is a large, cylindrical, light-brown structure with a crenellated top. It is situated in an urban environment with a clear blue sky and scattered white clouds. A tall, modern street lamp stands in the foreground to the right. In the background, another similar fort structure is visible, partially obscured by green trees. The overall scene is bright and sunny.

MASMAK FORT

“Masmak” in Arabic means the high, fortified, thick and huge — important qualities for a fort.

The Masmak Fort is a clay and mud-brick fort situated in the centre of Riyadh. The fort has four watchtowers and thick walls and was founded on stone blocks.





Strategic Investments

Saudi Pak's strategic investments include Saudi Pak Real Estate Limited and Saudi Pak Leasing Company Limited.

I. Saudi Pak Real Estate Limited

Saudi Pak Real Estate Limited (SPR) is a wholly owned subsidiary of Saudi Pak. SPR is the first real estate investment company licensed by State Bank of Pakistan. The principal business of the Company is investment in properties, property management services, investment in joint ventures and other related services.

During 2019, the Real Estate market remained sluggish mainly owing to economic slowdown and government's continuing policy of documenting economy. Saudi Pak Real Estate Limited main focus remained on capital preservation in respect of exiting investments and exploring attractive investment opportunities in Islamabad and Lahore. Going forward government's initiatives for the real estate sector are imperative for local as well as for overseas Pakistani investment.

II. Saudi Pak Leasing Company Limited

Saudi Pak Leasing Company Limited is an associated concern of Saudi Pak Industrial and Agricultural Investment Company Limited. The main business activity of the Company is leasing of assets. The Company is listed on the Pakistan Stock Exchange. Saudi Pak Leasing Company Limited like most other

leasing companies in Pakistan also suffered losses in the financial meltdown of 2008, Efforts are being made to find best solution given current challenging situation.

Head Office Building

Saudi Pak owns a twenty storey High Rise Building in Islamabad known as Saudi Pak Tower. The building, constructed in the year 1991, is known as a landmark of Islamabad.

Saudi Pak Tower was awarded standardization certification of ISO 9001:2008 in the year 2012 after completion of re-certification surveillance process audits and implementation, maintaining the Quality Management System of overall building management, its allied services to the valuable tenants.

A major portion of the building is rented out. Several national and multinational companies including financial institutions, telecommunication companies, clinical service oriented concerns etc. are housed in the Tower. Building occupancy level at the end of December, 2019 was 100% translating revenue of Rs.379million as compared to Rs.344 million in the year 2018.

Head Office Building Department is consistently striving to bring improvement for the betterment in overall building services. During 2020 two additional lifts will be installed. Fire fighting system of the building will also be further improved.

Financial Results – 2019

Company maintained its cautious approach as per approved business plan. Focus remained on Capital preservation in a very difficult operating environment. Capital Market positions were managed to minimize losses in a falling market. Cautious approach was also adopted in project finance business given greater risk of defaults in a high interest rate environment. Investment in low risk Govt. Securities was enhanced given attractive risk free yields available.

During the year company's total assets increased by 93.2 percent to Rs. 37.1 billion mainly due to increased investment in high yielding government securities. As a result, Net Interest Income increased by 26.5 percent to Rs. 763.3 million. Income from Capital Markets was lower by 9.9% at Rs. 205.8 million. Profit before provisioning increased by 18.1% to Rs. 733.4 million. Company prudently made provisions of Rs. 328.5 million primarily against mark to market diminution in the value of quoted securities. Consequently reported pre-tax profit declined by 42.0% and after tax profit reduced by 34.5%.

Shareholder's equity increased by Rs. 355 million despite an interim cash dividend payment of Rs. 330 million. Main reason was mark to market appreciation of Rs. 385 million in the value of quoted securities as at December 31, 2019.

The summarized financial results and recommendation for appropriations are as under:

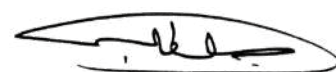
	2019 Rupees	2018 Rupees
Un-appropriated/un-remitted profit brought forward	2,843,304,042	2,746,287,226
Profit after tax for the year	267,072,281	407,552,919
Surplus on revaluation of fixed assets	68,180,794	104,046,461
Other comprehensive income related to equity	635,793	(3,071,980)
Profit available for appropriations	3,179,192,910	3,254,814,626
Appropriations:		
Transfer to reserve funds	53,414,456	81,510,584
Transfer to general reserve	-	-
Dividend paid	330,000,000	330,000,000
Total appropriations	383,414,456	411,510,584
Un-appropriated/un-remitted profit	2,795,778,454	2,843,304,042

Acknowledgement

The Board wishes to place on record its appreciation of the hard work and dedication of the management, officers and staff of the Company.

For and on behalf of the Board of Directors

Islamabad
February 27, 2020



Chairman



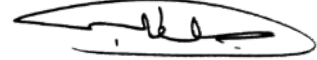
مالیاتی نتائج کا خلاصہ اور تفصیلات کے لئے تجاویز درج ذیل ہیں:

2018	روپے	روپے	
2,746,287,226	2,843,304,042	غیر مختص شدہ/ بنیادائگی کا منافع آگے لایا گیا	
407,552,919	267,072,281	سال کا منافع بعد از محمول	
104,046,461	68,180,794	غیر منقولہ اثاثہ جات کی دوبارہ قدر پیمائی کے بعد زائد	
(3,071,980)	635,793	ملکیتی سرمایہ سے متعلق دیگر جامع آمدنی	
3,254,814,626	3,179,192,910	تفصیلات (appropriations) کے لیے دستیاب	
		منافع	
		تفصیلات (appropriations)	
81,510,584	53,414,456	محفوظ ذخائر میں منتقلی	
-	-	عام ذخائر میں منتقلی	
330,000,000	330,000,000	منقسمہ منافع کی ادائیگی	
411,510,584	383,414,456	کل تفصیلات (appropriations)	
2,843,304,042	2,795,778,454	غیر مختص شدہ/ بنیادائگی کا منافع	

اعتراف

بورڈ کی خواہش ہے کہ وہ کمپنی کی انتظامیہ، افسران اور عملے کی سخت محنت اور لگن کو کارڈ پر لائے۔

بورڈ اور بورڈ آف انریکٹرز کی جانب سے



چیرمین

اسلام آباد؛

فروری 2020ء

ڈائریکٹر رپورٹ

معاشی جائزہ

سال 2019 میں ملک کو درپیش معاشی مسائل میں شدت آگئی تھی۔ مالی سال 2019 میں حکومت کے معاشی استحکام کے لئے اٹھائے گئے اقدامات کی وجہ سے پاکستان کی مجموعی قومی پیداوار (GDP) کی شرح نمو گزشتہ سال کی شرح نمو کے مقابلے میں 2.2 فیصد کی سے گھٹ کر 3.3 فیصد ہو گئی۔ اوسط افراط زر کی رفتار میں تیزی سے اضافہ ہوا اور سال 2019 میں سال بہ سال کی بنیاد پر 6.1 فیصد سے بڑھ کر 12.6 فیصد ہو جس کا نتیجہ بنیادی افراط زر میں 9.5 فیصد کا بڑا اضافہ، کرنسی کی قدر میں کمی، ایندھن، پیداواری اشیاء اور پمپنگ کی قیمتوں میں خاصا اضافہ ہوا۔ شدید ہوتے ہوئے افراط زر کے دباؤ کے نتیجے میں بینک دولت پاکستان نے پالیسی نرخ 13.25 فیصد کر دیا یعنی 575 بیس پوائنٹس کا اضافہ۔

گزشتہ سال کے دوران، زرمبادلہ کے نرخ کی قدر میں کمی ہونے دی گئی جس کے ساتھ مجموعی فرسودگی (depreciation) 25.5 فیصد ہوئی، ترقیاتی بجٹ میں کوئی اور توانائی کی قیمتوں میں اضافہ ہوا۔ نتیجہ کے طور پر نجی شعبہ کی قرضہ جات کی طلب کی رفتار 2018 کی 6.8 فیصد سے 2019 میں کم ہو کر 4.1 فیصد رہ گئی جبکہ سرمایہ کاری میں 8.9 فیصد کی کمی ہوئی۔ کرنسی کی بڑی فرسودگی (depreciation) نے افراط زر کی رفتار میں اضافہ کیا لیکن اس نے جاری کھاتے کے خسارے کو کم کرنے میں مدد کی۔

جاری کھاتے کے خسارے میں خاصی کمی آئی ہے۔ جاری کھاتے کے خسارے میں 2018 کے 19.9 ارب امریکی ڈالر (مجموعی قومی پیداوار کا 6.3 فیصد) کے مقابلے میں 2019 میں کم ہو کر 13.5 ارب امریکی ڈالر (مجموعی قومی پیداوار کا 4.8 فیصد) رہ گیا۔ اس کی بنیادی محرک کم تر درآمدات رہیں (اشیاء کی درآمدات میں 7.4 فیصد اور خدمات کی درآمدات میں 14.9 فیصد کی کمی) درآمدات میں سب سے زیادہ کی مواصلات اور مشینوں کی شکل میں ہوئی جس کی وجہ سے سرمایہ کاری اور صنعتی نمو میں سست روی تھیں۔ تاہم خام تیل سے متعلق درآمدات (5 فیصد) میں اضافہ جاری رہا جو گزشتہ سال کے اضافے سے کم رہا (25 فیصد)۔

دوسری جانب برآمدات کے شعبے میں زرمبادلہ کے نرخ کی مسابقتی اہلیت کی بحالی کا کوئی خاص رد عمل نہیں نظر آیا جس کی وجہ ایک طویل عرصہ تک زرمبادلہ کے نرخ کو اس کی اصل قدر سے زیادہ رکھنا تھا اور اسی وجہ سے اس کے مثبت اثرات نظر آنے میں وقت لگے۔ سال بہ سال کی بنیاد پر 2019 کے دوران جاری کھاتے میں بہتری کی معاونت امریکہ، ملائیشیا، اور جاپانی تعاون ماہک سے تریل زرمیں 9.7 فیصد اضافے نے بھی کی۔

جولائی تا دسمبر 2019 کے دوران، نجی شعبہ کو قرضہ کی فراہمی کی شرح نمو کم رہی۔ بینک دولت پاکستان کے اعداد و شمار (data) کے مطابق جولائی تا دسمبر 2019 میں نجی شعبہ کو قرضہ کی فراہمی میں 311 ارب روپے کا اضافہ ہوا جبکہ ایک سال پہلے اسی مدت میں قرضہ کی فراہمی میں اضافہ 531.5 ارب روپے تھا یعنی نجی شعبہ کو قرضہ کی فراہمی میں 220.5 ارب روپے یا 41.5 فیصد کمی ہوئی۔

آئی ایم ایف اور دیگر کثیرالکھجی ترسیل زر کی مدد سے غیر ملکی زرمبادلہ کے ذخائر بحال ہونے شروع ہوئے۔ 2019 میں چین، متحدہ عرب امارات اور سعودی عرب سے مالی ترسیل زر سے مرکزی بینک کے ڈپازٹس میں اضافہ ہوا۔ جولائی 2019 میں آئی ایم ایف کی توسیع شدہ فنڈ کی سہولت کی منظوری کے ساتھ ساتھ کثیرالکھجی بجٹ کی معاونت کی بحالی وجہ سے دسمبر 2019 میں غیر ملکی زرمبادلہ کے ذخائر 111.3 ارب امریکی ڈالر (2.6 ماہ کی درآمدات کے لئے کافی) ہو گئے جبکہ اس کے مقابلے میں دسمبر 2018 میں 7.2 ارب امریکی ڈالر (1.3 ماہ کی درآمدات کے لئے کافی) تھے۔ زرمبادلہ کے نرخ پر کم ہونے والے دباؤ نے بھی مجموعی ذخائر میں بتدریج اضافے میں معاونت کی ہے۔

سال 2020 کے دوران حکومت کا ارادہ ہے کہ مالیاتی استحکام کے لیے فیصلہ کن اقدامات کرے اور تسلسل سے معاشی بحالی کے لئے بنیاد فراہم کرے اور بدلتے ہوئے حالات سے تہرہ آزا ہونے کی استعداد میں اضافہ کرے۔ اس سلسلے

میں، وفاقی اور صوبائی سطح پر مال گذاری میں بہت زیادہ نظم و ضبط میں بہتری کے عمل کو متحرک کرنے کے لیے مشترکہ اور جامع کوششیں معاون ہوں گی جس سے پبلک قرضوں میں کمی ہوگی جس سے محصولات کی مد میں 4-5 فیصد اضافی مال گذاری حاصل ہوگی، اور مناسب مالیاتی پالیسی سے اعتماد میں اضافہ اور افراط زر کو قابو رکھنے میں معاونت کرے گی۔

موجودہ معاشی صورتحال کے پس منظر میں سعودی پاک سال 2020 کے دوران محتاط حکمت عملی جاری رکھے گا۔ کمپنی اپنے رسک روارڈ (reward) کے معیار کی پابندی کرتے ہوئے، اپنی توجہ، بنیادی نوعیت کے منصوبوں میں سرمایہ کاری پر رہے گی۔ مختص (provisioning) کرنے کے عمل کی واپسی اور منافع کو مخصوص کرنے کے لیے سرمایہ منڈی میں سرمایہ کاری کو حقیقت پسند بنایا جائے گا۔ سودی نرخوں کی اتار چڑھاؤ کی بنیاد پر گورنمنٹ کے تسکات میں سرمایہ کاری کا جائزہ لیا جائے گا۔

مالیاتی نتائج-2019

کمپنی نے منظور شدہ کاروبار کے منصوبے کے تحت محتاط حکمت عملی کو برقرار رکھا۔ کاروبار کرنے کے لیے انتہائی مشکل حالات میں سرمایہ کو محفوظ رکھنے پر توجہ رہی۔ گرتی ہوئی مالیاتی منڈی میں نقصانات کو کم کرنے کے لیے، کمپنی نے مالیاتی منڈی میں سرمایہ کاری کو منظم کیا۔ بلند سودی نرخ کے پس منظر میں نااہلی کے بڑھتے ہوئے خطرات سے فنانس کے کاروبار کے تحفظ کے لیے محتاط حکمت عملی اپنائی۔ گورنمنٹ کے خطرے سے پاک پرکشش منافع دینے والی دستیاب تسکات (Securities) میں سرمایہ کاری میں اضافہ کیا۔

سال کے دوران کمپنی کے کل اثاثہ جات 93.2 فیصد اضافے سے بڑھ کر 37.1 ارب روپے ہو گئے جس کی وجہ سے زیادہ منافع دینے والی گورنمنٹ کی تسکات میں سرمایہ کاری میں اضافہ ہے۔ اس کے نتیجے میں، خالص سودی آمدنی 26.5 فیصد اضافے سے بڑھ کر 763.3 ملین روپے ہو گئی۔ سرمایہ کی منڈیوں سے ہونے والی آمدنی 9.9 فیصد کمی کے ساتھ 205.8 ملین روپے رہی۔ مختص کرنے سے پہلے منافع 18.1 فیصد اضافے سے بڑھ کر 733.4 ملین روپے ہو گیا۔ کمپنی نے محتاط طریقے سے 328.5 ملین روپے کی مختصات (provisions) کی، جس کی بنیاد وجہ منڈی میں تخفیف کے عمل کی وجہ سے پیش کردہ تسکات کی قدر میں کمی ہے۔ نتیجتاً کمپنی کا مندرجہ منافع قبل از محصول میں 42 فیصد اور منافع بعد از محصول میں 34.5 فیصد کمی ہوئی۔

سال میں درمیانی مدت کے 330 ملین روپے کے نقد منقسم منافع کی ادائیگی کے باوجود حصص کنندگان کے ملکیتی سرمایہ (Equity) میں 355 ملین روپے کا اضافہ ہوا۔ اس کی اصل وجہ منڈی میں 31 دسمبر 2019 کو پیش کردہ تسکات کی قدر، میں 385 ملین روپے کا اضافہ ہے۔



RANIKOT FORT

Ranikot Fort is a historical fort in Sindh, Pakistan. Ranikot Fort is also known as The Great Wall of Sindh and is believed to be the world's largest fort, with a circumference of approximately 32 kilometers. The fort's ramparts have been compared to the Great Wall of China.





STATISTICAL INFORMATION

(Rs. in million)

	2015	2016	2017	2018	2019
Net Financing Approved					
Funded:					
Long Term Finance/TFCs	2,705.0	3,950.0	4,060.0	5,309.0	3,733.0
Lease Finance	-	20.0	-	-	16.0
Short Term Finance	450.0	970.0	619.5	1,395.0	1,315.0
Direct Equity/Investment/Placement	-	330.0	250.0	-	-
Gross Funded (a)	3,155.0	5,270.0	4,929.5	6,704.0	5,064.0
Withdrawals (b)	400.0	219.6	1,068.0	1,524.0	66.0
Net Funded (c)	2,755.0	5,050.4	3,861.5	5,180.0	4,998.0
Non-Funded:					
Underwriting of Shares	-	-	730.0	-	200.0
Guarantees	-	350.0	100.0	-	-
Gross Non-Funded (d)	-	350.0	830.0	-	200.0
Withdrawals (e)	-	18.8	100.0	-	200.0
Net Non-Funded (f)	-	331.2	730.0	-	-
Gross (Funded & Non-Funded) (a+d)	3,155.0	5,620.0	5,759.5	6,704.0	5,264.0
Withdrawals (b+e)	400.0	238.4	1,168.0	1,524.0	266.0
Net (Funded & Non-Funded) (c+f)	2,755.0	5,381.6	4,591.5	5,180.0	4,998.0

Net-Financing and Investment Approved: Cumulative as on December 31, 2019

	(Rs. in million)	As % of Funded	As % of Funded & Non-Funded
Funded:			
Long Term Finance/TFCs	51,257.2	63.24	57.97
Lease Finance	1,961.8	2.42	2.22
Short Term Finance	21,149.2	26.09	23.92
Direct Equity/Investment/Placement	6,684.2	8.25	7.56
Gross Funded (a)	81,052.4	100.00	91.66
Withdrawals (b)	5,791.6		
Net Funded (c)	75,260.8		
Non-Funded:			
Underwriting of Shares	4,046.0	54.90	4.58
Guarantees	3,324.4	45.10	3.76
Gross Non-Funded (d)	7,370.4	100.00	8.34
Withdrawals (e)	1,574.8		
Net Non-Funded (f)	5,795.6		
Gross Cumulative (Funded & Non-Funded) (a+d)	88,422.8		100.00
Cumulative Withdrawals (b+e)	7,366.4		
Net Cumulative (Funded & Non-Funded) (c+f)	81,056.4		

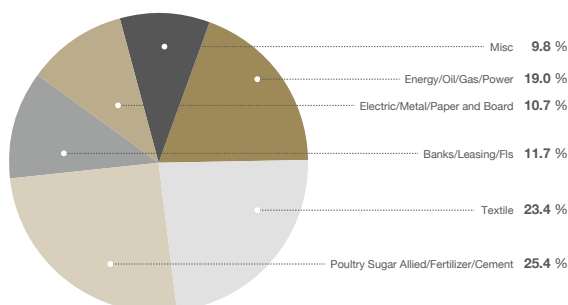
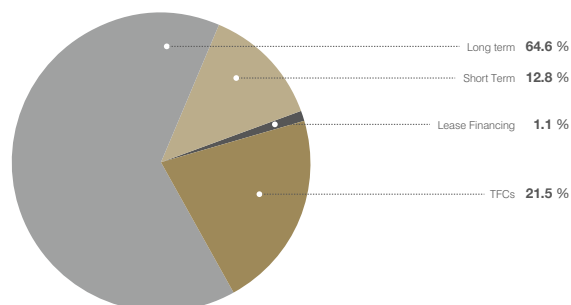
(Rs. in million)

	2015	2016	2017	2018	2019	Since Inception to December 31, 2019
Disbursement: By Type of Assistance						
Long Term Finance/TFCs	2,275.0	3,177.2	2,975.2	3,582.2	2,703.1	43,887.8
Lease Finance	—	—	20.0	—	—	1,833.3
Short Term Finance	750.0	744.5	845.0	1,145.0	1,315.0	19,599.3
Direct Equity/Investment/Placement	—	—	330.0	—	—	2,407.4
Investment in Associated Company	—	—	—	—	—	4,030.6
Share taken up against underwriting	—	—	477.0	—	—	840.4
Total	3,025.0	3,921.7	4,647.2	4,727.2	4,018.1	72,598.8

Net Financing and Investment Approved*: Sector Exposure

Sector	No.	2019		No.	Since Inception to December 31, 2019	
		Amount	%		Amount	%
Financial Services	1	60.0	1.20	180	12,111.5	16.09
Power/Oil & Gas	4	1,723.0	34.48	78	10,003.3	13.29
Manufacturing	11	3,015.0	60.32	610	43,841.9	58.26
Services	1	200.0	4.00	72	9,304.1	12.36
Total	17	4,998.0	100.00	940	75,260.8	100.00

*Excluding underwriting and guarantees

Position as on December 31, 2019**Sector Wise Exposure****Mode Wise Exposure**

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance framed by the Securities and Exchange Commission of Pakistan, which have been voluntarily adopted by the Company.

The Company has applied the principles contained in the Code in the following manner:

1. The total number of directors is 6 as per the following detail:

- Male 6
- Female 0

2. The Board comprises of six non-executive directors as follows:

- Mr. Sultan Abdulrauf
- Mr. Zafar Hasan
- Mr. Mohammad Tanvir Butt
- Mr. Rayyan M.H. Nagadi
- Mr. Majid Misfer J. Alghamdi
- Mr. Qumar Sarwar Abbasi

Exemption regarding appointment of independent director has been obtained from the State Bank of Pakistan.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. During the year 2019, three Directors representing Kingdom of Saudi Arabia (KSA) were appointed in place of the outgoing Saudi directors. One causal vacancy occurred on the Board during the year ended December 31, 2019. The Government of Pakistan nominated one director namely Mr. Mohammad Tanvir Butt on March 21, 2019 replacing Dr. Shujat Ali on the same day, whose Fit and Proper Test has been approved by the State Bank of Pakistan.
5. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
7. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act and these Regulations;
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
9. The Directors, General Manager/Chief Executive and executives do not hold any interest in the shares of the Company except for 1,375 shares held by the Ex-Chairman.
10. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
11. The Board has arranged Directors' Training program for the following:

Sr. no	Name of Director/Executive	Designation
1	Mr. Sultan Abdulrauf	Chairman
2	Mr. Zafar Hasan	Deputy Chairman
3	Mr. Mohammad Tanvir Butt	Director
4	Mr. Majid Misfer J. Alghamdi	Director
5	Mr. Qumar Sarwar Abbasi	Director

12. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
13. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

14. The Board has formed committees comprising of members given below. -

a) Audit Committee

Sr no	Names	Designation
1	Mr. Majid Misfer J. Alghamdi	Chairman
2	Mr. Mohammad Tanvir Butt	Member
3	Mr. Rayyan Bin Mohammad Nagadi	Member
4	Mr. Qumar Sarwar Abbasi	Member

b) HR and Remuneration Committee

Sr no	Names	Designation
1	Mr. Sultan Abdulrauf	Chairman
2	Mr. Zafar Hasan	Member
3	Mr. Mohammad Tanvir Butt	Member
4	Mr. Majid Misfer J. Alghamdi	Member

c) Risk Management Committee

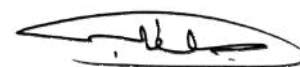
Sr no	Names	Designation
1	Mr. Zafar Hasan	Chairman
2	Mr. Qumar Sarwar Abbasi	Member
3	Mr. Rayyan Bin Mohammad Nagadi	Member
4	Mr. Majid Misfer J. Alghamdi	Member

15. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
16. The frequency of meetings of the committees were as per following, -
17. The Board has set up an effective internal audit function audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
18. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
20. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Board Committees	Frequency of Meeting
Audit Committee	Quarterly
Risk Management Committee	Twice in a year
Human Resource & Remuneration Committee	Once in a year

For and on behalf of the
Board of Directors

Islamabad:
February 27, 2020



Chairman

STATEMENT ON INTERNAL CONTROLS

The Company's management is responsible to establish and maintain an adequate and effective system of internal controls and procedures. The internal controls system comprises of various inter-related components including Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring. The management is also responsible for evaluating the effectiveness of the Company's internal control that encompasses material matters by identifying control objectives and reviewing significant policies and procedures.

The management of the Company has adopted an internationally accepted internal control COSO Framework in accordance with ICFR guidelines from State Bank of Pakistan (SBP). Keeping in view of the risk exposure, the control activities are also being monitored across the Company through Audit Division, working independently of the line management. In addition, Compliance Division is also in place to monitor control activities related to regulatory and other procedural compliance. The Audit Committee of the Board regularly reviews both internal and external audit reports and recommends to the Board for desired corrective measures to be taken by the Management, wherever required.

The Company has made efforts during the year 2019 to ensure that an effective and efficient internal control system is implemented and no compromise is made in implementing the desired control procedures and maintaining suitable control environment in general. However, it is an ongoing process that includes identification, evaluation and management of significant risks faced by the Company. All internal control systems, no matter how well designed, have inherent limitations that they may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that degree of compliance with policies and procedures may deteriorate.

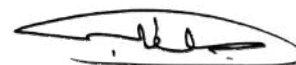
During the year, some observations and weaknesses were identified which were accordingly reported by the Internal Audit Division along with the suitable recommendations. Subsequently, the Management took necessary steps to rectify such observations. Regular follow-up of the audit reports is done by the Compliance Division which ensures timely implementation of queries raised and

recommendations made in the audit/inspection reports to mitigate identified risks to safeguard the interests of the Company. Based upon the results achieved through ongoing testing of financial reporting controls and internal audits carried out during the year, the management considers that the Company's existing internal control system is adequate and has been effectively implemented and monitored.

The Company has completed all stages of its ICFR program as per these guidelines and has been granted exemption from the requirement of submission of Auditors issued Long Form Report to SBP. Saudi Pak submitted annual assessment report on the efficacy of ICFR to SBP for the year ended December 31, 2018, endorsed by the Audit Committee of the Board, on March 20, 2019. Annual assessment report on the efficacy of ICFR for the year ended December 31, 2019 is to be submitted to SBP at the latest by March 31, 2020 as per OSED circular no. 01 dated February 07, 2014.

Based on the above, the Board endorses the management's evaluation of Internal Controls.

For and on behalf of the
Board of Directors



Islamabad:
February 27, 2020

Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

Review Report On The Statement Of Compliance Contained In Listed Companies
(Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) for the year ended December 31, 2019 to voluntarily comply with the requirements of regulation 36 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.



Chartered Accountants
Islamabad
Islamabad: March 4, 2020

FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

Standalone

INDEPENDENT AUDITOR'S REPORT

To the Members of Saudi Pak Industrial and Agricultural Investment Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Saudi Pak Industrial and Agricultural Investment Company Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2019 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with 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 and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, 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 Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the unconsolidated profit and the comprehensive income, the unconsolidated changes in equity and its unconsolidated 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 Matter

We draw attention to note 21.3.1 to unconsolidated financial statements, which describes the uncertainty related to the outcome of the tax references filed by the Company before the Islamabad High Court which is pending adjudication. Our conclusion is not modified in respect of this matter.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include unconsolidated financial statements of the Company 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, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this 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 the Companies Act, 2017 (XIX of 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.

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

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

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);
- b) the unconsolidated statement of financial position, the 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 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 for the purpose of the Company's business; and
- d) no zakat was 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 JehanZeb Amin.



Chartered Accountants

Islamabad

Islamabad: March 4, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Cash and balances with treasury banks	7	36,408,879	54,652,113
Balances with other banks	8	126,036,504	326,583,007
Lendings to financial institutions	9	80,000,000	2,818,407,389
Investments	10	23,903,994,963	4,159,039,630
Advances	11	7,869,204,539	7,865,329,442
Fixed assets	12	3,054,741,640	3,111,658,376
Intangible assets	13	8,488,075	5,762,311
Deferred tax assets		—	—
Other assets	14	2,005,708,818	849,153,274
		37,084,583,418	19,190,585,542
LIABILITIES			
Bills payable		—	—
Borrowings	15	22,759,019,394	5,771,338,282
Deposits and other accounts	16	510,000,000	7,500,000
Liabilities against assets subject to finance lease		—	—
Subordinated debt		—	—
Deferred tax liabilities	17	299,466,049	272,361,026
Other liabilities	18	512,722,650	490,669,964
		24,081,208,093	6,541,869,272
NET ASSETS			
		13,003,375,325	12,648,716,270
REPRESENTED BY			
Share capital	19	6,600,000,000	6,600,000,000
Statutory reserve		1,061,615,726	1,008,201,270
Revenue reserve		358,662,940	358,662,940
Surplus on revaluation of assets	20	2,187,318,205	1,838,548,018
Unappropriated/ Unremitted profit		2,795,778,454	2,843,304,042
		13,003,375,325	12,648,716,270

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 44 and annexure I form an integral part of these financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
Mark-up / Return / Interest Earned	23	2,314,368,395	1,000,386,743
Mark-up / Return / Interest Expensed	24	1,551,084,158	397,181,873
Net Mark-up / Interest Income		763,284,237	603,204,870
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	14,699,794	9,544,922
Dividend income		184,264,953	153,811,455
Foreign exchange income		1,836,436	3,652,937
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	26	21,578,967	74,559,763
Other income	27	203,700,153	204,028,106
Total Non-markup / Interest Income		426,080,303	445,597,183
Total Income		1,189,364,540	1,048,802,053
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	453,624,451	427,576,071
Workers Welfare Fund		—	—
Other charges	29	2,353,000	—
Total Non-markup / Interest Expenses		455,977,451	427,576,071
Profit Before Provisions		733,387,089	621,225,982
Provisions and write offs - net	30	328,486,672	(77,234,557)
Extra ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		404,900,417	698,460,539
Taxation	31	137,828,136	290,907,620
PROFIT AFTER TAXATION		267,072,281	407,552,919
Basic Earnings per share	32	0.405	0.618
Diluted Earnings per share	33	0.405	0.618

The annexed notes 1 to 44 and annexure I form an integral part of these financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman



A TRADITION
OF EXCELLENCE

Annual Report

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UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2019

	2019 Rupees	2018 Rupees
Profit after taxation for the year	267,072,281	407,552,919
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	402,473,426	(151,091,790)
Reversal of deferred tax liability - prior year	—	—
	402,473,426	(151,091,790)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	635,793	(3,071,980)
Movement in surplus on revaluation of operating fixed assets - net of tax	—	405,474,207
Movement in surplus on revaluation of non-banking assets	14,477,555	10,380,320
Reversal of prior year excess deferred tax	—	—
	15,113,348	412,782,547
Total comprehensive income / (loss)	684,659,055	669,243,676

The annexed notes 1 to 44 and annexure I form an integral part of these financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

UNCONSOLIDATED CASH FLOW STATEMENT

For The Year Ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		404,900,417	698,460,539
Less: Dividend income		(184,264,953)	(153,811,455)
		220,635,464	544,649,084
Adjustments:			
Depreciation		138,018,390	135,835,549
Amortization	13	2,673,392	1,576,259
Provision and write-offs	30	328,486,672	(77,234,557)
(Gain) / loss on sale of fixed assets		(11,615,873)	(37,494,510)
Interest expense on lease liability against ROU assets		162,495	–
Charge for defined benefit plan	28.1	7,239,384	5,576,622
Charge for compensated absences	28.1	3,113,287	3,366,125
Unrealized loss / (gain) - held for trading investments	10.1	–	–
		468,077,747	31,625,488
		688,713,211	576,274,572
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,738,407,389	(2,818,407,389)
Held-for-trading securities		–	11,826,249
Advances		(81,183,317)	555,857,604
Others assets (excluding advance taxation)		(968,671,875)	154,109,958
		1,688,552,197	(2,096,613,578)
Increase / (decrease) in operating liabilities			
Borrowings from financial institutions		16,987,681,112	(3,305,507,367)
Deposits		502,500,000	–
Other liabilities (excluding current taxation)		434,214	260,895,267
		17,490,615,326	(3,044,612,100)
Payments against off-balance sheet obligations		–	–
Payment to defined benefit plan		(12,523,889)	(8,871,042)
Income tax paid		(321,876,691)	(278,276,098)
		19,533,480,154	(4,852,098,246)
Net cash flow used in operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(18,923,280,738)	5,412,049,037
Net investments in held-to-maturity securities		(599,455,295)	(168,808,584)
Dividends received		147,967,575	181,872,275
Investments in operating fixed assets		(59,098,971)	(106,510,120)
Proceeds from sale of fixed assets		24,985,488	81,354,150
Sale proceeds from disposal of non banking assets		–	–
		(19,408,881,941)	5,399,956,758
Net cash flow investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Payments against lease liabilities		(13,387,950)	–
Dividend paid		(330,000,000)	(330,000,000)
		(343,387,950)	(330,000,000)
Net cash flow used in financing activities			
Effects of exchange rate changes on cash and cash equivalents		–	–
		(218,789,737)	217,858,512
(Decrease) / Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year	34	381,235,120	163,376,608
Cash and cash equivalents at end of the year	34	162,445,383	381,235,120

The annexed notes 1 to 44 and annexure I form an integral part of these financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2019

	Share capital	Statutory reserve	Revenue reserve	Surplus / (Deficit) on revaluation		Unappropriated / unremitted profit	Total
				Investments	Fixed / non banking assets		
				Rupees			
Balance as at January 1, 2018	6,600,000,000	926,690,686	358,662,940	(40,992,828)	1,614,778,109	2,746,287,226	12,205,426,133
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	407,552,919	407,552,919
Other comprehensive income - net of tax	-	-	-	(151,091,790)	415,854,527	(3,071,980)	261,690,757
Transfer to statutory reserve	-	81,510,584	-	-	-	(81,510,584)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	104,046,461	104,046,461
Transactions with owners, recorded directly in equity							
Final dividend 2017: Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at December 31, 2018	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	2,843,304,042	12,648,716,270
Balance as at January 1, 2019	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	2,843,304,042	12,648,716,270
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	267,072,281	267,072,281
Other comprehensive income - net of tax	-	-	-	402,473,426	14,477,555	635,793	417,586,774
Transfer to statutory reserve	-	53,414,456	-	-	-	(53,414,456)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(68,180,794)	68,180,794	-
Transactions with owners, recorded directly in equity							
Final dividend 2018: Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at December 31, 2019	6,600,000,000	1,061,615,726	358,662,940	210,388,808	1,976,929,397	2,795,778,454	13,003,375,325

The annexed notes 1 to 44 and annexure I form an integral part of these financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia (KSA) and the Islamic Republic of Pakistan. The Company is a Development Financial Institution (DFI) and principally engaged in investment in the industrial and agro-based industrial projects in Pakistan on commercial basis and markets its products in Pakistan and abroad. The Company has been setup for a period of fifty years which may be extended with approval of both of the Governments. The said approval has been granted by both Governments and approved by the Board accordingly.

The registered office of the Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Company is also operating offices in Lahore and Karachi.

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No.2 dated January 25, 2018.

These unconsolidated financial statements are separate financial statements of the Company in which the investment in subsidiary and associate is stated at cost and have not been accounted for on the basis of reported results and net assets of the investee which is done in consolidated financial statements.

2.1 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. The unconsolidated financial statements are presented in Pak. Rupee, which is the Company's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

3.2 The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, SBP through BPRD Circular No.4 of 2019 dated October 23, 2019 has notified the implementation of IFRS 9 effective from January 1, 2021. Therefore, the requirements of IFRS 9 have not been considered by the Company in preparation of these unconsolidated financial statements.



4. STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Company's unconsolidated financial statements is disclosed in note 6.1.

There are certain other new and 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 operations and are therefore not detailed in these unconsolidated financial statements.

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

Following standards have been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17	Insurance Contracts	January 1, 2021

- c) Following standards and amendments to published accounting standards will be effective in future periods and have not been earlier adopted by the Company.

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of financial statements	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRS 3	Business Combinations	January 1, 2020
IFRS 9	Financial Instruments	January 1, 2020
IFRS 7	Financial Instruments: Disclosures	January 1, 2020
IAS 39	Financial Instruments Recognition and Measurement	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2020

The management does not anticipate early adoption of above standards and amendments and is currently evaluating the impact of adopting these standards.

5. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- certain items of operating fixed assets and non-banking assets acquired in satisfaction of claims which are shown at revalued amounts;
- certain investments which are carried at fair value in accordance with directives of the SBP; and
- staff retirement benefit which is stated at present value of defined benefit obligation net of fair value of plan assets.

Use of critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The Company uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equals the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements are as follows:

- i) Classification of investments (note 6.4)
- ii) Provision against investments (note 6.16), advances (note 6.5) and other assets (note 14)
- iii) Valuation and impairment of available for sale securities (note 6.4(b))
- iv) Valuation and useful life of fixed assets (note 6.7) and non-banking assets acquired in satisfaction of claims
- v) Useful life of intangibles (note 6.8)
- vi) Taxation (note 6.11)
- vii) Present value of staff retirement benefits (note 6.12)
- viii) lease term and effective interest rate of lease contracts (note 6.1)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

6.1 Changes in accounting policies

During the period, IFRS 16 - Leases became applicable to the Company. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases - Incentive, and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS - 16 Leases introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS - 16 Leases from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as is permitted under the specific transitional provisions in the standard.

On adoption of IFRS - 16 Leases, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured at the present value of remaining lease payment, discounted using the Companies contract wise incremental borrowing rate as at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	December 31, 2019 Rupees	January 1, 2019 Rupees
Total lease liability	24,685,169	—

On adoption of IFRS 16 - Leases, the associated ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated statement of financial position immediately before the date of initial application.



The ROU assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The ROU 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. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	December 31, 2019 Rupees	January 1, 2019 Rupees
The recognised ROU assets relate to the following type of asset:		
Property	37,280,633	—
The effect of this change in accounting policy is as follows:		
Impact on Statement of Financial Position		
Increase in fixed assets - ROU assets	37,280,633	—
Decrease in other assets - Advances, deposits, advance rent and other prepayments	(12,763,118)	—
	24,517,515	—
Increase in other liabilities - lease liability against ROU assets	(24,685,169)	—
Decrease in net assets	(167,654)	—

Impact on Profit and Loss account

	For the year ended December 31, 2019
Increase in markup expense - lease liability against ROU assets	(162,495)
Increase in operating expenses	(5,159)
Decrease in profit before tax	(167,654)
Decrease in tax	3,835,382
Increase in profit after tax	3,667,728

Earnings per share for the year ended December 31, 2019 are Re. 0.0055 per share higher as a result of the adoption of IFRS - 16 Leases.

In applying IFRS 16 for the first time, the Company has used the practical expedients permitted by the standard:

6.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

6.3 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return expensed and earned respectively on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

6.4 Investments

Investments are classified as follows:

(a) Held-For-Trading (HFT)

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to unconsolidated profit and loss account in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

(b) Available-For-Sale (AFS)

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD Circular No. 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges, are valued at market value and the resulting surplus / deficit on revaluation, net of deferred tax, is taken through "Statement of Comprehensive Income" and is shown in the shareholders' equity in the unconsolidated statement of financial position. Where the decline in prices of available for sale securities is significant and prolonged, it is considered impaired and included in unconsolidated profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of prudential regulations issued by SBP.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee companies as per their latest available financial statements.

Investments in other unquoted securities are valued at cost less impairment losses, if any.

(c) Held-To-Maturity (HTM)

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, if any, in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

(d) Investments in associate and subsidiary

Investment in associate and subsidiary is carried at cost less impairment, if any.

All purchases and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date, which is the date the Company commits to purchase or sell the investments.

6.5 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined in accordance with the requirements of the Prudential Regulations issued by SBP from time to time.

The provision against non-performing advances is charged to the unconsolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

6.6 Finance lease receivables

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

6.7 Fixed assets

(a) Tangibles assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost and lease hold land, buildings and certain other items which are carried at revalued amount less depreciation.

Certain items of fixed assets are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown in the shareholders' equity in the unconsolidated statement of financial position.



In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Company. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

Depreciation is provided on straight line method at rates specified in note 12.2 to the unconsolidated financial statements so as to write off the cost of the assets over their estimated useful lives. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date when the asset is classified as held for sale and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Maintenance and normal repairs are charged to unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

(b) Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of operating fixed assets when available for intended use.

6.8 Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to unconsolidated profit and loss account. Amortization is computed from the date of purchase to date of disposal / write off using the straight line method in accordance with the rates specified in note 13 to these unconsolidated financial statements to write off cost of the assets over their estimated useful life.

6.9 Non banking assets acquired in satisfaction of claims

In accordance with the BPRD Circular No. 1 of 2016 dated January 1, 2016 issued by SBP, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. These assets are depreciated as per Company's policy.

6.10 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to unconsolidated profit and loss account on a time proportion basis.

6.11 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the unconsolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or in equity.

(a) Current

Provision for current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the date of unconsolidated statement of financial position. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

(b) Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position, and applicable at the time of its reversal. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

The Company recognizes deferred tax asset/liability on (deficit)/surplus on revaluation of securities and revaluation of operating fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of operating fixed assets.

6.12 Staff retirement benefits

(a) Defined benefit plan

The Company operates an approved gratuity fund for its permanent employees. Contributions to the fund are made on the basis of actuarial recommendations. The actuarial valuation is carried out periodically using "projected unit credit method".

(b) Defined contribution plan

The Company also operates a recognized provident fund for all of its permanent employees. Equal monthly contributions at the rate of 10% of basic salary are made both by the Company and the employees, which are transferred to the provident fund.

(c) Compensated absences

As per its service rules, the Company grants compensated absences to all of its permanent employees. The provision for compensated absences is made on the basis of last drawn basic salary.

6.13 Revenue recognition

- Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis in compliance with Prudential Regulations issued by the SBP. Fines / penalties on delayed payments are recorded in the unconsolidated profit and loss account on receipt basis.
- Markup / interest on rescheduled / restructured advances and return on investment is recognized in accordance with the directives of the SBP.
- Fees, commission and brokerage income is recognised at the time of performance of service.
- Dividend income is recognized when the Company's right to receive income is established.
- The Company follows the finance method to recognize income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains/ losses on termination of lease contracts are recognized as income/expense on realization. Unrealized lease income on classified lease is held in suspense account, where necessary, in accordance with the requirements of SBP guidelines and recognized as income on receipt basis.



- Gains and losses on sale of investments are taken to the unconsolidated profit and loss account.
- Rental income is recognized on accrual basis.
- Gains and losses on disposal of operating fixed assets are taken to the unconsolidated profit and loss account.

6.14 Foreign currency transactions

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the date of unconsolidated statement of financial position. Exchange gains and losses are included in unconsolidated profit and loss account of the Company.

6.15 Impairment

The carrying amount of the Company's assets are reviewed at the date of unconsolidated statement of financial position to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6.16 Provisions

Provisions are recognised when there are present, legal or constructive obligations as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

6.17 Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.18 Off-setting of financial instruments

Financial assets and financial liabilities are only set-off and net amount is reported in the unconsolidated financial statements when there is legally enforceable right to set-off the recognized amount and the Company either intends to settle on net basis or to settle the liabilities and realize the assets simultaneously.

6.19 Statutory reserve

Under Circular No. 1 dated December 05, 1991 issued by the State Bank of Pakistan for Non-Banking Financial Institutions, an amount not less than 20% of the profit after tax shall be transferred to create a reserve fund till such time the reserve fund equals the amount of paid up capital of the Company and thereafter 10% of the balance of profit after tax of the Company are to be transferred to this reserve.

6.20 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing differentiated products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Company's functional structure and the guidance of State Bank of Pakistan. The Company's primary format of reporting is based on business segments. The Company comprises of the following main business segments:

(a) Business Segment

– Corporate finance

This includes investment activities such as underwriting, Initial Public Offers (IPOs) and corporate financing.

– Trading and Sales

Trading and sales includes the Company's treasury and money market activities.

– Building Rental Services

This segment undertakes the rental services of Saudi Pak Tower and its allied activities.

(b) Geographical Segment

The Company conducts all its operations in Pakistan.

	Note	2019 Rupees	2018 Rupees
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		223,815	272,444
With State Bank of Pakistan in			
Local currency current accounts	7.1	36,185,064	54,379,669
		<u>36,408,879</u>	<u>54,652,113</u>

7.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.



		2019 Rupees	2018 Rupees
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		5,979,002	130,428,968
In deposit accounts		120,057,502	196,154,039
		<u>126,036,504</u>	<u>326,583,007</u>

8.1 Deposit accounts include Rs. 99,741,980 (2018: Rs 177,905,155) held in local currency accounts. These accounts carry markup at the rates ranging from 3.00% to 11.40% (2018: 3.75% to 6.50%) per annum.

8.2 Deposit accounts include USD 131,135.31 (2018: USD 131,371.81) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% (2018: 0.25%) per annum.

	Note	2019 Rupees	2018 Rupees
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.1	80,000,000	2,318,407,389
Letter based placement	9.2	—	500,000,000
		<u>80,000,000</u>	<u>2,818,407,389</u>
Less: provision held against Lending to Financial Institutions		—	—
Lending to Financial Institutions - net of provision		<u>80,000,000</u>	<u>2,818,407,389</u>

9.1 These are secured against Pakistan Investment Bonds (2018: Treasury bills) and carry markup at the rate of 13.05% (2018: ranging between 10.10% to 10.50%) per annum having maturity on January 2, 2020 (2018: January 2, 2019).

9.2 These carried markup at the rate of 11.30% per annum having matured on January 25, 2019.

	2019 Rupees	2018 Rupees
9.3 Particulars of lending		
In local currency	<u>80,000,000</u>	<u>2,818,407,389</u>

9.4 Securities held as collateral against lending to financial institutions

		2019			2018		
	Note	Held by the company	Further given as collateral Rupees	Total	Held by the company	Further given as collateral Rupees	Total
Market Treasury Bills	9.4.1	—	—	—	2,318,407,389	—	2,318,407,389
Pakistan Investment Bonds	9.4.1	80,000,000	—	80,000,000	—	—	—
Total		<u>80,000,000</u>	<u>—</u>	<u>80,000,000</u>	<u>2,318,407,389</u>	<u>—</u>	<u>2,318,407,389</u>

9.4.1 These represent the securities obtained under reverse repo transactions.

9.4.2 Market value of securities held as collateral at December 31, 2019 is Rs. 80 million (2018: 2,343 million).

10. INVESTMENTS

10.1 Investments by type:

Note	2019				2018			
	Cost /	Provision	Surplus /	Carrying	Cost /	Provision	Surplus /	Carrying
	Amortised cost	for diminution	(Deficit)	Value	Amortised cost	for diminution	(Deficit)	Value
	Rupees				Rupees			
Held-for-trading securities								
Quoted shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
- Pakistan Investment Bonds (PIBs)	17,354,461,746	-	91,880,254	17,446,342,000	-	-	-	-
- Market Treasury Bills	907,736,468	-	3,808,532	911,545,000	-	-	-	-
	18,262,198,214	-	95,688,786	18,357,887,000	-	-	-	-
Shares- Quoted securities	2,627,466,026	(704,469,976)	133,678,081	2,056,674,131	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Non Government Debt Securities								
- Term Finance Certificates (TFCs) / Sukuk	1,171,612,766	(82,227,345)	3,600,000	1,092,985,421	772,221,286	(82,835,865)	-	689,385,421
- Commercial paper	92,729,028	-	-	92,729,028	-	-	-	-
Open end Mutual Fund	70,794,937	(34,419,937)	14,549,375	50,924,375	-	-	-	-
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	23,011,134,019	(1,094,950,298)	247,516,242	22,163,699,963	4,087,853,281	(860,278,141)	(225,881,510)	3,001,693,630
Held-to-maturity securities								
Non Government Debt Securities								
- Term Finance Certificates (TFCs)	1,642,786,710	(402,491,710)	-	1,240,295,000	1,043,331,415	(385,985,415)	-	657,346,000
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares 10.1.1	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
- Investment in preference shares 10.1.2	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
	576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
Subsidiaries								
Saudi Pak Real Estate Company Limited 10.1.3	500,000,000	-	-	500,000,000	500,000,000	-	-	500,000,000
Total Investments	25,730,596,804	(2,074,118,083)	247,516,242	23,903,994,963	6,207,860,771	(1,822,939,631)	(225,881,510)	4,159,039,630

10.1.1 This represents the cost of acquisition of 35.06% (2018: 35.06%) shares in the paid up capital of Saudi Pak Leasing Company Limited (SPLCL) incorporated in Pakistan. On the basis of latest available reviewed financial statements as at December 31, 2019, total assets and liabilities of SPLCL were Rs. 750.6 million (2018: Rs. 711.1 million) and Rs. 1,372.2 million (2018: Rs. 1,394.0 million), while total revenue, loss after taxation and total comprehensive loss were Rs. 1.373 million (2018: Rs. 10.643 million), Rs. 30.9 million (2018: Rs. 0.159 million), and Rs. 28.7 million (2018: total comprehensive loss Rs. 0.161 million) respectively.

10.1.2 These represent 33.321 million preference shares of SPLCL, having face value of Rs. 10 each amounting to Rs. 333.208 million (2018: Rs. 333.208 million).

10.1.3 This represents 50 million shares in Saudi Pak Real Estate Company Limited (SPREL) representing 100% of paid up capital of SPREL which is incorporated in Pakistan. On the basis of latest available audited financial statements of SPREL as at December 31, 2019, total assets and liabilities of SPREL are Rs. 749 million (2018: Rs. 758 million) and Rs. 55 million (2018: Rs. 78 million) while total revenue, profit after taxation and total comprehensive income for the year ended December 31, 2019 are Rs. 35.3 million (2018: Rs. 54.6 million), Rs. 14.7 million (Rs. 2.1 million) and Rs. 15.30 million (Rs. 1.85 million) respectively.



10.2 Investments by segments:

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Federal Government Securities:								
Market Treasury Bills	907,736,468	–	3,808,532	911,545,000	–	–	–	–
Pakistan Investment Bonds	17,354,461,746	–	91,880,254	17,446,342,000	–	–	–	–
	18,262,198,214	–	95,688,786	18,357,887,000	–	–	–	–
Shares:								
Listed Companies	2,627,466,026	(704,469,976)	133,678,081	2,056,674,131	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Unlisted Companies	786,333,048	(273,833,040)	–	512,500,008	786,333,048	(273,833,040)	–	512,500,008
	3,413,799,074	(978,303,016)	133,678,081	2,569,174,139	3,315,631,995	(777,442,276)	(225,881,510)	2,312,308,209
Non Government Debt Securities								
Listed TFCs / Sukuk	870,945,725	(181,560,304)	–	689,385,421	871,922,950	(182,537,529)	–	689,385,421
Unlisted TFCs / Sukuk	1,943,453,751	(303,158,751)	3,600,000	1,643,895,000	943,629,751	(286,283,751)	–	657,346,000
Commercial paper	92,729,028	–	–	92,729,028	–	–	–	–
	2,907,128,504	(484,719,055)	3,600,000	2,426,009,449	1,815,552,701	(468,821,280)	–	1,346,731,421
Open end mutual funds	70,794,937	(34,419,937)	14,549,375	50,924,375	–	–	–	–
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares	243,467,574	(243,467,574)	–	–	243,467,574	(243,467,574)	–	–
- Investment in preference shares	333,208,501	(333,208,501)	–	–	333,208,501	(333,208,501)	–	–
	576,676,075	(576,676,075)	–	–	576,676,075	(576,676,075)	–	–
Subsidiaries								
Saudi Pak Real Estate Company Limited	500,000,000	–	–	500,000,000	500,000,000	–	–	500,000,000
Total Investments	25,730,596,804	(2,074,118,083)	247,516,242	23,903,994,963	6,207,860,771	(1,822,939,631)	(225,881,510)	4,159,039,630

10.2.1 Investments given as collateral

	2019 Rupees	2018 Rupees
Treasury Bills (T-Bills)	–	–
Pakistan Investment Bonds (PIBs)	15,980,206,280	–
	15,980,206,280	–

10.3 Provision for diminution in value of investments

	2019 Rupees	2018 Rupees
10.3.1 Opening balance	1,822,939,631	1,936,881,548
Charge / reversals		
Charge for the year	375,917,236	84,657,507
Reversals for the year	(977,225)	(6,511,199)
Reversal on disposals	(123,761,559)	(192,088,225)
	251,178,452	(113,941,917)
Amounts written off	–	–
Closing balance	2,074,118,083	1,822,939,631

10.3.2 Particulars of provision against debt securities

Category of classification	2019		2018	
	NPI	Provision	NPI	Provision
	Rupees		Rupees	
Domestic				
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	535,344,055	484,719,055	536,321,280	468,821,280
	535,344,055	484,719,055	536,321,280	468,821,280
Overseas	—	—	—	—
Total	535,344,055	484,719,055	536,321,280	468,821,280

10.4 Quality of Available for Sale Securities

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

Federal Government Securities - Government guaranteed

Market Treasury Bills	907,736,468	—
Pakistan Investment Bonds	17,354,461,746	—
	18,262,198,214	—

Provincial Government Securities - Government guaranteed

—	—
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Shares:

Listed Companies

Cable and Electrical Goods	35,043,810	33,183,918
Cement	392,745,274	283,480,295
Close-end Mutual Fund	37,745,634	108,540,543
Commercial Banks	320,635,888	397,547,813
Fertilizer	387,606,468	383,674,270
Food and Personal Care Products	35,090,111	33,883,557
Insurance	105,533,369	73,053,352
Oil & Gas Marketing Companies	314,292,707	358,922,534
Oil and Gas Exploration Companies	106,600,086	18,579,627
Paper and Board	—	4,421,702
Power Generation and Distribution	606,188,235	626,899,613
Technology and Communication	33,971,066	33,155,017
Textile Composite	73,652,958	49,154,839
Textile Spinning	—	—
Transport	178,360,420	124,801,867
	2,627,466,026	2,529,298,947

	2019		2018	
	Cost	Breakup value	Cost	Breakup value
	Rupees		Rupees	
Unlisted Companies				
Al Hamra Avenue Private Limited	50,000,000	–	50,000,000	–
Alhamra Hills Private Limited	50,000,000	–	50,000,000	–
Ali Paper Board Industries Limited	5,710,000	–	5,710,000	–
Bela Chemical Industries Limited	6,500,000	–	6,500,000	–
Fruit Sap Limited	4,000,000	–	4,000,000	–
Innovative Investment Bank Limited	37,623,048	–	37,623,048	–
ISE Towers - REIT Management Company Limited	2,500,000	42,747,107	2,500,000	41,396,107
Pace Barka Properties Limited	168,750,000	228,094,025	168,750,000	234,176,286
Pak Kuwait Takaful Company	40,000,000	(2,485,549)	40,000,000	(2,485,549)
Pakistan Textile City Limited	50,000,000	5,047,010	50,000,000	5,047,010
Pakistan GasPort Consortium Limited	330,000,000	400,729,546	330,000,000	377,515,230
Saudi Pak Kalabagh Livestock Company Limited	10,000,000	–	10,000,000	–
Taurus Securities Limited	11,250,000	23,635,782	11,250,000	24,167,169
Trust Investment Bank Limited	20,000,000	–	20,000,000	–
	786,333,048	697,767,921	786,333,048	679,816,253

Breakup value has been calculated using latest available audited financial statements, except for the parties for which no breakup value is mentioned above due to non-availability of latest audited financial statements because of litigation or liquidation proceedings.

	2019 Cost in Rupees	2018
Open end mutual funds:		
Unlisted companies		
Golden Arrow Stock Fund	70,794,937	–
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	660,000,000	660,000,000
- BBB+, BBB, BBB-	–	29,385,421
- CCC and below	29,385,421	–
- Unrated	24,970,005	25,578,525
	714,355,426	714,963,946
Unlisted		
- AA+, AA, AA-	492,729,028	–
- Unrated	57,257,340	57,257,340
	549,986,368	57,257,340
	1,264,341,794	772,221,286

10.5 The Company does not have any investments in foreign securities as at December 31, 2019 (2018: Nil).

	Note	2019 Cost in Rupees	2018
10.6 Particulars relating to Held to Maturity securities are as follows:			
Non Government Debt Securities			
Listed			
- Unrated	10.6.1	156,590,299	156,959,004
Unlisted			
- AA+, AA, AA-		799,880,000	199,960,000
- A+, A, A-		89,910,000	389,886,000
- BBB+, BBB, BBB-		299,880,000	—
- Unrated		296,526,411	296,526,411
		1,486,196,411	886,372,411
		1,642,786,710	1,043,331,415

10.6.1 The market value of listed TFCs classified as held-to-maturity as at December 31, 2019 and December 31, 2018 are not available and these are carried at amortised cost.

11. ADVANCES

		2019	2018	2019	2018	2019	2018
		Performing	Non performing	Total			
Note		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Loans, leases, running							
finances- gross	11.1	6,040,351,497	6,918,643,279	4,069,013,884	3,109,538,785	10,109,365,381	10,028,182,064
Provision against advances							
- Specific		—	—	(2,240,160,842)	(2,162,852,622)	(2,240,160,842)	(2,162,852,622)
- General		—	—	—	—	—	—
		—	—	(2,240,160,842)	(2,162,852,622)	(2,240,160,842)	(2,162,852,622)
Advances - net of provision		6,040,351,497	6,918,643,279	1,828,853,042	946,686,163	7,869,204,539	7,865,329,442

11.1 Includes Net Investment in Finance Lease as disclosed below:

	2019				2018			
	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
	Rupees				Rupees			
Lease rentals receivable	224,213,212	1,704,796	–	225,918,008	216,534,517	6,659,227	–	223,193,744
Residual value	–	–	–	–	–	–	–	–
Minimum lease payments	224,213,212	1,704,796	–	225,918,008	216,534,517	6,659,227	–	223,193,744
Financial charges for future periods	(80,357,123)	(64,406)	–	(80,421,529)	(73,224,079)	(275,406)	–	(73,499,485)
Present value of minimum lease payments	143,856,089	1,640,390	–	145,496,479	143,310,438	6,383,821	–	149,694,259

11.2 Particulars of advances (Gross)

	2019 Rupees	2018 Rupees
In local currency	10,093,449,328	10,012,266,011
In foreign currencies	15,916,053	15,916,053
	10,109,365,381	10,028,182,064

11.3 Advances include Rs. 4,069,013,884 (2018: Rs. 3,109,538,785) which have been placed under non-performing status as detailed below:-

Category of classification	2019		2018	
	Non Performing loans Rupees	Provision	Non Performing loans Rupees	Provision
Domestic				
Substandard	317,313,987	79,328,497	683,333,332	–
Doubtful	750,000,000	–	–	–
Loss	3,001,699,897	2,160,832,345	2,426,205,453	2,162,852,622
	4,069,013,884	2,240,160,842	3,109,538,785	2,162,852,622
Overseas	–	–	–	–
Total	4,069,013,884	2,240,160,842	3,109,538,785	2,162,852,622

11.4 Particulars of provision against advances

	Note	2019			2018		
		Specific	General	Total	Specific	General	Total
		Rupees			Rupees		
Opening balance		2,162,852,622	–	2,162,852,622	2,126,145,262	–	2,126,145,262
Charge for the year		199,619,330	–	199,619,330	242,278,693	–	242,278,693
Reversals		(122,311,110)	–	(122,311,110)	(205,571,333)	–	(205,571,333)
		77,308,220	–	77,308,220	36,707,360	–	36,707,360
Amounts written off	11.5	–	–	–	–	–	–
Closing balance		2,240,160,842	–	2,240,160,842	2,162,852,622	–	2,162,852,622

11.4.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	Rupees			Rupees		
In local currency	2,224,244,789	–	2,224,244,789	2,146,936,569	–	2,146,936,569
In foreign currencies	15,916,053	–	15,916,053	15,916,053	–	15,916,053
	2,240,160,842	–	2,240,160,842	2,162,852,622	–	2,162,852,622

- 11.4.2** The net FSV benefit already availed has been increased by Rs. 781.681 million, which has resulted in decreased charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 781.681 million (2018: Rs. 5.728 million) and Rs. 554.994 million (2018: lower by Rs. 4.067 million) respectively. Further, at December 31, 2019, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 863.266 million (2018: Rs. 308.272 million) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	Note	2019 Rupees	2018 Rupees
11.5 PARTICULARS OF WRITE OFFS:			
11.5.1 Against Provisions	11.4	–	–
Directly charged to Profit & Loss account		–	–
		–	–
11.5.2 Write Offs of Rs. 500,000 and above	11.6		
- Domestic		–	–
- Overseas		–	–
Write Offs of Below Rs. 500,000		–	–
		–	–

11.6 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

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 Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2019 is given at Annexure I.

	Note	2019 Rupees	2018 Rupees
12. FIXED ASSETS			
Capital work-in-progress	12.1	7,059,370	–
Property and equipment	12.2	3,010,401,637	3,111,658,376
Right of use assets under IFRS-16 Leases		37,280,633	–
		3,054,741,640	3,111,658,376
12.1 Capital work-in-progress			
Advances to suppliers		7,059,370	–
		7,059,370	–

12.2 Property and Equipment

2019

	Free hold land	Leasehold land	Building karachi office	Building ISE tower Islamabad	Building on leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems	Electrical fittings, fire fighting equipment and others	Total
Rupees													
At January 1, 2019													
Cost / Revalued amount	8,088,120	1,743,975,000	36,597,000	-	998,328,000	14,844,469	45,083,649	93,255,131	98,724,047	47,000,000	5,522,571	134,968,312	3,226,396,299
Accumulated depreciation	-	-	-	-	-	12,755,447	37,699,603	49,791,859	253,643	-	11,670	14,225,701	114,737,923
Net book value	8,088,120	1,743,975,000	36,597,000	-	998,328,000	2,089,022	7,394,046	43,463,272	98,470,404	47,000,000	5,510,901	120,742,611	3,111,658,376
Year ended December 31, 2019													
Opening net book value	8,088,120	1,743,975,000	36,597,000	-	998,328,000	2,089,022	7,394,046	43,463,272	98,470,404	47,000,000	5,510,901	120,742,611	3,111,658,376
Additions	-	-	-	-	596,000	868,654	6,127,069	7,438,388	3,050,000	-	-	28,580,334	46,640,445
Disposals													
- Cost / Revalued amount	(8,088,120)	-	-	-	(2,595,776)	(1,918,728)	(2,198,323)	(11,579,458)	(253,658)	-	(195,064)	(4,397,387)	(31,226,514)
- Accumulated depreciation	-	-	-	-	46,390	1,918,566	2,198,310	9,526,703	253,643	-	13,089	3,900,218	17,856,899
Depreciation charge	(8,088,120)	-	-	-	(2,549,386)	(162)	(13)	(2,052,755)	(15)	-	(181,995)	(497,169)	(13,369,615)
Closing net book value	-	(27,729,201)	(1,463,878)	-	(39,888,696)	(630,040)	(4,374,542)	(16,410,393)	(14,973,999)	(7,049,996)	(812,151)	(21,194,673)	(134,527,569)
	-	1,716,245,799	35,133,122	-	956,485,918	2,327,474	9,146,560	32,438,512	86,546,390	39,950,004	4,516,755	127,611,103	3,010,401,637
At December 31, 2019													
Cost / Revalued amount	-	1,743,975,000	36,597,000	-	996,328,224	13,794,395	49,022,395	89,114,061	101,520,389	47,000,000	5,327,507	159,131,259	3,241,810,230
Accumulated depreciation	-	27,729,201	1,463,878	-	39,842,306	11,466,921	39,875,835	56,675,549	14,973,999	7,049,996	810,752	31,520,156	231,408,593
Net book value	-	1,716,245,799	35,133,122	-	956,485,918	2,327,474	9,146,560	32,438,512	86,546,390	39,950,004	4,516,755	127,611,103	3,010,401,637
Rate of depreciation (percentage)	-	1.50	4	1.14	4	20	33.33	20	15	15	15	15	

2018

	Free hold land	Leasehold land	Building karachi office	Building ISE tower Islamabad	Building on leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems	Electrical fittings, fire fighting equipment and others	Total
Rupees													
At January 1, 2018													
Cost / Revalued amount	8,088,120	1,372,500,000	24,440,000	34,145,000	884,341,901	16,839,889	48,571,117	93,176,972	132,670,380	43,090,176	8,778,027	174,937,802	2,841,579,384
Accumulated depreciation	-	41,724,000	1,955,194	778,500	70,720,717	14,460,326	41,516,382	59,769,356	39,664,293	12,779,184	2,606,734	60,000,070	345,974,756
Net book value	8,088,120	1,330,776,000	22,484,806	33,366,500	813,621,184	2,379,563	7,054,735	33,407,616	93,006,087	30,310,992	6,171,293	114,937,732	2,495,604,628

Year ended December 31, 2018

Opening net book value	8,088,120	1,330,776,000	22,484,806	33,366,500	813,621,184	2,379,563	7,054,735	33,407,616	93,006,087	30,310,992	6,171,293	114,937,732	2,495,604,628
Additions	-	27,289,637	-	-	499,000	307,874	5,365,994	29,104,571	1,577,396	36,794,700	93,429	21,001,608	122,014,209
Movement in surplus on assets revalued during the year	-	407,171,319	15,089,791	-	219,657,590	-	-	-	23,882,176	(5,821,468)	629,081	10,347,155	670,955,644
Revaluation adjustment	-	(62,965,956)	(2,932,791)	-	(106,087,226)	-	-	-	(59,209,340)	(17,861,417)	(3,878,727)	(70,326,818)	(323,272,275)
Disposals													
- Cost / Revalued amount	-	-	-	(34,145,000)	(73,265)	(2,303,294)	(3,843,462)	(29,026,412)	(196,565)	(9,201,991)	(99,239)	(991,435)	(84,880,663)
- Accumulated depreciation	-	-	-	940,687	8,790	2,296,787	8,717,045	24,926,898	88,446	3,105,666	44,652	892,052	41,021,023
Depreciation charge	-	(21,241,956)	(977,597)	(33,204,313)	(64,475)	(6,507)	(126,417)	(4,099,514)	(108,119)	(6,096,325)	(54,587)	(99,383)	(43,859,640)
Revaluation adjustment	-	62,965,956	2,932,791	(162,187)	(35,385,299)	(591,908)	(4,900,266)	(14,949,401)	(19,887,136)	(8,187,899)	(1,328,315)	(25,444,501)	(133,056,465)
Closing net book value	8,088,120	1,743,975,000	36,597,000	-	998,328,000	2,089,022	7,394,046	43,463,272	98,470,404	47,000,000	5,510,901	120,742,611	3,111,658,376

At December 31, 2018

Cost / Revalued amount	8,088,120	1,743,975,000	36,597,000	-	998,328,000	14,844,469	45,083,649	93,255,131	98,724,047	47,000,000	5,522,571	134,968,312	3,226,396,299
Accumulated depreciation	-	-	-	-	-	12,755,447	37,699,603	49,791,859	253,643	-	11,670	14,225,701	114,737,923
Net book value	8,088,120	1,743,975,000	36,597,000	-	998,328,000	2,089,022	7,394,046	43,463,272	98,470,404	47,000,000	5,510,901	120,742,611	3,111,658,376
Rate of depreciation (percentage)	-	1.50	4	1.14	4	20	33.33	20	15	15	15	15	

12.3 Details of disposal of operating fixed assets

Particular of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Freehold land						
Plot No D-82 Hub Gadap Town Karachi,	8,088,120	–	8,088,120	13,100,000	Auction	Humayun Muhammad
Building on leasehold land						
Building items - Islamabad office	2,595,776	46,390	2,549,386	2,569,500	Auction	Sameullah Khan
Furniture and fixture						
Furniture and fixture - Islamabad office	353,520	353,489	31	5,000	Auction	Sameullah Khan
Furniture and fixture - Karachi office	1,264,363	1,264,237	126	94,000	Auction	Ghulam Mustafa
File Cabinet	30,000	29,999	1	2,000	Auction	Usman Glass Center
Carpet	168,426	168,425	1	30,000	Auction	Usman Glass Center
Reception Desk	36,000	35,999	1	8,000	Auction	Usman Glass Center
Vertical Blinds	39,919	39,918	1	8,000	Auction	Usman Glass Center
Work Station	26,500	26,499	1	2,000	Auction	Usman Glass Center
	1,918,728	1,918,566	162	149,000		
Office equipment						
Dell Latitude (E5540)	162,400	162,399	1	8,120	As per policy *	Kamal ud Din
Clover Pakistan - Multi Purpose printer (MP-2501)	235,280	235,279	1	25,000	Auction	Clover Pakistan (Pvt) Ltd.
Laptops Hp Elitebook 850 Nb	179,010	179,009	1	8,951	As per policy *	Yawar Khan Afridi
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	M. Nayeem Akhtar
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Ms. Fozia Fakhar
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Ali Imran
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Shaikh Aftab Ahmed
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Zafar Iqbal
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Irfan Karim
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Syed Safdar Abbas Zaidi
Laptops Dell Latitude E5540	138,377	138,376	1	6,919	As per policy *	Arif Majeed Butt
Office equipment - Karachi office	155,441	155,440	1	5,000	Auction	Ghulam Mustafa
Laptops HP Elite Book 850	179,010	179,009	1	8,951	As per policy *	Arshed Ahmed Khan
	2,198,323	2,198,310	13	120,383		
Vehicles						
Suzuki Cultus - ABG-935	1,113,274	562,735	550,539	550,539	As per policy *	Muhammad Ghairat Hayat
Toyota Corolla GLi - ABZ-734	1,922,724	897,269	1,025,455	1,025,455	As per policy *	Zafar Iqbal
Honda Civic - BH-889	2,558,790	2,558,789	1	1,917,273	Auction	Awais Naseem Malik
Toyota Gli 1.6 - AXZ-010	1,872,950	1,872,949	1	1,336,999	Auction	Sheraz Khan
Toyota Gli 1.3 - LEE-13 7417	1,743,610	1,743,609	1	1,369,000	Auction	Khurram Imtiaz
Toyota Corolla GLi - LEC-15-690	2,368,110	1,891,352	476,758	476,758	As per policy *	Arshed Ahmed Khan
	11,579,458	9,526,703	2,052,755	6,676,024		
Heating and air-conditioning						
Heating and air-conditioning items - Karachi office	253,658	253,643	15	15,000	Auction	Ghulam Mustafa

Particular of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Security systems						
Security systems - Islamabad office	195,064	13,069	181,995	200,000	Auction	Sameullah Khan
Electrical fittings, fire fighting equipment and others						
CAT Generator	500,000	25,000	475,000	1,950,581	Auction	M Ismail Siddiqui
Electrical fittings - Islamabad office	7,970	534	7,436	7,500	Auction	Sameullah Khan
Electrical fittings - Karachi office	1	–	1	1,000	Auction	Ghulam Mustafa
Disposal Of Interior Work ROL	2,400,000	2,399,999	1	110,000	Auction	Usman Glass Center
Disposal Of Interior Work ROL	85,852	85,851	1	15,000	Auction	Usman Glass Center
Disposal Of Interior Work ROL	160,256	160,255	1	30,000	Auction	Usman Glass Center
Telephone installation - Karachi office	30,663	30,644	19	5,000	Auction	Ghulam Mustafa
Nokia 6101	12,577	12,576	1	500	Auction	Usman Glass Center
Electrical appliances - Islamabad office	514,845	503,962	10,883	12,000	Auction	Sameullah Khan
Electrical appliances - Karachi office	304,349	300,533	3,816	7,000	Auction	Ghulam Mustafa
Microwave oven	5,800	5,799	1	1,000	Auction	Usman Glass Center
LG Split Ac 2 Ton (DCP Site)	43,700	43,699	1	7,500	Auction	Usman Glass Center
LG Split Ac 2 Ton (DCP Site) Installation charges	11,425	11,424	1	500	Auction	Usman Glass Center
Miscellaneous items - Islamabad office	299,949	299,946	3	6,000	Auction	Sameullah Khan
Miscellaneous items - Karachi office	20,000	19,996	4	2,000	Auction	Ghulam Mustafa
	4,397,387	3,900,218	497,169	2,155,581		
	31,226,514	17,856,899	13,369,615	24,985,488		

* These items were sold to employees including key management personnel in accordance with policy of the Company.

12.4 Revaluation of property and equipment

The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values and resulted in increase in surplus by Rs. 670.956 million. The total surplus arising against revaluation of fixed assets as at December 31, 2018 amounts to Rs. 2,845.426 million. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2018 would have been as follows:

	2019 Rupees	2018 Rupees
Leasehold Land	–	29,157,295
Building - Karachi office	–	4,018,931
Building	–	26,554,202
Heating and air-conditioning system	–	2,559,420
Elevators	–	41,821,683
Security system	–	223,689
Electrical fittings, fire fighting equipment and others	–	34,677,703
	–	139,012,923

	2019 Rupees	2018 Rupees
12.5 Cost / revalued amount of fully depreciated assets that are still in use:		
Furniture and fixture	10,022,382	11,677,330
Office equipment	33,724,338	30,422,446
Vehicles	35,417,150	11,863,420
Heating and air conditioning	—	253,658
Electrical fittings, fire fighting equipment and others	7,632,689	10,273,200
	86,796,559	64,490,054
	2019 Computer Software Rupees	2018 Computer Software Rupees
13. INTANGIBLE ASSETS		
At January 1		
Cost	18,444,707	14,924,789
Accumulated amortisation and impairment	12,682,396	14,225,618
Net book value	5,762,311	699,171
Year ended December 31		
Opening net book value	5,762,311	699,171
Additions - directly purchased	5,399,156	6,639,399
Disposals		
- Cost	—	3,119,481
- Accumulated depreciation	—	(3,119,481)
	—	—
Amortisation charge	2,673,392	1,576,259
Closing net book value	8,488,075	5,762,311
At December 31		
Cost	23,843,863	18,444,707
Accumulated amortisation and impairment	15,355,788	12,682,396
Net book value	8,488,075	5,762,311
Rate of amortisation (percentage)	33.33	33.33
Useful life (years)	3	3

13.1 Cost of fully amortized intangible assets still in use amount to Rs. 11,578,851 (2018: Rs. 11,227,563).

	Note	2019 Rupees	2018 Rupees
14. OTHER ASSETS			
Income/ mark-up accrued in local currency - net of provision			
On investments		955,893,071	58,551,149
On advances		149,289,077	148,092,711
On lending to financial institutions		28,603	1,530,643
		1,105,210,751	208,174,503
Advances, deposits, advance rent and other prepayments		106,473,809	26,614,655
Advance taxation (payments less provisions)		485,441,392	345,471,829
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	141,958,697	144,819,528
Dividend receivable		57,122,548	20,825,170
Receivable from the Ministry of Finance, KSA		—	15,000,000
Other receivables		6,082,643	3,124,436
		1,981,107,735	842,848,016
Less: Provision held against other assets	14.2	(256,792)	(4,075,062)
Other assets (net of provision)		1,980,850,943	838,772,954
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		24,857,875	10,380,320
Other assets - total		2,005,708,818	849,153,274
14.1 Market value of Non-banking assets acquired in satisfaction of claims		169,677,403	155,199,848

The non banking asset acquired from DJM AR Securities represents land located in Gadap Town, Karachi and was initially recorded in the financial statement in July 2009. This asset was last revalued by independent professional valuer M/s Surval in December 2019 at Rs. 98 million.

The non banking asset acquired from Irfan Textile represents office area on 1st floor of Famous Mall, Lahore and was initially recorded in the financial statement in June 2007. This asset was last revalued by independent professional valuers M/s Amir Evaluators & Consultants in November 2018 at Rs. 71.5 million.

	2019 Rupees	2018 Rupees
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	155,199,848	147,598,620
Revaluation	14,477,555	10,380,320
Depreciation	(2,860,831)	(2,779,092)
Closing Balance	166,816,572	155,199,848

14.1.2 During the year, there was no disposal against non banking asset acquired in satisfaction of claim.

	2019 Rupees	2018 Rupees
14.2 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	256,792	4,075,062

	Note	2019 Rupees	2018 Rupees
14.2.1 Movement in provision held against other assets			
Opening balance		4,075,062	4,075,062
Charge for the year		—	—
Reversals / transfer		(3,818,270)	—
Amount Written off		—	—
Closing balance		256,792	4,075,062
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under refinance scheme			
Long term financing facility (LTFF)	15.1	736,913,986	471,338,282
Repurchase agreement borrowings	15.2	15,855,438,740	—
Against book debts/receivables	15.3	6,166,666,668	5,300,000,000
Total secured		22,759,019,394	5,771,338,282
Total unsecured		—	—
		22,759,019,394	5,771,338,282
15.1	These represent facilities obtained against State Bank of Pakistan refinance schemes under LTFF. The mark up is charged at the rate of 2.00% (2018: 2.00%) per annum. These facilities will mature during January 2020 to October 2028 (2018: January 2019 to October 2028).		
15.2	These facilities were secured against government securities (PIBs). These carry markup at rates ranging from 13.32% to 13.65% per annum having maturity during January 2020 and February 2020.		
15.3	These represent facilities obtained against charge on book debts/receivables valuing Rs. 10,667 million (2018: Rs. 10,000 million). The mark up is charged at varying rates ranging from 13.71% to 14.38% (2018: 8.35% to 11.14%) per annum. These facilities will mature during January 2020 to March 2024 (2018: April 2019 to October 2023).		
	Note	2019 Rupees	2018 Rupees
15.4 Particulars of borrowings with respect to Currencies			
In local currency		22,759,019,394	5,771,338,282
In foreign currencies		—	—
		22,759,019,394	5,771,338,282
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
- Term deposits (local currency)		510,000,000	7,500,000
16.1 Composition of deposits			
- Public Sector Entities	16.2	500,000,000	—
- Non-Banking Financial Institutions	16.3	10,000,000	7,500,000
		510,000,000	7,500,000
16.2	These represent Certificate of Investments (COIs) issued to Port Qasim Authority for Rs 500 million (2018: Rs. Nil). These COIs carry mark up at the rate of 13.66% per annum and is repayable in February 2020.		

- 16.3** These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs 10 million (2018: Rs. 7.5 million). These COIs carry mark up at the rate of 13.93% (2018: 10.5%) per annum and is repayable in March 2020 (2018: March 2019).

17. DEFERRED TAX LIABILITIES

	2019				
	At January 1, 2019	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31, 2019
	Rupees				
Deductible Temporary Differences on					
Actuarial loss on defined benefit plan	(4,970,470)	–	–	259,689	(4,710,781)
Surplus on revaluation of securities - AFS	(33,796,890)	–	–	70,924,326	37,127,436
Provision on non-performing loans	(518,330,000)	10,543,000	–	–	(507,787,000)
Impairment loss on available for sale quoted securities	(55,490,390)	(33,052,524)	–	–	(88,542,914)
	(612,587,750)	(22,509,524)	–	71,184,015	(563,913,259)
Taxable Temporary Differences on					
Accelerated tax depreciation	24,326,184	219,284	–	–	24,545,468
Dividend receivable	3,123,776	5,444,606	–	–	8,568,382
Net investment in leases	32,325,334	445,544	–	–	32,770,878
Surplus on revaluation of operating fixed assets	825,173,482	(27,678,902)	–	–	797,494,580
	884,948,776	(21,569,468)	–	–	863,379,308
	272,361,026	(44,078,992)	–	71,184,015	299,466,049
	2018				
	At January 1, 2018	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31, 2018
	Rupees				
Deductible Temporary Differences on					
Actuarial loss on defined benefit plan	(3,898,758)	–	–	(1,071,712)	(4,970,470)
Provision for non banking assets acquired in satisfaction of claims	(4,523,839)	4,523,839	–	–	–
Surplus on revaluation of securities - HFT	(505,663)	505,663	–	–	–
Surplus on revaluation of securities - AFS	(16,905,885)	–	–	(16,891,005)	(33,796,890)
Provision on non-performing loans	–	(518,330,000)	–	–	(518,330,000)
Impairment loss on available for sale quoted securities	(68,290,386)	12,799,996	–	–	(55,490,390)
	(94,124,531)	(500,500,502)	–	(17,962,717)	(612,587,750)
Taxable Temporary Differences on					
Accelerated tax depreciation	12,834,791	11,491,393	–	–	24,326,184
Dividend receivable	6,939,149	(3,815,373)	–	–	3,123,776
Net investment in leases	33,656,734	(1,331,400)	–	–	32,325,334
Surplus on revaluation of operating fixed assets	692,047,761	(28,309,248)	(33,142,168)	194,577,137	825,173,482
	745,478,435	(21,964,628)	(33,142,168)	194,577,137	884,948,776
	651,353,904	(522,465,130)	(33,142,168)	176,614,420	272,361,026

	Note	2019 Rupees	2018 Rupees
18. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		269,614,014	83,512,594
Accrued expenses		35,299,651	36,491,159
Advance rental income	18.1	128,147,027	194,331,790
Security deposits against rented properties	18.2	29,469,122	27,323,682
Payable to defined benefit plan	36	6,343,905	9,720,314
Provision for compensated absences		7,871,454	7,561,742
Directors' remuneration		5,267,290	3,194,934
Payable to stock brokers - net		529,004	120,296,511
Lease liability against ROU assets as per IFRS - 16 Leases		24,685,169	—
Others		5,496,014	8,237,238
		512,722,650	490,669,964

18.1 This represents rent received in advance for premises let out in the Saudi Pak Tower, Jinnah Avenue, Blue Area, Islamabad.

18.2 This includes security deposits from tenants amounting to Rs. 29.469 million (2018: Rs. 27.323 million) including security deposit from related party amounting to Rs. 0.402 million (2018: Rs. 0.402 million).

19. SHARE CAPITAL

19.1 Authorized Capital

2019 Number of Share	2018 Number of Share		2019 Rupees	2018 Rupees
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000,000	10,000,000,000

19.2 Issued, subscribed and paid up share capital

2019 Number of Share	2018 Number of Share		2019 Rupees	2018 Rupees
		Ordinary shares		
400,000,000	400,000,000	Fully paid in cash	4,000,000,000	4,000,000,000
260,000,000	260,000,000	Issued as bonus shares	2,600,000,000	2,600,000,000
660,000,000	660,000,000		6,600,000,000	6,600,000,000

19.3 State Bank of Pakistan on behalf of the Government of Pakistan and Ministry of Finance, KSA on behalf of Kingdom of Saudi Arabia are equal shareholders of the Company.

	Note	2019 Rupees	2018 Rupees
20. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	10.1	247,516,244	(225,881,508)
- Fixed Assets	20.1	2,749,981,314	2,845,425,798
- Non-banking assets acquired in satisfaction of claims	20.2	24,442,663	10,380,320
		3,021,940,221	2,629,924,610
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(37,127,436)	33,796,890
- Fixed Assets	20.1	(797,494,580)	(825,173,482)
- Non-banking assets acquired in satisfaction of claims		—	—
		(834,622,016)	(791,376,592)
		2,187,318,205	1,838,548,018
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		2,845,425,798	2,306,825,871
Recognised during the year		—	670,955,644
Realised on disposal during the year - net of deferred tax		(2,281,810)	(24,318,597)
Related deferred tax liability on surplus realised on disposal		(932,007)	(10,420,945)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(65,483,772)	(69,306,926)
Related deferred tax liability on incremental depreciation charged during the year		(26,746,895)	(28,309,249)
Surplus on revaluation of fixed assets as at December 31		2,749,981,314	2,845,425,798
Less: related deferred tax liability on:			
- revaluation as at January 1		825,173,482	692,047,762
- revaluation recognised during the year		—	194,577,137
- surplus realised on disposal during the year		(932,007)	(10,420,945)
- Impact of change in tax rate		—	(22,721,223)
- incremental depreciation charged during the year		(26,746,895)	(28,309,249)
		797,494,580	825,173,482
		1,952,486,734	2,020,252,316
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		10,380,320	—
Recognised during the year		14,477,555	10,380,320
Incremental depreciation		(415,212)	—
Surplus on revaluation as at December 31		24,442,663	10,380,320

	Note	2019 Rupees	2018 Rupees
21. CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	176,670,000	265,530,000
- Commitments	21.2	2,294,368,827	2,145,337,810
		<u>2,471,038,827</u>	<u>2,410,867,810</u>
21.1 Guarantees:			
Financial guarantees		<u>176,670,000</u>	<u>265,530,000</u>
21.2 Commitments:			
Commitment for the acquisition of:			
- Operating fixed assets		5,384,107	15,459,235
- Intangible assets		2,984,720	878,575
		<u>8,368,827</u>	<u>16,337,810</u>
Non disbursed commitment for term and working capital finance		<u>2,286,000,000</u>	<u>2,129,000,000</u>
		<u>2,294,368,827</u>	<u>2,145,337,810</u>

21.3 Other contingent liabilities

21.3.1 Tax contingencies

- i) The Appellate Tribunal Inland Revenue Islamabad did not accept the Company's contention on certain matters in the appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. The issues under consideration include disallowance of provision of non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The related tax demands in the aforesaid years amount to Rs 1,427.52 million. The Company has filed tax references before the Islamabad High Court. The references for the years 2004 to 2006 and 2008 to 2010 have been admitted for hearing whereas the references for tax years 2012 to 2014 are at pre-admission stage. All the references are yet to be disposed by the Islamabad High Court.
- ii) The assessing officer issued orders for the tax year 2015, 2016 and 2017 giving effect to appellate order and thereby created demand of Rs 455.4 million by making various add backs and disallowances including those relating to provision for doubtful advances, actuarial loss, apportionment of expenses etc. The company has paid tax of Rs 26 million in this respect which is carried as advance payment of tax. The company filed appeals before the CIR-Appeals who remanded majority issues and upheld the actions of ACIR on few issues. The Company's appeals in this respect are pending for adjudication before Appellate Tribunal Inland Revenue(ATIR).
- iii) For tax year 2016, Additional Commissioner Inland Revenue(ACIR) amended company assessment under section 122(5A) and thereby created a demand of Rs 143.354 million by making various add backs and disallowances including those relating to provision for doubtful advances, unrealised surplus on available for sale securities, gratuity and compensated absences and apportionment of expenses which is pending for adjudication before Commissioner Inland Revenue-Appeals(CIR).
- iv) For tax year 2018, Additional Commissioner Inland Revenue(ACIR) amended the company's assessment under section 122(5A) and created a demand of Rs 383.82 million by making various add backs and disallowances including those relating to provision for doubtful advances, comprehensive loss, gratuity and compensated absences, reversal in provision against TFC and unquoted securities, dividend loss

and apportionment of expenses. The company filed an appeal before the CIR-Appeals who remanded majority issues and upheld the actions of ACIR on issue of actuarial loss, tax loss on sale of assets and income from property. The company has filed appeal before ATIR which is pending for adjudication.

The management, based on the opinion of its legal counsel, believes that the above mentioned matters are most likely to be decided in favour of the company

21.3.2 Other contingencies

i) **MACPAC Films Limited (Suit No.B-24/2014 of Rs. 1,040.629 million)**

Macpac Films Limited Karachi ("Customer") availed a Term Finance of Rs. 125 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by Saudi Pak which contained waiver/write-off of Rs. 72.66 million on a/c of Markup and Liquidated Damages subject to payment of Rs. 100.14 million. The Customer accepted and paid Rs. 100.14 million. The write off/waiver was reported to the Credit Information Bureau of the State Bank of Pakistan (SBP) in compliance with regulatory requirements. Customer requested the Company and SBP to remove its name from CIB as it was allegedly reflecting bad on its business. Neither SBP nor the Company agreed however, the Customer filed the subject suit in 2014 in the Sindh High Court, Karachi which is being contested and pending for adjudication. On the Court's direction, SBP has also filed comments endorsing regulatory compliance by the Company. So far, the Customer has failed to produce its witness for recording evidence. The Company is confident that there is no substance in the present suit and that it will be dismissed after due process of law.

ii) **Muhammad Zafar Sultan Paracha vs. Saudi Pak, Federation of Pakistan, DHA, Mukhtiarkar Gadap Town, Karachi (Suit No.1065/2014 of Rs.200.00 million)**

On April 27, 2014, the Company invited bids for the sale of four properties i.e. farm house at Gadap Town and three plots (DHA Plots No.9-C, 17-C, 20-C) at Karachi. Highest bid of Rs.134.50 million offered by Mr. Mudassir for only three plots at DHA was accepted, down payment was received and sale agreement dated June 2, 2014 was executed between the Company and the highest bidder through his nominee. Mr. Zafar Sultan Paracha had offered a lower bid of Rs. 93.00 million against all the four properties therefore rejected. He filed the subject suit in the Sindh High Court, Karachi and obtained an interim stay on July 5, 2014 restraining transfer of the above mentioned plots. The Company contested and got the stay vacated through Court as a result, three plots at DHA were transferred to the buyer after receipt of balance sale consideration. (Then, Mr. Piracha filed an Appeal in the Court against the Stay Vacation Order which is also contested by the Company, separately). While vacating the stay order, the learned Judge of the Sindh High Court had observed that remaining suit to the extent of damages claimed against alleged loss of business opportunity etc, will separately be heard and decided. The Company filed its reply in the Court with a prayer to dismiss this suit. The Company is confident that there is no substance in this suit and will be dismissed per company's contention after due process of law.

iii) **Kohinoor Spinning Mills Limited and its Guarantors vs. Saudi Pak (Suite No.258676/2018 of Rs.600 million)**

The Customer had availed Term Finance Facility (TFF) of Rs. 400 million from the Company in 2014 but defaulted after part payments whereof the Company filed a recovery suit of Rs.396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore in which proceedings still continue. In 2018, the Customer has filed a Damages Suit of Rs. 600 million against the Company in the same court. The Customer alleged that TFF of Rs. 400 million approved by the Company was not disbursed to the Customer and that due to non-disbursement of the approved TFF, the Customer suffered business losses of Rs. 200 million. The Company believes that the suit of the Customer is a counter move to the Company's initiated litigation and further reply to this has been filed by the Company in the Court. The management believes there is no substance in this suit and will be dismissed on merits after due process of law.



22. Presently, the Company does not deal in derivative products.

	Note	2019 Rupees	2018 Rupees
23. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		883,559,946	700,974,191
On investments		1,377,709,843	153,186,830
On lendings to financial institutions		44,238,145	126,090,860
On balances with banks		8,860,461	20,134,862
		—	—
		<u>2,314,368,395</u>	<u>1,000,386,743</u>
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	24.1	40,350,914	518,917
Borrowings			
Securities purchased under repurchase agreements		754,623,298	9,100,508
Other short term borrowings		152,267,191	127,520,492
Long term finance for export oriented projects from SBP		12,867,318	3,135,671
Long term borrowings		585,796,215	255,926,191
		<u>1,505,554,022</u>	<u>395,682,862</u>
Interest expense on lease liability against ROU assets		162,495	—
Brokerage fee		5,016,727	980,094
		<u>1,551,084,158</u>	<u>397,181,873</u>

24.1 The markup expensed amounting to Rs. 1,011,781 (2018: Rs. 518,917) relates to Saudi Pak Employees Contributory Fund.

	Note	2019 Rupees	2018 Rupees
25. FEE & COMMISSION INCOME			
Credit related fees		14,100,812	4,562,609
Commission on trade		—	—
Commission on guarantees		598,982	2,463,913
Others		—	2,518,400
		<u>14,699,794</u>	<u>9,544,922</u>
26. GAIN / (LOSS) ON SECURITIES			
Realised	26.1	21,578,967	74,559,763
Unrealised - held for trading	10.1	—	—
		<u>21,578,967</u>	<u>74,559,763</u>

	Note	2019 Rupees	2018 Rupees
26.1 Realised gain on:			
Federal Government Securities		38,440,661	81,830,611
Mutual funds		578,000	3,074,875
Shares- listed		(17,439,694)	(10,345,723)
		<u>21,578,967</u>	<u>74,559,763</u>
27. OTHER INCOME			
Rent on property - net	27.1	190,854,909	164,897,964
Gain / (loss) on sale of fixed assets - net		11,615,873	37,494,510
Gain on sale of non banking assets - net		—	—
Others		1,229,371	1,635,632
		<u>203,700,153</u>	<u>204,028,106</u>
27.1 Rent on property - net			
Rental income		380,806,613	344,315,983
Less: Property expense			
Salaries, allowances and employee benefits		27,606,476	24,377,836
Traveling and conveyance		2,000	380,789
Medical		521,100	370,668
Janitorial services		10,759,290	9,870,411
Security services		20,426,942	23,369,376
Insurance		2,221,985	1,393,618
Postage, telegraph, telegram and telephone		42,534	29,112
Printing and stationery		82,965	90,976
Utilities		18,633,199	11,183,559
Consultancy and professional charges		283,960	210,200
Repairs and maintenance		10,230,550	9,380,078
Rent, rates and taxes		1,314,513	1,024,784
Depreciation		97,289,655	96,916,159
Staff training		—	—
Office general expenses		536,535	820,453
		<u>189,951,704</u>	<u>179,418,019</u>
		<u>190,854,909</u>	<u>164,897,964</u>

	Note	2019 Rupees	2018 Rupees
28. OPERATING EXPENSES			
Total compensation expense	28.1	229,726,395	225,602,407
Property expense			
Rent & taxes		17,941,999	16,502,602
Insurance		317,427	202,178
Utilities cost		11,113,500	8,513,702
Security (including guards)		4,188,200	4,329,690
Repair & maintenance (including janitorial charges)		2,998,548	2,749,526
Depreciation on ROU assets		629,991	–
Depreciation		13,898,522	13,845,166
		51,088,187	46,142,864
Information technology expenses			
Software maintenance		4,989,476	2,644,306
Hardware maintenance		1,996,244	963,411
Amortisation		2,673,392	1,576,259
Network charges		3,672,184	3,345,871
		13,331,296	8,529,847
Other operating expenses			
Shareholders' fee		5,267,290	3,194,935
Directors' fees and allowances		21,805,988	15,801,104
Legal & professional charges		7,022,020	9,287,090
Consultancy, custodial and rating services		7,341,759	9,331,382
Outsourced services costs		31,981,827	30,409,796
Travelling & conveyance		19,616,335	18,441,475
Depreciation		26,200,222	25,074,232
Training & development		3,134,363	2,540,975
Postage & courier charges		919,125	786,546
Communication		3,821,565	3,615,219
Stationery & printing		5,744,725	5,063,646
Marketing, advertisement & publicity		1,485,660	1,840,121
Donations		1,000,000	400,000
Auditors remuneration	28.2	7,750,780	5,300,000
Repair & maintenance		3,648,343	4,685,540
Insurance		2,161,886	2,440,815
Office and general expenses		10,102,008	8,748,153
Bank charges		474,677	339,924
		159,478,573	147,300,953
		453,624,451	427,576,071

	Note	2019 Rupees	2018 Rupees
28.1 Total compensation expense			
Fees and Allowances etc.		—	—
Managerial Remuneration			
i) Fixed		95,936,704	91,388,180
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		18,247,600	28,888,500
b) Bonus & Awards in Shares etc.		—	—
Charge for defined benefit plan		7,239,386	5,576,622
Contribution to defined contribution Plan		7,867,787	7,443,902
Compensated absences		3,113,287	3,366,125
Leave fare assistance		6,049,355	2,394,390
Exgratia		6,559,500	6,511,500
Rent & house maintenance		43,608,916	42,371,588
Utilities		8,861,828	8,460,368
Medical		15,320,716	14,206,571
Conveyance		14,677,063	14,400,617
Others		2,244,253	594,044
Sub-total		229,726,395	225,602,407
Sign-on Bonus		—	—
Severance Allowance		—	—
Grand Total		229,726,395	225,602,407
28.2 Auditors' remuneration			
Audit fee		1,000,000	900,000
Half yearly review		550,000	525,000
Fee for other statutory certifications		200,000	75,000
Out of Pocket expenses		100,000	100,000
		1,850,000	1,600,000
Fee for other certifications		50,000	100,000
Special review IFRS 9		2,204,000	—
Tax services		3,646,780	3,600,000
		7,750,780	5,300,000
29. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		2,353,000	—
Penalties imposed by other regulatory bodies		—	—
		2,353,000	—
30 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments- net	10.3.1	251,178,452	(113,941,917)
Provisions / (reversals) against loans & advances- net	11.4	77,308,220	36,707,360
		328,486,672	(77,234,557)

	Note	2019 Rupees	2018 Rupees
31. TAXATION			
Current tax			
Current year		194,040,724	196,135,105
Prior years		(12,133,596)	617,237,645
		181,907,128	813,372,750
Deferred tax			
Current year		(44,078,992)	(4,135,130)
Prior year		—	(518,330,000)
		(44,078,992)	(522,465,130)
	31.1	137,828,136	290,907,620
31.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		404,900,417	698,460,539
Tax rate		29%	29%
Tax on accounting profit		117,421,121	202,553,556
Tax effect on income subject to lower rate of taxation		(33,388,869)	(34,509,582)
Tax effect of prior years		(12,133,596)	125,810,144
Impact of super tax for current year		—	16,660,916
Reversal of deferred tax asset for prior year		—	4,523,839
Permanent differences on			
Reversal of provision against investment		75,680,078	(20,243,160)
Expenses not claimable against rental income		(2,866,409)	(2,737,222)
Right of use asset under IFRS - 16 Leases		(3,835,382)	—
Others		(3,048,807)	(1,150,871)
		137,828,136	290,907,620
32. BASIC EARNINGS PER SHARE			
Profit for the year - Rupees		267,072,281	407,552,919
Weighted average number of ordinary shares		660,000,000	660,000,000
Basic earnings per share - Rupee		0.405	0.618
33 DILUTED EARNINGS PER SHARE			
There are no dilutive instrument, hence basic & diluted earnings are same.			
34 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks		36,408,879	54,652,113
Balance with other banks		126,036,504	326,583,007
		162,445,383	381,235,120

	2019 (Number)	2018 (Number)
35. STAFF STRENGTH		
Permanent	70	71
On Company's contract	5	4
Company's own staff strength at the end of the year	75	75

35.1 In addition to the above, 91 (2018: 95) employees of outsourcing services companies were assigned to the Company as at the end of the year to perform services other than security and janitorial services. No employee was working abroad.

36. DEFINED BENEFIT PLAN

36.1 General description

The benefits under the gratuity fund are payable in lump sum on retirement at the age of 60 years or earlier cessation of service, subject to minimum service period of three years. The benefit is equal to month's last drawn basic salary for each completed year of eligible service. The latest actuarial valuation of defined benefit plan was conducted at December 31, 2019 using the Projected unit credit method. Detail of the defined benefit plan are:

36.2 Number of Employees under the scheme

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

	2019 (Number)	2018 (Number)
Gratuity fund	71	72

36.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2019 using the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected rate of salary increase	9.25% per annum	11.25% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate

	2019 Rupees	2018 Rupees
36.4 Reconciliation of (receivable from) / payable to defined benefit plans		
Present value of obligations	52,584,816	45,698,267
Fair value of plan assets	(46,240,911)	(35,977,953)
Net liability payable	6,343,905	9,720,314
36.5 Movement in defined benefit obligations		
Obligations at the beginning of the year	45,698,267	37,696,001
Current service cost	6,008,591	5,035,733
Interest cost	6,079,749	3,137,238
Benefits paid by the company	(3,786,500)	(4,060,000)
Re-measurement loss	(1,415,291)	3,889,295
Obligations at the end of the year	52,584,816	45,698,267



	Note	2019 Rupees	2018 Rupees
36.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		35,977,953	30,874,692
Interest income on plan assets		4,848,954	2,596,349
Contributions by employer - net		9,720,314	6,821,309
Actual amount paid by the Fund to the Company		(3,786,500)	(4,060,000)
Re-measurements: Net return on plan assets over interest income - (loss) / gain	36.8.2	(519,810)	(254,397)
Fair value at the end of the year		46,240,911	35,977,953
36.7 Movement in (receivable) / payable under defined benefit schemes			
Opening balance		9,720,314	6,821,309
Charge for the year		7,239,386	5,576,622
Benefits paid to outgoing members		(3,786,500)	(4,060,000)
Contribution by the Company - net		(9,720,314)	(6,821,309)
Re-measurement loss / (gain) recognised in OCI during the year	36.8.2	(895,481)	4,143,692
Amount paid by the fund to the Company		3,786,500	4,060,000
Closing balance		6,343,905	9,720,314
36.8 Charge for defined benefit plans			
36.8.1 Cost recognised in profit and loss			
Current service cost		6,008,591	5,035,733
Net interest on defined benefit asset / liability		1,230,795	540,889
		7,239,386	5,576,622
36.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Demographic assumptions		—	—
- Financial assumptions		(580,044)	1,256,680
- Experience adjustments		(835,247)	2,632,615
Total actuarial loss on obligation		(1,415,291)	3,889,295
Return on plan assets over interest income - (loss) / gain		519,810	254,397
Total re-measurements recognised in OCI		(895,481)	4,143,692

	2019 Rupees	2018 Rupees
36.9 Components of plan assets		
Cash and cash equivalents - net	266,061	3,022,569
Term deposit receipts	45,974,850	32,955,384
	46,240,911	35,977,953

36.9.1 There is no significant risk associated with the plan assets, as it consists of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

36.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below.

	2019 Rupees	2018 Rupees
Discount rate +0.5%	51,238,759	44,541,636
Discount rate -0.5%	54,015,987	46,926,576
Long term salary increase +0.5%	54,159,682	47,048,952
Long term salary increase -0.5%	51,091,444	44,416,160

36.11 Expected contributions to be paid to the fund in the next financial year

7,035,259

36.12 Expected charge / (reversal) for next financial year

Current service cost	6,358,617
Net interest on defined benefit asset / liability	676,642
	7,035,259

	2019 Rupees	2018 Rupees
36.13 Maturity profile		
Distribution of timing of benefit payments (years)		
- 1	4,823,132	5,623,357
- 2	26,455,147	18,572,435
- 3	7,097,848	8,547,221
- 4	4,165,318	7,585,471
- 5	7,011,445	4,623,515
- 6-10	28,736,178	36,995,516
Weighted average duration of the PBO (years)	5.27	5.21

36.14 Funding Policy

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.



36.15 Significant risk associated with the staff retirement benefit schemes

Asset volatility	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Changes in bond yields	Not applicable as underlying interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may lose its value due to the increase of general inflation rate.
Life expectancy / Withdrawal rate	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.
Withdrawal rate	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

37. DEFINED CONTRIBUTION PLAN

The Company operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Company and by the employees to the Fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the Fund. As per latest available financial statements of the Fund, total assets of the Fund as at December 31, 2019 were Rs. 99,195,589 (2018: Rs. 86,977,694).

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

2019						
Items	Directors			GM / CEO	Key Management personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non Executive			
	Rupees					
Fees and Allowances etc.	3,763,112	–	18,042,876	–	–	–
Managerial Remuneration						
i) Fixed	–	–	–	19,800,000	36,242,565	–
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	5,000,000	4,775,000	–
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	3,736,003	2,173,417	–
Contribution to defined contribution plan	–	–	–	1,980,000	2,246,930	–
Compensated absences	–	–	–	-	1,119,425	–
Leave fare assistance	–	–	–	3,150,000	2,899,355	–
Exgratia	–	–	–	1,650,000	1,727,125	–
Rent & house maintenance	–	–	–	7,560,000	13,478,880	–
Utilities	–	–	–	2,853,675	2,246,480	–
Medical	–	–	–	591,755	4,337,350	–
Conveyance	–	–	–	3,513,572	5,750,172	–
Others	–	–	–	–	1,555,512	–
Total	3,763,112	–	18,042,876	49,835,005	78,552,211	–
Number of Persons	2	0	8	1	15	0

In addition to above, the GM / CEO of the Holding Company and certain other key management personnel are provided with company maintained vehicles in accordance with their terms of employment.

For the purposes of the foregoing, the term “Key Management Personnel” as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a)** Any executive or key executive, acting as second to GM, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b)** Any executive or key executive reporting directly to the GM / Chief Executive or the person mentioned in (a) above.

Items	2018					
	Directors			GM / CEO	Key Management personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non Executive			
	Rupees					
Fees and Allowances etc.	2,042,513	–	13,758,591	–	–	–
Managerial Remuneration						
i) Fixed	–	–	–	17,983,871	30,924,610	–
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	8,000,000	5,975,000	–
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	3,679,761	2,811,464	–
Contribution to defined contribution plan	–	–	–	1,798,387	2,461,899	–
Compensated absences	–	–	–	–	1,006,483	–
Leave fare assistance	–	–	–	–	2,394,390	–
Exgratia	–	–	–	1,500,000	2,046,000	–
Rent & house maintenance	–	–	–	7,556,774	14,725,604	–
Utilities	–	–	–	2,657,899	2,454,267	–
Medical	–	–	–	408,000	4,881,119	–
Conveyance	–	–	–	3,429,547	5,813,419	–
Total	2,042,513	–	13,758,591	47,014,239	75,494,255	–
Number of Persons	1	0	5	1	15	0

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

		2019					
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Directors	For Board meetings	Audit committee	Risk management committee	Human Resource committee	Selection & recruitment committee	Total amount paid
		Rupees					
1	Mohammed W. Al-Harby	1,544,550	–	–	179,062	–	1,723,612
2	Mohammed Al-Jarbou	1,544,550	477,625	289,000	–	–	2,311,175
3	Musaad A. Al Fakhri	1,544,550	477,625	–	179,063	–	2,201,238
4	Sultan Mohammed Hasan Abdulrauf	1,649,375	–	–	390,125	–	2,039,500
5	Majid Misfer J.Alghamdi	1,649,375	394,312	195,375	390,125	–	2,629,187
6	Rayyan Bin Mohammed Nagadi	557,025	198,938	–	–	–	755,963
7	Shujat Ali	491,750	175,625	–	–	–	667,375
8	Qumar Sarwar Abbasi	2,440,375	758,688	195,375	–	–	3,394,438
9	Zafar Hasan	2,264,750	–	376,000	569,188	–	3,209,938
10	Mohammad Tanvir Butt	2,089,125	394,312	–	390,125	–	2,873,562
Total Amount Paid		15,775,425	2,877,125	1,055,750	2,097,688	–	21,805,988

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the company and are included in traveling expenses under other operating expenses.

		2018					
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Directors	For Board meetings	Audit committee	Risk management committee	Human Resource committee	Selection & recruitment committee	Total amount paid
Rupees							
1	Mohammed W. Al-Harby	1,725,325	–	–	317,188	–	2,042,513
2	Mohammed Al-Jarbou	1,725,325	1,217,838	317,188	–	–	3,260,351
3	Musaad A. Al Fakhri	1,725,325	1,217,838	–	317,188	–	3,260,351
4	Khizar Hayat Gondal	405,300	–	–	–	–	405,300
5	Shujat Ali	1,725,325	1,075,838	–	317,188	–	3,118,351
6	Qumar Sarwar Abbasi	1,058,900	934,375	317,188	–	–	2,310,463
7	Zafar Hasan	1,066,275	–	168,750	168,750	–	1,403,775
Total Amount Paid		9,431,775	4,445,889	803,126	1,120,314	–	15,801,104

In addition to the above, boarding/lodging expenses of the Directors' for attending meetings are borne by the company and are included in traveling expenses under other operating expenses.

39. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Company as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments, other than subsidiary and associates, is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Company's accounting policy as stated in note 6.5.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

39.1 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 (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association .

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 the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Company has adopted revaluation model (as per IAS 16) in respect of leasehold land, building and non-banking assets acquired in satisfaction of claims.

2019				
	Level 1	Level 2 Rupees	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	18,357,887,000	–	18,357,887,000
Shares	2,056,674,131	–	–	2,056,674,131
Open end Mutual Fund	–	50,924,375	–	50,924,375
Non-Government Debt Securities	–	1,185,714,449	–	1,185,714,449
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	–	–	1,240,295,000	1,240,295,000
Unquoted Securities	–	–	512,500,008	512,500,008
Off-balance sheet financial instruments - measured at fair value				
	–	–	–	–

2018				
	Level 1	Level 2 Rupees	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Shares	1,799,808,201	–	–	1,799,808,201
Non-Government Debt Securities	–	689,385,421	–	689,385,421
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	–	–	657,346,000	657,346,000
Unquoted Securities	–	–	512,500,008	512,500,008
Off-balance sheet financial instruments measured at fair value				
	–	–	–	–

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Debentures and corporate debt instruments	Market rates of these securities are not available on MUFAP as at December 31, 2019, therefore, these securities are classified level 3.
Unquoted Investment	There are no observable inputs in respect of fair market valuation of unquoted investment, hence these securities are valued at lower of cost or breakup value. These securities are classified under level 3.

39.2 The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

39.3 Fair value of non-financial assets

39.4 The property and equipment of the Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non-banking assets acquired from DJM AR Securities were last revalued by independent professional valuer in December 2019. The revaluation was carried out by M/s Surval on the basis of professional assessment of recent market values. The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in November 2018. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

2019				
	Level 1	Level 2 Rupees	Level 3	Total
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	–	–	2,961,100,848	2,961,100,848
Other assets				
Non banking assets acquired in satisfaction of claims	–	–	166,816,572	166,816,572
2018				
	Level 1	Level 2 Rupees	Level 3	Total
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	–	–	3,047,366,036	3,047,366,036
Other assets				
Non banking assets acquired in satisfaction of claims	–	–	155,199,848	155,199,848

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

40. SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	2019		
	Corporate finance	Trading and sales	Building rental services
	Rupees		
Profit & Loss			
Net mark-up/return/profit	382,937,491	380,346,746	–
Non mark-up / return / interest income	14,699,794	219,296,229	192,084,280
Total Income	397,637,285	599,642,975	192,084,280
Segment direct expenses	181,808,107	274,169,344	–
Total expenses	181,808,107	274,169,344	–
Provisions	93,205,995	235,280,677	–
Profit before tax	122,623,183	90,192,954	192,084,280
Balance Sheet			
Cash & Bank balances	–	162,445,383	–
Investments	1,240,295,000	22,663,699,963	–
Lendings to financial institutions	–	80,000,000	–
Advances - performing	6,040,351,497	–	–
- non-performing net of provision	1,828,853,042	–	–
Others	613,722,664	1,647,364,520	2,807,851,349
Total Assets	9,723,222,203	24,553,509,866	2,807,851,349
Borrowings	7,341,209,900	15,417,809,494	–
Deposits & other accounts	164,506,958	345,493,042	–
Others	(353,569,728)	213,938,878	951,819,549
Total liabilities	7,152,147,130	15,977,241,414	951,819,549
Equity	–	–	–
Total Equity & liabilities	7,152,147,130	15,977,241,414	951,819,549
Contingencies & Commitments	2,462,785,980	2,842,579	5,410,268

	2018			
	Corporate finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up/return/profit	521,790,559	81,414,311	–	603,204,870
Non mark-up / return / interest income	9,544,922	269,519,657	166,532,604	445,597,183
Total Income	531,335,481	350,933,968	166,532,604	1,048,802,053
Segment direct expenses	257,502,218	170,073,853	–	427,576,071
Total expenses	257,502,218	170,073,853	–	427,576,071
Provisions / (Reversals)	39,833,226	(117,067,783)	–	(77,234,557)
Profit before tax	234,000,037	297,927,898	166,532,604	698,460,539
Balance Sheet				
Cash & Bank balances	–	381,235,120	–	381,235,120
Investments	657,346,000	3,501,693,630	–	4,159,039,630
Lendings to financial institutions	–	2,818,407,389	–	2,818,407,389
Advances - performing	6,918,643,279	–	–	6,918,643,279
- non-performing net of provision	946,686,163	–	–	946,686,163
Others	651,986,308	390,178,268	2,924,409,385	3,966,573,961
Total Assets	9,174,661,750	7,091,514,407	2,924,409,385	19,190,585,542
Borrowings	3,349,855,098	2,421,483,184	–	5,771,338,282
Deposits & other accounts	4,353,221	3,146,779	–	7,500,000
Others	(385,978,930)	105,978,648	1,043,031,272	763,030,990
Total liabilities	2,968,229,389	2,530,608,611	1,043,031,272	6,541,869,272
Equity	–	–	–	12,648,716,270
Total Equity & liabilities	2,968,229,389	2,530,608,611	1,043,031,272	19,190,585,542
Contingencies & Commitments	2,395,947,150	1,024,404	13,896,256	2,410,867,810



40.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2019		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & Loss			
Net mark-up/return/profit	763,284,237	—	763,284,237
Inter segment revenue - net	—	—	—
Non mark-up / return / interest income	426,080,303	—	426,080,303
Total Income	1,189,364,540	—	1,189,364,540
Segment direct expenses	455,977,451	—	455,977,451
Inter segment expense allocation	—	—	—
Total expenses	455,977,451	—	455,977,451
Provisions	328,486,672	—	328,486,672
Profit before tax	404,900,417	—	404,900,417
Balance Sheet			
Cash & Bank balances	162,445,383	—	162,445,383
Investments	23,903,994,963	—	23,903,994,963
Net inter segment lendings	—	—	—
Lendings to financial institutions	80,000,000	—	80,000,000
Advances - performing	6,040,351,497	—	6,040,351,497
- non-performing net of provision	1,828,853,042	—	1,828,853,042
Others	5,068,938,533	—	5,068,938,533
Total Assets	37,084,583,418	—	37,084,583,418
Borrowings	22,759,019,394	—	22,759,019,394
Deposits & other accounts	510,000,000	—	510,000,000
Net inter segment borrowing	—	—	—
Others	812,188,699	—	812,188,699
Total liabilities	24,081,208,093	—	24,081,208,093
Equity	13,003,375,325	—	13,003,375,325
Total Equity & liabilities	37,084,583,418	—	37,084,583,418
Contingencies & Commitments	2,471,038,827	—	2,471,038,827

	2018		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & Loss			
Net mark-up/return/profit	603,204,870	–	603,204,870
Inter segment revenue - net	–	–	–
Non mark-up / return / interest income	445,597,183	–	445,597,183
Total Income	1,048,802,053	–	1,048,802,053
Segment direct expenses	427,576,071	–	427,576,071
Inter segment expense allocation	–	–	–
Total expenses	427,576,071	–	427,576,071
Provisions	(77,234,557)	–	(77,234,557)
Profit before tax	698,460,539	–	698,460,539
Balance Sheet			
Cash & Bank balances	381,235,120	–	381,235,120
Investments	4,159,039,630	–	4,159,039,630
Net inter segment lendings	–	–	–
Lendings to financial institutions	2,818,407,389	–	2,818,407,389
Advances - performing	6,918,643,279	–	6,918,643,279
- non-performing net of provision	946,686,163	–	946,686,163
Others	3,966,573,961	–	3,966,573,961
Total Assets	19,190,585,542	–	19,190,585,542
Borrowings	5,771,338,282	–	5,771,338,282
Deposits & other accounts	7,500,000	–	7,500,000
Net inter segment borrowing	–	–	–
Others	763,030,990	–	763,030,990
Total liabilities	6,541,869,272	–	6,541,869,272
Equity	12,648,716,270	–	12,648,716,270
Total Equity & liabilities	19,190,585,542	–	19,190,585,542
Contingencies & Commitments	2,410,867,810	–	2,410,867,810

41 RELATED PARTY TRANSACTIONS

The Government of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan each own 50% shares of the Company. Therefore, all entities owned by and controlled by these Governments are related parties of the Company. Other related parties comprise of entities over which the Company has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. The Company has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.



Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalization facility is also provided to staff and executives. In addition to this, majority of executives of the Company have been provided with Company maintained car.

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

	2019				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees				
Investments					
Opening balance	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-
Closing balance	-	-	500,000,000	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-
Advances					
Opening balance	-	26,296,411	-	-	-
Addition during the year	-	2,165,000	-	-	-
Repaid during the year	-	(6,672,638)	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	21,788,773	-	-	-
Provision held against advances	-	-	-	-	-
Other assets - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	-
Other assets - security deposit	-	-	2,278,800	-	-
Provision against other assets	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	-	-	-	7,500,000
Received during the year	-	-	-	-	25,000,000
Withdrawn during the year	-	-	-	-	(22,500,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	10,000,000
Other Liabilities					
Interest / mark-up payable	-	-	-	-	400,726
Payable to defined benefit plan	-	-	-	-	6,343,905
Security deposit	-	-	401,960	-	-
Rent received in advance	-	-	1,161,278	-	-
Income					
Mark-up / return / interest earned	-	1,003,426	-	-	-
Rental income	-	-	5,380,836	-	-
Expense					
Mark-up / return / interest expensed	-	-	-	-	1,011,781
Contribution to employees' funds	-	-	-	-	8,244,281
Directors' fees and allowances	21,805,988	-	-	-	-
Shareholders' fee	-	-	-	-	5,267,290
Operating expenses	-	128,387,216	12,533,400	329,512	-

	2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees				
Investments					
Opening balance	-	-	500,000,000	576,676,075	-
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-
Closing balance	-	-	500,000,000	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-
Advances					
Opening balance	-	36,250,784	-	-	-
Addition during the year	-	26,738,500	-	-	-
Repaid during the year	-	(15,919,964)	-	-	-
Transfer in / (out) - net	-	(20,772,909)	-	-	-
Closing balance	-	26,296,411	-	-	-
Provision held against advances	-	-	-	-	-
Other assets - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	15,000,000
Other assets - security deposit	-	-	-	-	-
Provision against other assets	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	-	-	-	7,500,000
Received during the year	-	-	-	-	30,000,000
Withdrawn during the year	-	-	-	-	(30,000,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	7,500,000
Other Liabilities					
Interest / mark-up payable	-	-	-	-	32,363
Payable to defined benefit plan	-	-	-	-	9,720,314
Security deposit	-	-	401,960	-	-
Rent received in advance	-	-	1,065,194	-	-
Income					
Mark-up / return / interest earned	-	1,619,345	-	-	-
Rental income	-	-	5,034,549	660,000	-
Expense					
Mark-up / return / interest expensed	-	-	-	-	518,917
Contribution to employees' funds	-	-	-	-	7,666,302
Directors' fees and allowances	15,801,104	-	-	-	-
Shareholders' fee	-	-	-	-	3,194,935
Operating expenses	-	122,508,494	-	348,638	-

	2019 Rs '000'	2018 Rs '000'
42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,600,000	6,600,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,372,802	10,390,995
Eligible Additional Tier 1 (ADT 1) Capital	—	—
Total Eligible Tier 1 Capital	10,372,802	10,390,995
Eligible Tier 2 Capital	1,925,620	1,607,216
Total Eligible Capital (Tier 1 + Tier 2)	12,298,422	11,998,211
Risk Weighted Assets (RWAs):		
Credit Risk	20,905,239	20,428,417
Market Risk	4,353,038	2,726,899
Operational Risk	2,374,050	2,344,868
Total	27,632,327	25,500,184
Common Equity Tier 1 Capital Adequacy ratio	37.54%	40.75%
Tier 1 Capital Adequacy Ratio	37.54%	40.75%
Total Capital Adequacy Ratio	44.51%	47.05%

As of December 2019, the Company is required to meet a Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 12.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

	2019 Rs '000'	2018 Rs '000'
Leverage Ratio (LR):		
Eligible Tier-1 Capital	10,372,802	10,390,995
Total Exposures	39,555,622	21,601,453
Leverage Ratio	26.22%	48.10%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,411,147	3,176,049
Total Net Cash Outflow	1,688,471	1,176,076
Liquidity Coverage Ratio	261.25%	270.05%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	26,727,578	17,671,704
Total Required Stable Funding	17,359,770	14,924,384
Net Stable Funding Ratio	153.96%	118.41%

- 42.1** The link to the full disclosures for capital adequacy, leverage and liquidity ratios will be available at <https://www.saudipak.com/financial.html>.

43. RISK MANAGEMENT

Saudi Pak Industrial & Agricultural Investment Co. Ltd. (the Company) defines risk as the possibility that an action or event could have adverse outcomes, which could either result in a direct loss of earnings / capital, or the imposition of constraints on the ability to meet objectives. In the normal course of business, the Company is exposed to various risks, including, but not limited to, credit, market, liquidity, and operational risks. The Company recognizes that management of these risks is essential for maintaining financial viability and achieving objectives. In this regard, the Company's approach to risk management is to ensure the ongoing alignment of its risk levels with its risk appetite through a coordinated set of activities that direct and control the Company with regard to risk.

The Company's overall appetite for risk is governed by its Board of Directors (Board) approved "Risk Management Policy", which delineates key definitions, roles and responsibilities, risk appetite / risk limits, and principles for managing risk across the Company. The Company's Risk Management Framework, comprising of the Risk Management Policy, other Board-approved policies, procedural manuals, sound management information system (MIS) and reporting, and clearly articulated roles, responsibilities and accountabilities, is fundamental to the Company's overall risk management culture and awareness.

The Company recognizes that responsibility for risk management resides at all levels, since the risk management processes rely on individual responsibility and independent oversight. The Board, duly supported by its Risk Management Committee, is accountable for ensuring that adequate and sound structures and policies are in place for risk management. The Management's role is to transform strategic decisions and risk appetite set by the Board into effective processes and systems, and to institute an appropriate hierarchy to execute and implement the approved policies and procedures. In this regard, the Company has implemented a three-line-of-defense approach, wherein as a first line of defense, risk management activities are performed in the business units and functional support units, with the Divisional Heads being accountable for managing risk in their area of operations in accordance with the Risk Management Framework, as well as for the results (both positive and negative) of taking these risks.

To assist in discharge of these responsibilities and accountabilities, various cross-functional committees have been constituted at the Senior Management level, and delegation of authority in financial / operational powers for the Divisions / Regional Offices has been clearly defined. The Risk Management Division (RMD) and Compliance Division (CD) serve as second-line of defense by providing independent oversight of the Company's risk-taking activities and regulatory compliance respectively. The RMD's responsibilities include the design of a clear, transparent and well-aligned Risk Management Policy, independent pre-approval risk reviews of proposals and policies, and ongoing assessment, monitoring and reporting of risks at the portfolio and enterprise level through a broad spectrum of techniques.

The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Credit Risk Management Committee, Operational Risk Management Committee and Compliance Committee. The Internal Audit Division functions as the third-line-of-defense, with direct reporting to the Audit Committee of the Board and independently carrying out internal audits in line with its approved roles and responsibilities.

On an enterprise level, risk monitoring results for the year revealed that the Company's Capital Adequacy Ratio (CAR) remained well above both the internal as well as the regulatory requirements throughout the year, and that the capital and liquidity position remained resilient even under stress.

43.1 Credit Risk

Credit risk is the risk of loss to the Company's earnings or capital arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform on such obligation is impaired. Credit risk arises primarily from the Company's advances / debt investments portfolio and lending to financial institutions (FIs) portfolio. Credit risk may also arise at the portfolio level in case of inadequate diversification of the advances portfolio, in terms of industrial sectors, regions, products, or clients.



Pursuit of credit risk is essential to fulfilling the corporate objectives of the Company, and is a primary source of income, conversely, also constituting one of the greatest risk of losses. In this regard, focus is primarily on bankable transactions, offering adequate risk & reward relationship with satisfactory security support. The Company's credit risk management process encompasses identification, assessment, monitoring and control of credit risk exposures. As part of this process, obligor risk and facility risk are carefully evaluated using internal risk rating methodologies, as articulated in the Company's Internal Credit Risk Rating Policy.

Advances exposures are invariably secured by credit risk mitigants in the form of various types of collateral / security with adequate margins. Readily marketable / liquid securities / urban properties are preferred over other forms of collateral. Credit risk stress testing is regularly carried out to identify vulnerable areas for initiating corrective action, if necessary. Regular assessment, monitoring and reporting of the performing & non-performing credit risk portfolio in terms of trends & concentrations, is made by the Risk Management Division (RMD) to the Credit Risk Management Committee and Risk Management Committee of the Board. Board-approved Credit Policy, Credit Risk Policy, Credit Administration Policy, and Special Asset Management Policy are in place, clearly establishing relevant roles and responsibilities, selection criteria, principles and limits for credit risk.

Specific norms for appraisal, sanctioning, documentation, inspections and monitoring, maintenance, rehabilitation and management of assets have been stipulated. Internal controls and processes in place for credit risk management also include:

- Well-defined credit approval and disbursement mechanism, with deliberation at cross-functional Credit & Investment Committee, and review by independent functions, including RMD, CD, and Law Division (LD);
- Post-disbursement credit administration, monitoring and review, including review of credit ratings;
- Board-approved borrower / group limits well within those prescribed in terms of Prudential Regulations, along with other limits on portfolio concentration, e.g. sectoral limits;
- Board-approved counterparty limits for lendings to FIs in place and regularly reviewed;
- Clear lines of authority for Treasury transactions, and independent Back Office / Settlement Division in place to process deals;
- Independent Middle Office in place at RMD to monitor lending to FIs limit compliance;
- Credit Risk Management Committee-approved insurer-wise limits in place and reviewed annually ;
- Policies & procedures circulated amongst concerned functionaries through the Company's intranet; and
- Various training initiatives to enhance credit risk knowledge for concerned personnel.

Dedicated Special Asset Management Division (SAMD) and Law Division (LD) are in place to manage past due and impaired assets through litigation, workout or other remedial measures, as appropriate. The Company adheres to the SBP instructions for definitions of past due and impaired assets in the Corporate / Commercial, SME-Medium Enterprise, and SME-Small Enterprise categories respectively.

In addition, the Company may consider subjective criteria in determining account classification. The Company determines provisioning requirements for non-performing advances in accordance with the requirements of the Prudential Regulations issued by SBP. Write-offs are made when there is no realistic prospect of recovery.

The Company employs the Basel Standardized Approach to determine capital requirements for credit risk. As per SBP Guidelines, the Company recognizes VIS and PACRA as approved rating agencies, and applies their ratings where available to determine appropriate risk weight by using mapping criteria prescribed by SBP. In absence of external ratings, the exposures are treated as unrated and relevant risk weights are applied. The Company follows Simple Approach for credit risk mitigation in its Basel capital calculation. Under Simple Approach, the risk weight of the mitigant is substituted for the risk weight of the counterparty to the extent coverage is provided by the mitigant, provided the former risk weight is lower than the latter.

The Company is presently not involved in securitization activities.

The Company's maximum credit risk exposure as at December 31, 2019 amounted to:

	2019 without benefit of collateral Rupees	2019 with benefit of collateral Rupees
Lending to financial institutions	—	80,000,000
Debt investments (excluding Government of Pakistan local currency denominated debt)	—	2,426,009,449
Advances	—	7,869,204,539
	—	10,375,213,988

Particulars of Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

	2019	2018	2019	2018	2019	2018
43.1.1 Lendings to financial institutions	Gross lendings		Non-performing lendings		Provision held	
Credit risk by public / private sector	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Public/ Government	—	—	—	—	—	—
Private	80,000,000	2,818,407,389	—	—	—	—
	80,000,000	2,818,407,389	—	—	—	—
43.1.2 Investment in debt securities	2019	2018	2019	2018	2019	2018
Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Textile	204,114,140	204,114,140	204,114,140	204,114,140	153,489,140	136,614,140
Chemical and Pharmaceuticals	286,283,751	286,283,751	286,283,751	286,283,751	286,283,751	286,283,751
Power (electricity), Gas, Water, Sanitary	1,000,000,000	—	—	—	—	—
Transport, Storage and Communication	41,197,664	42,174,889	41,197,664	42,174,889	41,197,664	42,174,889
Financial	1,282,803,921	1,282,979,921	3,748,500	3,748,500	3,748,500	3,748,500
Others	92,729,028	—	—	—	—	—
	2,907,128,504	1,815,552,701	535,344,055	536,321,280	484,719,055	468,821,280
Credit risk by public / private sector						
Public/ Government	—	—	—	—	—	—
Private	2,907,128,504	1,815,552,701	535,344,055	536,321,280	484,719,055	468,821,280
	2,907,128,504	1,815,552,701	535,344,055	536,321,280	484,719,055	468,821,280

43.1.3
Advances
Credit risk by industry sector

	2019	2018	2019	2018	2019	2018
	Gross advances		Non-performing advances		Provision held	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Textile	2,559,732,576	1,970,084,946	1,386,404,576	1,092,029,389	1,061,240,512	912,501,693
Chemical and Pharmaceuticals	14,972,941	14,972,941	14,972,941	14,972,941	14,972,941	14,972,941
Cement	156,781,217	172,487,393	116,206,923	116,206,923	116,206,923	116,206,923
Sugar	843,114,473	715,114,473	243,114,473	243,114,473	187,231,049	159,289,338
Automobile and transportation equipment	196,999,822	209,278,212	153,000,000	209,278,212	153,000,000	209,278,212
Electronics and electrical appliances	1,048,375,000	726,500,000	–	–	–	–
Construction	205,752,708	305,752,705	205,752,708	205,752,708	205,752,708	205,752,708
Power (electricity), Gas, Water, Sanitary	1,396,660,042	1,211,585,347	165,028,752	165,028,752	165,028,752	165,028,752
Transport, Storage and Communication	12,461,152	12,461,152	12,461,152	12,461,152	12,461,152	12,461,152
Financial	191,304,214	294,699,410	89,406,858	89,406,858	89,406,858	89,406,858
Services	217,030,294	342,030,294	32,030,294	32,030,294	32,030,294	32,030,294
Paper board and products	77,486,423	302,486,423	33,736,423	33,736,423	33,736,423	33,736,423
Rubber and plastic products	270,000,000	166,189,723	–	–	–	–
Basic metals	226,331,699	287,916,209	69,093,230	69,937,328	26,843,230	69,937,328
Dairy & Poultry	1,405,555,554	1,433,333,332	1,405,555,554	683,333,332	–	–
Others	1,286,807,266	1,863,289,504	142,250,000	142,250,000	142,250,000	142,250,000
	<u>10,109,365,381</u>	<u>10,028,182,064</u>	<u>4,069,013,884</u>	<u>3,109,538,785</u>	<u>2,240,160,842</u>	<u>2,162,852,622</u>

Credit risk by public / private sector

	2019	2018	2019	2018	2019	2018
	Gross advances		Non-performing advances		Provision held	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Public/ Government	–	–	–	–	–	–
Private	10,109,365,381	10,028,182,064	4,069,013,884	3,109,538,785	2,240,160,842	2,162,852,622
	<u>10,109,365,381</u>	<u>10,028,182,064</u>	<u>4,069,013,884</u>	<u>3,109,538,785</u>	<u>2,240,160,842</u>	<u>2,162,852,622</u>

43.1.4 Contingencies and Commitments

Commitments: credit risk by industry sector

	2019 Rupees	2018 Rupees
Textile	676,670,000	815,530,000
Chemical and Pharmaceuticals	350,000,000	—
Cement	—	820,000,000
Electronics and electrical appliances	386,000,000	186,000,000
Construction	200,000,000	—
Power (electricity), Gas, Water, Sanitary	650,000,000	573,000,000
Basic metals	200,000,000	—
Others	8,368,827	16,337,810
	<u>2,471,038,827</u>	<u>2,410,867,810</u>

Credit risk by public / private sector

Public/ Government	—	—
Private	2,471,038,827	2,410,867,810
	<u>2,471,038,827</u>	<u>2,410,867,810</u>

43.1.5 Concentration of Advances

Top 10 exposures of the Company on the basis of total (funded and non-funded exposures) aggregated to Rs 5,514 million (2018: Rs. 5,569 million) as follows:

	2019 Rupees	2018 Rupees
Funded	5,336,861,385	5,322,234,551
Non Funded	176,670,000	246,760,000
Total Exposure	<u>5,513,531,385</u>	<u>5,568,994,551</u>

	2019		2018	
	Amount	Provision held	Amount	Provision held
	Rupees		Rupees	
Total funded classified therein				
Substandard	—	—	683,333,332	—
Doubtful	750,000,000	—	—	—
Loss	1,375,465,203	632,731,075	719,909,649	540,381,953
Total	<u>2,125,465,203</u>	<u>632,731,075</u>	<u>1,403,242,981</u>	<u>540,381,953</u>



43.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province/Region	2019						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	2,385,086,430	2,385,086,430	–	–	–	–	–
Sindh	633,000,000	–	633,000,000	–	–	–	–
KPK including FATA	–	–	–	–	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	–	–	–	–	–	–	–
AJK including Gilgit-Baltistan	–	–	–	–	–	–	–
Total	3,018,086,430	2,385,086,430	633,000,000	–	–	–	–

Province/Region	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	3,423,241,570	3,423,241,570	–	–	–	–	–
Sindh	180,000,000	–	180,000,000	–	–	–	–
KPK including FATA	100,000,000	–	–	100,000,000	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	164,000,000	–	–	–	–	164,000,000	–
AJK including Gilgit-Baltistan	–	–	–	–	–	–	–
Total	3,867,241,570	3,423,241,570	180,000,000	100,000,000	–	164,000,000	–

43.2 Market Risk

Market risk is the risk of loss to the Company's earnings or capital arising from potential movements in market risk factors, such as interest rates, equity prices and foreign exchange rates. The Company is exposed to market risk from its banking book as well as trading book exposures, the latter of which includes HFT & AFS investments in debt & listed equity instruments, and open position in foreign currency.

The market risk strategy of the Company is to maximize returns while keeping exposure to market risk at or below the approved levels, provided in the shape of market risk limits. Board-approved Treasury Policy, PMD Investment Policy and Market Risk Policy are in place with defined market risk management parameters / limits to control market risk levels. The Treasury Division (TD) and Portfolio Management Division (PMD) consider economic and market conditions, along with the Company's portfolio mix, diversification and expertise when setting and executing annual business strategy and reviewing policy.

Assets / Liability Management Committee (ALCO) meets monthly, and evaluates liquidity, market and interest rate risk as part of its approved Terms of Reference. An independent Market & Liquidity Risk /Middle Office Unit housed in RMD is tasked to, inter alia, independently monitor, measure and analyze market risk of the Company on daily basis, perform risk review of day-to-day PMD & TD activities, escalate any limit breaches or exceptions on the same working day of identification, review the Company's interest rate risk management framework & methodology, and prepare risk reports for ALCO and RMCB, including review of risk-adjusted performance of the investment portfolio.

The Company uses a comprehensive suite of risk measurement techniques to assess market risk in the trading book, which includes monitoring levels and trends in mark-to-market, price value of basis point (PVBp), beta, and Value-at-Risk (VaR) metrics, as well as stress tests and sensitivity analyses based on these measures. VaR is calculated for all trading book positions and portfolios on a daily basis, and measures the estimated maximum loss over a defined horizon based on historical simulation.

The Company calculates its VaR with a 1-day and 10-day horizon period using a one-tail, 99% confidence interval in accordance with Basel specifications. The 1-day VaR is further back tested on daily basis against next day's P&L based on actual observed movements in market risk factors. Back testing results suggest that the model is currently providing a conservative estimate of the risk. For interest rate risk in the banking book, the Company primarily relies on gap analysis & static simulation model. Stress tests are carried out for traded & non-traded market risks on the basis of extreme, yet plausible, stress scenarios. Results produced by the aforementioned models are included in management and Board-committee reporting.

43.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees			Rupees		
Cash and balances with treasury banks	36,408,879	–	36,408,879	54,652,113	–	54,652,113
Balances with other banks	126,036,504	–	126,036,504	326,583,007	–	326,583,007
Lendings to financial institutions	80,000,000	–	80,000,000	2,818,407,389	–	2,818,407,389
Investments	3,438,509,457	20,465,485,506	23,903,994,963	2,359,231,429	1,799,808,201	4,159,039,630
Advances	7,869,204,539	–	7,869,204,539	7,865,329,442	–	7,865,329,442
Fixed assets	3,054,741,640	–	3,054,741,640	3,111,658,376	–	3,111,658,376
Intangible assets	8,488,075	–	8,488,075	5,762,311	–	5,762,311
Deferred tax assets	–	–	–	–	–	–
Other assets	2,005,708,818	–	2,005,708,818	849,153,274	–	849,153,274
	16,619,097,912	20,465,485,506	37,084,583,418	17,390,777,341	1,799,808,201	19,190,585,542

43.2.2 Foreign Exchange Risk

The Company does not actively deal in foreign currency. Its aggregate foreign currency exposure is limited to USD-denominated bank balance, as represented in the table below. As such, the Company's direct exposure to foreign currency risk is minimal, with a favourable impact in case of PKR depreciation.

The foreign exchange exposures during the year of the Company is given as follows:

	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				Rupees			
United States Dollar	20,315,522	–	–	20,315,522	18,248,884	–	–	18,248,884

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	203,155	–	182,489	–
- Other comprehensive income	–	–	–	–

43.2.3 Equity position Risk

The Company's objective regarding trading in equities is to maximize the return on equity investment by acquiring fundamentally strong shares at appropriate levels and maintaining such a balance between short term and long term investment that can provide maximum possible opportunities to avail both capital gains and dividend income. The Company's maximum exposure to the stock market is constrained in terms of the single-stock and aggregate limits prescribed under the SBP Prudential Regulations. Prime responsibility for managing the Company's equity positions rests with the Portfolio Management Division (PMD). The Board of Directors has approved sectoral limits, as well as portfolio limits that fall within the SBP-prescribed aggregate limit for DFIs. Senior Management's Quoted Securities Monitoring Committee reviews investment climate and stock market investment strategy & portfolio, and reviews & approves listed stock investment / divestment recommendations by PMD, and stop loss decision where required. Unquoted Investments Monitoring Committee is also in place to monitor and manage investments in unquoted companies. The Market & Liquidity Risk /Middle Office Unit housed in RMD independently monitors PMD deals, policy / limit compliance, broker usage, realized/unrealized gain/loss, and generates market risk metrics such as beta, Value-at-Risk, sensitivity analyses and stress tests. The Unit is responsible for escalation of any limit breaches to concerned authorities, and also provides monthly summary reports to ALCO and periodic risk/return performance reports to the Risk Management Committee of the Board. PMD performance is also regularly reviewed by ALCO through regular reporting by the former, with the latter also serving as approving authority for the broker panel.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	-	102,833,707	-	89,990,410

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

The Company's interest rate risk arises from its trading book and banking book. Interest rate risk in the trading book is a result of HFT & AFS investments in debt instruments that are reported at fair value, and whose value is influenced by prevailing interest rates. The Company's interest rate risk exposures in the banking book originate from financial assets & liabilities that are exposed to different points in the yield curve, and are not matched in terms of repricing / maturity dates or interest rate basis. Since the Company does not take non-maturity deposits and bulk of its loans are floating-rate in nature, optionality/prepayment-related interest rate risk is insignificant.

The primary objective of interest rate risk management is to control exposure to interest rate risk, within approved limits. The Company has Board-approved Treasury Policy and Interest Rate Risk Management Framework in place that govern the interest rate risk management process. The Treasury Division directly functions to manage interest rate risks through diversification of exposures and structuring matching asset/liability transactions. The ALCO provides oversight of interest rate risk, including articulating interest rate view, deciding on future business strategy, monitoring interest rate risk and deliberating on mitigation measures. To control interest rate risk in the trading book, duration limits are in place for the fixed income investment portfolio, in terms of the Treasury Policy. To control interest rate risk in the banking book, target levels have been established on the repricing/ maturity gaps in each time band, as determined through slotting of interest-rate sensitive assets and liabilities according to contractual repricing / maturity dates, whichever is earlier. The Market & Liquidity Risk / Middle Office Unit monitors limit compliance, reviews the interest rate risk management framework, develops interest rate risk measurement methodology, and provides monthly & quarterly reports to ALCO. Interest rate risk measurement methodology currently employed by the Company for the trading book includes marking-to-market, price value of basis point (PVBPP), sensitivity analyses / stress testing and Value-at-Risk. For the banking book, methodology is based on gap analysis and static simulation, with an earnings and economic value perspective, as well as stress testing.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	5,947,471	-	57,948,762	-
- Other comprehensive income	-	84,222,391	-	2,272,293

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2019

Effective yield/ interest rate	Total	Exposed to Yield / Interest risk								Above 10 years	Non-interest bearing financial instruments
		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		
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	36,408,879	-	-	-	-	-	-	-	-	36,408,879
Balances with other banks	11.25	126,036,504	120,057,502	-	-	-	-	-	-	-	5,979,002
Lending to financial institutions	13.05	80,000,000	80,000,000	-	-	-	-	-	-	-	-
Investments	14.27	23,903,994,963	92,729,028	14,624,744,000	979,175,421	4,175,703,000	-	-	-	-	3,120,098,514
Advances	14.77	7,869,204,539	1,425,166,350	4,295,921,658	545,700	3,599,650	-	-	51,471,182	-	-
Other assets	-	1,168,415,942	-	-	-	-	-	-	-	-	1,168,415,942
		33,184,060,827	1,717,952,880	18,920,665,658	912,090,700	4,179,302,650	-	-	51,471,182	-	4,330,902,337
Liabilities											
Borrowings	13.26	22,759,019,394	15,022,338,500	4,006,890,916	14,248,016	103,496,036	103,496,036	201,425,898	299,999,984	-	-
Deposits and other accounts	13.71	510,000,000	500,000,000	10,000,000	-	-	-	-	-	-	-
Other liabilities	-	345,675,096	-	-	-	-	-	-	-	-	345,675,096
		23,614,694,490	15,522,338,500	4,016,890,916	14,248,016	103,496,036	103,496,036	201,425,898	299,999,984	-	345,675,096
On-balance sheet gap		9,569,366,338	(13,804,385,620)	14,903,774,742	897,842,684	4,075,806,614	(103,496,036)	(201,425,898)	(248,528,802)	-	3,985,227,242
Off-balance sheet financial instruments											
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap		-	-	-	-	-	-	-	-	-	-
		(13,804,385,620)	14,903,774,742	64,551,412	897,842,684	4,075,806,614	(103,496,036)	(201,425,898)	(248,528,802)	-	3,985,227,242
Cumulative Yield/Interest Risk Sensitivity Gap		(13,804,385,620)	1,099,389,122	1,163,940,534	2,061,783,218	6,137,599,622	6,034,093,796	5,832,667,898	5,584,139,096	5,584,139,096	-

2018

Effective yield/ interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
		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	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
On-balance sheet financial instruments											
Assets											
	-	54,652,113	-	-	-	-	-	-	-	-	54,652,113
	6.50	326,583,007	196,154,039	-	-	-	-	-	-	-	130,428,968
	10.47	2,818,407,389	2,818,407,389	-	-	-	-	-	-	-	-
	10.11	4,159,039,630	67,500,000	30,000	1,279,201,421	-	-	-	-	-	2,812,308,209
	11.49	7,865,329,442	782,346,421	3,404,359,433	3,548,222,598	65,935,171	7,065,100	-	57,400,719	-	-
	-	232,124,109	-	-	-	-	-	-	-	-	232,124,109
		15,456,135,690	3,864,407,949	3,404,389,433	4,827,424,019	65,935,171	7,065,100	-	57,400,719	-	3,229,513,399
Liabilities											
	9.05	5,771,338,282	972,708,231	4,281,274,656	12,549,312	25,098,624	65,887,716	131,775,432	223,477,886	-	-
	10.50	7,500,000	-	-	-	-	-	-	-	-	-
	-	279,056,118	-	-	-	-	-	-	-	-	279,056,118
		6,057,894,400	58,566,425	980,208,231	12,549,312	25,098,624	65,887,716	131,775,432	223,477,886	-	279,056,118
On-balance sheet gap											
		9,398,241,290	3,805,841,424	2,424,181,202	546,149,363	53,385,859	(18,033,524)	(131,775,432)	(166,077,167)	-	2,950,457,281
Off-balance sheet financial instruments											
	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap											
	-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap											
		3,805,841,424	2,424,181,202	546,149,363	53,385,859	(18,033,524)	(65,887,716)	(131,775,432)	(166,077,167)	-	2,950,457,281
Cumulative Yield/Interest Risk Sensitivity Gap											
		3,805,841,424	6,230,022,626	6,776,171,989	6,829,557,848	6,811,524,324	6,745,636,608	6,613,861,176	6,447,784,009	6,447,784,009	-

Also disclose reconciliation of financial assets with total assets and liabilities.

Yield Risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

In the case of off-balance sheet financial instruments, disclose information about the extent and nature, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows. Further, disclose the bank's Yield/ Interest risk management objectives and policies.

The repricing profile should be based on the remaining period to the next interest repricing date. Derivatives financial instruments that have been used for asset and liability management purposes to hedge exposure to interest rate risk should be incorporated in the repricing profiles of the related hedged assets and liabilities. The loan provisions has to be deducted from related class of asset

43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Types of events that can lead to operational risk include:

- Internal / external fraud events
- Employment practices & workplace safety events
- Clients, products & business practices events
- Damage to physical assets events
- Business disruption and system failures events
- Execution, delivery & process management events

Types of operational risk losses can include monetary, regulatory, client, or health & safety loss, or legal liability / inability to enforce legal claim, and measures that may be taken to mitigate losses include improving underlying processes through enhanced internal controls, having contingency plan / backup arrangements in place, and ensuring adequate insurance coverage.

The Company's operational risk management process is governed by the Operational Risk Management Framework ("ORMF") and Operational Risk Policy which have been duly approved by the Board of Directors. The operational risk management structure comprises the line management as first line of defense, an independent Operational Risk Management Unit ("ORMU") operating under the Risk Management Division ("RMD") as second line of defense, and independent Internal Audit as third line of defense. An organizational culture of integrity and discipline built through trainings and appropriate hiring, and separation of duties and principles of internal control as embedded in relevant policies and procedures, are key principles for operational risk management. Operational Risk Coordinators ("ORCs") that have been established from each division work with the ORMU to identify, analyze, explain and mitigate operational issues within their respective areas of expertise. The ORMU develops and updates the ORMF, implements operational risk measurement and reporting, and coordinates with ORCs to source necessary information and promote sound operational risk management. Senior management-level Operational Risk Management Committee ("ORMC") meets quarterly with the goal to assure that actions are being taken to meet the stated objective of operational risk management in the Company. Presently loss data, key risk indicators, risk & control self-assessments, and scenario analysis are being used to assess operational risk. Operational risk reports on the basis of these tools, along with suggested risk mitigants where required, are presented by ORMU to the ORMC. Operational risk reports are also discussed as part of the agenda of meetings of Risk Management Committee of the Board ("RMCB").

In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Company has a robust Business Continuity Plan / Disaster Recovery Plan in place, with off-site backup and regular testing carried out. The Company also has a Technology Governance Framework & IT Security Policy in place, addressing issues such as incident reporting, risk identification, IT controls and systems security, with added oversight provided by regular meetings of the IT Steering Committee of management. KYC / AML Policies are also in place for Credit and Treasury activities.

Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years has been applied for Operational Risk. Loss data process has been fully implemented, with ORCs providing details for events / near misses / potential losses through an in-house software.

43.4 Liquidity Risk

Liquidity risk is the potential for loss arising from either an inability to meet obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The liquidity risk strategy of the Company is to strive to maintain liquidity at an acceptable level over the short- and long-term, in order to settle financial obligations in a timely and economical manner. Liquidity Risk Policy, Treasury Policy and Contingency Funding Plan are in place to govern the liquidity risk management process. The prime responsibility for the management of liquidity risk lies with Treasury Division (TD) which ensures that the Company's operations can meet its current and future funding needs. Mix of Saudi Pak assets and liabilities is monitored by TD to ensure that gaps are efficiently managed, and target gap levels are in place. Regulatory limits (e.g. Statutory Liquidity Requirement [SLR], Net Stable Funding Ratio [NSFR]) are monitored and returns are submitted. Internal limit on liquid assets to total borrowings and deposits is also in place. TD further aims for effective diversification of sources of borrowing / liquidity. The Company's leverage also remains well within parameters allowed by SBP, ensuring a stable source of liquidity in the form of capital. ALCO provides additional oversight for liquidity risk management through its monthly meetings. The Market & Liquidity Risk / Middle Office Unit housed in RMD independently reviews liquidity risk policy, and monitors liquidity ratios, gaps and funding concentrations on daily basis, providing regular reporting on the same to ALCO along with stress testing, with timely escalation in case of any limit breach. The Company overall strives to maintain a strong market reputation and to keep credit risk and market risk within manageable limits so that these risks may not trigger any undesirable liquidity crunch.



Assets

Share capital/ Head office capital account

Reserves

Unappropriated/ Unremitted profit

Surplus/(Deficit) on revaluation of assets



2018

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets													
Cash and balances with treasury banks	54,652,113	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	326,593,007	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,818,407,389	-	2,318,407,389	-	500,000,000	-	-	-	-	-	-	-	-
Investments	4,159,039,630	67,500,000	-	-	-	30,000	-	58,000	1,829,251,622	176,000	397,663,000	1,864,155,008	-
Advances	7,865,329,442	688,491,360	75,230,867	18,624,194	66,338,599	248,536,764	756,945,955	705,500,601	357,861,257	2,442,793,537	885,796,911	944,076,777	756,766,601
Fried assets	3,111,658,376	316,343	1,910,059	5,083,480	9,550,295	28,650,885	28,650,885	28,650,885	114,603,540	114,603,533	224,193,478	2,543,654,285	-
Intangible assets	5,762,311	10,670	37,345	74,689	37,345	106,699	480,144	480,144	480,143	1,920,376	1,921,159	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	849,153,274	2,890,702	20,297,913	40,536,826	23,197,615	71,498,426	129,064,974	257,734,642	268,114,963	-	-	-	-
	19,190,585,542	1,140,455,195	2,415,883,573	42,888,917	546,952,644	110,774,806	329,798,882	914,599,958	992,336,272	2,559,459,673	922,497,603	1,565,833,255	5,164,515,894
Liabilities													
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,771,338,282	-	-	233,092	128,748,391	201,293,173	1,289,607,989	389,607,989	189,607,989	1,459,431,556	1,099,221,052	731,775,432	223,477,886
Deposits and other accounts	7,500,000	-	-	-	-	7,500,000	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	277,361,026	75,661	529,625	605,285	2,269,709	4,539,477	6,809,126	4,539,306	9,078,612	27,236,169	27,236,169	54,472,339	133,910,359
Other liabilities	490,669,964	1,778,925	12,452,477	14,231,402	35,578,505	71,157,011	118,346,977	97,468,829	97,468,829	-	-	5,184,617	12,097,438
	6,541,869,272	1,854,596	12,982,102	84,297,536	167,596,605	284,489,601	1,414,764,092	491,616,124	236,155,400	1,485,668,125	1,126,457,221	791,432,398	369,485,683
Net assets	12,648,716,270	1,138,600,609	2,402,301,471	(41,398,619)	531,882,865	(56,821,799)	45,309,281	(500,164,134)	500,780,148	1,073,791,548	(203,959,618)	774,500,867	4,795,090,211
Share capital/ Head office capital account	6,600,000,000												
Reserves	1,366,864,210												
Unappropriated/ Unremitted profit	2,843,304,042												
Surplus/(Deficit) on revaluation of assets	1,838,548,018												
	12,648,716,270												

	2018							
	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	Above 10 years
Total	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets								
Cash and balances with treasury banks	54,652,113	-	-	-	-	-	-	-
Balances with other banks	326,583,007	-	-	-	-	-	-	-
Lending to financial institutions	2,818,407,389	-	-	-	-	-	-	-
Investments	4,159,039,630	30,000	58,000	1,829,281,622	176,000	176,000	397,663,000	500,000,000
Advances	7,865,329,442	782,346,421	756,345,955	1,063,361,857	2,442,759,557	805,796,911	944,076,777	756,766,601
Fixed assets	3,111,658,376	9,550,295	28,650,885	57,301,770	114,603,540	114,603,533	224,193,478	379,131,678
Intangible assets	5,762,311	160,048	480,144	960,288	1,920,576	1,921,159	-	-
Other assets	849,153,274	107,247,639	129,064,974	525,849,605	-	-	-	-
	19,190,585,542	4,146,190,329	440,573,688	3,476,755,142	2,559,459,673	922,497,603	1,565,933,255	2,500,053,287
Liabilities								
Borrowings	5,771,338,282	58,566,425	1,289,607,989	579,215,978	1,458,431,956	1,099,221,052	731,775,432	223,477,886
Deposits and other accounts	7,500,000	-	-	-	-	-	-	-
Deferred tax liabilities	272,361,026	2,269,820	6,809,126	13,617,918	27,236,169	27,236,169	54,472,339	68,090,257
Other liabilities	490,669,964	53,367,758	118,346,977	194,937,657	5,184,617	12,097,439	-	-
	6,541,869,272	114,204,003	1,414,764,092	787,771,553	1,490,852,742	1,138,554,660	786,247,771	291,568,143
Net assets	12,648,716,270	4,031,986,326	(500,164,134)	2,688,983,589	1,068,606,931	(216,057,057)	779,685,484	2,208,485,144
Share capital/ Head office capital account	6,600,000,000							65,820,102
Reserves	1,366,864,210							2,598,702,505
Unappropriated/ Unremitted profit	2,843,304,042							
Surplus/(Deficit) on revaluation of assets	1,838,548,018							
	12,648,716,270							

43.5 Derivative Risk

Presently the Company does not have exposure in derivative products, and consequently is not exposed to derivatives-related risk.

44 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue by the Board of Directors of the Saudi Pak Industrial and Agricultural Investment Company Limited on 27 February 2020 .



GM / Chief Executive



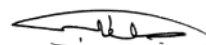
Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

For The Year Ended December 31, 2019

Annexure - I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE,
PROVIDED DURING THE YEAR JANUARY - DECEMBER 31, 2019

(Rupees in million)

S. No	Name and address	Name of individual / Partners / Directors	CNIC No.	Fathers' / Husband Name	Outstanding liabilities at the beginning of the year				Principal written off	Mark up waived	Other financial relief provided	Total
					Principal	Mark up	Others	Total				
1	Indus Steel Pipes Limited 4th Floor, Doctor Plaza, Panorama Centre, Raja Ghazanfar Ali Khan Road, Saddar, Karachi.	Mr. Masood Asghar Mr. Khawaja M. Zahir Mr. Faiz Muhammad Brohi Mr. Munir Ahmed Dogar Mr. Asghar Khan Mr. Adnan Waheed	42301-7336425-5 42201-3535548-3 42301-9850380-1 42201-3480706-1 42301-6844557-1 42101-6200902-3	Major Asghar Mian Mr. Khawaja Sher Ahmed Mr. Kamal Khan Brohi Mr. Wali Dino Dogar Mr. Shah Muhammad Khan Mr. Muhammad Waheeduddin	43.094	20.317	31.217	94.628	0.000	0.000	29.736	29.736
2	Highnoon Textile Mills Limited 25 KM Multan Road Lahore	Mr. Babar Agha Mr. Sohail Hameed Khan Mr. Shekh Mahmood Zafar	35202-3065543-3 35202-2337062-5 35202-1622249-9	Col.® Agha Fakhar Hussain Mr. Hameed Ullah Khan Mr. Shekh Zafar Hussain	7.500	4.203	0.000	11.703	0.000	4.203	0.000	4.203
					50.594	24.520	31.217	106.331	0.000	4.203	29.736	33.939



FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

Consolidated

INDEPENDENT AUDITOR'S REPORT

To the Members of Saudi Pak Industrial and Agricultural Investment Company Limited

Opinion

We have audited the annexed consolidated financial statements of Saudi Pak Industrial and Agricultural Investment Company Limited and its subsidiary Company, Saudi Pak Real Estate Limited (herein-after referred to as 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statement of profit or loss and other comprehensive income or the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants as adopted by the Institute of the 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 Matter

We draw attention to note 22.3.1 to consolidated financial statements, which describes the uncertainty related to the outcome of the tax references filed by the Company before the Islamabad High Court which is pending adjudication. Our conclusion is not modified in respect of this matter.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report but does not include the consolidated financial statements of the Company and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.



Chartered Accountants

Islamabad

Islamabad: March 4, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Cash and balances with treasury banks	7	36,415,621	54,688,164
Balances with other banks	8	145,929,979	360,191,365
Lendings to financial institutions	9	80,000,000	2,818,407,389
Investments	10	23,653,106,371	3,925,361,179
Advances	11	7,869,530,921	7,865,730,442
Fixed assets	12	3,226,138,281	3,296,060,467
Intangible assets	13	8,488,075	5,762,311
Deferred tax assets		—	—
Other assets	14	2,016,597,323	907,399,975
Development properties	15	246,626,663	213,625,822
		<u>37,282,833,234</u>	<u>19,447,227,114</u>
LIABILITIES			
Bills payable		—	—
Borrowings	16	22,784,019,394	5,846,338,282
Deposits and other accounts	17	510,000,000	7,500,000
Liabilities against assets subject to finance lease		—	—
Subordinated debt		—	—
Deferred tax liabilities	18	299,466,049	272,361,026
Other liabilities	19	489,272,292	492,309,916
		<u>24,082,757,735</u>	<u>6,618,509,224</u>
NET ASSETS			
		<u>13,200,075,499</u>	<u>12,828,717,890</u>
REPRESENTED BY			
Share capital	20	6,600,000,000	6,600,000,000
Statutory reserve		1,061,615,726	1,008,201,270
Revenue reserve		358,662,940	358,662,940
Surplus on revaluation of assets	21	2,187,318,205	1,838,548,018
Unappropriated/ Unremitted profit		2,992,478,628	3,023,305,662
		<u>13,200,075,499</u>	<u>12,828,717,890</u>
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Year Ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
Mark-up / Return / Interest Earned	24	2,346,115,801	1,017,413,081
Mark-up / Return / Interest Expensed	25	1,557,546,517	405,634,085
Net Mark-up / Interest Income		788,569,284	611,778,996
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	14,699,794	9,544,922
Dividend income		184,264,953	153,811,455
Foreign exchange income		1,836,436	3,652,937
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	27	21,578,967	79,237,006
Other income	28	214,083,801	229,579,751
Total Non-markup / Interest Income		436,463,951	475,826,071
Total Income		1,225,033,235	1,087,605,067
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	470,670,465	462,420,877
Workers Welfare Fund		—	—
Other charges		2,353,000	—
Total Non-markup / Interest Expenses		473,023,465	462,420,877
Profit Before Provisions		752,009,770	625,184,190
Provisions and write offs - net	31	328,486,672	(77,234,557)
Extra ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		423,523,098	702,418,747
Taxation	32	140,323,862	292,759,827
PROFIT AFTER TAXATION		283,199,236	409,658,920
Basic Earnings per share	33	0.429	0.621
Diluted Earnings per share	34	0.429	0.621

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman



A TRADITION
OF EXCELLENCE

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2019

	2019 Rupees	2018 Rupees
Profit after taxation for the year	283,199,236	409,658,920
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	402,473,426	(151,091,790)
Reversal of deferred tax liability - prior year	—	—
	402,473,426	(151,091,790)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	1,207,392	(3,328,385)
Movement in surplus on revaluation of operating fixed assets - net of tax	—	405,474,207
Movement in surplus on revaluation of non-banking assets	14,477,555	10,380,320
Reversal of prior year excess deferred tax	—	—
	15,684,947	412,526,142
Total comprehensive income / (loss)	701,357,609	671,093,272

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.



GM / Chief Executive



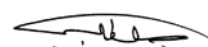
Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended December 31, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		423,523,098	702,418,747
Less: Dividend income		(184,264,953)	(153,811,455)
		239,258,145	548,607,292
Adjustments:			
Depreciation		138,769,350	137,621,651
Amortization	13	2,673,392	1,576,259
Provision and write-offs	31	328,486,672	(77,234,557)
(Gain) / loss on sale of fixed assets		(11,614,892)	(38,051,528)
Charge for defined benefit plan	29.1	8,042,619	6,237,372
Charge for compensated absences	29.1	3,113,287	3,366,125
Unrealized loss / (gain) held for trading investments	10.1	—	—
		469,470,428	33,515,322
		708,728,573	582,122,614
Decrease / (increase) in operating assets			
Lendings to financial institutions		2,738,407,389	(2,818,407,389)
Held-for-trading securities		—	100,020,662
Development properties		(33,000,841)	32,534,876
Advances		(81,108,699)	555,672,606
Others assets (excluding advance taxation)		(915,224,979)	162,096,663
		1,709,072,870	(1,968,082,582)
Increase / (decrease) in operating liabilities			
Borrowings from financial institutions		16,937,681,112	(3,330,507,367)
Deposits		502,500,000	—
Other liabilities (excluding current taxation)		566,417	244,904,901
		17,440,747,529	(3,085,602,466)
Payments against off-balance sheet obligations		—	—
Payment to defined benefit plan		(13,292,869)	(9,697,806)
Income tax paid		(330,461,117)	(284,682,987)
		19,514,794,986	(4,765,943,227)
Net cash flow used in operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(18,923,280,738)	5,412,049,037
Net investments in held-to-maturity securities		(582,245,154)	(357,572,611)
Dividends received		147,967,575	181,872,275
Investments in operating fixed assets		(84,756,786)	(134,721,786)
Proceeds from sale of fixed assets		24,986,188	83,581,650
Sale proceeds from disposal of non banking assets		—	—
		(19,417,328,915)	5,185,208,565
Net cash flow from investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(330,000,000)	(330,000,000)
		(330,000,000)	(330,000,000)
Net cash flow used in financing activities			
Effects of exchange rate changes on cash and cash equivalents		—	—
		(232,533,929)	89,265,338
(Decrease) / Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year	35	414,879,529	325,614,191
Cash and cash equivalents at end of the year	35	182,345,600	414,879,529

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman



A TRADITION
OF EXCELLENCE

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2019

	Share capital	Statutory reserve	Revenue reserve	Surplus / (Deficit) on revaluation		Unappropriated / unremitted profit	Total
				Investments	Fixed / non banking assets		
				Rupees			
Balance as at January 1, 2018	6,600,000,000	926,690,686	358,662,940	(40,992,828)	1,614,778,109	2,924,439,250	12,383,578,157
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	409,658,920	409,658,920
Other comprehensive income - net of tax	-	-	-	(151,091,790)	415,854,527	(3,328,385)	261,434,352
Transfer to statutory reserve	-	81,510,584	-	-	-	(81,510,584)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	104,046,461	104,046,461
Transactions with owners, recorded directly in equity							
Final dividend 2017 : Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at December 31, 2018	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	3,023,305,662	12,828,717,890
Balance as at January 1, 2019	6,600,000,000	1,008,201,270	358,662,940	(192,084,618)	2,030,632,636	3,023,305,662	12,828,717,890
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	283,199,236	283,199,236
Other comprehensive income - net of tax	-	-	-	402,473,426	14,477,555	1,207,392	418,158,373
Transfer to statutory reserve	-	53,414,456	-	-	-	(53,414,456)	-
Transfer from deficit on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(68,180,794)	68,180,794	-
Transactions with owners, recorded directly in equity							
Final dividend 2018 : Re 0.5 per ordinary share	-	-	-	-	-	(330,000,000)	(330,000,000)
Balance as at December 31, 2019	6,600,000,000	1,061,615,726	358,662,940	210,388,808	1,976,929,397	2,992,478,628	13,200,075,499

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.



GM / Chief Executive



Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

1. STATUS AND NATURE OF BUSINESS

Saudi Pak Industrial and Agricultural Investment Company Limited (the Holding Company) was incorporated in Pakistan as a private limited company on December 23, 1981 and subsequently converted to public limited company on April 30, 2008. The Holding Company is jointly sponsored by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan. The Holding Company is a Development Financial Institution (DFI) and principally engaged in investment in the industrial and agro-based industrial projects in Pakistan on commercial basis and markets its products in Pakistan and abroad. The Holding Company has preliminary been setup for a period of fifty years extendable with approval of both the Governments. The said approval for renewal has been granted by both the Governments upon recommendation by the Board of Directors of the Holding Company.

The registered office of the Holding Company is situated at Saudi Pak Tower, Jinnah Avenue, Islamabad. The Holding Company is also operating offices in Lahore and Karachi

The Group consists of Saudi Pak Industrial and Agricultural Investment Company Limited, (the Holding Company) and its subsidiary company namely Saudi Pak Real Estate Limited (the subsidiary company) and Associate Company namely Saudi Pak Leasing Company Limited (the associate company).

Saudi Pak Real Estate Limited (the subsidiary company)

The subsidiary company was incorporated in Pakistan as an unlisted public limited company on November 14, 2006 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal place of business of the subsidiary company is Pakistan. The principal business of the subsidiary company is investment in properties (both for investment and development purposes), property management services, investment in joint ventures and other related services. The registered office of the subsidiary company is situated at Saudi Pak Tower, 61-A, Jinnah Avenue, Islamabad.

Saudi Pak Leasing Company Limited (the associate company)

The Holding Company has 35.06% stake in the shareholding of the associate company. The license of associate company to carry out business of leasing expired on March 18, 2010, and is non-operational. In the prior year, the Holding Company sought exemption from SECP from compliance with all the requirements of IAS-28 (Investment in Associates and Joint Ventures) including requirement for equity accounting of investment in respect of the associated company. Accordingly, investment in the associate company as at December 31, 2018 had been carried at cost less impairment loss in those consolidated financial statements.

For the year 2019, the Group has accounted for the investment in the associate using the equity accounting of investments as per the requirements of IAS-28.

2. BASIS OF PRESENTATION

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

2.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency.

3. STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of



- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 3.2** The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to DFI. Additionally, the SBP has deferred the applicability of IFRS 9 to DFI to accounting periods beginning on or after January 1, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

4. STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

- a)** Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is disclosed in note 6.1.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group'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 Group's operations and are therefore not detailed in these unconsolidated financial statements.

- b)** Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

Following standards have been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 17	Insurance Contracts	January 1, 2021

- c)** Following standards and amendments to published accounting standards will be effective in future periods and have not been earlier adopted by the Group.

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of financial statements	January 1, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2020
IFRS 3	Business Combinations	January 1, 2020
IFRS 9	Financial Instruments	January 1, 2020
IFRS 7	Financial Instruments: Disclosures	January 1, 2020
IAS 39	Financial Instruments Recognition and Measurement	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2020

The management does not anticipate early adoption of above standards and amendments and is currently evaluating the impact of adopting these standards.

5. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- certain items of operating fixed assets and non-banking assets acquired in satisfaction of claims which are shown at revalued amounts;
- certain investments which are carried at fair value in accordance with directives of the SBP; and
- staff retirement benefit which is stated at present value of defined benefit obligation net of fair value of plan assets.

Use of critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The Group uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are as follows:

- i) Classification of investments (note 6.5)
- ii) Provision against investments (note 6.18), advances (note 6.6) and other assets (note 14)
- iii) Valuation and impairment of available for sale securities (note 6.5(b))
- iv) Valuation and useful life of fixed assets (note 6.8) and non-banking assets acquired in satisfaction of claims (note 6.10)
- v) Useful life of intangibles (note 6.9)
- vi) Taxation (note 6.13)
- vii) Present value of staff retirement benefits (note 6.14)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes laid below:



6.1 Changes in accounting policies

Application of IFRS 16

During the period, IFRS 16 - Leases became applicable to the Group. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases - Incentive, and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS - 16 Leases introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS - 16 Leases from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as is permitted under the specific transitional provisions in the standard.

On adoption of IFRS - 16 Leases, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured at the present value of remaining lease payment, discounted using the Companies contract wise incremental borrowing rate as at January 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

6.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Holding Company, its subsidiary company (the subsidiary company) and its associate company (the associate company) referred to in note 1.

- Subsidiaries are those enterprises in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.
- When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in consolidated profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.
- The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the subsidiary.
- Material intra-group balances and transactions have been eliminated. Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated financial statements. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.
- The accounting policies of subsidiary have been changed where necessary to align them with the policies adopted by the Group.
- Associate is the entity in which the Group has significant influence, but not control over the financial and operating policies. Significant influence exists when the Group holds 20% or more of the voting power of another entity unless it can be clearly demonstrated that this is not the case. Investment in associate is initially recognised at cost and subsequently accounted for using the equity method of accounting.

- Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, where by the Group has right to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.
- Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the consolidated profit or loss and consolidated comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

6.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

6.4 Sale and repurchase agreements

Securities sold under repurchase agreement (repo) are retained in the consolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return expensed and earned respectively on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to the financial institutions respectively.

6.5 Investments

Investments are classified as follows:

(a) Held-For-Trading (HFT)

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to consolidated profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

(b) Available-For-Sale (AFS)

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD Circular No. 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges, are valued at market value and the resulting surplus / deficit on revaluation, net of deferred tax, is taken through "Consolidated Statement of Comprehensive Income" and is shown in the shareholders' equity in the consolidated statement of financial position. Where the decline in prices of available for sale securities is significant or prolonged, it is considered impaired and included in consolidated profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of prudential regulations issued by SBP.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee companies as per their latest available financial statements.

(c) Held-To-Maturity (HTM)

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, if any, in accordance with the requirements prescribed by the SBP through various circulars.



6.6 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined in accordance with the requirements of the Prudential Regulations issued by SBP from time to time.

The provision against non-performing advances is charged to the consolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

6.7 Net investment in finance lease

These are stated at present value of minimum lease payments under the agreements. The allowance for potential lease losses is maintained at a level which in the opinion of management, is adequate to provide for potential lease losses on lease portfolio that can be reasonably anticipated. The allowance is increased by the provisions charged to income and decreased by write offs, net of recoveries. The Group maintains provision for potential lease losses in accordance with the Prudential Regulations applicable on the Group.

6.8 Fixed assets

(a) Tangibles assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost and lease hold land, buildings and certain other items which are carried at revalued amount less depreciation.

Certain items of fixed assets are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited/ (debited) to the surplus on revaluation of assets account and is shown in the shareholders' equity in the consolidated statement of financial position.

In making estimates of the depreciation, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation charge.

Depreciation is provided on straight line method at rates specified in note 12.2 to the consolidated financial statements so as to write off the cost of the assets over their estimated useful lives. Depreciation of an asset begins when it is available for use. Depreciation of an asset ceases at the earlier of the date when the asset is classified as held for sale and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Maintenance and normal repairs are charged to consolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the consolidated profit and loss account.

(b) Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of operating fixed assets when available for intended use.

6.9 Intangibles

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to consolidated profit and loss account. Amortization is computed from the date of purchase to date of disposal / write off using the straight line method in accordance with the rates specified in note 13 to these consolidated financial statements to write off cost of the assets over their estimated useful life.

6.10 Non banking assets acquired in satisfaction of claims

In accordance with the BPRD Circular No. 1 of 2016 dated January 1, 2016 issued by SBP, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and are not capitalised. These assets are depreciated as per Group's policy.

6.11 Development properties

Development properties include acquisition or development of properties for sale in the ordinary course of business. These are carried in the consolidated statement of financial position at lower of cost and net realizable value. Cost includes all direct costs attributable to the acquisition, design and construction of the properties.

The cost of development properties recognized in consolidated profit and loss account on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. Net realizable value represents the selling price in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred for sale. The management reviews the carrying values of the development properties on an annual basis.

6.12 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to consolidated profit and loss account on a time proportion basis.

6.13 Taxation

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or in equity.

(a) Current

Provision for current tax is the expected tax payable on the taxable income for the year using tax rates applicable at the date of consolidated statement of financial position. The charge for the current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments made during the year for such years.

(b) Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position, and applicable at the time of its reversal. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

The Group recognizes deferred tax asset/liability on (deficit) / surplus on revaluation of securities and revaluation of operating fixed assets as an adjustment to deficit / surplus on revaluation of securities and revaluation of operating fixed assets.



6.14 Staff retirement benefits

(a) Defined benefit plan

The Group operates an approved gratuity fund for its permanent employees. Contributions to the fund are made on the basis of actuarial recommendations. The actuarial valuation is carried out periodically using "projected unit credit method".

(b) Defined contribution plan

The Group also operates a recognized provident fund for all of its permanent employees. Equal monthly contributions at the rate of 10% of basic salary are made both by the Group and the employees, which are transferred to the provident fund.

(c) Compensated absences

As per its service rules, the Group grants compensated absences to all of its permanent employees. The provision for compensated absences is made on the basis of last drawn basic salary.

6.15 Revenue recognition

- Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis in compliance with Prudential Regulations issued by the SBP. Fines / penalties on delayed payment are recorded in the consolidated profit and loss account on receipt basis.
- Markup / interest on rescheduled / restructured advances and return on investment is recognized in accordance with the directives of the SBP.
- Fees, commission and brokerage income is recognised at the time of performance of service.
- Dividend income is recognized when the Group's right to receive income is established.
- The Group follows the finance method to recognize income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income / expense on realization. Unrealized lease income on classified lease is held in suspense account, where necessary, in accordance with the requirements of SBP guidelines and recognized as income on receipt basis.
- Gains and losses on sale of investments are taken to the consolidated profit and loss account.
- Rental income is recognized on accrual basis.
- Gains and losses on disposal of operating fixed assets are taken to the consolidated profit and loss account.
- Revenue on sale of plots, buildings, houses, bungalows and villas is recognized on accrual basis if all of the following conditions are met:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue, cost incurred or to be incurred in respect of the transaction can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue from sales agreements, where significant risks and rewards are not passed on to the buyer as construction progresses, is recognized when possession is handed over to the buyer and the group does not expect any further economic benefits from such property.

6.16 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the date of consolidated statement of financial position. Exchange gains and losses are included in consolidated profit and loss account of the Group.

6.17 Impairment

The carrying amount of the Group's assets are reviewed at the date of consolidated statement of financial position to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6.18 Provisions

Provisions are recognised when there are present, legal or constructive obligations as a result of past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.

6.19 Financial instruments

Financial assets and liabilities

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.20 Off-setting of financial instruments

Financial assets and financial liabilities are only set-off and net amount is reported in the consolidated financial statements when there is legally enforceable right to set-off the recognized amount and the Group either intends to settle on net basis or to settle the liabilities and realize the assets simultaneously.



6.21 Statutory reserve

Under Circular No. 1 dated December 05, 1991 issued by the State Bank of Pakistan for Non-Banking Financial Institutions, an amount not less than 20% of the profit after tax shall be transferred to create a reserve fund till such time the reserve fund equals the amount of paid up capital of the holding company and thereafter 10% of the balance of profit after tax of the holding company are to be transferred to this reserve.

6.22 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing differentiated products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Group's functional structure and the guidance of SBP. The Group's primary format of reporting is based on business segments. The Group comprises of the following main business segments:

(a) Business Segment

– Corporate finance

This includes investment activities such as underwriting, Initial Public Offers (IPOs) and corporate financing.

– Trading and Sales

Trading and sales includes the Group's treasury and money market activities.

– Building Rental Services & Real State

This segment undertakes the purchase, development and sale of properties, property management services, investment in joint ventures and other related services and also undertakes the rental services of Saudi Pak Tower and its allied activities.

(b) Geographical Segment

The Group conducts all its operations in Pakistan.

	Note	2019 Rupees	2018 Rupees
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		230,557	308,495
With State Bank of Pakistan in			
Local currency current account	7.1	36,185,064	54,379,669
		<u>36,415,621</u>	<u>54,688,164</u>

7.1 These represent current accounts maintained with the State Bank of Pakistan to comply with the statutory cash reserve requirements.

		2019 Rupees	2018 Rupees
8. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		5,999,178	130,508,968
In deposit accounts		139,930,801	229,682,397
		<u>145,929,979</u>	<u>360,191,365</u>

8.1 Deposit accounts include local currency accounts amounting to Rs. 119,615,279 (2018: Rs. 211,433,513) held in local currency accounts. These accounts carry markup at the rates ranging from 3.00% to 12.75% (2018: 2.69% to 10.30%) per annum.

8.2 Deposit accounts include USD 131,135.31 (2018: USD 131,371.81) held in foreign currency accounts. These accounts carry markup at the rate of 0.25% (2018: 0.25%) per annum.

		2019 Rupees	2018 Rupees
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.1	80,000,000	2,318,407,389
Letter based placement	9.2	—	500,000,000
		<u>80,000,000</u>	<u>2,818,407,389</u>
Less: provision held against Lending to Financial Institutions		—	—
Lending to Financial Institutions - net of provision		<u>80,000,000</u>	<u>2,818,407,389</u>

9.1 These are secured against Pakistan Investment Bonds (2018: Treasury bills) and carry markup at the rate of 13.05% (2018: ranging between 10.10% to 10.50%) per annum having maturity on January 2, 2020 (2018: January 2, 2019).

9.2 These carried markup at the rate of nil (2018: 11.30%) per annum having matured on January 25, 2019.

		2019 Rupees	2018 Rupees
9.3 Particulars of lending			
In local currency		<u>80,000,000</u>	<u>2,818,407,389</u>

9.4 Securities held as collateral against Lending to financial institutions

		2019			2018		
	Note	Held by the company	Further given as collateral Rupees	Total	Held by the company	Further given as collateral Rupees	Total
Market Treasury Bills	9.4.1	—	—	—	2,318,407,389	—	2,318,407,389
Pakistan Investment Bonds	9.4.1	80,000,000	—	80,000,000	—	—	—
Total		<u>80,000,000</u>	<u>—</u>	<u>80,000,000</u>	<u>2,318,407,389</u>	<u>—</u>	<u>2,318,407,389</u>

9.4.1 These represent the securities obtained under reverse repo transactions.

9.4.2 Market value of securities held as collateral at December 31, 2019 is Rs. 80 million (2018: 2,343 million).



10. INVESTMENTS

10.1 Investments by type:

Note	2019				2018			
	Cost /	Provision	Surplus /	Carrying	Cost /	Provision	Surplus /	Carrying
	Amortised cost	for diminution	(Deficit)	Value	Amortised cost	for diminution	(Deficit)	Value
	Rupees				Rupees			
Held-for-trading securities								
Quoted shares	-	-	-	-	-	-	-	-
Available-for-sale securities								
Federal Government Securities								
- Pakistan Investment Bonds (PIBs)	17,354,461,746	-	91,880,254	17,446,342,000	-	-	-	-
- Market Treasury Bills	907,736,468	-	3,808,532	911,545,000	-	-	-	-
	18,262,198,214	-	95,688,786	18,357,887,000	-	-	-	-
Shares- Quoted securities	2,627,466,026	(704,469,976)	133,678,081	2,056,674,131	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Non Government Debt Securities								
- Term Finance Certificates (TFCs) / Sukuk	1,171,612,766	(82,227,345)	3,600,000	1,092,985,421	772,221,286	(82,835,865)	-	689,385,421
- Commercial paper	92,729,028	-	-	92,729,028	-	-	-	-
Open end Mutual Fund	70,794,937	(34,419,937)	14,549,375	50,924,375	-	-	-	-
Un-quoted securities	786,333,048	(273,833,040)	-	512,500,008	786,333,048	(273,833,040)	-	512,500,008
	23,011,134,019	(1,094,950,298)	247,516,242	22,163,699,963	4,087,853,281	(860,278,141)	(225,881,510)	3,001,693,630
Held-to-maturity securities								
Non Government Debt Securities								
- Term Finance Certificates (TFCs)	1,642,786,710	(402,491,710)	-	1,240,295,000	1,043,331,415	(385,985,415)	-	657,346,000
- Certificate of Investment (COI) 10.1.1	12,531,006	-	-	12,531,006	77,941,641	-	-	77,941,641
- Term Deposit Certificate	-	-	-	-	65,372,192	-	-	65,372,192
Federal Government Securities								
- Market Treasury Bills	236,580,402	-	-	236,580,402	123,007,716	-	-	123,007,716
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares 10.1.2	243,467,574	(243,467,574)	-	-	243,467,574	(243,467,574)	-	-
- Investment in preference shares 10.1.3	333,208,501	(333,208,501)	-	-	333,208,501	(333,208,501)	-	-
	576,676,075	(576,676,075)	-	-	576,676,075	(576,676,075)	-	-
Total Investments	25,479,708,212	(2,074,118,083)	247,516,242	23,653,106,371	5,974,182,320	(1,822,939,631)	(225,881,510)	3,925,361,179

10.1.1 In 2018, COI's include amount of Rs 12.334 million under lien with a financial institution against a long term finance facility obtained by the subsidiary company as reflected in note 16.4 of these financial statements.

10.1.2 This represents the cost of acquisition of 35.06% (2018: 35.06%) shares in the paid up capital of the associated company incorporated in Pakistan. In preparing the consolidated financial statements for the years 2016 to 2018 the Company did not consolidate or account for the associated company under equity method and obtained exemption from SECP as audited financial statements for the aforesaid years of the associated company were not available. On the basis of latest available financial statements as at December 31, 2019, total assets and liabilities of SPLCL were Rs 750.6 million (2018: Rs. 711.1 million) and Rs 1,372.2 million (2018: Rs. 1,394.1 million), while total revenue, profit after taxation and total comprehensive income were Rs. 27.5 million (2018: Rs. 12.0 million), Rs. 4.3 million (2018: loss after tax Rs 30.7 million), and Rs. 6.6 million (2018: total comprehensive loss Rs. 30.7 million) respectively. The Holding Company, however, has been caring its investment in the associated company at cost less provision in the consolidated financials statements since 2010. The Holding Company's share in loss of associated company exceeds the carrying amount of investment, therefore investment is reported at nil value in the current and prior year.

10.1.3 This represents 33.321 million preference shares of SPLC having face value of Rs. 10 each amounting to Rs. 333.208 million (2018: Rs. 333.208 million).

10.2 Investments by segments:

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Federal Government Securities:								
Market Treasury Bills	1,144,316,870	–	3,808,532	1,148,125,402	123,007,716	–	–	123,007,716
Pakistan Investment Bonds	17,354,461,746	–	91,880,254	17,446,342,000	–	–	–	–
	18,498,778,616	–	95,688,786	18,594,467,402	123,007,716	–	–	123,007,716
Shares:								
Listed Companies	2,627,466,026	(704,469,976)	133,678,081	2,056,674,131	2,529,298,947	(503,609,236)	(225,881,510)	1,799,808,201
Unlisted Companies	786,333,048	(273,833,040)	–	512,500,008	786,333,048	(273,833,040)	–	512,500,008
	3,413,799,074	(978,303,016)	133,678,081	2,569,174,139	3,315,631,995	(777,442,276)	(225,881,510)	2,312,308,209
Non Government Debt Securities								
Listed TFCs / Sukuk	870,945,725	(181,560,304)	–	689,385,421	871,922,950	(182,537,529)	–	689,385,421
Unlisted TFCs / Sukuk	1,943,453,751	(303,158,751)	3,600,000	1,643,895,000	943,629,751	(286,283,751)	–	657,346,000
Commercial paper	92,729,028	–	–	92,729,028	–	–	–	–
	2,907,128,504	(484,719,055)	3,600,000	2,426,009,449	1,815,552,701	(468,821,280)	–	1,346,731,421
Other investments								
Mutual funds	70,794,937	(34,419,937)	14,549,375	50,924,375	–	–	–	–
Certificate of Investment (COI)	12,531,006	–	–	12,531,006	77,941,641	–	–	77,941,641
Term Deposit Certificate	–	–	–	–	65,372,192	–	–	65,372,192
	83,325,943	(34,419,937)	14,549,375	63,455,381	143,313,833	–	–	143,313,833
Associates								
Saudi Pak Leasing Company Limited								
- Investment in shares	243,467,574	(243,467,574)	–	–	243,467,574	(243,467,574)	–	–
- Investment in preference shares	333,208,501	(333,208,501)	–	–	333,208,501	(333,208,501)	–	–
	576,676,075	(576,676,075)	–	–	576,676,075	(576,676,075)	–	–
Total Investments	25,479,708,212	(2,074,118,083)	247,516,242	23,653,106,371	5,974,182,320	(1,822,939,631)	(225,881,510)	3,925,361,179

	2019 Rupees	2018 Rupees
10.2.1 Investments given as collateral		
Treasury Bills (T-Bills)	–	–
Pakistan Investment Bonds (PIBs)	15,980,206,280	–
	15,980,206,280	–
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	1,822,939,631	1,936,881,548
Charge / reversals		
Charge for the year	375,917,236	84,657,507
Reversals for the year	(977,225)	(6,511,199)
Reversal on disposals	(123,761,559)	(192,088,225)
	251,178,452	(113,941,917)
Amounts written off	–	–
Closing balance	2,074,118,083	1,822,939,631



10.3.2 Particulars of provision against debt securities

Category of classification	2019		2018	
	NPI	Provision	NPI	Provision
	Rupees		Rupees	
Domestic				
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	535,344,055	484,719,055	536,321,280	468,821,280
	535,344,055	484,719,055	536,321,280	468,821,280
Overseas	—	—	—	—
Total	535,344,055	484,719,055	536,321,280	468,821,280

10.4 Quality of Available for Sale Securities

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

Federal Government Securities - Government guaranteed

Market Treasury Bills	907,736,468	—
Pakistan Investment Bonds	17,354,461,746	—
	18,262,198,214	—

Provincial Government Securities - Government guaranteed

Shares

Listed Companies

Cable and Electrical Goods	35,043,810	33,183,918
Cement	392,745,274	283,480,295
Close - end Mutual Fund	37,745,634	108,540,543
Commercial Banks	320,635,888	397,547,813
Fertilizer	387,606,468	383,674,270
Food and Personal Care Products	35,090,111	33,883,557
Insurance	105,533,369	73,053,352
Oil & Gas Marketing Companies	314,292,707	358,922,534
Oil and Gas Exploration Companies	106,600,086	18,579,627
Paper and Board	—	4,421,702
Power Generation and Distribution	606,188,235	626,899,613
Technology and Communication	33,971,066	33,155,017
Textile Composite	73,652,958	49,154,839
Textile Spinning	—	—
Transport	178,360,420	124,801,867
	2,627,466,026	2,529,298,947

	2019		2018	
	Cost	Breakup value	Cost	Breakup value
	Rupees		Rupees	
Unlisted Companies				
Al Hamra Avenue Private Limited	50,000,000	–	50,000,000	–
Alhamra Hills Private Limited	50,000,000	–	50,000,000	–
Ali Paper Board Industries Limited	5,710,000	–	5,710,000	–
Bela Chemical Industries Limited	6,500,000	–	6,500,000	–
Fruit Sap Limited	4,000,000	–	4,000,000	–
Innovative Investment Bank Limited	37,623,048	–	37,623,048	–
ISE Towers - REIT Management Company Limited	2,500,000	42,747,107	2,500,000	41,396,107
Pace Barka Properties Limited	168,750,000	228,094,025	168,750,000	234,176,286
Pak Kuwait Takaful Company	40,000,000	(2,485,549)	40,000,000	(2,485,549)
Pakistan Textile City Limited	50,000,000	5,047,010	50,000,000	5,047,010
Pakistan GasPort Consortium Limited	330,000,000	400,729,546	330,000,000	377,515,230
Saudi Pak Kalabagh Livestock Company Limited	10,000,000	–	10,000,000	–
Taurus Securities Limited	11,250,000	23,635,782	11,250,000	24,167,169
Trust Investment Bank Limited	20,000,000	–	20,000,000	–
	786,333,048	697,767,921	786,333,048	679,816,253

Breakup value has been calculated using latest available audited financial statements, except for the parties for which no breakup value is mentioned above due to non-availability of latest audited financial statements because of litigation or liquidation proceedings.

	2019	2018
	Cost in Rupees	
Open end mutual funds:		
Unlisted companies		
Golden Arrow Stock Fund	70,794,937	–
Non Government Debt Securities		
Listed		
- AA+, AA, AA-	660,000,000	660,000,000
- BBB+, BBB, BBB-	–	29,385,421
- CCC and below	29,385,421	–
- Unrated	24,970,005	25,578,525
	714,355,426	714,963,946
Unlisted		
- AA+, AA, AA-	492,729,028	–
- Unrated	57,257,340	57,257,340
	549,986,368	57,257,340
	1,264,341,794	772,221,286

10.5 The Group does not have any investments in foreign securities as at December 31, 2019 and December 31, 2018.

	Note	2019 Cost in Rupees	2018
10.6 Particulars relating to Held to Maturity securities are as follows:			
Federal Government Securities - Government guaranteed			
- Market Treasury Bills		236,580,402	123,007,716
Non Government Debt Securities			
Listed			
- Unrated	10.6.1	156,590,299	156,959,004
Unlisted			
- AA+, AA, AA-		799,880,000	199,960,000
- A+, A, A-		89,910,000	389,886,000
- BBB+, BBB, BBB-		299,880,000	-
- Unrated		296,526,411	296,526,411
		1,486,196,411	886,372,411
Others			
- Unrated		12,531,006	143,313,833
		1,891,898,118	1,309,652,964

10.6.1 The market value of listed TFCs classified as held-to-maturity as at December 31, 2019 and December 31, 2018 are not available and these are carried at amortised cost.

11. ADVANCES

		2019	2018	2019	2018	2019	2018
		Performing	Non performing	Total			
Note		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Loans, leases, running							
finances- gross	11.1	6,040,677,879	6,919,044,279	4,069,013,884	3,109,538,785	10,109,691,763	10,028,583,064
Provision against advances							
- Specific		-	-	(2,240,160,842)	(2,162,852,622)	(2,240,160,842)	(2,162,852,622)
- General		-	-	-	-	-	-
		-	-	(2,240,160,842)	(2,162,852,622)	(2,240,160,842)	(2,162,852,622)
Advances - net of provision		6,040,677,879	6,919,044,279	1,828,853,042	946,686,163	7,869,530,921	7,865,730,442

11.1 Includes Net Investment in Finance Lease as disclosed below:

	2019				2018			
	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
	Rupees				Rupees			
Lease rentals receivable	224,213,212	1,704,796	-	225,918,008	216,534,517	6,659,227	-	223,193,744
Residual value	-	-	-	-	-	-	-	-
Minimum lease payments	224,213,212	1,704,796	-	225,918,008	216,534,517	6,659,227	-	223,193,744
Financial charges for future periods	(80,357,123)	(64,406)	-	(80,421,529)	(73,224,079)	(275,406)	(73,499,485)	-
Present value of minimum lease payments	143,856,089	1,640,390	-	145,496,479	143,310,438	6,383,821	-	149,694,259

	2019 Rupees	2018 Rupees
11.2 Particulars of advances (Gross)		
In local currency	10,093,775,710	10,012,667,011
In foreign currencies	15,916,053	15,916,053
	10,109,691,763	10,028,583,064

11.3 Advances include Rs. 4,069,013,884 (2018: Rs. 3,109,538,785) which have been placed under non-performing status as detailed below:-

Category of classification	2019		2018	
	Non Performing loans Rupees	Provision	Non Performing loans Rupees	Provision
Domestic				
Substandard	317,313,987	79,328,497	683,333,332	-
Doubtful	750,000,000	-	-	-
Loss	3,001,699,897	2,160,832,345	2,426,205,453	2,162,852,622
	4,069,013,884	2,240,160,842	3,109,538,785	2,162,852,622
Overseas	-	-	-	-
Total	4,069,013,884	2,240,160,842	3,109,538,785	2,162,852,622

11.4 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	Rupees			Rupees		
Opening balance	2,162,852,622	-	2,162,852,622	2,126,145,262	-	2,126,145,262
Charge for the year	199,619,330	-	199,619,330	242,278,693	-	242,278,693
Reversals	(122,311,110)	-	(122,311,110)	(205,571,333)	-	(205,571,333)
	77,308,220	-	77,308,220	36,707,360	-	36,707,360
Amounts written off	-	-	-	-	-	-
Closing balance	2,240,160,842	-	2,240,160,842	2,162,852,622	-	2,162,852,622

11.4.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	Rupees			Rupees		
In local currency	2,224,244,789	–	2,224,244,789	2,146,936,569	–	2,146,936,569
In foreign currencies	15,916,053	–	15,916,053	15,916,053	–	15,916,053
	2,240,160,842	–	2,240,160,842	2,162,852,622	–	2,162,852,622

- 11.4.2** The net FSV benefit already availed has been increased by Rs. 781.681 million, which has resulted in decreased charge for specific provision for the year by the same amount. Had the FSV benefit not increased, before and after tax profit for the year would have been lower by Rs. 781.681 million (2018: Rs. 5.728 million) and Rs. 554.994 million (2018: lower by Rs. 4.067 million) respectively. Further, at December 31, 2019, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 863.266 million (2018: Rs. 308.272 million) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

	Note	2019 Rupees	2018 Rupees
11.5 PARTICULARS OF WRITE OFFS:			
11.5.1 Against Provisions	11.4	–	–
Directly charged to Profit & Loss account		–	–
		–	–
11.5.2 Write Offs of Rs. 500,000 and above	11.6		
- Domestic		–	–
- Overseas		–	–
Write Offs of Below Rs. 500,000		–	–
		–	–

11.6 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

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 Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2019 is given at Annexure I.

	Note	2019 Rupees	2018 Rupees
12. FIXED ASSETS			
Capital work-in-progress	12.1	7,059,370	–
Property and equipment	12.2	3,219,078,911	3,296,060,467
		3,226,138,281	3,296,060,467
12.1 Capital work-in-progress			
Advances to suppliers		7,059,370	–
		7,059,370	–

	Free hold land	Leasehold land	Building karachi office	Building ISE tower Islamabad	Building on leasehold land	Furniture and fixture	Office equipment	Vehicles	Heating and air conditioning	Elevators	Security systems	Electrical fittings, fire fighting equipment and others	Total
Rupees													
At January 1, 2019													
Cost / Revalued amount	8,088,120	1,743,975,000	36,597,000	179,408,000	998,328,000	16,319,639	47,033,466	101,416,338	98,724,047	47,000,000	5,522,571	137,902,781	3,420,314,962
Accumulated depreciation	-	-	-	-	-	14,222,291	39,021,294	54,971,231	253,643	-	11,670	15,774,366	124,254,495
Net book value	8,088,120	1,743,975,000	36,597,000	179,408,000	998,328,000	2,097,348	8,012,172	46,445,107	98,470,404	47,000,000	5,510,901	122,128,415	3,296,060,467
Year ended December 31, 2019													
Opening net book value	8,088,120	1,743,975,000	36,597,000	179,408,000	998,328,000	2,097,348	8,012,172	46,445,107	98,470,404	47,000,000	5,510,901	122,128,415	3,296,060,467
Additions	-	-	-	25,433,000	596,000	868,654	6,127,069	7,438,388	3,050,000	-	-	28,785,149	72,298,260
Disposals	(8,088,120)	-	-	-	(2,595,776)	(1,918,728)	(2,198,323)	(11,579,458)	(253,658)	-	(195,064)	(4,403,887)	(31,233,014)
- Cost / Revalued amount	-	-	-	-	46,390	1,918,566	2,198,310	9,526,703	253,643	-	13,089	3,905,037	17,861,718
- Accumulated depreciation	(8,088,120)	-	-	-	(2,549,386)	(162)	(13)	(2,052,755)	(15)	-	(181,995)	(488,850)	(13,371,296)
Depreciation charge	-	(27,729,201)	(1,463,878)	-	(39,888,696)	(634,372)	(4,696,088)	(17,094,650)	(14,973,999)	(7,049,996)	(812,151)	(21,565,489)	(135,908,520)
Closing net book value	-	1,716,245,799	35,133,122	204,841,000	956,485,918	2,331,468	9,443,140	34,736,090	86,546,390	39,950,004	4,516,755	128,949,225	3,219,078,911
At December 31, 2019													
Cost / Revalued amount	-	1,743,975,000	36,597,000	204,841,000	996,328,224	15,269,565	50,962,212	97,275,268	101,520,389	47,000,000	5,327,507	162,284,043	3,461,380,208
Accumulated depreciation	-	27,729,201	1,463,878	-	39,842,306	12,938,097	41,519,072	62,539,178	14,973,999	7,049,996	810,752	33,434,818	242,301,297
Net book value	-	1,716,245,799	35,133,122	204,841,000	956,485,918	2,331,468	9,443,140	34,736,090	86,546,390	39,950,004	4,516,755	128,949,225	3,219,078,911
Rate of depreciation (percentage)	-	1.50	4	1.14	4	20	33.33	20	15	15	15	15	

At December 31, 2018

12.3 Details of disposal of operating fixed assets

Particular of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Freehold land						
Plot No D-82 Hub Gadap Town Karachi,	8,088,120	-	8,088,120	13,100,000	Auction	Humayun Muhammad
Building on leasehold land						
Building items - Islamabad office	2,595,776	46,390	2,549,386	2,569,500	Auction	Sameullah Khan
Furniture and fixture						
Furniture and fixture - Islamabad office	353,520	353,489	31	5,000	Auction	Sameullah Khan
Furniture and fixture - Karachi office	1,264,363	1,264,237	126	94,000	Auction	Ghulam Mustafa
File Cabinet	30,000	29,999	1	2,000	Auction	Usman Glass Center
Carpet	168,426	168,425	1	30,000	Auction	Usman Glass Center
Reception Desk	36,000	35,999	1	8,000	Auction	Usman Glass Center
Vertical Blinds	39,919	39,918	1	8,000	Auction	Usman Glass Center
Work Station	26,500	26,499	1	2,000	Auction	Usman Glass Center
	1,918,728	1,918,566	162	149,000		
Office equipment						
Dell Latitude (E5540)	162,400	162,399	1	8,120	As per policy *	Kamal ud Din
Clover Pakistan - Multi Purpose printer (MP-2501)	235,280	235,279	1	25,000	Auction	Clover Pakistan (Pvt) Ltd.
Laptops Hp Elitebook 850 Nb	179,010	179,009	1	8,951	As per policy *	Yawar Khan Afridi
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	M. Nayeem Akhtar
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Ms. Fozia Fakhar
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Ali Imran
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Shaikh Aftab Ahmed
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Zafar Iqbal
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Irfan Karim
Laptops Dell Latitude E5570	164,115	164,114	1	8,206	As per policy *	Syed Safdar Abbas Zaidi
Laptops Dell Latitude E5540	138,377	138,376	1	6,919	As per policy *	Arif Majeed Butt
Office equipment - Karachi office	155,441	155,440	1	5,000	Auction	Ghulam Mustafa
Laptops HP Elite Book 850	179,010	179,009	1	8,951	As per policy *	Arshed Ahmed Khan
	2,198,323	2,198,310	13	120,383		
Vehicles						
Suzuki Cultus - ABG-935	1,113,274	562,735	550,539	550,539	As per policy *	Muhammad Ghairat Hayat
Toyota Corolla GLI - ABZ-734	1,922,724	897,269	1,025,455	1,025,455	As per policy *	Zafar Iqbal
Honda Civic - BH-889	2,558,790	2,558,789	1	1,917,273	Auction	Awais Naseem Malik
Toyota Gli 1.6 - AXZ-010	1,872,950	1,872,949	1	1,336,999	Auction	Sheraz Khan
Toyota Gli 1.3 - LEE-13 7417	1,743,610	1,743,609	1	1,369,000	Auction	Khurram Imtiaz
Toyota Corolla GLI - LEC-15-690	2,368,110	1,891,352	476,758	476,758	As per policy *	Arshed Ahmed Khan
	11,579,458	9,526,703	2,052,755	6,676,024		

Particular of assets	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees						
Heating and air-conditioning						
Heating and air-conditioning items - Karachi office	253,658	253,643	15	15,000	Auction	Ghulam Mustafa
Security systems						
Security systems - Islamabad office	195,064	13,069	181,995	200,000	Auction	Sameullah Khan
Electrical fittings, fire fighting equipment and others						
CAT Generator	500,000	25,000	475,000	1,950,581	Auction	M Ismail Siddiqui
Electrical fittings - Islamabad office	7,970	534	7,436	7,500	Auction	Sameullah Khan
Electrical fittings - Karachi office	1	-	1	1,000	Auction	Ghulam Mustafa
Disposal Of Interior Work ROL	2,400,000	2,399,999	1	110,000	Auction	Usman Glass Center
Disposal Of Interior Work ROL	85,852	85,851	1	15,000	Auction	Usman Glass Center
Disposal Of Interior Work ROL	160,256	160,255	1	30,000	Auction	Usman Glass Center
Telephone installation - Karachi office	30,663	30,644	19	5,000	Auction	Ghulam Mustafa
Nokia 6101	12,577	12,576	1	500	Auction	Usman Glass Center
Electrical appliances - Islamabad office	514,845	503,962	10,883	12,000	Auction	Sameullah Khan
Electrical appliances - Karachi office	304,349	300,533	3,816	7,000	Auction	Ghulam Mustafa
Microwave oven	5,800	5,799	1	1,000	Auction	Usman Glass Center
LG Split Ac 2 Ton (DCP Site)	43,700	43,699	1	7,500	Auction	Usman Glass Center
LG Split Ac 2 Ton (DCP Site) Installation charges	11,425	11,424	1	500	Auction	Usman Glass Center
Miscellaneous items - Islamabad office	299,949	299,946	3	6,000	Auction	Sameullah Khan
Miscellaneous items - Karachi office	20,000	19,996	4	2,000	Auction	Ghulam Mustafa
Electric geyser	6,500	4,819	1,681	700	Auction	Khawar Malik
	4,403,887	3,905,037	498,850	2,156,281		
	31,233,014	17,861,718	13,371,296	24,986,188		

* These items were sold to employees including key management personel in accordance with policy of the Group.

	2019 Rupees	2018 Rupees
12.4 Cost / revalued amount of fully depreciated assets that are still in use:		
Furniture and fixture	10,022,382	11,677,330
Office equipment	33,724,338	30,422,446
Vehicles	35,417,150	11,863,420
Heating and air conditioning	—	253,658
Electrical fittings, fire fighting equipment and others	7,632,689	10,273,200
	86,796,559	64,490,054
	2019 Computer Software Rupees	2018 Computer Software Rupees
13. INTANGIBLE ASSETS		
At January 1		
Cost	18,444,707	14,924,789
Accumulated amortisation and impairment	12,682,396	14,225,618
Net book value	5,762,311	699,171
Year ended December 31		
Opening net book value	5,762,311	699,171
Additions - directly purchased	5,399,156	6,639,399
Disposals		
- Cost	—	3,119,481
- Accumulated depreciation	—	(3,119,481)
	—	—
Amortisation charge	2,673,392	1,576,259
Closing net book value	8,488,075	5,762,311
At December 31		
Cost	23,843,863	18,444,707
Accumulated amortisation and impairment	15,355,788	12,682,396
Net book value	8,488,075	5,762,311
Rate of amortisation (percentage)	33.33	33.33
Useful life (years)	3	3

13.1 Cost of fully amortized intangible assets still in use amount to Rs. 11,578,851 (2018: Rs. 11,227,563).

	Note	2019 Rupees	2018 Rupees
14. OTHER ASSETS			
Income/ Mark-up accrued in local currency - net of provision			
On investments		955,893,071	58,551,149
On advances		149,289,077	148,092,711
On lending to financial institutions		28,603	1,530,643
On saving bank accounts		17,688	97,965
		1,105,228,439	208,272,468
Income/ Mark-up accrued in foreign currency - net of provision		—	—
Advances, deposits, advance rent and other prepayments		104,594,860	26,993,509
Advance taxation (payments less provisions)		498,187,817	352,129,554
Excise duty		78,817,895	78,817,895
Non-banking assets acquired in satisfaction of claims	14.1	141,958,697	144,819,528
Dividend receivable		57,122,548	20,825,170
Receivable from Ministry of Finance, KSA		—	15,000,000
Receivable from National Accountability Bureau (NAB)	14.2	—	51,112,157
Other receivables		6,085,984	3,124,436
		1,991,996,240	901,094,717
Less: Provision held against other assets	14.3	(256,792)	(4,075,062)
Other Assets (Net of Provision)		1,991,739,448	897,019,655
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		24,857,875	10,380,320
Other Assets - total		2,016,597,323	907,399,975
14.1 Market value of Non-banking assets acquired in satisfaction of claims		169,677,403	155,199,848

The non banking asset acquired from DJM AR Securities represents land located in Gadap Town, Karachi and was initially recorded in the financial statement in July 2009. This asset was last revalued by independent professional valuer M/s Surval in December 2019 at Rs. 98 million.

The non banking asset acquired from Irfan Textile represents office area on 1st floor of Famous Mall, Lahore and was initially recorded in the financial statement in June 2007. This asset was last revalued by independent professional valuers M/s Amir Evaluators & Consultants in November 2018 at Rs. 71.5 million.

	2019 Rupees	2018 Rupees
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	155,199,848	147,598,620
Revaluation	14,477,555	10,380,320
Depreciation	(2,860,831)	(2,779,092)
Closing Balance	166,816,572	155,199,848

14.1.2 During the year, there was no disposal against non banking asset acquired in satisfaction of claim.

14.2 The subsidiary company filed a law suit in the civil court Lahore for recovery of Rs. 335.328 million due from Divine Developers Private Limited (DDPL) in respect of sale of 90 houses in 2011. On default by DDPL, the Group filed a law suit in the civil court Lahore for recovery of this balance and also referred the matter to NAB for resolution. During October 2015 NAB informed the Group that DDPL has offered payment under voluntary return scheme

subject to certain conditions which the Group accepted. As per agreed terms, the amount was to be recovered by NAB on behalf of the Group from DDPL in three installments. The settlement terms were also approved by the Executive Board of NAB on February 9, 2016. NAB has recovered whole amount of Rs. 335.328 million and upto June 30, 2018 released Rs. 284.116 million to the Group. Amount of Rs. 99,529 deducted by NAB from third installment was written off by the Group and remaining balance of Rs. 51.112 million was carried as receivables from NAB as at December 31, 2018. During the period an amount of Rs. 50.91 million has been received from NAB and balance amount of Rs 202,157 is assessed as no more receivable therefore written off in financial statements.

	Note	2019 Rupees	2018 Rupees
14.3 Provision held against other assets			
Advances, deposits, advance rent & other prepayments	14.3.1	256,792	4,075,062
14.3.1 Movement in provision held against other assets			
Opening balance		4,075,062	4,075,062
Charge for the year		–	–
Reversals / transfer		(3,818,270)	–
Amount written off		–	–
Closing balance		256,792	4,075,062
15 DEVELOPMENT PROPERTIES			
Balance at beginning of the year		213,625,822	246,160,698
Additions during the year		48,464,530	12,327,728
Cost of plots / house sold during the year		(15,463,689)	(44,862,604)
Balance at end of the year		246,626,663	213,625,822
Breakup of the closing balance of development properties is as follows:			
- Grey structure houses in Paragon City, Lahore		–	15,415,659
- Plots in Royal Residencia Scheme, Lahore		198,210,163	198,210,163
- Plots in Sector E-12		48,416,500	–
		246,626,663	213,625,822
16 BORROWINGS			
Holding Company - In Pakistan			
Secured			
Borrowings from State Bank of Pakistan under refinance scheme			
Long term financing facility (LTFF)	16.1	736,913,986	471,338,282
Repurchase agreement borrowings	16.2	15,855,438,740	–
Against book debts/receivables	16.3	6,166,666,668	5,300,000,000
		22,759,019,394	5,771,338,282
Subsidiary company - In Pakistan	16.4	25,000,000	75,000,000
Total secured		22,784,019,394	5,846,338,282
Total unsecured		–	–
		22,784,019,394	5,846,338,282



- 16.1** These represent facilities obtained against State Bank of Pakistan refinance schemes under LTFF. The mark up is charged at the rate of 2.00% (2018: 2.00%) per annum. These facilities will mature during January 2020 to October 2028 (2018: January 2019 to October 2028).
- 16.2** These facilities were secured against government securities (PIBs). These carry markup at rates ranging from 13.32% to 13.65% per annum having maturity during January 2020 to February 2020.
- 16.3** These represent facilities obtained against charge on book debts/receivables valuing Rs. 10,667 million (2018: Rs. 10,000 million). The mark up is charged at varying rates ranging from 13.71% to 14.38% (2018: 8.35% to 11.14%) per annum. These facilities will mature during January 2020 to March 2024 (2018: April 2019 to October 2023).
- 16.4** This represents term finance facility obtained in May 2017 for a period of three years from Pak Oman Investment Company Limited to meet the operating and expansion requirements of the subsidiary company. The facility is repayable in eight quarterly installments starting from August 2018 after a grace period of one year. The facility will expire on May 10, 2020 and carries annual markup at the rate of three month KIBOR + 2% payable quarterly. The facility is secured by way of hypothecation charge on present and future furniture, fixtures, fittings, equipments, investment properties and all present and future current assets of the Group .

	Note	2019 Rupees	2018 Rupees
16.5 Particulars of borrowings with respect to currencies			
In local currency		22,784,019,394	5,846,338,282
In foreign currencies		—	—
		<u>22,784,019,394</u>	<u>5,846,338,282</u>
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
- Term deposits (local currency)		510,000,000	7,500,000
17.1 Composition of deposits			
- Public Sector Entities		500,000,000	—
- Non-Banking Financial Institutions	17.2	10,000,000	7,500,000
		<u>510,000,000</u>	<u>7,500,000</u>

- 17.2** These represent Certificate of Investments (COIs) issued to Saudi Pak Employees Contributory Provident Fund for Rs 10 million (2018: Rs. 7.5 million). These COIs carry mark up at the rate of 13.93% (2018: 10.5%) per annum and is repayable in March 2020 (2018: March 2019).
- 17.3** All deposits are in local currency.

18. DEFERRED TAX LIABILITIES

		2019				
Note		At January 1, 2019	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31, 2019
Rupees						
Deductible Temporary Differences on						
	Actuarial loss on defined benefit plan	(5,140,409)	165,763	–	259,689	(4,714,957)
	Alternative corporate tax in excess of corporate tax	(175,430)	175,430	–	–	–
	Unused tax losses	(7,002,960)	1,222,301	–	–	(5,780,659)
	Surplus on revaluation of securities- AFS	(33,796,890)	–	–	70,924,326	37,127,436
	Provision on non-performing loans	(518,330,000)	10,543,000	–	–	(507,787,000)
	Impairment loss on available for sale quoted securities	(55,490,390)	(33,052,524)	–	–	(88,542,914)
	Lease Liability	–	(3,360,285)	–	–	(3,360,285)
		(619,936,079)	(24,306,315)	–	71,184,015	(573,058,379)
Taxable Temporary Differences on						
	Accelerated tax depreciation	23,209,081	(382,225)	–	–	22,826,856
	Dividend receivable	3,123,776	5,444,606	–	–	8,568,382
	Net investment in leases	32,325,334	445,544	–	–	32,770,878
	Surplus on revaluation of operating fixed assets	825,173,482	(27,678,902)	–	–	797,494,580
	Right of use asset	–	3,345,405	–	–	3,345,405
		883,831,673	(18,825,572)	–	–	865,006,101
18.1	Excess deferred tax asset of the subsidiary company not recognized	8,465,432	(947,105)	–	–	7,518,327
		272,361,026	(44,078,992)	–	71,184,015	299,466,049
2018						
Note		At January 1, 2018	Recognised in P&L A/C	Recognised in Equity	Recognised in OCI	At December 31, 2018
Rupees						
Deductible Temporary Differences on						
	Actuarial loss on defined benefit plan	(3,997,636)	(71,061)	–	(1,071,712)	(5,140,409)
	Provision for non banking assets acquired in satisfaction of claims	(4,523,839)	4,523,839	–	–	–
	Alternative corporate tax in excess of corporate tax	(175,430)	–	–	–	(175,430)
	Unused tax losses	(1,502,073)	(5,500,887)	–	–	(7,002,960)
	Surplus on revaluation of securities- HFT	(237,187)	237,187	–	–	–
	Surplus on revaluation of securities- AFS	(16,905,885)	–	–	(16,891,005)	(33,796,890)
	Provision on non-performing loans	–	(518,330,000)	–	–	(518,330,000)
	Impairment loss on available for sale quoted securities	(68,290,386)	12,799,996	–	–	(55,490,390)
		(95,632,436)	(506,340,926)	–	(17,962,717)	(619,936,079)
Taxable Temporary Differences on						
	Accelerated tax depreciation	11,496,772	11,712,309	–	–	23,209,081
	Dividend receivable	6,939,149	(3,815,373)	–	–	3,123,776
	Net investment in leases	33,656,734	(1,331,400)	–	–	32,325,334
	Surplus on revaluation of operating fixed assets	692,047,761	(28,309,248)	(33,142,168)	194,577,137	825,173,482
	Non banking assets acquired in satisfaction of claims	–	–	–	–	–
		744,140,416	(21,743,712)	(33,142,168)	194,577,137	883,831,673
18.1	Excess deferred tax asset of the subsidiary company not recognized	2,845,924	5,619,508	–	–	8,465,432
		651,353,904	(522,465,130)	(33,142,168)	176,614,420	272,361,026



- 18.1** Deferred tax asset to the extent of Rs 7,518,327 (2018: Rs 8,465,432) related to the subsidiary company has not been recognized by its management in view of uncertainty related to taxable profits in foreseeable future.

	Note	2019 Rupees	2018 Rupees
19. OTHER LIABILITIES			
Mark-up / Return / Interest payable in local currency		270,162,151	84,699,915
Accrued expenses		36,184,758	36,827,510
Advance rental income	19.1	126,985,751	193,266,596
Security deposit against rented properties		29,067,162	26,921,722
Payable to defined benefit plan	37	6,176,797	9,784,290
Provision for compensated absences		8,416,337	8,412,885
Directors' remuneration		5,267,290	3,194,934
Payable to stock brokers - net		529,004	120,296,511
Others		6,483,042	8,905,553
		<u>489,272,292</u>	<u>492,309,916</u>

- 19.1** This represents rent received in advance for premises let out in the Saudi Pak Tower, Jinnah Avenue, Blue Area, Islamabad.

20. SHARE CAPITAL

20.1 Authorized Capital

2019 Number of Share	2018 Number of Share		2019 Rupees	2018 Rupees
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000,000</u>	<u>10,000,000,000</u>

20.2 Issued, subscribed and paid up share capital

2019 Number of Share	2018 Number of Share		2019 Rupees	2018 Rupees
		Ordinary shares		
400,000,000	400,000,000	Fully paid in cash	4,000,000,000	4,000,000,000
260,000,000	260,000,000	Issued as bonus shares	2,600,000,000	2,600,000,000
<u>660,000,000</u>	<u>660,000,000</u>		<u>6,600,000,000</u>	<u>6,600,000,000</u>

- 20.3** State Bank of Pakistan on behalf of the Government of Pakistan and Ministry of Finance, KSA on behalf of Government of Kingdom of Saudi Arabia are equal shareholders of the Group.

	Note	2019 Rupees	2018 Rupees
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Available for sale securities	10.1	247,516,244	(225,881,508)
- Fixed assets	21.1	2,749,981,314	2,845,425,798
- Non-banking assets acquired in satisfaction of claims	21.2	24,442,663	10,380,320
		3,021,940,221	2,629,924,610
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(37,127,436)	33,796,890
- Fixed assets	21.1	(797,494,580)	(825,173,482)
- Non-banking assets acquired in satisfaction of claims		—	—
		(834,622,016)	(791,376,592)
		2,187,318,205	1,838,548,018
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		2,845,425,798	2,306,825,871
Recognised during the year		—	670,955,644
Realised on disposal during the year - net of deferred tax		(2,281,810)	(24,318,597)
Related deferred tax liability on surplus realised on disposal		(932,007)	(10,420,945)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(65,483,772)	(69,306,926)
Related deferred tax liability on incremental depreciation charged during the year		(26,746,895)	(28,309,249)
Surplus on revaluation of fixed assets as at December 31		2,749,981,314	2,845,425,798
Less: related deferred tax liability on:			
- revaluation as at January 1		825,173,482	692,047,762
- revaluation recognised during the year		—	194,577,137
- surplus realised on disposal during the year		(932,007)	(10,420,945)
- impact of change in tax rate		—	(22,721,223)
- incremental depreciation charged during the year		(26,746,895)	(28,309,249)
		797,494,580	825,173,482
		1,952,486,734	2,020,252,316
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		10,380,320	—
Recognised during the year		14,477,555	10,380,320
Incremental depreciation		(415,212)	—
Surplus on revaluation as at December 31		24,442,663	10,380,320
22. CONTINGENCIES AND COMMITMENTS			
- Guarantees	22.1	176,670,000	265,530,000
- Commitments	22.2	2,294,368,827	2,145,337,810
		2,471,038,827	2,410,867,810

	2019 Rupees	2018 Rupees
22.1 Guarantees:		
Financial guarantees	176,670,000	265,530,000
22.2 Commitments:		
Commitment for the acquisition of:		
- Operating fixed assets	5,384,107	15,459,235
- Intangible assets	2,984,720	878,575
	8,368,827	16,337,810
Non disbursed commitment for term and working capital finance	2,286,000,000	2,129,000,000
	2,294,368,827	2,145,337,810

22.3 Other contingent liabilities

22.3.1 Tax contingencies- Holding Company

- i) The Appellate Tribunal Inland Revenue Islamabad did not accept the Holding Company's contention on certain matters in the appeals relating to tax years 2004 to 2006, 2008 to 2010 and 2012 to 2014. The issues under consideration include disallowance of provision of non performing loans and apportionment of expenses between income subject to final tax regime and normal tax regime. The related tax demands in the aforesaid years amount to Rs 1,427.52 million. The Holding Company has filed tax references before the Islamabad High Court. The references for the years 2004 to 2006 and 2008 to 2010 have been admitted for hearing whereas the references for tax years 2012 to 2014 are at pre-admission stage. All the references are yet to be disposed by the Islamabad High Court.
- ii) The assessing officer issued orders for the tax year 2015, 2016 and 2017 giving effect to appellate order and thereby created demand of Rs 455.4 million by making various add backs and disallowances including those relating to provision for doubtful advances, actuarial loss, apportionment of expenses etc. The Holding Company has paid tax of Rs 26 million in this respect which is carried as advance payment of tax. The Holding Company filed appeals before the CIR-Appeals who remanded majority issues and upheld the actions of ACIR on few issues. The Holding Company's appeals in this respect are pending for adjudication before Appellate Tribunal Inland Revenue(ATIR).
- iii) For tax year 2016, Additional Commissioner Inland Revenue(ACIR) amended the Holding Company assessment under section 122(5A) and thereby created a demand of Rs 143.354 million by making various add backs and disallowances including those relating to provision for doubtful advances, unrealised surplus on available for sale securities, gratuity and compensated absences and apportionment of expenses which is pending for adjudication before Commissioner Inland Revenue-Appeals(CIR).
- iv) For tax year 2018, Additional Commissioner Inland Revenue(ACIR) amended the Holding Company's assessment under section 122(5A) and created a demand of Rs 383.82 million by making various add backs and disallowances including those relating to provision for doubtful advances, comprehensive loss, gratuity and compensated absences, reversal in provision against TFC and unquoted securities, dividend loss and apportionment of expenses. the Holding Company filed an appeal before the CIR-Appeals who remanded majority issues and upheld the actions of ACIR on issue of actuarial loss, tax loss on sale of assets and income from property. the Holding Company has filed appeal before ATIR which is pending for adjudication.

The management, based on the opinion of its legal counsel, believes that the above mentioned matters are most likely to be decided in favour of the Holding Company

22.3.2 Tax contingencies- the subsidiary company

The subsidiary company was selected for tax audit under section 177 of the Income Tax Ordinance 2001 for the tax year 2014 and a tax demand of Rs 4,787,629 was raised. According to the subsidiary's tax advisors, the subsidiary's appeal in this respect has been heard for order by the Commissioner Inland Revenue (Appeals) and favorable outcome is expected. In the meanwhile an amount of Rs 2,000,000 was deposited into the government treasury to avoid any coercive measure by the tax authorities and same is carried as tax refundable.

22.3.3 Other contingencies - Holding Company

(a) MACPAC Films Limited (Suit No.B-24/2014 of Rs. 1,040.629 million)

Macpac Films Limited Karachi ("Customer") availed a Term Finance of Rs.125 million in 2003/04 and then defaulted. In 2011, a settlement package was approved by the Holding Company which contained waiver/write-off of Rs. 72.66 million on a/c of Markup and Liquidated Damages subject to payment of Rs.100.14 million. The Customer accepted and paid Rs.100.14 million. The write off/waiver was reported to the Credit Information Bureau of the State Bank of Pakistan (SBP) in compliance with regulatory requirements. Customer requested the Holding Company and SBP to remove its name from CIB as it was allegedly reflecting bad on its business. Neither SBP nor the Holding Company agreed however, the Customer filed the subject suit in 2014 in the Sindh High Court, Karachi which is being contested and pending for adjudication. On the Court's direction, SBP has also filed comments endorsing regulatory compliance by the Holding Company. So far, the Customer has failed to produce its witness for recording evidence. The Holding Company is confident that there is no substance in the present suit and that it will be dismissed after due process of law.

(b) Zafar Sultan Paracha vs. Saudi Pak, Federation of Pakistan, DHA, Mukhtiarkar Gadap Town, Karachi (Suit No.1065/2014 of Rs.200.00 million)

On April 27, 2014, the Holding Company invited bids for the sale of four properties i.e. farm house at Gadap Town and three plots (DHA Plots No.9-C, 17-C, 20-C) at Karachi. Highest bid of Rs.134.50 million offered by Mr. Mudassir for only three plots at DHA was accepted, down payment was received and sale agreement dated June 2, 2014 was executed between the Holding Company and the highest bidder through his nominee. Mr. Zafar Sultan Paracha had offered a lower bid of Rs. 93.00 million against all the four properties therefore rejected. He filed the subject suit in the Sindh High Court, Karachi and obtained an interim stay on July 5, 2014 restraining transfer of the above mentioned plots. The Holding Company contested and got the stay vacated through Court as a result, three plots at DHA were transferred to the buyer after receipt of balance sale consideration. (Then, Mr. Piracha filed an Appeal in the Court against the Stay Vacation Order which is also contested by the Holding Company, separately). While vacating the stay order, the learned Judge of the Sindh High Court had observed that remaining suit to the extent of damages claimed against alleged loss of business opportunity etc, will separately be heard and decided. The Holding Company filed its reply in the Court with a prayer to dismiss this suit. The Holding Company is confident that there is no substance in this suit and will be dismissed per company's contention after due process of law.

(c) Kohinoor Spinning Mills Limited and its Guarantors vs. Saudi Pak (Suite No.258676/2018 of Rs.600 million)

The Customer had availed Term Finance Facility (TFF) of Rs. 400 million from the Holding Company in 2014 but defaulted after part payments whereof the Holding Company filed a recovery suit of Rs.396.085 million against the Customer and its directors/guarantors in the Lahore High Court, Lahore in which proceedings still continue. In 2018, the Customer has filed a Damages Suit of Rs. 600 million against the Holding Company in the same court. The Customer alleged that TFF of Rs. 400 million approved by the Holding Company was not disbursed to the Customer and that due to non-disbursement of the approved TFF, the Customer suffered business losses of Rs. 200 million. the Holding Company believes that the suit of the Customer is a counter move to the Holding Company's initiated litigation and further reply to this has been filed by the Holding Company in the Court. The management believes there is no substance in this suit and will be dismissed on merits after due process of law.



23 Derivative products

Presently, the Holding Company or the subsidiary company does not deal in derivative products.

	Note	2019 Rupees	2018 Rupees
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances		883,559,946	700,974,191
On investments		1,404,802,690	161,908,865
On lendings to financial institutions		44,238,145	126,090,860
On balances with banks		13,515,020	28,439,165
		<u>2,346,115,801</u>	<u>1,017,413,081</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	25.1	40,350,914	518,917
Borrowings			
Securities purchased under repurchase agreements		754,623,298	9,100,508
Other short term borrowings		152,267,191	127,520,492
Long term finance for export oriented projects from SBP		12,867,318	3,135,671
Long term borrowings		592,421,069	264,378,403
		<u>1,512,178,876</u>	<u>404,135,074</u>
Brokerage fee		5,016,727	980,094
		<u>1,557,546,517</u>	<u>405,634,085</u>

25.1 The markup expensed amounting to Rs. 1,011,781 (2018: Rs. 518,917) relates to Saudi Pak Employees Contributory Fund.

	Note	2019 Rupees	2018 Rupees
26. FEE & COMMISSION INCOME			
Credit related fees		14,100,812	4,562,609
Commission on trade		—	—
Commission on guarantees		598,982	2,463,913
Others		—	2,518,400
		<u>14,699,794</u>	<u>9,544,922</u>
27. GAIN / (LOSS) ON SECURITIES			
Realised	27.1	21,578,967	79,237,006
Unrealised - held for trading	10.1	—	—
		<u>21,578,967</u>	<u>79,237,006</u>

	Note	2019 Rupees	2018 Rupees
27.1 Realised gain on:			
Federal Government Securities		38,440,661	81,830,611
Mutual funds		578,000	7,752,118
Shares- listed		(17,439,694)	(10,345,723)
		<u>21,578,967</u>	<u>79,237,006</u>
28. OTHER INCOME			
Rent on property - net	28.1	185,458,998	159,863,415
Gain / (loss) on sale of fixed assets - net		11,614,892	38,051,528
Gain on sale of non banking assets - net		—	—
Others		17,009,911	31,664,808
		<u>214,083,801</u>	<u>229,579,751</u>
28.1 Rent on property - net			
Rental income		375,410,702	339,281,434
Less: Property expense			
Salaries, allowances and employee benefits		27,606,476	24,377,836
Traveling and conveyance		2,000	380,789
Medical		521,100	370,668
Janitorial services		10,759,290	9,870,411
Security services		20,426,942	23,369,376
Insurance		2,221,985	1,393,618
Postage, telegraph, telegram and telephone		42,534	29,112
Printing and stationery		82,965	90,976
Utilities		18,633,199	11,183,559
Consultancy and professional charges		283,960	210,200
Repairs and maintenance		10,230,550	9,380,078
Rent, rates and taxes		1,314,513	1,024,784
Depreciation		97,289,655	96,916,159
Staff training		—	—
Office general expenses		536,535	820,453
		<u>189,951,704</u>	<u>179,418,019</u>
		<u>185,458,998</u>	<u>159,863,415</u>

	Note	2019 Rupees	2018 Rupees
29. OPERATING EXPENSES			
Total compensation expense	29.1	248,602,049	244,671,314
Property expense			
Rent & taxes		5,408,599	16,502,602
Insurance		317,427	202,178
Utilities cost		11,653,187	8,957,352
Security (including guards)		4,188,200	4,329,690
Repair & maintenance (including janitorial charges)		2,998,548	2,749,526
Depreciation		13,898,522	13,845,166
		38,464,483	46,586,514
Information technology expenses			
Software maintenance		4,989,476	2,644,306
Hardware maintenance		1,996,244	963,411
Amortisation		2,673,392	1,576,259
Network charges		3,672,184	3,345,871
		13,331,296	8,529,847
Other operating expenses			
Shareholder's fees		5,267,290	3,194,935
Directors' fees and allowances		21,805,988	15,801,104
Legal & professional charges		7,859,020	12,375,054
Consultancy, custodial and rating services		7,389,334	9,380,182
Outsourced services costs (refer note 35.1)		31,981,827	30,409,796
Travelling & conveyance		23,463,774	23,706,491
Depreciation		27,581,173	26,860,335
Training & development		3,163,613	2,573,831
Postage & courier charges		919,125	786,546
Communication		3,951,580	3,754,645
Stationery & printing		5,821,685	5,140,330
Marketing, advertisement & publicity		1,956,360	2,542,981
Donations		1,000,000	400,000
Auditors remuneration	29.2	8,525,780	6,025,000
Repair & maintenance		5,543,850	7,258,067
Insurance		2,542,781	2,791,800
Office and general expenses		11,008,114	9,261,139
Bank charges		491,343	370,966
		170,272,637	162,633,202
		470,670,465	462,420,877

	Note	2019 Rupees	2018 Rupees
29.1 Total compensation expense			
Fees and Allowances etc.		—	—
Managerial Remuneration			
i) Fixed		113,466,809	109,218,814
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		18,247,600	28,888,500
b) Bonus & Awards in Shares etc.		—	—
Charge for defined benefit plan		8,042,621	6,237,372
Contribution to defined contribution Plan		8,410,101	8,021,425
Compensated absences		3,113,287	3,366,125
Leave fare assistance		6,049,355	2,394,390
Exgratia		6,559,500	6,511,500
Rent & house maintenance		43,608,916	42,371,588
Utilities		8,861,828	8,460,368
Medical		15,320,716	14,206,571
Conveyance		14,677,063	14,400,617
Others		2,244,253	594,044
Sub-total		248,602,049	244,671,314
Sign-on Bonus		—	—
Severance Allowance		—	—
Grand Total		248,602,049	244,671,314
29.2 Auditors' remuneration			
Audit fee		1,500,000	1,350,000
Half yearly review		750,000	725,000
Fee for other statutory certifications		200,000	75,000
Out-of-pocket expenses		175,000	175,000
		2,625,000	2,325,000
Fee for other certifications		50,000	100,000
Special certifications		2,204,000	—
Tax services		3,646,780	3,600,000
		8,525,780	6,025,000
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		2,353,000	—
Penalties imposed by other regulatory bodies		—	—
		2,353,000	—
31 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments - net	10.3.1	251,178,452	(113,941,917)
Provisions / (reversals) against loans & advances - net	11.4	77,308,220	36,707,360
		328,486,672	(77,234,557)

	Note	2019 Rupees	2018 Rupees
32 TAXATION			
Current tax			
Current year		197,004,258	197,987,228
Prior year		(12,601,404)	617,237,729
		184,402,854	815,224,957
Deferred tax			
Current year		(44,078,992)	(4,135,130)
Prior year		—	(518,330,000)
		(44,078,992)	(522,465,130)
	32.1	140,323,862	292,759,827
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		423,523,098	702,418,747
Tax rate		29%	29%
Tax on accounting profit		122,821,698	203,701,437
Tax effect on income subject to lower rate of taxation		(34,236,499)	(34,509,582)
Tax effect of prior years		(12,601,404)	125,810,144
Impact of super tax for prior year		—	16,660,916
Reversal of deferred tax asset for prior year		—	4,523,839
Minimum tax of subsidiary company		2,495,726	1,852,207
Permanent differences			
on reversal of provision against investment		75,680,078	(20,243,160)
expenses not claimable against rental income		(2,866,409)	(2,737,222)
Others		(10,969,328)	(2,298,752)
		140,323,862	292,759,827
33 BASIC EARNINGS PER SHARE			
Profit for the year - Rupees		283,199,236	409,658,920
Weighted average number of ordinary shares		660,000,000	660,000,000
Basic earnings per share - Rupee		0.429	0.621
34 DILUTED EARNINGS PER SHARE			
There was no dilutive instrument, hence basic & diluted earnings are same.			
35 CASH AND CASH EQUIVALENTS			
Cash and Balance with treasury banks		36,415,621	54,688,164
Balance with other banks		145,929,979	360,191,365
		182,345,600	414,879,529

	2019 (Number)	2018 (Number)
36 STAFF STRENGTH		
Permanent	80	81
On Group's contract	5	4
Group's own staff strength at the end of the year	85	85

36.1 In addition to the above, 91 (2018: 95) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than security and janitorial services. No employee was working abroad.

37 DEFINED BENEFIT PLAN

37.1 General description

The benefits under the gratuity fund are payable in lump sum on retirement at the age of 60 years or earlier cessation of service, subject to minimum service period of three years. The benefit is equal to month's last drawn basic salary for each completed year of eligible service. The latest actuarial valuation of defined benefit plan was conducted at December 31, 2019 using the projected unit credit method. Detail of the defined benefit plan are:

37.2 Number of Employees under the scheme

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

	2019 (Number)	2018 (Number)
Gratuity fund	81	82

37.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2019 using the following significant assumptions:

	2019	2018
Discount rate	11.25% per annum	13.25% per annum
Expected rate of salary increase - (the Holding Company)	9.25% per annum	11.25% per annum
Expected rate of salary increase - (the subsidiary company)	N/A	12.25% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate

	2019 Rupees	2018 Rupees
37.4 Reconciliation of (receivable from) / payable to defined benefit plans		
Present value of obligations	57,109,080	49,991,223
Fair value of plan assets	(50,932,283)	(40,206,933)
Net liability payable	6,176,797	9,784,290

37.5 Movement in defined benefit obligations

Obligations at the beginning of the year	49,991,223	40,867,872
Current service cost	6,834,004	5,733,112
Interest cost	6,626,674	3,398,917
Benefits paid by the group	(4,116,944)	(4,060,000)
Re-measurement loss	(2,225,877)	4,051,322
Obligations at the end of the year	57,109,080	49,991,223



	Note	2019 Rupees	2018 Rupees
37.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		40,206,933	34,081,354
Interest income on plan assets		5,418,057	2,894,657
Contributions by employer - net		10,183,034	7,639,697
Actual amount paid by the Fund to the group		(4,116,944)	(4,060,000)
Re-measurements: Net return on plan assets over interest income - (loss) / gain	37.8.2	(758,797)	(348,775)
Fair value at the end of the year		50,932,283	40,206,933
37.7 Movement in (receivable) / payable under defined benefit schemes			
Opening balance		9,784,290	6,786,518
Charge for the year		8,042,621	6,237,372
Benefits paid to outgoing members		(4,116,944)	(4,060,000)
Contribution by the group - net		(10,183,034)	(7,639,697)
Re-measurement loss / (gain) recognised in OCI during the year	37.8.2	(1,467,080)	4,400,097
Amount paid by the Fund to the group		4,116,944	4,060,000
Closing balance		6,176,797	9,784,290
37.8 Charge for defined benefit plans			
37.8.1 Cost recognised in profit and loss			
Current service cost		6,834,004	5,733,112
Net interest on defined benefit asset / liability		1,208,617	504,260
		8,042,621	6,237,372
37.8.2 Re-measurement loss/ (gain) recognised in OCI during the year			
Loss / (gain) on obligation			
- Demographic assumptions		—	—
- Financial assumptions		(605,359)	1,323,074
- Experience adjustments		(1,620,518)	2,728,248
Total actuarial loss on obligation		(2,225,877)	4,051,322
Return on plan assets over interest income - (loss) / gain		758,797	348,775
Total re-measurements recognised in OCI		(1,467,080)	4,400,097

	2019 Rupees	2018 Rupees
37.9 Components of plan assets		
Cash and cash equivalents - net	266,061	3,022,569
Term deposit receipts	45,974,850	32,955,384
Investment in mutual funds	1,010,322	923,858
Deposit with banks	3,681,050	3,305,122
	50,932,283	40,206,933

37.9.1 There is no significant risk associated with the plan assets, as it consists of fixed interest rate bearing TDR's and saving accounts with financial institutions having satisfactory credit ratings.

37.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below.

	2019 Rupees	2018 Rupees
Discount rate +0.5%	51,238,759	44,541,636
Discount rate -0.5%	54,015,987	46,926,576
Long term salary increase +0.5%	54,159,682	47,048,952
Long term salary increase -0.5%	51,091,444	44,416,160

37.11 Expected contributions to be paid to the funds in the next financial year

7,732,456

37.12 Expected charge / (reversal) for next financial year

Current service cost	7,055,814
Net interest on defined benefit asset / liability	676,642
	7,732,456

37.13 Maturity profile

	2019 Rupees	2018 Rupees
Distribution of timing of benefit payments (years)		
- 1	6,499,784	6,225,881
- 2	26,918,708	20,429,815
- 3	7,541,953	9,087,612
- 4	4,592,306	8,106,297
- 5	7,011,445	4,623,515
- 6-10	67,052,373	40,026,577
Weighted average duration of the PBO (years)	5.27	5.21

37.14 Funding Policy

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the Fund on the valuation date, the total book reserve as of the valuation date, future contributions to the Fund, future additions to the book reserve and future projected investment income of the Fund.



37.15 Significant risk associated with the staff retirement benefit schemes

Asset volatility	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Changes in bond yields	Not applicable as underlying interest rate on bonds is fixed.
Inflation risk	The investment and bank balances may lose its value due to the increase of general inflation rate.
Life expectancy / Withdrawal rate	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.
Withdrawal rate	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

38. DEFINED CONTRIBUTION PLAN

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees to the Fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the Fund. As per latest available financial statements of the Fund, total assets of the Fund as at December 31, 2019 were Rs. 101,958,696 (2018: Rs. 92,120,965).

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2019						
Items	Directors			GM / CEO	Key Management personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non Executive			
	Rupees					
Fees and Allowances etc.	3,763,112	–	18,042,876	500,000	–	–
Managerial Remuneration						
i) Fixed	–	–	–	23,901,774	41,973,295	–
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	5,000,000	4,775,000	–
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	3,736,003	2,638,978	–
Contribution to defined contribution plan	–	–	–	1,980,000	2,607,363	–
Compensated absences	–	–	–	-	1,119,425	–
Leave fare assistance	–	–	–	3,150,000	2,899,355	–
Exgratia	–	–	–	1,850,000	2,027,486	–
Rent & house maintenance	–	–	–	7,560,000	13,478,880	–
Utilities	–	–	–	2,853,675	2,246,480	–
Medical	–	–	–	591,755	4,968,852	–
Conveyance	–	–	–	3,513,572	5,750,172	–
Others *	–	–	–	–	1,555,512	–
Total	3,763,112	–	18,042,876	54,636,779	86,040,798	–
Number of Persons	2	0	8	2	17	0

In addition to above, the GM / CEO of the Holding Company and certain other key management personnel are provided with company maintained vehicles in accordance with their terms of employment.

For the purposes of the foregoing, the term “Key Management Personnel” as per BPRD Circular No. 2 dated January 25, 2018 means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to GM, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the GM / Chief Executive or the person mentioned in (a) above.

	2018					
	Directors			GM / CEO	Key Management personnel	Other Material Risk Takers/ Controllers
Items	Chairman	Executive (other than CEO)	Non Executive			
	Rupees					
Fees and Allowances etc.	2,042,513	–	13,758,591	500,000	–	–
Managerial Remuneration						
i) Fixed	–	–	–	22,393,871	36,655,340	–
ii) Total Variable	–	–	–	–	–	–
of which						
a) Cash Bonus / Awards	–	–	–	8,000,000	5,975,000	–
b) Bonus & Awards in Shares	–	–	–	–	–	–
Charge for defined benefit plan	–	–	–	3,679,761	3,277,025	–
Contribution to defined contribution plan	–	–	–	1,798,387	2,822,332	–
Compensated absences	–	–	–	–	1,006,483	–
Leave fare assistance	–	–	–	–	2,394,390	–
Exgratia	–	–	–	1,700,000	2,346,361	–
Rent & house maintenance	–	–	–	7,556,774	14,725,604	–
Utilities	–	–	–	2,657,899	2,454,267	–
Medical	–	–	–	408,000	5,512,621	–
Conveyance	–	–	–	3,429,547	5,813,419	–
Total	2,042,513	–	13,758,591	52,124,239	82,982,842	–
Number of Persons	1	0	5	2	17	0

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

		2019					
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Directors	For Board meetings	Audit committee	Risk management committee	Human Resource committee	Selection & recruitment committee	Total amount paid
		Rupees					
1	Mohammed W. Al-Harby	1,544,550	–	–	179,062	–	1,723,612
2	Mohammed Al-Jarbou	1,544,550	477,625	289,000	–	–	2,311,175
3	Musaad A. Al Fakhri	1,544,550	477,625	–	179,063	–	2,201,238
4	Sultan Mohammed Hasan Abdulrauf	1,649,375	–	–	390,125	–	2,039,500
5	Majid Misfer J.Alghamdi	1,649,375	394,312	195,375	390,125	–	2,629,187
6	Rayyan Bin Mohammed Nagadi	557,025	198,938	–	–	–	755,963
7	Shujat Ali	491,750	175,625	–	–	–	667,375
8	Qumar Sarwar Abbasi	2,440,375	758,688	195,375	–	–	3,394,438
9	Zafar Hasan	2,264,750	–	376,000	569,188	–	3,209,938
10	Mohammad Tanvir Butt	2,089,125	394,312	–	390,125	–	2,873,562
Total Amount Paid		15,775,425	2,877,125	1,055,750	2,097,688	–	21,805,988

In addition to the above, boarding / lodging expenses of the Directors' for meetings are borne by the Group and are included in travelling expenses under other operating expenses.

		2018					
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Directors	For Board meetings	Audit committee	Risk management committee	Human Resource committee	Selection & recruitment committee	Total amount paid
		Rupees					
1	Mohammed W. Al-Harby	1,725,325	–	–	317,188	–	2,042,513
2	Mohammed Al-Jarbou	1,725,325	1,217,838	317,188	–	–	3,260,351
3	Musaad A. Al Fakhri	1,725,325	1,217,838	–	317,188	–	3,260,351
4	Khizar Hayat Gondal	405,300	–	–	–	–	405,300
5	Shujat Ali	1,725,325	1,075,838	–	317,188	–	3,118,351
6	Qumar Sarwar Abbasi	1,058,900	934,375	317,188	–	–	2,310,463
7	Zafar Hasan	1,066,275	–	168,750	168,750	–	1,403,775
Total Amount Paid		9,431,775	4,445,889	803,126	1,120,314	–	15,801,104

In addition to the above, boarding/ lodging expenses of the Directors' for meetings are borne by the Group and are included in travelling expenses under other operating expenses.

40. FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices, except for securities classified by the Group as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements. Further, financial statements of several unquoted equity investments are not available whether due to liquidation or litigation, hence, breakup value of these investments can not be determined.

Fair value of unquoted debt securities, fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 6.6.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

40.1 Fair value of financial assets

The Group 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 (Pakistan Stock Exchange) 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) available at MUFAP, Reuters page, redemption prices determined by valuers on the panel of Pakistan Bank's Association .

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 the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Group has adopted revaluation model (as per IAS 16) in respect of leasehold land, building, certain other fixed assets and non-banking assets acquired in satisfaction of claims.

2019				
	Level 1	Level 2 Rupees	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	–	18,357,887,000	–	18,357,887,000
Shares	2,056,674,131	–	–	2,056,674,131
Open end Mutual Fund	–	50,924,375	–	50,924,375
Non-Government Debt Securities	–	1,185,714,449	–	1,185,714,449
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	–	–	1,240,295,000	1,240,295,000
Unquoted Securities	–	–	512,500,008	512,500,008
Federal Government Securities	–	–	236,580,402	236,580,402
Certificate of Investment	–	–	12,531,006	12,531,006
Off-balance sheet financial instruments - measured at fair value	–	–	–	–

2018				
	Level 1	Level 2 Rupees	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Shares	1,799,808,201	–	–	1,799,808,201
Non-Government Debt Securities	–	689,385,421	–	689,385,421
Financial assets - disclosed but not measured at fair value				
Investments				
Non-Government Debt Securities	–	–	657,346,000	657,346,000
Unquoted Securities	–	–	512,500,008	512,500,008
Federal Government Securities	–	–	123,077,716	123,077,716
Certificate of Investment	–	–	77,941,641	77,941,641
Term deposit certificate	–	–	65,372,192	65,372,192
Off-balance sheet financial instruments - measured at fair value	–	–	–	–

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Federal Government securities	The fair values of Federal Government securities are determined on the basis of PKRV rates / prices sourced from Mutual Funds Association of Pakistan (MUFAP) and these securities are classified under level 2.
Debentures and corporate debt instruments	Market rates of these securities are not available on MUFAP as at December 31, 2019, therefore, these securities are classified level 3.
Unquoted Investment	There are no observable inputs in respect of fair market valuation of unquoted investment, hence these securities are valued at lower of cost or breakup value. These securities are classified under level 3.

40.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

40.3 Fair value of non-financial assets

40.4 The property and equipment of the Holding Company were recently revalued by independent professional valuer as at December 31, 2018. The revaluation was carried out by M/s Impulse (Pvt) Limited on the basis of professional assessment of present market values.

The non banking assets acquired from DJM AR Securities were last revalued by independent professional valuer in December 2019. The revaluation was carried out by M/s Surval on the basis of professional assessment of recent market values. The non banking assets acquired from Irfan Textile were last revalued by independent professional valuer in November 2018. The revaluation was carried out by M/s Amir Evaluators and consultants on the basis of professional assessment of recent market values.

2019				
	Level 1	Level 2 Rupees	Level 3	Total
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	–	–	3,165,941,848	3,165,941,848
Other assets				
Non banking assets acquired in satisfaction of claims	–	–	166,816,572	166,816,572
2018				
	Level 1	Level 2 Rupees	Level 3	Total
Non-financial assets				
Operating fixed assets				
Property and equipment (lease hold land, building & others)	–	–	3,226,774,036	3,226,774,036
Other assets				
Non banking assets acquired in satisfaction of claims	–	–	155,199,848	155,199,848

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Items	Valuation approach and input used
Operating fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and other fixed assets and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2019		
	Corporate finance	Trading and sales	Building rental services
	Rupees		
Profit & Loss			
Net mark-up / return / profit	382,937,491	380,346,746	25,285,047
Non mark-up / return / interest income	14,699,794	219,296,229	202,467,928
Total Income	397,637,285	599,642,975	227,752,975
Segment direct expenses	176,559,577	266,254,483	30,209,405
Total expenses	176,559,577	266,254,483	30,209,405
Provisions	93,205,995	235,280,677	–
Profit before tax	127,871,713	98,107,815	197,543,570
Balance Sheet			
Cash & Bank balances	–	162,445,383	19,900,217
Investments	1,240,295,000	22,163,699,963	249,111,408
Lendings to financial institutions	–	80,000,000	–
Advances - performing	6,040,351,497	–	326,382
- non-performing net of provision	1,828,853,042	–	–
Others	599,835,455	1,626,422,399	3,271,592,488
Total Assets	9,709,334,994	24,032,567,745	3,540,930,495
Borrowings	7,436,075,190	15,322,944,204	25,000,000
Deposits & other accounts	166,632,766	343,367,234	–
Others	(360,835,061)	194,102,425	955,470,978
Total liabilities	7,241,872,895	15,860,413,863	980,470,978
Equity			13,200,075,499
Total Equity & liabilities			37,282,833,235
Contingencies & Commitments	2,462,785,980	2,842,579	5,410,268

	2018			
	Corporate finance	Trading and sales	Building rental services	Total
	Rupees			
Profit & Loss				
Net mark-up / return / profit	521,790,559	81,414,311	8,574,126	611,778,996
Non mark-up / return / interest income	9,544,922	269,519,665	196,761,484	475,826,071
Total Income	531,335,481	350,933,976	205,335,610	1,087,605,067
Segment direct expenses	257,502,210	170,073,861	34,844,806	462,420,877
Total expenses	257,502,210	170,073,861	34,844,806	462,420,877
Provisions / (Reversals)	39,833,226	(117,067,783)	–	(77,234,557)
Profit before tax	234,000,045	297,927,898	170,490,804	702,418,747
Balance Sheet				
Cash & Bank balances	–	381,235,120	33,644,409	414,879,529
Investments	657,346,000	3,001,693,630	266,321,549	3,925,361,179
Lendings to financial institutions	–	2,818,407,389	–	2,818,407,389
Advances - performing	6,918,643,279	–	401,000	6,919,044,279
- non-performing net of provision	946,686,163	–	–	946,686,163
Others	667,555,066	400,461,047	3,354,832,462	4,422,848,575
Total Assets	9,190,230,508	6,601,797,186	3,655,199,420	19,447,227,114
Borrowings	3,434,314,888	2,337,023,394	75,000,000	5,846,338,282
Deposits & other accounts	4,462,979	3,037,021	–	7,500,000
Others	(385,393,977)	102,068,396	1,047,996,523	764,670,942
Total liabilities	3,053,383,890	2,442,128,811	1,122,996,523	6,618,509,224
Equity				12,828,717,890
Total Equity & liabilities				19,447,227,114
Contingencies & Commitments	2,395,947,150	1,024,404	13,896,256	2,410,867,810



41.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

	2019		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & Loss			
Net mark-up / return / profit	788,569,284	—	788,569,284
Inter segment revenue - net	—	—	—
Non mark-up / return / interest income	436,463,951	—	436,463,951
Total Income	1,225,033,235	—	1,225,033,235
Segment direct expenses	473,023,465	—	473,023,465
Inter segment expense allocation	—	—	—
Total expenses	473,023,465	—	473,023,465
Provisions	328,486,672	—	328,486,672
Profit before tax	423,523,098	—	423,523,098
Balance Sheet			
Cash & Bank balances	182,345,600	—	182,345,600
Investments	23,653,106,371	—	23,653,106,371
Net inter segment lendings	—	—	—
Lendings to financial institutions	80,000,000	—	80,000,000
Advances - performing	6,040,677,879	—	6,040,677,879
- non-performing net of provision	1,828,853,042	—	1,828,853,042
Others	5,497,850,342	—	5,497,850,342
Total Assets	37,282,833,234	—	37,282,833,234
Borrowings	22,784,019,394	—	22,784,019,394
Deposits & other accounts	510,000,000	—	510,000,000
Net inter segment borrowing	—	—	—
Others	788,738,341	—	788,738,341
Total liabilities	24,082,757,735	—	24,082,757,735
Equity	13,200,075,499	—	13,200,075,499
Total Equity & liabilities	37,282,833,234	—	37,282,833,234
Contingencies & Commitments	2,471,038,827	—	2,471,038,827

	2018		
	In Pakistan	Outside Pakistan	Total
	Rupees		
Profit & Loss			
Net mark-up / return / profit	611,778,996	–	611,778,996
Inter segment revenue - net	–	–	–
Non mark-up / return / interest income	475,826,071	–	475,826,071
Total Income	1,087,605,067	–	1,087,605,067
Segment direct expenses	462,420,877	–	462,420,877
Inter segment expense allocation	–	–	–
Total expenses	462,420,877	–	462,420,877
Provisions	(77,234,557)	–	(77,234,557)
Profit before tax	702,418,747	–	702,418,747
Balance Sheet			
Cash & Bank balances	414,879,529	–	414,879,529
Investments	3,925,361,179	–	3,925,361,179
Net inter segment lendings	–	–	–
Lendings to financial institutions	2,818,407,389	–	2,818,407,389
Advances - performing	6,919,044,279	–	6,919,044,279
- non-performing net of provision	946,686,163	–	946,686,163
Others	4,422,848,575	–	4,422,848,575
Total Assets	19,447,227,114	–	19,447,227,114
Borrowings	5,846,338,282	–	5,846,338,282
Deposits & other accounts	7,500,000	–	7,500,000
Net inter segment borrowing	–	–	–
Others	764,670,942	–	764,670,942
Total liabilities	6,618,509,224	–	6,618,509,224
Equity	12,828,717,890	–	12,828,717,890
Total Equity & liabilities	19,447,227,114	–	19,447,227,114
Contingencies & Commitments	2,410,867,810	–	2,410,867,810

41 RELATED PARTY TRANSACTIONS

The Government of Kingdom of Saudi Arabia and the Government of Islamic Republic of Pakistan each own 50% shares of the Group. Therefore, all entities owned by and controlled by these Governments are related parties of the Group. Other related parties comprise of entities over which the Group has control (subsidiaries), entities over which the directors are able to exercise significant influence (associated undertakings), entities with common directors, major shareholders, directors, key management personnel and employees' funds. The Group in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan. The Group has not extended any financing facilities to entities owned by the Governments of Kingdom of Saudi Arabia and the Islamic Republic of Pakistan.

Transactions which are made under the terms of employment with related parties mainly comprise of loans and advances, deposits etc.



Advances for the house building, conveyance and personal use have also been provided to staff and executives in accordance with the employment and pay policy. Facility of group life insurance and hospitalisation is also provided to staff and executives. In addition to this, majority of the executives of the Group have been provided with company maintained car.

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

	2019				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees				
Investments					
Opening balance	-	-	-	576,676,075	-
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-
Closing balance	-	-	-	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-
Advances					
Opening balance	-	26,296,411	-	-	-
Addition during the year	-	2,165,000	-	-	-
Repaid during the year	-	(6,672,638)	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	21,788,773	-	-	-
Provision held against advances	-	-	-	-	-
Other receivable - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	-
Provision against other assets	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	-	-	-	7,500,000
Received during the year	-	-	-	-	25,000,000
Withdrawn during the year	-	-	-	-	(22,500,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	10,000,000
Other Liabilities					
Interest / mark-up payable	-	-	-	-	400,726
Payable to defined benefit plan	-	-	-	-	6,176,797
Income					
Mark-up / return / interest earned	-	1,003,426	-	-	-
Rental income	-	-	-	-	-
Expense					
Mark-up / return / interest expensed	-	-	-	-	1,011,781
Contribution to employees' funds	-	-	-	-	8,786,595
Directors' fees and allowances	21,805,988	-	-	-	-
Shareholders' fees	-	-	-	-	5,267,290
Operating expenses	-	140,677,577	-	329,512	-

	2018				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees				
Investments					
Opening balance	-	-	-	576,676,075	-
Investment made during the year	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-
Closing balance	-	-	-	576,676,075	-
Provision for diminution in value of investments	-	-	-	576,676,075	-
Advances					
Opening balance	-	36,250,784	-	-	-
Addition during the year	-	26,738,500	-	-	-
Repaid during the year	-	(15,919,964)	-	-	-
Transfer in / (out) - net	-	(20,772,909)	-	-	-
Closing balance	-	26,296,411	-	-	-
Provision held against advances	-	-	-	-	-
Other receivable - Ministry of Finance - KSA representing Government of Kingdom of Saudi Arabia	-	-	-	-	15,000,000
Provision against other assets	-	-	-	-	-
Deposits and other accounts					
Opening balance	-	-	-	-	7,500,000
Received during the year	-	-	-	-	30,000,000
Withdrawn during the year	-	-	-	-	(30,000,000)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	7,500,000
Other Liabilities					
Interest / mark-up payable	-	-	-	-	32,363
Payable to defined benefit plan	-	-	-	-	9,784,290
Income					
Mark-up / return / interest earned	-	1,619,345	-	-	-
Rental income	-	-	-	660,000	-
Expense					
Mark-up / return / interest expensed	-	-	-	-	518,917
Contribution to employees' funds	-	-	-	-	8,243,825
Directors' fees and allowances	15,801,104	-	-	-	-
Shareholders' fees	-	-	-	-	3,194,935
Operating expenses	-	135,107,081	-	348,638	-

	2019 Rs '000'	2018 Rs '000'
43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	6,600,000	6,600,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,372,802	10,390,995
Eligible Additional Tier 1 (ADT 1) Capital	—	—
Total Eligible Tier 1 Capital	10,372,802	10,390,995
Eligible Tier 2 Capital	1,925,620	1,607,216
Total Eligible Capital (Tier 1 + Tier 2)	12,298,422	11,998,211
Risk Weighted Assets (RWAs):		
Credit Risk	20,905,239	20,428,417
Market Risk	4,353,038	2,726,899
Operational Risk	2,374,050	2,344,868
Total	27,632,327	25,500,184
Common Equity Tier 1 Capital Adequacy ratio	37.54%	40.75%
Tier 1 Capital Adequacy Ratio	37.54%	40.75%
Total Capital Adequacy Ratio	44.51%	47.05%

As of December 2019, the Group is required to meet Tier 1 to RWA ratio and CAR, including CCB, of 7.5% and 12.5% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

	2019 Rs '000'	2018 Rs '000'
Leverage Ratio (LR):		
Eligible Tier-1 Capital	10,372,802	10,390,995
Total Exposures	39,555,622	21,601,453
Leverage Ratio	26.22%	48.10%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	4,411,147	3,176,049
Total Net Cash Outflow	1,688,471	1,176,076
Liquidity Coverage Ratio	261.25%	270.05%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	26,727,578	17,671,704
Total Required Stable Funding	17,359,770	14,924,384
Net Stable Funding Ratio	153.96%	118.41%

- 43.1** The link to the full disclosures for capital adequacy, leverage and liquidity ratios will be available at <https://www.saudipak.com/financial.html>.

44. RISK MANAGEMENT

The Group defines risk as the possibility that an action or event could have adverse outcomes, which could either result in a direct loss of earnings / capital, or the imposition of constraints on the ability to meet objectives. In the normal course of business, the Group is exposed to various risks, including, but not limited to, credit, market, liquidity, and operational risks. The Group recognizes that management of these risks is essential for maintaining financial viability and achieving objectives. In this regard, the Group's approach to risk management is to ensure the ongoing alignment of its risk levels with its risk appetite through a coordinated set of activities that direct and control the Group with regard to risk.

The Group's overall appetite for risk is governed by its Board of Directors (the Board) approved "Risk Management Policy", which delineates key definitions, roles and responsibilities, risk appetite / risk limits, and principles for managing risk across the Group. The Group's Risk Management Framework, comprising of the Risk Management Policy, other Board-approved policies, procedural manuals, sound management information system (MIS) and reporting, and clearly articulated roles, responsibilities and accountabilities, is fundamental to the Group's overall risk management culture and awareness.

The Group recognizes that responsibility for risk management resides at all levels, since the risk management processes rely on individual responsibility and independent oversight. The Board, duly supported by its Risk Management Committee, is accountable for ensuring that adequate and sound structures and policies are in place for risk management. The Management's role is to transform strategic decisions and risk appetite set by the Board into effective processes and systems, and to institute an appropriate hierarchy to execute and implement the approved policies and procedures. In this regard, the Group has implemented a three-line-of-defense approach, wherein as a first line of defense, risk management activities are performed in the business units and functional support units, with the Divisional Heads being accountable for managing risk in their area of operations in accordance with the Risk Management Framework, as well as for the results (both positive and negative) of taking these risks.

To assist in discharge of these responsibilities and accountabilities, various cross-functional committees have been constituted at the Senior Management level, and delegation of authority in financial / operational powers for the Divisions / Regional Offices has been clearly defined. The Risk Management Division (RMD) and Compliance Division (CD) serve as second-line of defense by providing independent oversight of the Group's risk-taking activities and regulatory compliance respectively. The RMD's responsibilities include the design of a clear, transparent and well-aligned Risk Management Policy, independent pre-approval risk reviews of proposals and policies, and ongoing assessment, monitoring and reporting of risks at the portfolio and enterprise level through a broad spectrum of techniques.

The second-line-of-defense is further strengthened through the presence of cross-functional committees such as Credit Risk Management Committee, Operational Risk Management Committee and Compliance Committee. The Internal Audit Division functions as the third-line-of-defense, with direct reporting to the Audit Committee of the Board and independently carrying out internal audits in line with its approved roles and responsibilities.

On an enterprise level, risk monitoring results for the year revealed that the Group's Capital Adequacy Ratio (CAR) remained well above both the internal as well as the regulatory requirements throughout the year, and that the capital and liquidity position remained resilient even under stress.

44.1 Credit Risk

Credit risk is the risk of loss to the Group's earnings or capital arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform on such obligation is impaired. Credit risk arises primarily from the Group's advances / debt investments portfolio and lending to financial institutions (FIs) portfolio. Credit risk may also arise at the portfolio level in case of inadequate diversification of the advances portfolio, in terms of industrial sectors, regions, products, or clients.



Pursuit of credit risk is essential to fulfilling the corporate objectives of the Group, and is a primary source of income, conversely, also constituting one of the greatest risk of losses. In this regard, focus is primarily on bankable transactions, offering adequate risk & reward relationship with satisfactory security support. The Group's credit risk management process encompasses identification, assessment, monitoring and control of credit risk exposures. As part of this process, obligor risk and facility risk are carefully evaluated using internal risk rating methodologies, as articulated in the Group's Internal Credit Risk Rating Policy.

Advances exposures are invariably secured by credit risk mitigants in the form of various types of collateral / security with adequate margins. Readily marketable / liquid securities / urban properties are preferred over other forms of collateral. Credit risk stress testing is regularly carried out to identify vulnerable areas for initiating corrective action, if necessary. Regular assessment, monitoring and reporting of the performing & non-performing credit risk portfolio in terms of trends & concentrations, is made by the Risk Management Division (RMD) to the Credit Risk Management Committee and Risk Management Committee of the Board. Board-approved Credit Policy, Credit Risk Policy, Credit Administration Policy, and Special Asset Management Policy are in place, clearly establishing relevant roles and responsibilities, selection criteria, principles and limits for credit risk.

Specific norms for appraisal, sanctioning, documentation, inspections and monitoring, maintenance, rehabilitation and management of assets have been stipulated. Internal controls and processes in place for credit risk management also include:

- Well-defined credit approval and disbursement mechanism, with deliberation at cross-functional Credit & Investment Committee, and review by independent functions, including RMD, CD, and Law Division (LD);
- Post-disbursement credit administration, monitoring and review, including review of credit ratings;
- Board-approved borrower / group limits well within those prescribed in terms of Prudential Regulations, along with other limits on portfolio concentration, e.g. sectoral limits;
- Board-approved counterparty limits for lendings to financial institutions (FIs) in place and regularly reviewed;
- Clear lines of authority for treasury transactions, and independent Back Office / Settlement Division in place to process deals;
- Independent Middle Office in place at RMD to monitor lending to FIs limit compliance;
- Credit Risk Management Committee-approved insurer-wise limits in place and reviewed annually;
- Policies & procedures circulated amongst concerned functionaries through the Group's intranet; and
- Various training initiatives to enhance credit risk knowledge for concerned personnel.

Dedicated Special Asset Management Division (SAMD) and Law Division (LD) are in place to manage past due and impaired assets through litigation, workout or other remedial measures, as appropriate. The Group adheres to the SBP instructions for definitions of past due and impaired assets in the Corporate / Commercial, SME-Medium Enterprise, and SME-Small Enterprise categories respectively.

In addition, the Group may consider subjective criteria in determining account classification. The Group determines provisioning requirements for non-performing advances in accordance with the requirements of the Prudential Regulations issued by SBP. Write-offs are made when there is no realistic prospect of recovery.

The Group employs the Basel Standardized Approach to determine capital requirements for credit risk. As per SBP Guidelines, the Group recognizes VIS and PACRA as approved rating agencies, and applies their ratings where available to determine appropriate risk weight by using mapping criteria prescribed by SBP. In absence of external ratings, the exposures are treated as unrated and relevant risk weights are applied. The Group follows Simple Approach for credit risk mitigation in its Basel capital calculation. Under Simple Approach, the risk weight of the mitigant is substituted for the risk weight of the counterparty to the extent coverage is provided by the mitigant, provided the former risk weight is lower than the latter.

The Group is presently not involved in securitization activities.

The Group's maximum credit risk exposure as at December 31, 2019 amounted to:

	2019 without benefit of collateral Rupees	2019 with benefit of collateral Rupees
Lending to financial institutions	—	80,000,000
Debt investments (excluding Government of Pakistan local currency denominated debt)	—	2,426,009,449
Advances	—	7,869,530,921
	—	10,375,540,370

Particulars of Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

	2019	2018	2019	2018	2019	2018
44.1.1 Lendings to financial institutions	Gross lendings		Non-performing lendings		Provision held	
Credit risk by public / private sector	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Public/ Government	—	—	—	—	—	—
Private	80,000,000	2,818,407,389	—	—	—	—
	80,000,000	2,818,407,389	—	—	—	—
	2019	2018	2019	2018	2019	2018
44.1.2 Investment in debt securities	Gross investment		Non-performing investment		Provision held	
Credit risk by industry sector	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Textile	204,114,140	204,114,140	204,114,140	204,114,140	153,489,140	136,614,140
Chemical and Pharmaceuticals	286,283,751	286,283,751	286,283,751	286,283,751	286,283,751	286,283,751
Power (electricity), Gas, Water, Sanitary	1,000,000,000	—	—	—	—	—
Transport, Storage and Communication	41,197,664	42,174,889	41,197,664	42,174,889	41,197,664	42,174,889
Financial	1,295,334,927	1,426,293,754	3,748,500	3,748,500	3,748,500	3,748,500
Others	92,729,028	—	—	—	—	—
	2,919,659,510	1,958,866,534	535,344,055	536,321,280	484,719,055	468,821,280
Credit risk by public / private sector						
Public/ Government	—	—	—	—	—	—
Private	2,919,659,510	1,958,866,534	535,344,055	536,321,280	484,719,055	468,821,280
	2,919,659,510	1,958,866,534	535,344,055	536,321,280	484,719,055	468,821,280

44.1.3
Advances
Credit risk by industry sector

	2019	2018	2019	2018	2019	2018
	Gross advances		Non-performing advances		Provision held	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Textile	2,559,732,576	1,970,084,946	1,386,404,576	1,092,029,389	1,061,240,512	912,501,693
Chemical and Pharmaceuticals	14,972,941	14,972,941	14,972,941	14,972,941	14,972,941	14,972,941
Cement	156,781,217	172,487,393	116,206,923	116,206,923	116,206,923	116,206,923
Sugar	843,114,473	715,114,473	243,114,473	243,114,473	187,231,049	159,289,338
Automobile and transportation equipment	196,999,822	209,278,212	153,000,000	209,278,212	153,000,000	209,278,212
Electronics and electrical appliances	1,048,375,000	726,500,000	–	–	–	–
Construction	205,752,708	305,752,705	205,752,708	205,752,708	205,752,708	205,752,708
Power (electricity), Gas, Water, Sanitary	1,396,660,042	1,211,585,347	165,028,752	165,028,752	165,028,752	165,028,752
Transport, Storage and Communication	12,461,152	12,461,152	12,461,152	12,461,152	12,461,152	12,461,152
Financial	191,304,214	294,699,410	89,406,858	89,406,858	89,406,858	89,406,858
Services	217,030,294	342,030,294	32,030,294	32,030,294	32,030,294	32,030,294
Paper board and products	77,486,423	302,486,423	33,736,423	33,736,423	33,736,423	33,736,423
Rubber and plastic products	270,000,000	166,189,723	–	–	–	–
Basic metals	226,331,699	287,916,209	69,093,230	69,937,328	26,843,230	69,937,328
Dairy & Poultry	1,405,555,554	1,433,333,332	1,405,555,554	683,333,332	–	–
Others	1,287,133,648	1,863,690,504	142,250,000	142,250,000	142,250,000	142,250,000
	10,109,691,763	10,028,583,064	4,069,013,884	3,109,538,785	2,240,160,842	2,162,852,622

Credit risk by public / private sector

	2019	2018	2019	2018	2019	2018
	Gross advances		Non-performing advances		Provision held	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Public/ Government	–	–	–	–	–	–
Private	10,109,691,763	10,028,583,064	4,069,013,884	3,109,538,785	2,240,160,842	2,162,852,622
	10,109,691,763	10,028,583,064	4,069,013,884	3,109,538,785	2,240,160,842	2,162,852,622

44.1.4 Contingencies and Commitments

Commitments: credit risk by industry sector

	2019 Rupees	2018 Rupees
Textile	676,670,000	815,530,000
Chemical and Pharmaceuticals	350,000,000	–
Cement	–	820,000,000
Electronics and electrical appliances	386,000,000	186,000,000
Construction	200,000,000	–
Power (electricity), Gas, Water, Sanitary	650,000,000	573,000,000
Basic metals	200,000,000	–
Others	8,368,827	16,337,810
	2,471,038,827	2,410,867,810
Credit risk by public / private sector		
Public/ Government	–	–
Private	2,471,038,827	2,410,867,810
	2,471,038,827	2,410,867,810

44.1.5 Concentration of Advances

Top 10 exposures of the Group on the basis of total (funded and non-funded exposures) aggregated to Rs 5,514 million (2018: Rs. 5,569 million) as follows:

	2019 Rupees	2018 Rupees
Funded	5,336,861,385	5,322,234,551
Non Funded	176,670,000	246,760,000
Total Exposure	5,513,531,385	5,568,994,551

	2019		2018	
	Amount	Provision held	Amount	Provision held
	Rupees		Rupees	
Total funded classified therein				
Substandard	–	–	683,333,332	–
Doubtful	750,000,000	–	–	–
Loss	1,375,465,203	632,731,075	719,909,649	540,381,953
Total	2,125,465,203	632,731,075	1,403,242,981	540,381,953



44.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2019					
Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	2,385,086,430	2,385,086,430	–	–	–	–	–
Sindh	633,000,000	–	633,000,000	–	–	–	–
KPK including FATA	–	–	–	–	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	–	–	–	–	–	–	–
AJK including Gilgit-Baltistan	–	–	–	–	–	–	–
Total	3,018,086,430	2,385,086,430	633,000,000	–	–	–	–

		2018					
Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	3,423,241,570	3,423,241,570	–	–	–	–	–
Sindh	180,000,000	–	180,000,000	–	–	–	–
KPK including FATA	100,000,000	–	–	100,000,000	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	164,000,000	–	–	–	–	164,000,000	–
AJK including Gilgit-Baltistan	–	–	–	–	–	–	–
Total	3,867,241,570	3,423,241,570	180,000,000	100,000,000	–	164,000,000	–

44.2 Market Risk

Market risk is the risk of loss to the Group's earnings or capital arising from potential movements in market risk factors, such as interest rates, equity prices and foreign exchange rates. The Group is exposed to market risk from its banking book as well as trading book exposures, the latter of which includes HFT & AFS investments in debt & listed equity instruments, and open position in foreign currency.

The market risk strategy of the Group is to maximize returns while keeping exposure to market risk at or below the approved levels, provided in the shape of market risk limits. Board-approved Treasury Policy, PMD Investment Policy and Market Risk Policy are in place with defined market risk management parameters / limits to control market risk levels. The Treasury Division (TD) and Portfolio Management Division (PMD) consider economic and market conditions, along with the Group's portfolio mix, diversification and expertise when setting and executing annual business strategy and reviewing policy.

Assets / Liability Management Committee (ALCO) meets monthly, and evaluates liquidity, market and interest rate risk as part of its approved Terms of Reference. An independent Market & Liquidity Risk /Middle Office Unit housed in RMD is tasked to, inter alia, independently monitor, measure and analyze market risk of the Group on daily basis, perform risk review of day-to-day PMD & TD activities, escalate any limit breaches or exceptions on the same working day of identification, review the Group's interest rate risk management framework & methodology, and prepare risk reports for ALCO and RMCB, including review of risk-adjusted performance of the investment portfolio.

The Group uses a comprehensive suite of risk measurement techniques to assess market risk in the trading book, which includes monitoring levels and trends in mark-to-market, price value of basis point (PVBp), beta, and Value-at-Risk (VaR) metrics, as well as stress tests and sensitivity analyses based on these measures. VaR is calculated for all trading book positions and portfolios on a daily basis, and measures the estimated maximum loss over a defined horizon based on historical simulation.

The Group calculates its VaR with a 1-day and 10-day horizon period using a one-tail, 99% confidence interval in accordance with Basel specifications. The 1-day VaR is further back tested on daily basis against next day's P&L based on actual observed movements in market risk factors. Back testing results suggest that the model is currently providing a conservative estimate of the risk. For interest rate risk in the banking book, the Group primarily relies on gap analysis & static simulation model. Stress tests are carried out for traded & non-traded market risks on the basis of extreme, yet plausible, stress scenarios. Results produced by the aforementioned models are included in management and Board-committee reporting.

44.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees			Rupees		
Cash and balances with treasury banks	36,415,621	–	36,415,621	54,688,164	–	54,688,164
Balances with other banks	145,929,979	–	145,929,979	360,191,365	–	360,191,365
Lendings to financial institutions	80,000,000	–	80,000,000	2,818,407,389	–	2,818,407,389
Investments	3,187,620,865	20,465,485,506	23,653,106,371	2,125,552,978	1,799,808,201	3,925,361,179
Advances	7,869,530,921	–	7,869,530,921	7,865,730,442	–	7,865,730,442
Fixed assets	3,226,138,281	–	3,226,138,281	3,296,060,467	–	3,296,060,467
Intangible assets	8,488,075	–	8,488,075	5,762,311	–	5,762,311
Deferred tax assets	–	–	–	–	–	–
Other assets	2,016,597,323	–	2,016,597,323	907,399,975	–	907,399,975
Development Properties	246,626,663	–	246,626,663	213,625,822	–	213,625,822
	16,817,347,728	20,465,485,506	37,282,833,234	17,647,418,913	1,799,808,201	19,447,227,114

44.2.2 Foreign Exchange Risk

The Group does not actively deal in foreign currency. Its aggregate foreign currency exposure is limited to USD-denominated bank balance, as represented in the table below. As such, the Group's direct exposure to foreign currency risk is minimal, with a favourable impact in case of PKR depreciation.

The foreign exchange exposures during the year of the Group is given as follows:

	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				Rupees			
United States Dollar	20,315,522	–	–	20,315,522	18,248,884	–	–	18,248,884

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 1% change in foreign exchange rates on				
- Profit and loss account		203,155		182,489
- Other comprehensive income		–		–

44.2.3 Equity position Risk

The Group's objective regarding trading in equities is to maximize the return on equity investment by acquiring fundamentally strong shares at appropriate levels and maintaining such a balance between short term and long term investment that can provide maximum possible opportunities to avail both capital gains and dividend income. The Group's maximum exposure to the stock market is constrained in terms of the single-stock and aggregate limits prescribed under the SBP Prudential Regulations. Prime responsibility for managing the Group's equity positions rests with the Portfolio Management Division (PMD). The Board of Directors has approved sectoral limits, as well as portfolio limits that fall within the SBP-prescribed aggregate limit for DFIs. Senior Management's Quoted Securities Monitoring Committee reviews investment climate and stock market investment strategy & portfolio, and reviews & approves listed stock investment / divestment recommendations by PMD, and stop loss decision where required. Unquoted Investments Monitoring Committee is also in place to monitor and manage investments in unquoted companies. The Market & Liquidity Risk /Middle Office Unit housed in RMD independently monitors PMD deals, policy / limit compliance, broker usage, realized/unrealized gain/loss, and generates market risk metrics such as beta, Value-at-Risk, sensitivity analyses and stress tests. The Unit is responsible for escalation of any limit breaches to concerned authorities, and also provides monthly summary reports to ALCO and periodic risk/return performance reports to the Risk Management Committee of the Board. PMD performance is also regularly reviewed by ALCO through regular reporting by the former, with the latter also serving as approving authority for the broker panel.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	—	—	—	—
- Other comprehensive income	—	102,833,707	—	89,990,410

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

The Group's interest rate risk arises from its trading book and banking book. Interest rate risk in the trading book is a result of HFT & AFS investments in debt instruments that are reported at fair value, and whose value is influenced by prevailing interest rates. The Group's interest rate risk exposures in the banking book originate from financial assets & liabilities that are exposed to different points in the yield curve, and are not matched in terms of repricing / maturity dates or interest rate basis. Since the Group does not take non-maturity deposits and bulk of its loans are floating-rate in nature, optionality/prepayment-related interest rate risk is insignificant.

The primary objective of interest rate risk management is to control exposure to interest rate risk, within approved limits. The Group has Board-approved Treasury Policy and Interest Rate Risk Management Framework in place that govern the interest rate risk management process. The Treasury Division directly functions to manage interest rate risks through diversification of exposures and structuring matching asset/liability transactions. The ALCO provides oversight of interest rate risk, including articulating interest rate view, deciding on future business strategy, monitoring interest rate risk and deliberating on mitigation measures. To control interest rate risk in the trading book, duration limits are in place for the fixed income investment portfolio, in terms of the Treasury Policy. To control interest rate risk in the banking book, target levels have been established on the repricing/ maturity gaps in each time band, as determined through slotting of interest-rate sensitive assets and liabilities according to contractual repricing / maturity dates, whichever is earlier. The Market & Liquidity Risk / Middle Office Unit monitors limit compliance, reviews the interest rate risk management framework, develops interest rate risk measurement methodology, and provides monthly & quarterly reports to ALCO. Interest rate risk measurement methodology currently employed by the Group for the trading book includes marking-to-market, price value of basis point (PVB), sensitivity analyses / stress testing and Value-at-Risk. For the banking book, methodology is based on gap analysis and static simulation, with an earnings and economic value perspective, as well as stress testing.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	Rupees		Rupees	
Impact of 5% change in equity prices on				
- Profit and loss account	5,947,471	—	57,948,762	—
- Other comprehensive income	—	84,222,391	—	2,272,293

44.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2019

Effective yield/ interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Rupees	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	36,415,621	-	-	-	-	-	-	-	-	-	-	36,415,621
Balances with other banks	145,929,979	139,930,801	-	-	-	-	-	-	-	-	-	5,999,178
Lending to financial institutions	80,000,000	80,000,000	-	-	-	-	-	-	-	-	-	-
Investments	23,653,106,371	265,951,700	14,700,632,736	979,175,421	911,545,000	4,175,703,000	-	-	-	-	-	2,620,098,514
Advances	7,869,530,921	1,425,166,350	4,295,921,658	2,092,499,999	545,700	3,926,032	-	-	51,471,182	-	-	-
Other assets	1,168,419,283	-	-	-	-	-	-	-	-	-	-	1,168,419,283
	32,953,402,175	1,911,048,851	18,996,554,394	3,071,675,420	912,090,700	4,179,629,032	-	-	51,471,182	-	-	3,830,932,596
Liabilities												
Borrowings	22,784,019,394	15,022,338,500	4,019,390,916	3,019,624,008	14,248,016	103,496,036	103,496,036	201,425,898	299,999,984	-	-	-
Deposits and other accounts	510,000,000	500,000,000	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities	347,693,408	-	-	-	-	-	-	-	-	-	-	347,693,408
	23,641,712,802	15,522,338,500	4,029,390,916	3,019,624,008	14,248,016	103,496,036	103,496,036	201,425,898	299,999,984	-	-	347,693,408
On-balance sheet gap	9,311,689,373	(13,611,289,649)	14,967,163,478	52,051,412	897,842,684	4,076,132,996	(103,496,036)	(201,425,898)	(248,528,802)	-	-	3,483,239,188
Off-balance sheet financial instruments												
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	-	-	-	-	-	-	-	-	-	-	-	-
	(13,611,289,649)	14,967,163,478	52,051,412	897,842,684	4,076,132,996	(103,496,036)	(201,425,898)	(248,528,802)	(248,528,802)	-	-	3,483,239,188
Cumulative Yield / Interest Risk Sensitivity Gap	-	(13,611,289,649)	1,355,873,829	1,407,925,241	2,305,767,925	6,381,900,921	6,278,404,885	6,076,978,987	5,828,450,185	5,828,450,185	-	-

2018

Effective yield/ interest rate	Total	Exposed to Yield / Interest risk								Non-interest bearing financial instruments
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	54,688,164	-	-	-	-	-	-	-	-	54,688,164
Balances with other banks	360,191,365	229,682,397	-	-	-	-	-	-	-	130,508,968
Lending to financial institutions	2,818,407,389	2,818,407,389	-	-	-	-	-	-	-	-
Investments	3,925,361,179	67,500,000	266,351,549	1,279,201,421	-	-	-	-	-	2,312,308,209
Advances	7,865,730,442	782,346,421	3,404,359,433	3,548,222,598	65,935,171	7,466,100	-	-	57,400,719	-
Other assets	232,124,109	-	-	-	-	-	-	-	-	232,124,109
	15,256,502,648	3,897,936,207	3,670,710,982	4,827,424,019	65,935,171	7,466,100	-	-	57,400,719	2,729,629,450
Liabilities										
Borrowings	5,846,338,282	58,566,425	985,208,231	4,293,774,656	37,549,312	50,098,624	65,887,716	131,775,432	223,477,886	-
Deposits and other accounts	7,500,000	-	7,500,000	-	-	-	-	-	-	-
Other liabilities	281,697,288	-	-	-	-	-	-	-	-	281,697,288
	6,135,535,570	58,566,425	992,708,231	4,293,774,656	37,549,312	50,098,624	65,887,716	131,775,432	223,477,886	281,697,288
On-balance sheet gap	9,120,967,078	3,839,369,782	2,678,002,751	533,649,363	28,385,859	(42,632,524)	(65,887,716)	(131,775,432)	(166,077,167)	2,447,932,162
Off-balance sheet financial instruments										
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	3,839,369,782	2,678,002,751	533,649,363	28,385,859	(42,632,524)	(65,887,716)	(131,775,432)	(166,077,167)	-	2,447,932,162
Cumulative Yield / Interest Risk Sensitivity Gap	3,839,369,782	6,517,372,533	7,051,021,896	7,079,407,755	7,036,775,231	6,970,887,515	6,839,112,083	6,673,034,916	6,673,034,916	-

44.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. Types of events that can lead to operational risk include:

- Internal / external fraud events;
- Employment practices & workplace safety events;
- Clients, products & business practices events;
- Damage to physical assets events;
- Business disruption and system failures events; and
- Execution, delivery & process management events;

Types of operational risk losses can include monetary, regulatory, client, or health & safety loss, or legal liability / inability to enforce legal claim, and measures that may be taken to mitigate losses include improving underlying processes through enhanced internal controls, having contingency plan / backup arrangements in place, and ensuring adequate insurance coverage.

The Group's operational risk management process is governed by the Operational Risk Management Framework ("ORMF") and Operational Risk Policy which have been duly approved by the Board of Directors. The operational risk management structure comprises the line management as first line of defense, an independent Operational Risk Management Unit ("ORMU") operating under the Risk Management Division ("RMD") as second line of defense, and independent Internal Audit as third line of defense. An organizational culture of integrity and discipline built through trainings and appropriate hiring, and separation of duties and principles of internal control as embedded in relevant policies and procedures, are key principles for operational risk management. Operational Risk Coordinators ("ORCs") that have been established from each division work with the ORMU to identify, analyze, explain and mitigate operational issues within their respective areas of expertise. The ORMU develops and updates the ORMF, implements operational risk measurement and reporting, and coordinates with ORCs to source necessary information and promote sound operational risk management. Senior management-level Operational Risk Management Committee ("ORMC") meets quarterly with the goal to assure that actions are being taken to meet the stated objective of operational risk management in the Group. Presently loss data, key risk indicators, risk & control self-assessments, and scenario analysis are being used to assess operational risk. Operational risk reports on the basis of these tools, along with suggested risk mitigants where required, are presented by ORMU to the ORMC. Operational risk reports are also discussed as part of the agenda of meetings of Risk Management Committee of the Board ("RMCB").

In order to ensure business continuity, resumption and recovery of critical business process after a disaster, the Group has a robust Business Continuity Plan / Disaster Recovery Plan in place, with off-site backup and regular testing carried out. The Group also has a Technology Governance Framework & IT Security Policy in place, addressing issues such as incident reporting, risk identification, IT controls and systems security, with added oversight provided by regular meetings of the IT Steering Committee of management. KYC / AML Policies are also in place for Credit and Treasury activities.

Basic Indicator Approach with capital charge of 15% of average gross income for previous 3 years has been applied for Operational Risk. Loss data process has been fully implemented, with ORCs providing details for events / near misses / potential losses through an in-house software.

44.4 Liquidity Risk

Liquidity risk is the potential for loss arising from either an inability to meet obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

The liquidity risk strategy of the Group is to strive to maintain liquidity at an acceptable level over the short- and long-term, in order to settle financial obligations in a timely and economical manner. Liquidity Risk Policy, Treasury Policy and Contingency Funding Plan are in place to govern the liquidity risk management process. The prime responsibility for the management of liquidity risk lies with Treasury Division (TD) which ensures that the Group's operations can meet its current and future funding needs. Mix of Saudi Pak assets and liabilities is monitored by TD to ensure that gaps are efficiently managed, and target gap levels are in place. Regulatory limits (e.g. Statutory Liquidity Requirement [SLR], Net Stable Funding Ratio [NSFR]) are monitored and returns are submitted. Internal limit on liquid assets to total borrowings and deposits is also in place. TD further aims for effective diversification of sources of borrowing / liquidity. The Group's leverage also remains well within parameters allowed by SBP, ensuring a stable source of liquidity in the form of capital. ALCO provides additional oversight for liquidity risk management through its monthly meetings. The Market & Liquidity Risk / Middle Office Unit housed in RMD independently reviews liquidity risk policy, and monitors liquidity ratios, gaps and funding concentrations on daily basis, providing regular reporting on the same to ALCO along with stress testing, with timely escalation in case of any limit breach. The Group overall strives to maintain a strong market reputation and to keep credit risk and market risk within manageable limits so that these risks may not trigger any undesirable liquidity crunch.



Assets

[illegible]

2018

Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets													
Cash and balances with treasury banks	54,688,164	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	380,191,365	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	2,818,407,389	2,318,407,389	-	500,000,000	135,500,842	130,847,707	58,000	-	1,829,251,622	176,000	-	397,663,000	1,364,155,008
Investments	3,925,361,179	-	-	-	-	-	-	-	357,861,257	885,796,911	-	944,076,777	756,786,601
Advances	7,865,730,442	75,230,867	18,624,194	65,338,589	248,536,764	248,536,764	756,345,955	705,500,601	2,443,100,537	2,443,100,537	-	944,076,777	756,786,601
Fried assets	3,296,060,467	636,686	2,228,402	2,228,402	6,368,863	12,733,727	28,650,885	28,650,885	114,603,540	114,603,540	-	408,955,569	2,543,654,285
Intangible assets	5,762,311	10,670	74,689	37,345	106,689	213,397	480,144	480,144	1,920,376	1,921,159	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	907,399,975	20,297,913	40,585,826	23,197,615	35,749,213	71,498,426	129,064,974	268,114,962	315,981,344	-	-	-	-
Development Properties	213,625,822	-	-	-	-	-	-	-	-	-	-	213,625,822	-
	19,447,227,114	1,174,417,947	2,416,201,916	544,087,556	243,065,216	463,830,021	914,599,958	1,002,776,592	2,532,225,252	2,559,860,673	922,497,603	1,963,961,168	4,664,575,894
Liabilities													
Bills payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	5,946,339,282	-	-	233,082	142,248,391	201,293,173	1,302,107,989	402,107,989	202,107,989	1,483,431,566	1,089,221,052	731,775,432	223,477,866
Deposits and other accounts	7,500,000	-	-	-	-	7,500,000	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	272,361,026	529,625	1,059,249	605,285	2,269,709	4,539,417	6,809,126	4,539,306	9,078,612	27,236,169	27,236,169	54,472,339	133,910,359
Other liabilities	492,309,916	1,779,925	12,462,477	14,231,402	35,578,505	71,157,011	118,346,977	97,468,829	98,108,781	-	-	5,184,617	12,097,438
	6,616,509,224	1,854,586	12,982,102	15,069,779	180,096,605	284,489,601	1,427,264,092	504,116,124	310,295,382	1,510,668,125	1,126,457,221	791,462,388	369,465,683
Net assets	12,828,717,890	1,172,563,361	2,403,219,814	529,017,777	62,968,611	179,340,420	(512,664,134)	498,660,468	2,221,929,870	1,049,192,548	(283,959,618)	1,172,528,780	4,295,090,211
Share capital/ Head office capital account	6,800,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,366,864,210	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated/ Unrented profit	3,023,305,662	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on revaluation of assets	1,838,548,018	-	-	-	-	-	-	-	-	-	-	-	-
	12,828,717,890	-	-	-	-	-	-	-	-	-	-	-	-

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
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets								
Cash and balances with treasury banks	36,415,621	-	-	-	-	-	-	-
Balances with other banks	145,929,979	-	-	-	-	-	-	-
Lending to financial institutions	80,000,000	-	-	-	-	-	-	-
Investments	23,653,106,371	126,543,736	58,000	3,048,616,927	4,175,879,000	526,213,000	1,227,645,000	14,282,199,008
Advances	7,869,530,921	310,398,826	1,309,671,766	1,355,689,681	1,144,993,054	969,569,584	1,473,172,957	603,299,172
Fixed assets	3,226,138,281	9,075,216	27,225,648	54,451,296	108,902,592	108,902,592	420,316,751	365,070,421
Intangible assets	8,488,075	235,756	707,268	1,414,536	2,829,073	2,829,930	-	2,106,983,963
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	2,016,597,323	626,747,337	290,650,238	676,082,774	-	-	-	-
Development Properties	246,626,663	-	-	-	-	-	246,626,663	-
	37,282,833,234	1,474,754,435	1,628,312,920	5,136,255,214	5,432,603,719	1,607,515,106	3,367,761,371	15,250,568,601
Liabilities								
Bills payable	-	-	-	-	-	-	-	-
Borrowings	22,784,019,394	14,614,005,165	852,957,341	993,414,682	1,661,829,372	828,496,036	888,925,898	299,999,984
Deposits and other accounts	510,000,000	510,000,000	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-
Deferred tax liabilities	299,466,049	2,495,712	7,486,761	14,973,155	29,946,678	29,946,678	59,893,357	74,866,512
Other liabilities	489,272,292	84,420,846	118,455,531	103,338,865	-	-	4,264,608	(62,419,684)
	24,082,757,735	14,700,921,723	978,899,633	1,111,726,702	1,691,776,050	868,442,714	953,085,863	312,446,812
	13,200,075,499	(13,226,167,288)	649,413,287	4,024,528,512	3,740,827,669	749,072,392	2,414,677,508	14,938,121,789
Net assets								
Share capital/ Head office capital account	6,600,000,000							
Reserves	1,420,278,666							
Unappropriated/ Unremitted profit	2,992,478,628							
Surplus/(Deficit) on revaluation of assets	2,187,318,205							
	13,200,075,499							

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets
Development Properties

Total	2018							
Rupees	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	Above 10 years
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
54,688,164	54,688,164	-	-	-	-	-	-	-
380,191,365	380,191,365	-	-	-	-	-	-	-
2,818,407,389	2,818,407,389	-	-	-	-	-	-	-
3,925,361,179	67,500,000	266,351,549	58,000	1,829,281,622	176,000	176,000	397,663,000	1,364,155,008
7,865,730,442	782,346,421	313,875,363	756,345,955	1,063,361,857	2,443,160,557	805,796,911	944,076,777	756,766,601
3,296,060,467	9,550,295	19,100,590	28,650,885	57,301,770	114,603,540	114,603,533	408,595,569	379,131,678
5,762,311	160,048	320,096	480,144	960,288	1,920,576	1,921,159	-	-
-	-	-	-	-	-	-	-	-
907,399,975	86,991,056	107,247,639	129,064,974	584,096,306	-	-	-	-
213,625,822	-	-	-	-	-	-	213,625,822	-
19,447,227,114	4,179,834,738	706,895,237	914,599,958	3,535,001,943	2,559,860,673	922,497,603	1,963,961,168	2,500,053,287

Liabilities

Borrowings
Deposits and other accounts
Deferred tax liabilities
Other liabilities

5,846,338,282	58,566,425	343,541,564	1,302,107,989	604,215,978	1,483,431,956	1,099,221,052	731,775,432	223,477,886
7,500,000	-	7,500,000	-	-	-	-	-	-
272,361,026	2,269,820	6,809,126	6,809,126	13,617,918	27,236,169	27,236,169	54,472,339	68,090,257
492,309,916	53,367,758	106,735,516	118,346,977	196,577,609	5,184,617	12,097,439	-	-
6,618,509,224	114,204,003	464,586,206	1,427,264,092	814,411,505	1,515,852,742	1,138,554,660	786,247,771	291,568,143
12,828,717,890	4,065,630,735	242,309,031	(512,664,134)	2,720,590,338	1,044,007,931	(216,057,067)	1,177,713,397	2,208,485,144

Net assets

Share capital/ Head office capital account
Reserves
Unappropriated/ Unremitted profit
Surplus/(Deficit) on revaluation of assets

6,600,000,000	6,600,000,000
1,366,864,210	1,366,864,210
3,023,305,662	3,023,305,662
1,838,548,018	1,838,548,018
12,828,717,890	12,828,717,890

44.5 Derivative Risk

Presently, the Group does not have exposure in derivative products, and consequently is not exposed to derivatives-related risk.

45 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 27 February 2020.



GM / Chief Executive



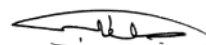
Chief Financial Officer



Director



Director / Deputy Chairman



Director / Chairman

SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY LIMITED

For The Year Ended December 31, 2019

Annexure - I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE,
PROVIDED DURING THE YEAR JANUARY - DECEMBER 31, 2019

(Rupees in million)

S. No	Name and address	Name of individual / Partners / Directors	CNIC No.	Fathers' / Husband Name	Outstanding liabilities at the beginning of the year				Principal written off	Mark up waived	Other financial relief provided	Total
					Principal	Mark up	Others	Total				
1	Indus Steel Pipes Limited 4th Floor, Doctor Plaza, Panorama Centre, Raja Ghazanfar Ali Khan Road, Saddar, Karachi.	Mr. Masood Asghar Mr. Khawaja M. Zahir Mr. Faiz Muhammad Brohi Mr. Munir Ahmed Dogar Mr. Asghar Khan Mr. Adnan Waheed	42301-7336425-5 42201-3535548-3 42301-9850380-1 42201-3480706-1 42301-6844557-1 42101-6200902-3	Major Asghar Mian Mr. Khawaja Sher Ahmed Mr. Kamal Khan Brohi Mr. Wali Dino Dogar Mr. Shah Muhammad Khan Mr. Muhammad Waheeduddin	43.094	20.317	31.217	94.628	0.000	0.000	29.736	29.736
2	Highnoon Textile Mills Limited 25 KM Multan Road Lahore	Mr. Babar Agha Mr. Sohail Hameed Khan Mr. Shekh Mahmood Zafar	35202-3065543-3 35202-2337062-5 35202-1622249-9	Col.® Agha Fakhar Hussain Mr. Hameed Ullah Khan Mr. Shekh Zafar Hussain	7.500	4.203	0.000	11.703	0.000	4.203	0.000	4.203
					50.594	24.520	31.217	106.331	0.000	4.203	29.736	33.939



NOTES

[illegible]



saudipak.com

Saudi Pak Industrial and Agricultural Investment Company Limited
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