PAK OMAN

ANNUAL REPORT 2020

PAK OMAN INVESTMENT COMPANY LIMITED

Vision

To make a tangible contribution to economic development in both sponsoring countries by supporting the industrial sector including agro-based, Infrastructure projects and the service sector, along with emphasis on promoting financial inclusion of small & medium enterprises in Pakistan.

Mission

Pak Oman will endeavor to provide cutting edge financial solutions to meet the requirements of its target customer base, with emphasis on customer satisfaction. Our focus will remain on supporting economic development in both sponsoring countries and on maximizing returns to all stakeholders. We will aim to be the employer of choice.

Code of Ethics / Business Practices

Pak Oman Investment Company Limited operates on the basis of honesty, integrity and fair play. All employees are strictly directed to adhere to the Company's Code of Business Practices and ensure that at all dealings be open and transparent. Management and employees are pledged to:

- Be an ethical role model
- Treat colleagues with respect and dignity
- Protect and enhance the Company's assets and reputation
- Make only factual and truthful statements about the Company's product
- Understand and comply with Company Laws, regulations and policies wherever applicable
- Comply with health, safety and environmental laws and policies
- Provide a work environment free from intimidation and harassment
- Comply with the Company's employees service rules
- Safeguard the privacy and confidentiality of customer data
- Protect confidential information and trade secrets

Board and Sub Committees

Board of Directors

H.E. Yahya Bin Said Bin Abdullah Al-Jabri
Chairman

Mr. Muhammad Zubair Motiwala
Director

H.H. Sayyid Juland Jaifar Salim Al Said
Director

Mr. Haitham Yousuf Juma Al Zadjali
Director

Mr. Omar Hamid Khan
Director

Mr. Bahauddin Khan
Managing Director & Chief Executive Officer

Audit Committee

Mr. Haitham Yousuf Juma Al Zadjali
Chairman

H.H. Sayyid Juland Jaifar Salim Al Said
Member

Mr. Omar Hamid Khan
Member

Risk Committee

Mr. Muhammad Zubair Motiwala
Chairman

H.H. Sayyid Juland Jaifar Salim Al Said
Member

Mr. Haitham Yousuf Juma Al Zadjali
Member

Mr. Omar Hamid Khan
Member

Executive Committee

H.E. Yahya Bin Said Bin Abdullah Al-Jabri
Chairman

Mr. Muhammad Zubair Motiwala
Member

Mr. Omar Hamid Khan
Member

Mr. Haitham Yousuf Juma Al Zadjali
Member

Mr. Bahauddin Khan
Member

Remuneration & Compensation Committee

H.E. Yahya Bin Said Bin Abdullah Al-Jabri
Chairman

Mr. Muhammad Zubair Motiwala
Member

H.H. Sayyid Juland Jaifar Salim Al Said
Member

Mr. Bahauddin Khan
Member

Chairman’s Review

It gives me a great pleasure to share with you the outstanding performance of Pak Oman Investment Company. The year 2020 was an extraordinarily difficult year for the world.

The outgoing year saw Pakistan’s financial industry faced with multitude of challenges including re-positioning of strategies to contain the pressure of steep decline in benchmark policy rate, development and implementation of modified regulatory framework to stem economic decline due to COVID-19 pandemic.

Even in these challenging times, your Company has been able to achieve highest profit since inception of the Company.

Our stellar performance has shown that we are operating in the right market supported with the right strategy and having in place a committed, focused leadership to deliver consistent improvement in value to both joint venture partners.

The salient features of 2020 results are as follows:

- Profit after tax of Rs 972 million (US$ 6.1million) compared to Rs 504 million of 2019 (US$ 3.2 million), this depicts an increase of 93% over 2019.

- Credit performance remained strong, advances portfolio stood at Rs 20,935 million (US$ 131.0 million) compared to Rs 20,024 million (US$ 125.3 million) in 2019 despite slow-down in the economy.

- Robust risk management systems of the Company contained infection ratio at 7.1%, well above the September 2020’s DFIs average of 13%.

- As a prudent measure we have transferred Rs 300 million (US$ 1.9 million) to “Reserve” in order to create buffer for anticipated* higher provisioning in the year 2021 and 2022 to protect against erosion of capital.

  *IMF, World Bank and Moodys projected higher non-performing loans in the year 2021 & 2022

- Deposit reached to Rs 15,869 million (US$ 99.3 million) largest portfolio amongst the peer group. Deposit mobilization from the retail sector stands at Rs 1,662 million (US$ 10.4 million).

- The Company maintained its Credit Rating of AA+ and Corporate Governance Rating of CGR 9 by VIS Credit Rating Company.

Overview of Operations

Corporate Banking

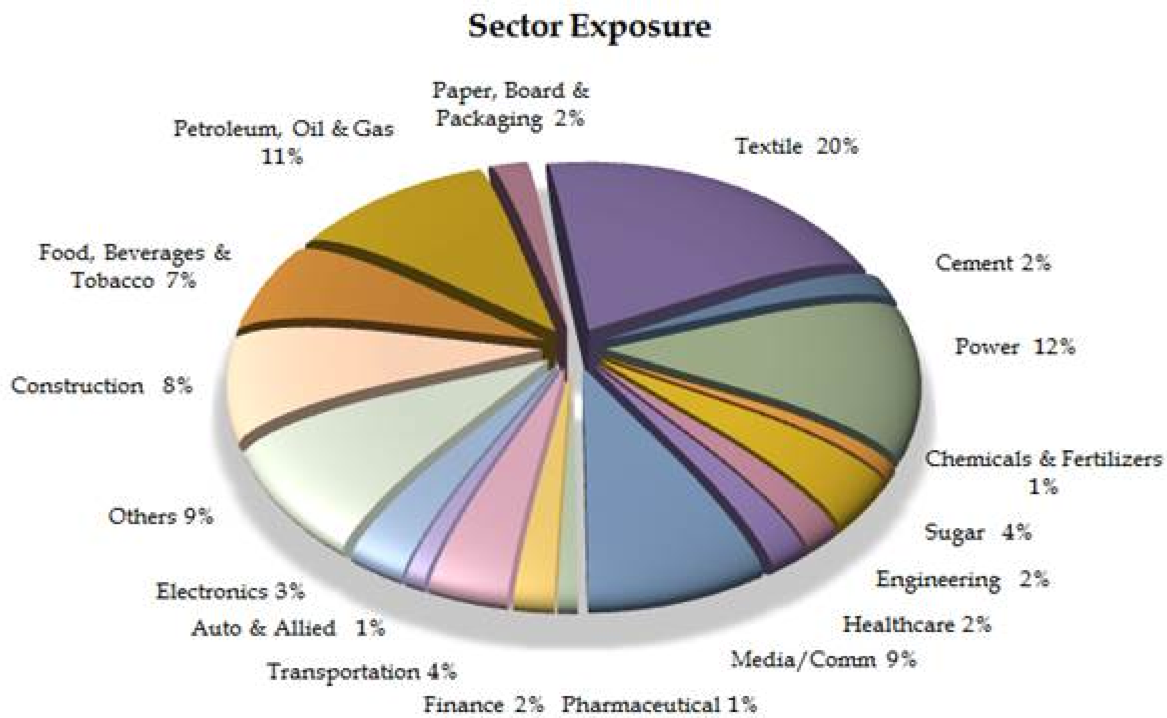
In 2020, Corporate Banking Department rolled out disbursements of Rs 2,215 million during the first quarter, but the pace for remainder of the year slowed down considerably due to onset of economic uncertainty under the impact of COVID-19, and disbursements of Rs 1,393 million were subsequently made, with total disbursements of Rs 3,608 million during 2020, compared to Rs 5,528 million in 2019. The disbursements included contribution of the SME unit to the tune of Rs 152 million during the year (2019: Rs 208 million).

Overall, the Corporate Banking portfolio grew by 4.6% primarily on account of deferments in principal repayments granted under the State Bank of Pakistan's COVID-19 relief scheme, thereby retaining its position as the largest advances portfolio amongst DFIs.

Corporate Banking managed to maintain a well-diversified portfolio with Textile sector having the largest share in the advances portfolio at 20%, followed by Power sector at 12%, Oil & Gas sector at 11%, Communications & Media sector at 9% and Construction/Housing sector at 8%.

In 2020, majority of the portfolio comprised of long term finance, followed by medium term finance and lease finance with smaller shares.

A snapshot of Corporate Banking's advances portfolio mix is as follows:



Investment Banking

During 2020, Pak Oman participated in the Rated, Unsecured and Privately Placed Commercial Paper Issue of TPL Trakker Limited to the extent of Rs 100 million. Further, Pak Oman participated in the Rated, Secured and Privately Placed Term Finance Certificate Issue of Sadaqat Limited to the extent of Rs 150 million.

Pak Oman also acted as Advisor & Arranger to Reon Energy Limited for raising renewable energy financing under the State Bank of Pakistan's Renewable Energy Scheme.

In addition to the above transactions, Pak Oman has acted as Trustee/Security Agent for various securities issued including Pak Arab Fertilizer PPTFC, Al Arabia Sugar Mills PPTFC, Pak Arab Fertilizer STFA, Askari Bank Limited Tier I TFC, Shakarganj Food Sukuk, United Bank Limited Tier I TFC, Kashf Foundation PPTFC, Masood Textile Mills Sukuk, Askari Bank Limited Tier II TFC, Sadaqat Limited TFC and Pakistan Mortgage Refinance Company TFC.

Treasury

Treasury department continuously acted as pivotal division during last year. Treasury team diligently worked in difficult times of COVID 19 and contributed significantly in achieving profits targets of the company.

Year 2020 remained very difficult in terms of general health and working conditions and economic decisions. Monetary easing resulted in reduction of total 625 points during CY 2020 compelling even more challenges in effectively managing treasury book. Discount rate remained key factor that can affect government securities portfolio and its profitability.

However, energetic and determined treasury team took efficient measures resulting reduced book size while realizing handsome capital gains of Rs 476 million and Rs 1,344 million as net interest income.

Corporate sales desk remains very active in trading of government and corporate debt securities with its corporate clients and providing financial advisory.

Pak Oman Investment Company is reappointed as Primary Dealer by State Bank of Pakistan, acknowledging contribution in development of secondary markets of Government securities.

Risk Management

Risk is an inherent part of all banking business activities. Effective risk management plays a crucial role in ensuring financial stability and superior performance. It is critical that our risk management approach continues to evolve to meet the ever-changing risk landscape facing our business. Pak Oman will continue to strengthen its risk infrastructure, through acquisition of risk automation solutions and information technology security tools, in order to streamline risk processes and to bring these in line with regulatory guidelines and other prudential factors.

The Board Risk Management Committee (BRMC) oversees the entire risk management process of the company. Furthermore, Risk Management Committee (RMC) has been formed which looks at all risks collectively at senior management level. The Risk Management Department (RMD) is responsible for the development and implementation of all risk policies as approved by the BRMC / Board of Directors. RMD is organized into the functions of Market & Liquidity Risk, Financial Institution Risk, Credit Policy & Research, Credit Risk Management, Operational Risk, Basel Reporting and Compliance.

Support Operations

Finance, Information Technology, Human Resources and Administration played their role in supporting core operations of the Company. Information Technology Department placed special emphasis on the re-development of existing application systems in order to bring necessary improvements. The company's IT infrastructure was upgraded in order to improve system availability and performance. Human Resources on the other hand worked on managing turnover rate and facilitated training and development of all employees.

Management Committees

To implement prudent practices, foster joint decision making and bring into play participation from all areas, the following Management Committees functioned actively during the year:

(i) Credit Committee
(ii) Assets & Liabilities Committee (ALCO)
(iii) Risk Management Committee
(iv) Coordination Committee
(v) Purchase & Works Committee
(vi) Information Technology Committee
(vii) Capital Market Review Committee (CMRC)
(viii) Performance Evaluation Committee
(ix) Control & Compliance Committee

Contribution to Social Responsibility

As a responsible corporate citizen, it has been the vision of your Company to empower the community through socio-economic development of underprivileged and weaker sections. Pak Oman acknowledges its responsibility in a manner that its activities influence its customers, employees and stake holders. Your Company strives to proactively encourage community growth and development, thereby contributing in building a sustainable future. To help the weaker section of the society in their efforts of poverty alleviation, your Company has established a country wide Microfinance bank in association with the Government of the Sultanate of Oman.

Some of Pak Oman's CSR initiatives are as follows:

Professional Education Foundation

Professional Education Foundation (PEF) is a "Not for Profit Organization", established in 2009, with a sole aim to poverty alleviation through professional education and financially support underprivileged students for their professional education. PEF scope includes bachelor degree programs for Engineering, Medicine, Agriculture, Management and IT disciplines. At PEF scholarships & financial assistance are given to the students on "Need cum Merit Basis". Currently PEF is funding over 1,700 students.

The Society for the Rehabilitation of Special Children

The Society for the Rehabilitation of Special Children (SRSC) is a "Not for Profit Organization" established in 1963. The SRSC's main objective is to help and educate special children and to organize centres, clinics for the diagnosis, treatment and rehabilitation of special children.

2021 and Beyond

The year 2021 and beyond is expected to be critical, globally as well as in Pakistan.

While economic activity has started to recover, the threat and detrimental effects of the second wave are still present that will continue to keep the economy under pressure. World Bank has projected Pakistan economy to expend only by 0.5 percent in 2021.

The overall effect of deferment of credit facilities due to various schemes launched by the Central Bank is expected to be seen in the third quarter of 2021.

Banks / DFIs profitability will face pressure from higher loan loss provisioning, muted revenue growth and a squeeze in net interest margins as a consequence of cumulative 625pbs cut in interest rates in 2020.

I am pleased to reaffirm that your Company's comfortable position due to robust credit monitoring, divers revenue streams, resilient deposit based funding structure and solid capital base supported by very high standard of corporate governance gives the necessary comfort that Pak Oman will maintain its leadership position amongst DFI's in 2021 and in the years to come and contribute to add value to the shareholders.

As reported earlier in 2019, Pak Oman Asset Management Company Limited (POAMCL) has successfully completed its restructuring and re-organization. With these essential steps, it is expected to provide higher returns to the shareholders’ going forward.

In the year 2020 Microfinance Industry faced tough operating conditions due to the pandemic. Pak Oman Microfinance Bank sustained losses compared to profit in 2019. In view of gradual improvement in domestic recovery and business sentiments, the performance of Pak Oman Microfinance Bank Limited is expected to improve in 2021.

Acknowledgement

I would like to express my gratitude to our stakeholders, the respective Governments of Sultanate of Oman and the Islamic Republic of Pakistan, and customers for their valuable support and cooperation & the regulatory bodies for their guidance. I also take this opportunity to convey my gratitude to my fellow Board members for their valuable contribution.

On behalf of the Board of Directors of the Company and myself, I take this opportunity to acknowledge the excellent commitment, support and dedication of the staff during extraordinary times. I feel delighted to say that we take great pride in our team, who are motivated and much focused towards a collective goal. It is a pleasure to see such diversification within the organisation. We are an equal opportunity employer and encourage people from all walks of life to apply. Pak Oman’s key strength remains its highly qualified and forward looking management, which under the able guidance of the Managing Director has created and sustained a leading position in an increasingly competitive environment.

Yahya Bin Said Bin Abdullah Al-Jabri
Chairman
Karachi: February 10, 2021

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Nineteenth Annual Report and Financial Statements of your Company, along with the Consolidated Audited Financial Statements for the year ended December 31, 2020, together with Auditors' Report thereon.

Economy

The year 2020 started with optimism that the economy of Pakistan would overcome the inherent challenges and shall initiate the process of a managed growth. Unfortunately, the unexpected COVID 19 outbreak created economic chaos in Pakistan and the world.

Pandemic continued to challenge the country throughout most of the 1st and the 2nd quarter of 2020. Encouragingly, the Government and the State Bank of Pakistan (SBP) have remained proactive and supportive to business. The former announced a massive relief package of Rs 1.2tn in an effort to support the economy (i.e. industrialization and employment) and latter undertook aggressive policy rate cuts along with facilitating relaxations to business and SME sector. SBP has reduced policy rate by 625 bps to 7% from 13.25% in the pre pandemic phase. Further, SBP has directed Banks / DFIs to simplify financial services for exporters and importers, offer deferrals in principal payments, rescheduling of loans and salary support via concessional financing to companies in order to retain workers and concessional financing to hospitals.

In comparison against the first six months of 2020, post June 30, the economic scenario of Pakistan has improved with appreciable decline in Coved-19 cases, subsequent easing of lockdowns and timely financial stimulus provided by the Federal Government and the State Bank of Pakistan.

However, economic activity would remain below pre-covid levels and will remain vulnerable to the pandemic, even though business sentiments have gradually improved.

World Bank has projected Pakistan economy to expend only by 0.5 percent in 2021. Whereas, IMF and Moodys expected Pakistan GDP to grow by 1.5 percent in 2021. However, GOP is optimistic to achieve better growth in GDP in 2021.

Further, Banks / DFIs profitability will face pressure from higher loan loss provisioning, muted revenue growth and a squeeze in net interest margins as a consequence of cumulative 625pbs cut in interest rates in 2020.

Inflation is expected to remain in the range of 7 to 9 percent in 2021.

Pakistan has initiated discussion with the IMF for resumption of ongoing loan programme which was suspended due to the pandemic. IMF has supported Pakistan during the pandemic and provided US$ 1.4 billion under its rapid finance facility.

Continuation of Government policies for stabilizing fiscal imbalances, broadening of tax base, controlling inflation, increasing FDI, restructuring / privatization of State Owned Enterprises and divert funds to more productive developments will remain major challenges in the year 2021.

Financial Highlights

As at			As at	
Dec 31, 2020	**Dec 31, 2019**		**Dec 31, 2020**	**Dec 31, 2019**
US $ in million			**Rs in million**	
8.4	4.3	Profit before taxation	1,337	682
6.1	3.2	Profit after taxation	972	504
US$ 0.0099	US$ 0.0051	Earning per Share (basic & diluted) of Rs 10/- each	Re 1.58	Re 0.82
131.0	125.3	Advances	20,935	20,024
426.8	371.5	Investments	68,217	59,376
605.7	576.1	Total Assets	96,806	92,083

Operational Review

The financial sector of Pakistan continued to face significant economic impediments. The credit appetite of the business sector also remained subdued in the year 2020.

Even under these challenging conditions, your Company's performance remained resilient.

Pak Oman's focus on customer service and key performance indicators delivered historic results.

The profit before tax increased by 96% for the year ended December 31, 2020 to Rs 1,337 million (US$ 8.4 million) from Rs 682 million (US$ 4.3 million) in 2019.

This significant growth in profit is mainly due to proactive decision making of the management specifically related to the investment portfolio in a declining interest rate scenario.

Despite sharp decline of 625 basis points in the policy rate, effective repositioning and repricing, sustained volumetric growth along with change in funding and placement mix has enabled your Company to earn net interest income of Rs 1,549 million (US $ 9.7 million) during the year ended December 31, 2020 showing a growth of 52%.

Your Company continued to actively participate as a primary dealer and successfully realized capital gains of Rs 476 million (US$ 3.0 million) primarily driven by sales of fixed income instruments compared to Rs 139 million (US$ 0.9 million) in 2019.

In these challenging times, robust risk management systems of your Company contained infection ratio at 7.1%, well above the September 2020's DFIs average of 13%.

Advance portfolio stood at Rs 20,935 million (US$ 131.0 million) compared to Rs 20,024 million (US$ 125.3 million) in 2019. Our loan growth strategy continues to focus on acquisition of quality advances and maintaining an efficient risk weighted assets profile.

Further, Investments closed at Rs 68,217 million (US$ 426.8 million) at December 31, 2020 an increase of 15% over December 31, 2019. The portfolio is well diversified across treasury bills as well as fixed and floating rate Pakistan investment bonds, term finance certificates and sukuk instrument, which will maintain the company's healthy mark-up returns and interest margins, going forward.

Due to well-planned and executed strategy, deposits of your Company grew to Rs 15,869 million (US$ 99.3 million). The Company continues to holds one of the largest deposit portfolio amongst the peer group.

As on December 31, 2020 retail deposits stood at Rs 1,662 million (US$ 10.4 million).

Company's total assets increased to Rs 96,806 million (US$ 605.7 million) compared to Rs 92,083 million (US$ 576.1 million) as at December 31, 2019, depicting a growth of 5% over the corresponding period.

Your Company's capital adequacy ratio (CAR) stood at 17.19% as of December 31, 2020, meeting the requirement of the SBP, whereas consolidated CAR stood at 17.03%, showing a well-capitalized position of the Company.

As a prudent measure Your Company has transferred Rs 300 million (US$ 1.9 million) to "Reserve" in order to create buffer for anticipated***** higher provisioning in the year 2021 and 2022 to protect against erosion of capital.
*****IMF, World Bank and Moodys projected higher non-performing loans in the year 2021 & 2022

Appropriations

The Board has recommended following appropriations:

	For the Year ended 2020	
	Rs million	***US$ million***
To Statutory Reserve	194.481	1.22
To General Reserve	300.000	1.88
Cash Dividend @ Rs 0.75 per share	461.250	2.89

Credit Rating

Your Company has been assigned a medium to long-term rating of AA+ (Double A Plus) and short-term rating of A1+ (A one Plus) by JCR-VIS Credit Rating Company Limited.

This rating indicates a superior quality of credit and strength of protection factors. The assigned rating is primarily driven by development of a sustainable profit base for the Company and its relative position amongst peer group institutions.

Corporate Governance Rating

Your Company has also been assigned a corporate governance rating of CGR-9 by JCR-VIS Credit Rating Company Limited.

The assigned rating denotes a very high level of corporate governance and is the result of adoption of best practices within the Company.

Primary Dealer of State Bank of Pakistan

Acknowledging Pak Oman’s role in the development of the primary and secondary markets for Government Bonds, the State Bank of Pakistan has reappointed Pak Oman as a Primary Dealer for the financial year 2020-2021.

Pak Oman Microfinance Bank Limited

Pak Oman Microfinance Bank Limited (POMFBL) is a nationwide microfinance bank, with its presence in the four provinces and Azad Jammu & Kashmir of Pakistan. Its sponsors are the Government of the Sultanate of Oman, LOLC (Pvt) Limited and Pak Oman Investment Company Limited. POMFBL is offering a range of micro credit and micro savings products and aspires to alleviate poverty / improves the living standards of their customers and empowers the women. It has an aim to reduce poverty through entrepreneurship by giving opportunities to small and medium entrepreneurs for the betterment of the economy as well as their well-being.

The salient features of Pak Oman Microfinance Bank's performance are:

	2020	2019
Branches	30	30
Service Centre	35	35
Borrowers as of December 31,	56,658	59,703
Disbursement for the year	Rs 2,931,541,650	Rs 2,766,398,000
Average loan size for the year	87,000	Rs 52,000
Outstanding Loans	Rs 2,519,257,627	Rs 1,978,461,406
Deposits	Rs 6,701,291	Rs 6,701,291
(Loss) / Profit Before Tax	(240,578,308)	Rs 52,549,639
(Loss) / Profit After Tax	(166,968,739)	Rs 28,692,840
(Loss) / Earnings per Share	Rs(0.723)	Rs 0.124

In the year 2020 Microfinance Industry faced tough operating conditions due to the pandemic. Pak Oman Microfinance Bank sustained losses compared to profit in 2019. In view of gradual improvement in domestic recovery and business sentiments, the performance of Pak Oman Microfinance Bank Limited is expected to improve in 2021.

Pak Oman Asset Management Company Limited

As at December 31, 2020 assets under management (AUMs) of Pak Oman Asset Management Company Limited (POAMCL) stood at Rs 7.4 billion. The Company has tangible existence across the country with retail offices in Karachi, Lahore and Islamabad. As reported earlier in 2019, Pak Oman Asset Management Company Limited (POAMCL) has successfully completed its restructuring and re-organization. With these essential steps, it is expected to provide higher returns to the shareholders' going forward.

Risk Management Framework

Our risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures alongside continuous monitoring of exposures, risks and thresholds. The policies and procedures established for this purpose are continuously updated and bench marked against best practices and regulatory guidance. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately compensated; and
- Risk should be continuously monitored and managed.

Pak Oman has implemented a regimented approach towards execution of an effective risk management framework comprising of core policies, procedures and process designs in line with the strategic direction set by the Board of Directors. Through our well-established risk governance structure and strong risk management culture, we closely manage our risks with the objective of maximizing risk-adjusted returns while remaining within our risk appetite.

Internal Control

The Directors endorsed the management's evaluation related to internal control over financial reporting and also endorsed the statement made by management relating to internal controls.

Corporate Governance & Financial Reporting

The Directors declare that:

- These financial statements, prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.

- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure from them has been appropriately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no doubts regarding the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance.

Number of board and its sub-committees meetings held and attendance by each Director:

Name	Board of Directors Meetings Held 5	Board's Executive Committee Meetings Held 5	Board's Audit Committee Meetings Held 4	Board's Remuneration & Compensation Committee Meetings Held 3	Board's Risk Committee Meetings Held 4
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	5	5	*	3	*
Mr. M. Zubair Motiwala	5	5	2**	3	4
Mr. Omar Hamid Khan	5	5	4	*	2****
H.H. Sayyid Juland Jaifar Salim Al Said	5	2***	4	3	4
Mr. Haitham Yousuf Juma Al Zadjali	5	3***	4	*	4
Mr. Bahauddin Khan	5	5	*	3	*

*Not member.

In December 2020, Government of Sultanate of Oman has nominated Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali respectively. The Company is in the process of completing regularity requirements for appointment of these changes in Board.

**w.e.f. April 09, 2020 Mr. M. Zubair Motiwala left the Board's audit committee due to re-composition of the Board's sub committees.

***w.e.f. April 09, 2020 H.H. Sayyid Juland Jaifar Salim Al Said and Mr. Haitham Yousuf Juma Al Zadjali had left and joined the Board's Executive Committee respectively due to re-composition of the Board's sub committees.

****w.e.f. April 09, 2020 Mr. Omar Hamid Khan joined the Board's risk committee due to re-composition of the Board's sub committees.

1. **Corporate Governance culture and standards followed by the Pak Oman, the governance values aspires for and steps taken to achieve them.**

   Pak Oman Investment Company Limited views high standards of corporate governance as a critical component for its long term success and for the economic health and stability of the market in Pakistan. As part of the Company's approach to corporate governance, the Board also fully recognizes that the success of the company ultimately depends upon the capacity of Directors to provide the vision and direction needed not only to survive but to develop and prosper. The Board endeavoured to maintain and strengthen the high level of corporate governance, continuously improving corporate transparency, ensuring the healthy development of the company and endeavouring to enhance corporate values.

The board performs its statutory roles and fulfils its objectives by ensuring that the company has a competitive leadership and an effective executive management. The board then establishes significant policies/frameworks and the code of conduct and delegates the authorities and responsibilities down the line for the company's smooth operations.

2. Process of nomination and selection of Board members (including executive directors)

a. Process of appointment and nomination of Directors.

Pak Oman has two directors and the Chairman nominated by the (ministry of Finance) Government of Sultanate of Oman while two directors and the Managing Director are nominated by the (ministry of Finance) Government of Pakistan. These nomination letters confirm the appointment of the respective Director on the board of Pak Oman.

b. Profile of each of the director

H.E. Yahya Bin Said Bin Abdullah Al-Jabri
Chairman of the Special Economic Zone at Duqm, Sultanate of Oman

His Excellency Yahya Bin Said Bin Abdullah Al-Jabri has vast experience of global corporate & investment banking with academic qualifications from prestigious American schools including the Kellogg School of Management, Harvard Business School and Darden University wherein, he attained degrees in advanced Management programs.

He holds senior positions in Oman's leading business & financial sectors such as being a member of the Board of Governance at the Central Bank of Oman, a Board member of the Oman Investment Fund, Chairman of Pak Oman Investment Company Limited and Chairman of the Capital Market Authority.

Earlier in his career, Excellency also represented Oman International Bank (Former) in the capacity of General Manager, where he was responsible for the complete operational aspect of the Bank which comprised of 81 local and 4 overseas branches in India & Pakistan.

On June 1999, he was appointed as the Executive President of the Capital

Market Authority which is a regulatory entity entrusted with the function of upgrading the efficiency of the capital market, regulating its operations and establishing the rules of professional conduct among the participants of the securities market which would help protect investors from unsound and unfair practices in the interest of the national economy.

He is also currently a member of the Hawkamah Institute for Corporate Governance.

On the 30th of October 2011 H.E. has been appointed as the Chairman of Duqm Special Economic Zone Authority which is taking shape in a strategic location at the northern Al Wusta Governorate. This is a giant project which is part of the government's efforts to accelerate the growth rate and maintain sustainable economic and social development aimed at diversification of resources particularly on areas like foreign trade, investment, tourism and fisheries and creation of new job opportunities for Omanis.

Mr. Haitham Yousuf Juma Al Zadjali
Director of Program and Performance and GFMIS Project Director

Mr. Haitham Yousuf Juma Al Zadjali has 17 years of proficient experience in managing various projects as directed by the Ministry of Finance-Sultanate of Oman. He has extensive experience in the fields of Actuarial Valuation, Project Management, Change Management, Business implementation, Human Resource Management, Financial Systems Management.

In addition, he is also a member of the Board of Directors of Oman Liquefied Natural Gas LLC (Oman LNG), Oman Logistic Company and Pak Oman Microfinance Bank Limited.

Mr. Bahauddin Khan
Managing Director & CEO

Mr. Bahauddin Khan has 35 years of Banking experience in both Multinational and local banks. He commenced his career with Standard Chartered Bank and has been associated with Deutsche Bank, Union Bank and UBL in senior positions. He joined Pak Oman Investment Company Limited from Bank Al Falah where he was serving as Chief Operating Officer.

A Master in Business Administration, Mr. Khan comes with a diverse enterprise background possessing strong Operations and Technology acumen. His proven proficiency includes all areas of Operations, Compliance, Information Technology, Trade Finance and Treasury along with broad spectrum expertise in other support services.

Mr. Bahauddin Khan is a Director of Pak Oman Microfinance Bank and Chairman of its Advisory Committee and a Director of Pak Oman Asset Management Company Limited.

Beside the above he is also nominee Director of Oman Oil Company on the Board of Orient Power Company Limited, a 212 MW IPP located at Balloki, Punjab.

Mr. M. Zubair Motiwala
Director - Pak Oman Investment Company Limited

Mr. Muhammad Zubair Motiwala is a prominent industrialist and has played an outstanding role in strengthening the national economy by promoting industrialization. He has served the business community in various capacities as one of the leading representatives from the industrial sector.

He remained Advisor to Chief Minister Sindh on Investment from January 2009 to July 2011 and Chairman Sindh Board of Investment from July 2011 till October 2013.

He carries the honor to be elected as the Chairman of All Pakistan Textile Processing Mills Association (Central). In 1996 Zubair was taken as the member of Prime Minister's Committee on Textile and Exports.

In 1996-97, he was elected as the Chairman of SITE Association of Industry. He also served the industrial sector as the Chairman of the Council of Karachi Industrial Associations during 1997-98 and was elected as President Karachi Chamber of Commerce & Industry in 2000.

He has been the Director on the boards of various public and private organization which include Workers Welfare Funds Islamabad, Karachi Electric Supply Corporation, Karachi Water and Sewerage Board, Sindh Industrial Trading Estate (SITE), Export Processing Zone Authority, IBA Karachi, Ziauddin Medical University, National Bank of Pakistan, College of Business Management, Hamdard University, Sir Syed University of Engineering, Benazir Bhutto Shaheed Youths Development Programme & Technology and Baqai Medical College Hospital. Mr. Motiwala is on the advisory board of IT and Telecom Division, Ministry of Science & Technology, Government of Pakistan, and Federal Tax Ombudsman.

In November 2009, Mr. Zubair Motiwala was nominated as the Board of Directors of “Sindh Public Procurement Regulatory Authority (SPPRA).In February 2010 he was chosen as a Chairman of Steering committee for Investment Promotion in Sindh.

He led several Pakistan trade delegations abroad; in recognition of his leadership skills and business acumen has been appointed as the Honorary Consul General of the Republic of Burundi.

H.H. Sayyid Juland Jaifar Salim Al Said
Manager – Risk Management State General Reserve Fund – Sultanate of Oman

H.H. Juland Jaifar Al Said has over 12 years of experience working at the State General Reserve Fund (SGRF), the largest sovereign wealth fund of Oman in the areas of private equity and real estate direct investment. He currently manages the Private Markets investment risk division and played a significant role in the establishment of the Risk and Compliance function at SGRF in 2013, promoting a risk based approach to investment decisions and embedding global risk standards to the investment process of the fund.

Mr. Omar Hamid Khan
Special Secretary Finance- Ministry of Finance Pakistan

Mr. Omar Hamid Khan is presently serving the Ministry of National Food Security & Research. He has versatile experience in Public Development, Policy Formulation, Strategic Management and Implementation at federal/ executive7 levels being a career civil servant. He also served as Secretary Benazir Income Support Program (October 17 – 28, January, 2019), Additional Finance Secretary (Expenditure) in the Finance Division, Additional Secretary, Economic Affairs Division, Senior Joint Secretary/Spokesman in Ministry of Interior, Senior Joint Secretary in the Cabinet Division, Joint Secretary/Principal Staff Officer to the Principal Secretary to Prime Minister, including various stints as Deputy Secretary Prime Minister’s Secretariat, Establishment Division and Deputy Director Federal Investigation Agency. He has officially travelled in China, Mexico, Brazil, Nepal, USA, UK, France, Spain, Switzerland and Thailand.

Mr. Khan is a MSc. (Zool) from the University of Punjab; with Post Graduate 1 year Diploma in International Relations. He is also a graduate of National Defence University (National Security Course 2010-11) as well as Senior Management Course (2nd SMC) from National School of Public Policy.

c. Details of Membership on the Board(s) of other companies

Table – 1

Disclosure on Board of Directors

Sr. No.	**Name of Directors**	**Date of Joining / Leaving the Board**	**Status of Director (Independent, Non-Executive, Executive)***	**Member of Board Committees**	**Number of other Board Memberships along with name of company(ies)**
1	H.E. Yahya Bin Said Bin Abdullah Al-	1/8/2001	Non-Executive Director	1. Executive Committee 2. Remuneration & Compensation Committee	1. Pak Oman Microfinance Bank Limited 2. Pak Oman Asset Management Company
2	Mr. Muhammad Zubair Motiwala	27/10/2007	Non-Executive Director	1. Audit Committee 2. Executive Committee 3. Remuneration & Compensation Committee 4. Risk Committee	1. K- Electric Ismail Industries Limited 2. Diamond Textild Mills (Pvt.) Limited
3	Mr. Omar Hamid	19/4/2019	Non-Executive Director	1. Audit Committee 2. Executive Committee 3. Risk Committee	1. Fisheries Development Board 2. PASSCO Board Livestock Development Board
4	Mr. Haitham Yousuf Juma Al Zadjali	3/8/2018	Non-Executive Director	1. Audit Committee 2. Risk Committee 3. Executive Committee	1. Pak Oman Microfinance Bank Limited 2. Oman LNG, Sultanate of Oman

5	H.H. Sayyid Juland Jaifar Salim Al Said	12/28/2016	Non-Executive Director	1. Audit Committee 2. Risk Committee 3. Executive Committee 4. Remuneration & Compensation Committee	1. Pak Oman Microfinance Bank Limited
6	Mr. Bahauddin Khan	1/10/2015	Executive Director	1. Executive Committee 2. Remuneration & Compensation Committee	3. Pak Oman Microfinance Bank Limited 4. Pak Oman Asset Management Company limited 5. Orient Power Company Limited
*** As defined in Prudential Regulations for Corporate & Commercial Banking**					

d. The Institutions having Shariah Board shall also disclose the details mentioned in (a), (b) and (c) above, for all the members of Shariah Board.

N/A

3. Detailed separate disclosure for each of the Board Committees (containing, at the minimum, following information)

a. Composition and membership of each of the Board Committees; Number of Board and Committee meetings held during the year and attended by each member of the Board and Committees.

Name	Board of Directors Meetings Held 5	Board's Executive Committee Meetings Held 5	Board's Audit Committee Meetings Held 4	Board's Remuneration & Compensation Committee Meetings Held 3	Board's Risk Committee Meetings Held 4
H.E. Yahya Bin Said Bin Abdullah Al-Jabri	5	5	*	3	*
Mr. M. Zubair Motiwala	5	5	2**	3	4
Mr. Omar Hamid Khan	5	5	4	*	2****
H.H. Sayyid Juland Jaifar Salim Al Said	5	2***	4	3	4
Mr. Haitham Yousuf Juma Al Zadjali	5	3***	4	*	4
Mr. Bahauddin Khan	5	5	*	3	*

*Not member.

In December 2020, Government of Sultanate of Oman has nominated Mr. Ayham Abdul Aziz Abdul Qadar Al Ghassani and Mr. Faisal Ali Ibrahim Al Siyabi in place of H.E. Yahya Bin Said Bin Abdullah Al-Jabri and Mr. Haitham Yousuf Juma Al Zadjali respectively. The Company is in the process of completing regularity requirements for appointment of these changes in Board.
**w.e.f. April 09, 2020 Mr. M. Zubair Motiwala left the Board's audit committee due to re-composition of the Board's sub committees.
***w.e.f. April 09, 2020 H.H. Sayyid Juland Jaifar Salim Al Said and Mr. Haitham Yousuf Juma Al Zadjali had left and joined the Board's Executive Committee respectively due to re-composition of the Board's sub committees.
****w.e.f. April 09, 2020 Mr. Omar Hamid Khan joined the Board's risk committee due to re-composition of the Board's sub committees.

b. TORs of Board committees

Annexure "A"

c. Key achievements of Board Committees during the year that institution may like to highlight

- During the year 2020, 04 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held to provide an oversight of risk management function including risk management policies, procedures and practices relating to the management of credit, financial, liquidity, market, operational and other types of risk faced by the institution. BRMC regularly reviews risk management performance relative to current and potential future risk exposures of the institution and future risk strategy, including approval of risk appetite and tolerance.

  The Committee ensures that an organizational culture that places a high priority required for effective risk management is established by promoting a risk awareness culture. Besides maintaining regular oversight about implementation of IFRS-9 as per the regulatory requirements; it also validates that resources allocated to risk management are adequate given the size, nature and volume of the business and have sufficient knowledge and expertise. The Committee also monitors the development of appropriate financial models and the system used to calculate each category of risk and ensures that overall exposure to Credit, Market, Liquidity and Operational Risk is maintained at prudent levels and consistent with the available capital under rigorous stress tests.

- The Audit Committee met four times in 2020. The Audit Committee supported the company, in monitoring the financial reporting process and was instrumental in appropriate presentation of the Annual Financial Statements, Consolidated Financial Statements, and the interim reports as well as the Annual Report. Within the context of the financial reporting process, it supported the company in monitoring the implementation of the new International Financial Reporting Standard 9 as well as the recognition of provisions. The Audit Committee also dealt with the valuation of various departments of the company. The Audit Committee was kept up-to-date on the work of the Internal Audit Department, its audit plan and its resources. The committee addressed measures taken by the Management to remediate deficiencies identified by the Internal Auditor, External Auditor and the Regulatory Authorities. It also regularly received updates on the status and progress in this context and in the remediation of findings. On Management's request the mandate for external audit was issued to E&Y – Charetered Accountants, as the independent auditor and, with the recommendation of the Audit Committee, set the amount of the auditor’s remuneration.

- The Remuneration & Compensation Committee met three times in 2020. It monitored the appropriate structuring of the compensation systems for the Board, Management, and employees, along with the compensation for the heads of control functions and material risk-takers. It also dealt with the Compensation Report, which concluded the company's compensation system is appropriately structured and is as per the requirements of the law. The RCC concurred with this assessment.

- The Executive Committee met 5 times in 2020.

d. TORs of Shariah Board, number of meetings held and attended by each member. (for institutions required to have Shariah Board)

N/A

4. Disclosure related to appointment and scope of work of external expert(s) (if any) for formulation and implementation of remuneration policy and Assessment of Board performance. The Chairman to certify that the experts hired are independent and no conflict of interest exists with any Board member or any key executive.

The board has a process in place to evaluate and enhance the overall effectiveness of the Board, its committees and individual directors (including the MD) on an annual basis by the SECP approved PICG. The services of the external consultant are engaged to facilitate the Board's annual performance evaluation. The process begins with the design of a set of surveys which are tailored to be specific circumstances of the company and comprises of a mix of questions. All board members are required to complete the surveys online and the anonymity of the respondents is ensured throughout the process in order to promote an open and casual exchange of views. The consolidated results are shared by PICG with the Chairman who then presents the same at the board meeting. The outcome of the meeting is collated and forms the basis of the action plan which is agreed by the Board for implementation. The remuneration policy is in the process of being developed in-house as per the guidelines of the State bank of Pakistan.

Compensation Governance

Pak Oman Investment Company Limited has a robust governance structure enabling it to operate within the clear parameters of the Compensation Strategy and the Compensation Policies. The Board of Directors governs the compensation of the CEO and other Key Executives, while the CEO oversees compensation matters for all other employees in the

Company. Both the Board of Directors and the CEO are supported by specific committees and functions, in particular, the Remuneration and Compensation Committee and the Internal HR Committee respectively.

In line with their responsibilities, the company's control functions are involved in the design and application of the company's remuneration systems, in the identification of MRTs, and in determining the total amount of VC. This includes assessing the impact of employees' behaviour and business-related risks, performance criteria, etc.

Remuneration & Compensation Committee (RCC)

The Board of Directors has set up the RCC to support in establishing and monitoring the structure of the compensation system for the CEO of Pak Oman Investment Company Limited, considering, in particular, the effects on the risks and risk management following the regulator. Furthermore, the RCC monitors the appropriateness of the compensation system for the employees of Pak Oman Investment Company Limited, as established by the CEO & IHRC. The RCC checks regularly whether the total amount of variable compensation is affordable and set under the regulatory criteria. Furthermore, the RCC supports the Board of Directors in monitoring the MRT identification process and whether the internal control functions and the other relevant areas are properly involved in the structuring of the compensation systems.

The RCC consists of the Chairperson of the Board of Directors and three further Board Members including the CEO. The Committee held three meetings in the calendar year 2020. In October & December, two members of the Board's Audit Committee attended the Remuneration & Compensation Committee meeting as guests.

COMPENSATION POLICY

Compensation Philosophy

Compensation plays an integral role in the successful delivery of POICL's strategic objectives. Attracting and retaining the most capable employees is central to our compensation strategy. The cornerstone of this is the concept of pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values. As we seek to align compensation to evolving internal and external expectations, reward structures are reviewed, and enhanced as needed, regularly.

Compensation Structure

The policy is driven primarily by a performance-based culture that aligns employee interests with those of the Company. The aim is to provide a competitive level of compensation to attract and retain qualified and competent employees. The total compensation paid to all the employees will comprise of Fixed and Variable components.

1. Fixed Compensation

Fixed remuneration is that part of the compensation which remains unaffected by the performance of the institution or individual employee. It includes items such as base pay, allowances, and monitory value of other benefits, etc. that are part of the total compensation package of individual employee

2. Variable Compensation

Variable remuneration is that part of the total compensation package of an employee that is linked with some pre-determined measure of performance/target achievement or profitability etc. The variable component of remuneration means cash bonuses, stock bonuses, awards, other incentive pays or allowances, etc.

The variable compensation of the employees is subject to the allocation of funds in the bonus pool as approved by the Board.

The variable compensation of MRTs and MRCs of the Company is subject to appropriate risk adjustments, intending to limit performance-based variable compensation for excessive risk-taking.

Risk Based Compensation for MRTs and MRCs

The variable compensation of MRTs and MRCs is devised based on the following steps:

A. Risk Profiling;
B. Risk Takers and Risk Controllers;
C. Materiality Assessment;
D. Performance Appraisal; and
E. Risk Adjustment.

A. Risk Profiling

In establishing a risk-based compensation, the basis is an assessment of POIC's risk profile and its risk appetite. Risk adjustments are designed to reflect the risk appetite of the Company. This assessment takes into account all material risks and differentiates between risks which affect the Company as a whole and those that affect individual business lines. It identifies the risk characteristics of POIC's main business lines and the risk tolerance limits for smooth operations.

POIC encourage and dissuade employees from taking actions outside POIC risk appetite/ tolerance.

B. Risk Takers (RTs) and Risk Controllers (RCs)

Head HR&A in consultation with Head Risk Management identifies and reviews the functions/employees as Risk Takers and Risk Controllers annually. The classification is conducted on the below criteria:

Risk-taker is a function/employee of POIC who takes, or is willing to take, the risk that may result in financial losses as circumstances may change, but might also present an opportunity for a rewarding outcome for POIC.

Risk Controller is a function/employee of POIC positioned to proactively identify risks associated with the business of POIC and may advise the mitigation thereof.

RC should be independent of the business and support units it monitors and controls.

Others include all those departments/employees of POIC which are not classified as Risk Takers or Risk Controllers.

C. Materiality Assessment

All the identified RTs and RCs do not necessarily have a material impact on the risk profile of POIC. Therefore, the impact of materiality on the company's risk profile is assessed and MRTs / MRCs are approved by the board accordingly.

According to the size, nature, and complexities of POIC's operations, the following criteria are taken into account to identify MRTs and MRCs:

Criteria for Material Risk Takers:

- Managing Director(MD) / Chief Executive Officer(CEO) or any other equivalent position or MD/CEO of fully owned local subsidiaries;
- Member of senior management who are categorized as RTs i.e. direct report to the MD/CEO or any other equivalent position;
- Country Head(s) of the overseas branch(es) / operations unless the related branch/operation is subject to similar remuneration regulations in the host country;
- All Material Business Unit heads managing aggregate assets, in their respective business lines which represents 2% of tier 1 capital;
- The staff member has managerial responsibility in the *Critical Function* as determined by Board Remuneration & Compensation Committee (BRCC) and directly reports to the Head of that Critical Function;
- Concerning credit risk transactions, employee:

a. is responsible for proposing credit proposals, or structuring credit products; or
b. has the authority to take or approve a decision on such credit risk exposures; or
c. is a member of a Credit committee or any other committee which has the authority to take the decisions referred to in point (a) or (b); of a nominal amount per transaction which represents 0.7% of tier 1 capital;

- Concerning the treasury portfolio, the employee is the head of a treasury desk, including the money market, equities or is a direct report to such head. This will not include dealers without the authority to undertake positions on their own; and
- Concerning decisions to approve the introduction of new products subjecting the bank to significant risks, the employee:

a. has the authority to take such decisions; or
b. is a member of an ALCO committee or any other committee which has the authority to take such decisions.

Criteria for Material Risk Controllers:

- The staff member is responsible for, or is a member of, a committee responsible for risk management or accountable for the activities of the independent risk management function, compliance function, and internal audit function; and
- The staff member heads a function responsible for legal affairs, finance including taxation and budgeting, human resource, information technology, etc.

D. Performance Appraisal

POIC promotes a sound dynamic performance-based compensation system as a means for achieving long-term success and encourages performance and the right behaviour.

Performance Evaluation Matrix (PEM) for MRTs and MRCs is developed in line with the Company strategy, their job roles and responsibilities, and risk-taking behaviour. The development of KPIs is followed as per the defined procedures mentioned in the Annual Evaluation.

Performance appraisal impacts the performance bonuses, annual increment and/or promotion of the employees enabling a performance-based compensation system.

E. Risk Adjustments

A risk-adjusted compensation mechanism for MRTs and MRCs is developed to limit performance-based variable compensation for excessive risk-taking. An incentive to take risk is constrained by incentives to manage risk. The best way to achieve this outcome is to vary performance-based variable compensation according to risks taken (ex-ante) and risks realized (ex-post).

- **Ex-ante** - by adjusting remuneration for risk as it is accrued and awarded, to take into account potential adverse developments in the future; or
- **Ex post** - by adjusting accrued remuneration during (e.g. through a malus clause) a deferral period in the light of experience and observations of risk and performance outcome made.

The mechanism establishes a relationship between employees' compensation structure and their risk-taking behaviour and leverages a balance between fixed and variable components to ensure the levels of compensation are appropriately balanced between fixed, short- and long-term variable compensation.

The actual variable pay-out depends upon the performance appraisal subject to risk adjustments to influence the risk-taking behaviour of MRTs and MRCs. However, it can vary for each category of employee. The variable compensation is flexible and can even be reduced to zero depending upon the achievement of objectives and performance. The Board reserves the power to accord the bonuses (variable pay) of employees.

To align risk and compensation, MRTs and MRCs variable compensation shall subject to the following risk adjustments.

A. Deferment

The performance bonus of MRTs and MRCs will subject to deferment to reflect the time horizon during which risks are likely to materialize and the results of poor performance, poor risk management, or misconduct identified.

The performance bonus of MRTs and MRCs will subject to deferment base on the below criteria:

Rating/ Scoring	Performance Category	Performance Description with respect to risk adjustment	Basis of Deferment	Deferment Outcome
A	Exceptional	Significantly and consistently exceeds standards and expectations	VC up to 70% of FC	No
			VC is greater than 70% of FC	Yes
B	Exceed Expectations	Consistently exceeds standards and expectations	VC up to 60% of FC	No
			VC is greater than 60% of FC	Yes
C	Meet Expectations	Meets standards and expectations	VC up to 50% of FC	No
			VC is greater than 50% of FC	Yes
D	Below Expectations	Does not meet standards and expectations	Employee shall not be eligible for variable compensation	
E	Unsatisfactory	Significantly below standard and expectations		

As per the aforementioned scenarios, the deferred performance bonus shall be paid on pro-rata, through yearly instalments over the deferment period of three years and one year for MRTs and MRCs respectively, while the remaining performance bonus shall be paid upfront in the form of cash.

Upfront cash	It shall be awarded and paid out in cash on conclusion of the performance evaluation process for each year.
Deferred cash	It shall be awarded and paid in cash on a pro-rata basis over a period of one or three year(s) as applicable

Deferral Arrangements

Variable compensation of MRTs & MRCs categorized in A category shall as follows:

Components of Variable Compensation	Deferral	Deferral Period		Malus
Upfront cash	Amount of VC up to 70% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 70% of FC	3 years	MRT	Yes
		1 year	MRC	

Variable compensation of MRTs & MRCs categorized in B category shall as follows:

Components of Variable Compensation	Deferral	Deferral Period		Malus
Upfront cash	Amount of VC up to 60% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 60% of FC	3 years	MRT	Yes
		1 year	MRC	

Variable compensation of MRTs & MRCs categorized in C category shall as follows:

Components of Variable Compensation	Deferral	Deferral Period		Malus
Upfront cash	Amount of VC up to 50% of FC	Immediate		-
Deferred cash	Amount of VC exceeding 50% of FC	3 years	MRT	Yes
		1 year	MRC	

B. Malus

Malus allows cancellation/reduction of unvested variable compensation under certain circumstances. The compensation will subject to malus provision if a reasonable evidence of wilful misbehaviour, material error, negligence or incompetence of the employee causing the Company/ business unit to suffer material loss in its financial performance, material misstatement of the Company's financial performance, material risk management failure or reputational loss or risk during the concerned performance year.

In addition, the Board reserves the right to cancel (while respecting labor laws and regulation) the disbursement of sums accrued in the past in case of:

- Significant capitalization problems for the Company; and
- Materialization of significant risks generated in the years when bonuses had been accrued.

The deferred bonus pool may be managed using either of the following schemes/options with detailed analysis of all the related aspects:

- Management of deferred bonus pool within the Company; and/or
- Setting up of a new scheme along with a management function and governance mechanism for such deferred bonus pools.

Compensation for Non- Executive Directors (NEDs)

Non-Executive Directors (NEDs) are compensated transparently and measurably linking their compensation with the actual number of board and/or committee meetings attended by an individual director. NED's compensation does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or retirement benefits.

Employee Stock Option Scheme (ESOS)

The company does not offer any ESOS.

Statement of Investments of Provident & Gratuity funds

Investments of Provident & Gratuity funds as at December 31, 2020 according to their un-audited financial statements were Rs 251 million and Rs 162 million respectively.

Auditors

The present Auditors, M/s EY Ford Rhodes & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Board of Directors, on the recommendation of the Audit Committee, recommended the appointment of M/s EY Ford Rhodes & Co. Chartered Accountants, as auditors of the Company for the year ending December 31, 2021 for consideration and approval at the Annual General Meeting.

Pattern of Shareholding

Government of Pakistan:	Ministry of Finance	49.99%
	Secretary - Economic Affairs Division	0.01%
Sultanate of Oman:	Ministry of Finance	49.99%
	Ministry of Commerce & Industry	0.01%

Acknowledgements

Sponsors

The Board is grateful to the respective Governments of Sultanate of Oman and the Islamic Republic of Pakistan for their commitment and support to the Company.

Regulators

The Board also takes this opportunity to express its gratitude to the State Bank of Pakistan for its continued guidance and support. In these unprecedented times, it have stepped up with policies and measures that are prudent, and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrating and soundness of the banking industry.

Management

The Board is pleased to extend its appreciation to the management and employees for their exemplary hard work, passion and relentless dedication, even in times of hardship. The Board also acknowledges the staff for their exceptional efforts in positioning the Company as a strong player in the financial sector. This is the result of collective team work, commitment and dedication towards achieving the Company's objectives.

Bahauddin Khan
Managing Director
& Chief Executive

Yahya Bin Said Bin Abdullah Al-Jabri
Chairman

Karachi: February 10, 2021

Annexure "A"

TERMS OF REFERENCE
EXECUTIVE COMMITTEE

COMPOSITION:
The Committee will be comprised of following directors:

• H.E. Yahya Bin Said Bin Abdullah Al-Jabri	Chairman
• Mr. Muhammad Zubair Motiwala	Member
• Mr. Omar Hamid Khan	Member
• Mr. Haitham Yousuf Juma Al Zadjali	Member
• Mr. Bahauddin Khan	Member

Member(s) who may not be able to attend may give a proxy in favour of other member of the same committee. In absence of any Member another director will be co-opted into the Committee.

QUORUM:

Meeting:	Three Committee Members.
Decision Making:	Simple Majority

MEETINGS:
Meeting shall be held as appropriate but at least with each Board Meeting.

SECRETARY:

The Company Secretary will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

TERMS OF REFERENCE:

The Board of Directors may from time to time, delegate all or part of its powers to an Executive Committee upon such terms and conditions as it may deem fit and shall have

the right at its sole discretion to revoke, withdraw or vary such powers. All decisions of the Executive Committee are ratified in the following Board Meeting. Any and all proposals can also be sent to, and approved by the Executive Committee Members through circulation, via simple majority. Furthermore, if a proposal has been sent by circulation to the Members and a response has not been given by two weeks, the proposal will be deemed to have been accepted by the said Member(s).
The powers delegated to the Executive Committee by the Board of Directors are detailed as follows:

(i) to review and approve all business proposals (funded or non-funded) above Rs 350 million, including
   a. credit &
   b. investments in shares, and mutual funds

(ii) To review and approve lines/ limit of over Rs. 350 million
   a. Banks
   b. Financial institutions
   c. Other corporate entities

   For treasury and capital market transactions;

(iii) To review and approve overall limit of Capital Market Operations including lending under CFS;

(iv) to review and approve overall limit of debt instruments but not limited to Term Finance Certificates, Mutual Funds, Commercial Papers and /or Sukuk Certificates;

(v) To review and approve minimum rating for investment in Term Finance Certificates, Mutual Funds, Commercial Papers and/or Sukuk Certificates;

(vi) To decide upon the cases of rescheduling and waiver of penal interest in respect of the financial projects;

(vii) To decide upon the case of write-off for final recommendation to the Board

(viii) To consider any other issue advised by the Board.

Any and all proposals can also be sent to, and approved by the Executive Committee Members through circulation.

TERMS OF REFERENCE
AUDIT COMMITTEE
(AUDIT COMMITTEE CHARTER)

Objective

The objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities related to financial reporting practices, quality and integrity of financial reports, internal control environment, regulatory compliance, risk management, governance and business Ethics.

Composition
The committee will be comprised of the following directors:

• Mr. Haitham Yousuf Juma Al Zadjali	Chairman
• Mr. Omar Hamid Khan	Member
• H.H. Juland Jaifar Salim Al-Said	Member

The Managing Director can be invited to the committee meeting (as and when required).

QUORUM:

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

Frequency of meetings; Frequency & mechanism of reporting to Board. (MEETINGS)

Meetings shall be held as appropriate but not less than four times a year. Synopsis of the proceedings of Audit Committee Meeting shall be presented by the Chairman Audit Committee to the Board including comments on significant matters identified by Internal Audit function along with quarterly, half- yearly and annual financial statements of the Company prior to their approval by the Board of Directors.

Frequency of review of ACC & Mechanism of Performance Evaluation of ACC

The Board shall, on an annual basis, review the performance & effectiveness of BAC against the roles & responsibilities set forth in the charter through its Board Evaluation which is done annually (in-house/PICG)

SECRETARY

The Company Secretary will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

Authority

BAC shall have complete authority & independence to perform its roles & responsibilities by either utilizing internal or external resources (if need arises).

Frequency & channel of communication with management.

BAC in order to discharge its role and responsibilities may direct and requisite any information, whenever required, either through the Secretary of the Committee or Chief Internal Auditor or directly from the management.

Roles & Responsibilities (TERMS OF REFERENCE)

The Terms and Reference of the Audit Committee shall include the following:

I. The BAC shall regularly receive and review the summary of significant violations/observations, internal and external frauds, internal control deficiencies, organizational and personal material conflicts of interest as identified during the audit activities along with follow-up actions taken by management to ensure that audit observations/recommendations receive proper and timely attention by senior management through time bound action points/indicators to monitor improvements.

II. Review of quarterly, half- yearly and annual financial statements of the Company prior to their approval by the Board of Directors. The review will focus on:

   a. Major judgemental areas;
   b. Significant adjustments resulting from the audit;
   c. The going-concern assumption;
   d. Any changes in accounting policies and practices;
   e. Compliance with applicable accounting standards; and
   f. Compliance with listing regulations and other statutory and regulatory requirements

III. Review of preliminary announcements of results prior to publication;

IV. Review of the company’s statement on internal control systems prior to endorsement by the Board of Directors;

V. Facilitating the external audit and discussion with external auditors regarding major observations arising from interim and final audits and any matter that the auditor may wish to highlight;

VI. Review of management letter issued by the external auditors and management's response thereto;

VII. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

VIII. Monitoring compliance with the best practices of corporate governance and identification of significant variation thereof;

IX. Determination of compliance with relevant statutory requirements

X. Responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision of any service to the Company in addition to audit of its financial statements;

XI. Review of the scope and extent of internal audit and ensuring that the internal audit function is independent has no restrictions on access to people, information, processes, properties, records, and systems to perform their audit activities with objectivity.

XII. The BAC/board shall approve budget for IAF and adequate resources; that is sufficient to carry out the planned audit activities which shall be periodically reviewed against its status and if required provide additional resources (financial, human, operational, physical, technological and necessary trainings) to IAF to perform its activities.

XIII. The BAC shall review and approve 'Internal Audit Charter' (IAC) and annual 'Risk Based Audit Plan' (RBAP) as and when required.

XIV. BAC shall review 'Internal Audit Strategy' (IAS) and recommend approval by the board.

XV. BAC shall approve the appointment/re-hiring/renewal of contract and removal of CIA; and approve other terms of employment including his/her remuneration, allied benefits, promotion/demotion and determination of any performance-based bonuses, increments, cash awards or other financial and non-financial benefits.

XVI. The BAC shall approve 'Key Performance Indicators' (KPIs) for CIA and shall evaluate his/her performance against set KPIs on annual basis.

XVII. The BAC should ensure independence of any investigations/disciplinary actions against CIA & internal auditors.

XVIII. The BAC shall annually obtain from CIA an independent assessment/opinion on the state of FI's internal controls based on the audits conducted over the period.

XIX. Report to board any significant matters identified by IAF/external auditors that warrant board's immediate attention.

XX. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive to consider remittance of any matter to external auditor and to any other external body.

XXI. Review effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance & risk management practices, controls over financial reporting, auditing practices etc.

XXII. The BAC must ensure that such concerns are treated confidentially and that the reporting employee(s) are protected and not penalized in any manner whatsoever.

XXIII. Consideration of any other issue or matter as may be assigned by the Board of Directors

TERMS OF REFERENCE
REMUNERATION & COMPENSATION COMMITTEE

TITLE
The Committee is known as the Remuneration & Compensation Committee

COMPOSITION

The Committee is comprised of the following:

• H.E. Yahya Bin Said Bin Abdullah	Chairman
• Mr. Mohammad Zubair Motiwala	Member
• H.H Juland Jaifar Salim Al Said	Member

The Managing Director can be invited to the committee meeting (as and when required).

MEETINGS

Meeting shall be held as appropriate, but not less than once a year.

QUORUM

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

SECRETARY

The Company Secretary will be the Secretary of the Committee. The Secretary is responsible for drawing up the agenda and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

In the absence of the Secretary the Chairman of the Committee may nominate a Secretary for the given period.

AUTHORITY & DUTIES

1. To ratify the appointments, compensation of Heads of Departments except DMD COO, CFO, Company Secretary and Head Internal Audit, as recommended by the Managing Director.

2. To recommend to the Board the selection, evaluation, compensation DMD, COO, CFO, Company Secretary and Head of Internal Audit.

3. To review and approve the terminations, promotions, salary increments and other benefits of Departmental Heads as recommended by the Managing Director.

4. To review (and approve) the annual evaluation reports of the departmental heads as recommended by the Managing Director.

5. To review and recommend to the Board of Directors, the performance bonuses payment criteria for the departmental heads, executives and other employees of the Company.

6. To review and recommend to the Board any changes in the HR Policy Manual & Employee Service Rules of the Company.

7. To periodically review and recommend to the BOD enhancements in the salary, allowances and perquisites of the MD including performance bonus.

8. To review and recommend to the Board any changes to the directors' fees.

9. To consider any other issues, topics, as defined by the Board.

The Committee is authorized by the Board to obtain outside Human Resource, legal or other independent professional advice if considered necessary.

TERMS OF REFERENCE
BOARD RISK MANAGEMENT COMMITTEE

COMPOSITION:
The Committee will be comprised of following directors:

• Mr. Muhammad Zubair Motiwala	Chairman
• Mr. Haitham Yousuf Juma Al Zadjali	Member
• His Highness Juland Jaifar Salim Al Said	Member
• Mr. Omar Hamid Khan	Member

The Managing Director can be invited to the committee meeting (as and when required).

In absence of the Chairman, the committee will be chaired by a member of the committee nominated by the Chairman.

QUORUM:

Meeting:	Two Committee Members.
Decision Making:	Simple Majority

MEETINGS:
Meeting shall be held at least once every quarter with each Board Meeting.

SECRETARY:

The Head Risk Management will be the Secretary to the Committee. The Secretary is responsible for drawing up the agenda for the meetings and circulating it, and providing required supporting documentation to Committee members, prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee, and circulating them amongst members of the Committee.

TERMS OF REFERENCE:

The powers delegated to the Risk Management Committee by the Board of Directors are detailed as follows:

<u>Authorities and Responsibilities</u>

General:
The Committee shall be responsible for establishing and maintaining a risk management framework with an enterprise wide approach built to identify and prioritize risks and to

evaluate the alignment and effectiveness of risk management activities. In achieving these objectives the functions of the Committee include, but these are not limited to the following:

- Reviewing the Company wide strategy from risk perspective and ensuring that it is prepared in accordance with Company's policies and regulatory requirements.
- Recommending the Company's overall risk appetite as well as risk tolerance in relation to credit, market, liquidity and operational activities.
- Reviewing periodically the credit risk management and other policies and making appropriate changes to keep them in line with any development and environmental changes. However, in the absence of any such circumstances it is expected that the committee shall re-evaluate these policies at least once in three years.
- Reviewing / revising new product / program of lending / investment and or new line of business and recommending them to the Board.
- Reviewing the Company's desired capital adequacy ratio and monitoring any significant fluctuations and exceptions to the minimum regulatory capital requirements and seeking necessary Board approval.
- Material exceptions to the risk management policies and tolerances related to risk limits and remedial actions and ratifications of the same.
- Any new risk and control framework / best practices / new legislation regime.
- Review of risk appetite variance.
- Review of Basel II / III – ICAAP / Stress testing.
- Evaluating that the Company's overall risk exposure is maintained at prudent levels and consistent with the available capital.
- Submission of any other statement for review in accordance with SBP guidelines / Company policy.

Credit:

- Approving TOR's of Credit Committee.
- To review and recommend annual credit plan to the Board.
- To approve / ratify / recommend / waive / relax applicable regulatory / policy requirements wherever it is permissible for the Board / BRMC.
- To review and approve all related part exposures for approval to the Board.
- Portfolio and sector analysis.
- Analyze country risk where applicable.

Market Risk:

- Review and recommend counterparty / FI Limits
- Review and recommend Annual Treasury Plan

- Ratification of treasury limit breaches for Board Approved limits
- Review variance in Treasury, equity plans.
- Review stress testing.
- Review exception reports.

Liquidity Risk:

- Review maturity / repricing gaps.
- Review and recommend the Contingency Funding Plan (CFP).
- Monitor funding gap

Operational Risk Management:

- Review and recommend tolerance limit for operational risk.
- Approval of Internal Risk Assessment Methodology i.e. Risk and Control Self assessment (RCSA) or any other methodology for monitoring risk.
- Review Operational Loss Tolerance variance (report of significant risk / loss incidents).
- Review any significant operational risk that BRMS needs to ne made aware of.
- Review the report on key incidents and indicators submitted to determine the adequacy of proposed / executed action and direct any alternative action or implementation of proposed action.

Information Technology Security Risk Management:

- Review and recommend I.T. Security strategy.
- Recommend to Board IT security policy / amendments
- Review status reports on information security policy implementation
- Review any significant change in a business process, system or activity as presented by the Secretary –BRMC to highlight any risks that may be incurred.
- Review that the Company has a business continuity / comprehensive contingency plan in place duly approved by the Board of Directors.

Compliance Risk Management:

- BRMC shall approve compliance risk strategy and annual Compliance program;
- BRMC shall ensure existence of a comprehensive Compliance function, compatible with POICL's overall risk management strategy:
- BRMC shall discuss compliance issues regularly, ensuring that adequate time & priority is provided:
- BRMC shall evaluate POICL's overall management of compliance risk, on an annual basis;

- BRMC shall ensure that CCO has the appropriate stature, authority, resources (financial and human) and support to fulfill the duties;
- BRMC will engage with CCO on half yearly basis to provide him the opportunity to discuss issues;
- BRMC shall review minutes of Compliance Committee of Management (CCM) meetings;
- BRMC shall review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness;

ڈائریکٹرز کی رپورٹ

ہم بورڈ کے ڈائریکٹرز کی جانب سے کمپنی کی انیسویں سالانہ رپورٹ معہ، 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے مالیاتی گوشوارے بمع کنسولیڈیٹڈ شدہ مالیاتی گوشوارے بمع محاسب کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معیشت

سال 2020 اس امید کے ساتھ شروع ہوا کہ پاکستان کی معیشت موروثی چیلنجوں پر قابو پائے گی اور ایک منظم ترقی کے عمل کو شروع کرے گی۔ بدقسمتی سے، غیر متوقع COVID 19 پھیلنے نے پاکستان اور دنیا میں معاشی افراتفری پیدا کردی۔

وبائی امراض نے 2020 کی پہلی اور دوسری سہ ماہی میں بیشتر ملک کو چیلینج کیا۔ حوصلہ افزا طور پر حکومت اور اسٹیٹ بینک آف پاکستان (SBP) کاروباری سرگرم عمل اور معاون رہے۔ سابقہ نے معیشت کی حمایت (یعنی صنعتی اور روزگار) کی حمایت میں tn1.2 روپے کے وسیع پیمانے پر ریلیف پیکیج کا اعلان کیا اور بعد میں کاروباری اور ایس ایم ای سیکٹر میں نرمی کی سہولت کے ساتھ ساتھ پالیسی پر جارحانہ شرح میں کٹوتی کی۔ اسٹیٹ بینک نے وبائی مرض کے پہلے مرحلے میں پالیسی کی شرح کو 625 بی پی ایس کم کر کے 7 فیصد کر دیا ہے۔ مزید، ایس بی پی نے بینکوں/ڈی ایف آئی کو ہدایت کی ہے کہ وہ برآمد کنندگان اور درآمد کنندگان کے لئے مالی خدمات کو آسان بنائے، کمپنیوں کو ملازمتوں کو برقرار رکھنے اور مراعات سے متعلق مالی اعانت کے ذریعہ قرضوں کی بحالی اور تنخواہ کی امداد میں بنیادی ادائیگیوں میں تاخیر کی پیش کش کرے۔

2020 کے پہلے چھ ماہ کے مقابلے میں، 30 جون کے بعد، پاکستان کے معاشی منظر نامے میں کووڈ 19 کے معاملات میں قابل تحسین کمی، بعد میں لاک ڈاؤن میں آسانی اور وفاقی حکومت اور اسٹیٹ بینک آف پاکستان کے ذریعہ فراہم کردہ بروقت مالی محرک کے ساتھ بہتری آئی ہے۔

تاہم، معاشی سرگرمیاں کوڈ سے پہلے کی سطح سے نیچے رہیں گی اور کمزوری کا شکار رہیں گے، حالانکہ کاروباری جذبات میں بتدریج بہتری آئی ہے۔

ورلڈ بینک نے 2021 میں پاکستان کی معیشت میں صرف 0.5 فیصد اضافے کی پیش قیاسی کی ہے۔ جبکہ، آئی ایم ایف اور موڈیز نے 2021 میں پاکستان کی جی ڈی پی میں 1.5 فیصد اضافے کی توقع کی ہے۔ تاہم، جی او پی 2021 میں جی ڈی پی میں بہتر نمو حاصل کرنے کے لئے پرامید ہے۔

مزید یہ کہ، 2020 میں سود کی شرحوں میں مجموعی طور پر pbs625 کٹ جانے کے نتیجے میں بینکوں/DFIs کے منافع کو زیادہ غیر پرفارمنس قرضہ جات کے لئے مختص رقم، آمدنی میں خاموش اور خالص سودی مارجن میں دباؤ کا سامنا کرنا پڑے گا۔

توقع ہے کہ مہنگائی 2021 میں 7 سے 9 فیصد کی حد میں رہے گی۔

پاکستان نے جاری قرضوں کے پروگرام کو دوبارہ شروع کرنے کے لئے آئی ایم ایف سے تبادلہ خیال کیا ہے جو وبائی امراض کی وجہ سے معطل کردیا گیا تھا۔ آئی ایم ایف نے وبائی امراض کے دوران پاکستان کی مدد کی ہے اور اپنی تیز مالیت کی سہولت کے تحت 1.4 بلین امریکی ڈالر فراہم کیے ہیں۔

مالی عدم توازن کو مستحکم کرنے، ٹیکس بیس کو وسیع کرنے، مہنگائی پر قابو پانے، ایف ڈی آئی میں اضافے، ریاستی ملکیت کے کاروباری اداروں کی تنظیم نو/ نجکاری اور فنڈز کو زیادہ پیداواری پیشرفت کی طرف موڑنے کے لئے حکومتی پالیسیوں کا تسلسل سال 2021 میں اہم چیلنجز بنیں گے۔

جھلکیاں

31 دسمبر پر			31 دسمبر پر	
2020	2019		2019	2020
ملین امریکی ڈالر			ملین پاکستانی روپے	
8.4	4.3	منافع قبل از محصول	682	1,337
6.1	3.2	منافع بعد از محصول	504	972
US$0.0099	US$ 0.0051	ہر 10 روپے کے حصص (بنیادی اور گھٹا ہوئے) پر آمدنی فی حصص	Re 0.82	Re 1.58
131.0	125.3	قرضہ جات	20,024	20,935
426.8	371.5	سرمایہ کاری	59,376	68,217
605.7	576.1	کل اثاثہ جات	92,083	96,806

آپریشن کا جائزہ

پاکستان کے مالیاتی شعبے کو مسلسل اہم معاشی رکاوٹوں کا سامنا کرنا پڑا۔ سال 2020 میں کاروباری شعبے کی ساکھ کو بھی متاثر کیا۔

ان مشکل حالات کے تحت بھی، آپ کی کمپنی کی کارکردگی لچکدار رہی۔

پاک عمان کی کسٹمر سروس پر توجہ اور کارکردگی کے اہم اشارے نے تاریخی نتائج پیش کیے۔

ٹیکس سے پہلے کا منافع 31 دسمبر 2020 کو ختم ہونے والے سال میں 106 فیصد اضافے کے ساتھ 2019 میں 682 ملین روپے (4.3 ملین امریکی ڈالر) سے بڑھ کر 337 1 ملین (US $ 8.4 ملین) ہو گیا۔

منافع میں یہ نمایاں اضافہ بنیادی طور پر مندی سے متعلق سود کی شرح کے تناظر میں سرمایہ کاری کے پورٹ فولیو سے متعلق انتظامیہ کے فعال فیصلہ سازی کی وجہ سے ہے۔

پالیسی شرح میں 625 بنیادی نکات میں تیزی سے کمی کے باوجود، مؤثر طریقے سے مرتب کرنے اور حجم بڑھانے، فنڈز اور پلیسمنٹ مکس میں بدلاؤ کے ساتھ مستحکم حجم میں اضافہ نے آپ کی کمپنی کو سال کے آخر میں 1549 ملین (امریکی 9.7$ ملین روپے) کی خالص سودی آمدنی حاصل کرنے کے قابل بنادیا ہے۔ 31 دسمبر، 2020 میں 53 فیصد کا اضافہ دکھایا۔

آپ کی کمپنی نے پرائمری ڈیلر کی حیثیت سے فعال طور پر حصہ لیا اور کامیابی کے ساتھ 476 ملین روپے (3.0 million ملین امریکی ڈالر) کا سرمایہ حاصل کیا جو بنیادی طور پر 2019 میں 139 ملین روپے (0.9 ملین امریکی ڈالر) کے مقابلے میں مقررہ آمدنی والے سیکیورٹیز کی فروخت سے حاصل ہوا۔

ان مشکل وقتوں میں، آپ کی کمپنی کے مضبوط رسک مینجمنٹ سسٹم کی وجہ سے انفیکشن کا تناسب 7.1 فیصد کے مقابل ستمبر 2020 میں DFIS کا اوسطا 13 فیصد ہے۔

ایڈوانس پورٹ فولیو 2019 میں 20،024 ملین (US $ 125.3 ملین) کے مقابلے میں 20،935 ملین (US $ 131.0 ملین) رہا۔ ہماری قرض میں اضافے کی حکمت عملی معیاری پیشرفتوں کے حصول اور موثر رسک وزن والے اثاثوں کی پروفائل کو برقرار رکھنے پر مرکوز ہے۔

مزید یہ کہ سرمایہ کاری 31 دسمبر 2020 کو 31 دسمبر 2020 کو 68217 ملین روپے (426.8 ملین امریکی ڈالر) پر بند ہوگئی۔ فنانس سرٹیفکیٹ اور سکوک انسٹرومنٹ، جو آگے بڑھتے ہوئے کمپنی کے صحتمند مارک اپ ریٹرن اور انٹرسٹ مارجن کو برقرار رکھے گا۔

بہتر منصوبہ بند منصوبہ بندی اور عملدرآمد کی حکمت عملی کی وجہ سے، آپ کی کمپنی کے ڈیپوزڈ 15،869 ملین روپے (99.3 ملین امریکی ڈالر) تک بڑھ گئے۔ کمپنی ہم مرتبہ کمپنیوں کے درمیان سب سے بڑے ڈیپوزڈ کی مالک ہے۔

31 دسمبر 2020 کو خوردہ ڈیپوزڈ 1،662 ملین روپے (10.4 ملین امریکی ڈالر) کے رہے۔

کمپنی کے کل اثاثہ جات میں 31 دسمبر 2019 کے 92,083 ملین روپے (576.1 ملین امریکی ڈالر) کے مقابلے میں بڑھ کر 96806 ملین روپے (605.7 ملین امریکی ڈالر) ہو گئے۔، جس میں اسی عرصے کے دوران 5٪ کا اضافہ دکھایا گیا ہے۔

31 دسمبر 2020 پر آپ کی کمپنی کا کیپیٹل اڈیکیسی تناسب (CAR) 17.19 فیصد رہا، جو SBP کی ضرورت تعمیل کرتی ہے، جبکہ انضمام شدہ کا کیپیٹل اڈیکیسی تناسب (CAR) 17.03 فیصد رہا جو کمپنی کی بہتر کیپیٹلائزڈ پوزیشن ظاہر کرتی ہے۔

حکمت عملی کے طور پر آپ کی کمپنی نے سرمایہ کے خاتمے سے بچنے کے لئے سال 2021 اور 2022 میں متوقع * غیر پر فارمنس قرضہ جات کے اضافے کے خدشے کے پیش نظر 300 ملین روپے (1.9 ملین امریکی ڈالر) کو "ریزرو" میں منتقل کیا ہے۔

*آئی ایم ایف، ورلڈ بینک اور موڈیز نے سال 2021 اور 2022 میں غیر پر فارمنس قرضوں میں اضافے کی پیش گوئی کی

مختص

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل رقوم مختص کیں ہیں؛

	برائے سال 2020	
	ملین پاکستانی روپے	ملین امریکی ڈالر
دستوری ذخائر کی مد میں	194.481	1.22
جنرل ریزرو	300.000	1.88
کیش ڈیویڈینڈ @0.75 روپیہ فی حصص	461.250	2.89

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹیڈ نے کمپنی کی درمیانی تا طویل المدتی ریٹنگ "ڈبل اے پلس" اور قلیل المدتی ریٹنگ "اے ون پلس" برقرار رکھی ہے۔

یہ ریٹنگ اعلیٰ معیار کی کریڈٹ اور تحفظ کے عوامل کی مضبوطی کی نشاندہی کرتی ہے۔ مختص شدہ ریٹنگ کے حصول کی بنیادی وجہ کمپنی کا برقرار رکھا جانے والے منافع میں استحکام اور اس کا اپنے ہم عصر اداروں میں تقابلی مقام ہے۔

کارپوریٹ گورننس کی ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹیڈ کی جانب سے کمپنی کو ادارے کی کارپوریٹ گورننس ریٹنگ سی جی آر-9 تفویض کی ہے۔ مختص شدہ ریٹنگ اعلیٰ معیار کی کارپوریٹ گورننس کی نشاندہی کرتی ہے جو کمپنی میں کام کرنے کے بہترین طور طریقے استعمال کرنے کا نتیجہ ہے۔

بینک دولت پاکستان کی پرائمری ڈیلرشپ

حکومتی بانڈز کی پرائمری اور ثانوی مارکیٹ کی ترقی/ترویج میں پاک عُمان کے کردار کو سراہتے ہوئے بینک دولت پاکستان نے پاک عُمان کو سال 2021-2020 کے لیے دوبارہ بطور پرائمری ڈیلر منتخب کر چکا ہے۔

پاک عُمان مائکروفنانس بینک

پاک عُمان مائکروفنانس بینک لمیٹڈ (POMFBL) ایک ملکی سطح کا مائکروفنانس بینک ہے جو پاکستان کے چاروں صوبوں اور آزاد جموں اور کشمیر پاکستان میں موجود ہے۔ اس کے مالی سرپرستوں میں سلطنتِ اومان کی گورنمنٹ، LOLC (پرائیویٹ) لمیٹڈ اور پاک اومان انوسٹمنٹ کمپنی لمیٹڈ شامل ہیں POMFBL چھوٹے قرضہ جات اور بچت کی مصنوعات پیش کرتی ہے اور چاہتی ہے کہ غربت میں کمی کرنے/اپنے گاہکوں کے رہنے کے معیار میں بہتری آئے اور خواتین کو خود مختار بنائے۔ اس کا مقصد چھوٹے اور درمیانے درجے کے کاروباری اشخاص کی کاروباری صلاحیت کی بنیاد پر مواقعوں کے ذریعے غربت میں کمی کی جائے اور معیشت اور ان کی زندگی میں بہتری لائی جائے۔

پاک عُمان مائکروفنانس بینک کی کارکردگی کے خاص خاص نکات درج ذیل ہیں؛

	2020	2019
شاخیں	30	30
خدمات کے مرکز	35	35
قرض خواہ کی تعداد 31 دسمبر	59,658	59,703
سال میں قرضوں کی فراہمی	2,931,541,650 روپے	2,766,398,000 روپے

سال میں قرضوں کی اوسط حجم	87,000روپے	52,000روپے
کل قرضہ جات	2,519,257,627روپے	1,978,461,406روپے
ڈپازٹس	6,701,291روپے	6,701,291روپے
(نقصان) / منافع قبل از محصول	(240,578,308)روپے	52,549,639روپے
(نقصان) / منافع بعد از محصول	(166,968,739)روپے	28,692,840روپے
(نقصان) / آمدنی فی حصص	(0.723)روپے	0.124روپے

سال 2020 میں مائکروفنانس انڈسٹری کو وبائی امراض کی وجہ سے سخت آپریٹنگ حالات کا سامنا کرنا پڑا۔ پاک عمان مائکروفنانس بینک کو 2019 میں منافع کے مقابلے میں نقصانات کا سامنا رہا۔ گھریلو بازیافت اور کاروباری جذبات میں بتدریج بہتری کے پیش نظر، پاک عمان مائیکروفنانس بینک لمیٹڈ کی کارکردگی میں 2021 میں بہتری متوقع ہے۔

پاک عمان اسیٹ مینجمنٹ کمپنی لمیٹڈ

31 دسمبر تک، پاک عمان اثاثہ مینجمنٹ کمپنی لمیٹڈ (پی او اے ایم سی ایل) کے زیر انتظام مینجمنٹ (اے او ایم) میں 2020 کے اثاثے 7.4 ارب روپے تھے۔ کمپنی کا کراچی، لاہور اور اسلام آباد میں خوردہ دفاتر کے ساتھ ملک بھر میں ٹھوس وجود ہے۔ جیسا کہ 2019 کے اوائل میں اطلاع ملی ہے، پاک عمان اثاثہ مینجمنٹ کمپنی لمیٹڈ (پی او اے ایم سی ایل) نے اپنی تنظیم نو اور تنظیم کو کامیابی کے ساتھ مکمل کیا ہے۔ ان ضروری اقدامات کے ساتھ، توقع کی جارہی ہے کہ وہ آگے بڑھتے ہوئے حصص داروں کو زیادہ منافع فراہم کرے گا۔

کاروباری خطرے کے انتظام کا ڈھانچہ

ہمارا رسک مینجمنٹ فریم ورک مختلف خطرات، نظم وضبط سے متعلق خطرہ کی تشخیص اور پیمائش کے طریق کار، نمائش، خطرات اور دہلیز کی مسلسل نگرانی کے ساتھ واضح فہم پر مبنی ہے۔ اس مقصد کے لئے قائم کی گئی پالیسیاں اور طریقہ کار کو مسلسل اپ ڈیٹ کیا جاتا ہے اور بینچ کو بہترین طریقوں اور ریگولیٹری رہنمائی کے خلاف نشان زد کیا جاتا ہے۔ ہم اپنے کاروبار کے سلسلے میں سرگرمی سے خطرہ مول لیتے ہیں اور جیسے کہ مندرجہ ذیل اصول ہمارے رسک مینجمنٹ فریم ورک کو واضح کرتے ہیں:

- riskخطرہ ایک خطرے کی بھوک کی تعریف کے تحت لیا جاتا ہے۔
- ہر خطرہ کو رسک مینجمنٹ فریم ورک کے اندر منظور کرنے کی ضرورت ہے۔

- خطرات کو لے کر مناسب معاوضہ ادا کرنے کی ضرورت ہے۔اور
- رسک پر مستقل نگرانی اور انتظام کرنا چاہئے۔
-

پاک عمان نے بورڈ آف ڈائریکٹرز کے طے شدہ اسٹریٹجک سمت کے عین مطابق بنیادی پالیسیوں، طریقہ کار اور عمل کے ڈیزائن پر مشتمل ایک مؤثر رسک مینجمنٹ فریم ورک پر عمل درآمد کے لئے ایک منظم انداز اپنائے۔ ہمارے بہتر رسک گورننس ڈھانچے اور مضبوط رسک مینجمنٹ کلچر کے ذریعہ، ہم اپنی رسک کی بھوک میں رہتے ہوئے زیادہ سے زیادہ رسک ایڈجسٹ ریٹرن کے مقصد کے ساتھ اپنے خطرات کا انتظام کرتے ہیں۔

اندرونی نگرانی کا نظام

ڈائریکٹرز انتظامیہ کی اندرونی نگرانی کے انتظام کے بارے میں قدر اور اس سے متعلق دیے گئے بیان کی بھی تصدیق کرتے ہیں۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ

ڈائریکٹرز اعلان کرتے ہیں کہ ؛

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیت میں تبدیلی بہتر طور پر پیش کرتے ہیں۔
- کمپنی نے موزوں کھاتوں کی کتابیں قائم رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب حکمتِ عملی یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر کھ پر ہے۔
- پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام کا ڈیزائن پائیدار بنیادوں پر تیار کیا گیا ہے اور اسکا موثر نفاذ اور نگرانی کی گئی ہے۔
- کمپنی کے کاروبار کے جاری رکھنے کی صلاحیت میں کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کی بہترین پریکٹسز پر عملدرآمد سے کوئی غیر معمولی انحراف نہیں کیا گیا ہے۔

بورڈ اور ذیلی کمیٹیوں کے منعقدہ اجلاس اور ہر ڈائریکٹر کی حاضری

	بورڈ آف ڈائریکٹرز	بورڈ کی			
		ایگزیکیوٹو کمیٹی	آڈٹ کمیٹی	مشاہرہ اور معاوضہ کمیٹی	رسک کمیٹی
منعقدہ اجلاس کی تعداد	5	5	4	3	4
ایچ۔ای۔یحییٰ بن سعید بن عبداللہ الجابری	5	5	*	3	*
جناب ایم زبیر موتی والا	5	5	2**	3	4
جناب عمر جناب عمر حامد خان	5	5	4	*	2****
ایچ۔ایچ- سید جلند جیفر سلم آل سعید	5	2***	4	3	4
جناب ھیثم یوسف جمعة الزدجالي	5	3***	4	*	4
جناب بہاؤالدین خان	5	5	*	3	*

* رکن نہیں ہیں

دسمبر 2020 میں، سلطنت عمان کی حکومت نے مسٹر ایہام عبدالعزیز عبدالقادر الغاسانی اور مسٹر فیصل علی ابراہیم السیاب کو ایچ۔ای۔یحییٰ بن سید بن عبد اللہ الجابری اور مسٹر ہیثم یوسف جمعہ الزجلی کی جگہ بالترتیب نامزد کیا ہے۔ ۔ کمپنی بورڈ میں ان تبدیلیوں کی تقرری کے لئے قانونی ضروریات کو مکمل کرنے کے عمل میں ہے۔

** w.e.f. 09 اپریل، 2020 مسٹر ایم زبیر موتی والا بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بورڈ کی آڈٹ کمیٹی چھوڑ گئے۔

*** w.e.f. 09 اپریل، 2020 H.H. سید جولند جیفر سلیم آل سید اور مسٹر ہیثم یوسف جمعہ الجد جلی بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بالترتیب بورڈ کی ایگزیکٹو کمیٹی چھوڑ گئے اور اس میں شامل ہو گئے۔

**** w.e.f. 09 اپریل، 2020 کو جناب عمر حامد خان بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بورڈ کی رسک کمیٹی میں شامل ہو گئے۔

1. ادارتی نظم وضبط کلچر اور پاک اومان کی معیار کی پیروی کرنا، نظم وضبط کی اقدار کے حصول کے لیے لیے جانے ولاے اقدامات کی خواہشات

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ اپنی طویل المدت کامیابی اور پاکستان کی منڈی کی معاشی صحت اور استحکام کے لیے اس کے نقطہ نظر کا لازمی جز، ادارتی نظم وضبط کے بلند معیار ہیں۔ کمپنی کے ادارتی نظم وضبط کے لائحہ عمل کے حصے کے طور پر، بورڈ کو بھی اس بات کو پوری طرح احساس کہ کمپنی کی نہ صرف بقاء، ترقی اور فروغ اور حتمی کامیابی کے لیے ناظمین کی کمپنی کے نصب العین (vision) اور سمت کے تعین کرن اور سمت کے تعین کرنے کی صلاحیت ضروری ہے۔ بورڈ کی کوشش ہے کہ بلند سطح کی ادارتی نظم وضبط کو برقرار اور مستحکم، ادارتی شفافیت میں مسلسل بہری، کمپنی کی صحت مند ترقی کو یقینی بنانے کے لیے کوشش کی ہے اور ادارتی اقدار میں اضافہ کرنے کی کوش کر رہی ہے۔

بورڈ اپنا دستوری کردار ادا کرتی ہے اور اپنے مقاصد کے حصول کے لیے کمپنی اس بات کو یقینی بناتی ہے کہ اس کے پاس مسابقتی قیادت اور عملدر آمد کا ایک مؤثر نظام ہو۔ اس کے بعد بورڈ اہم پالیسوں /ڈھانچوں ور ضابطہ اخلاق کی تشکیل کرتا ہے اور کمپنی کے آپریشن کی روانی کے لیے نچلی سطح تک ذمہ داریاں اور اختیارات تفویض کرتا ہے۔

2. بورڈ کے ارکان کی نامزدگی اور انتخاب کا طریقہ کار

a. بورڈ کے ارکان کی نامزدگی اور انتخاب کا طریقہ کار (بشمول ایگزیکیٹیو ناظمین)

پاک اومان کے پاس،، سلطنت اومان (وزارت مالیات) کے نامزد کردہ دو ناظمین اور چیئرمین جبکہ حکومت پاکستان (وزارت مالیات) کے نامزد کردہ دو ناظمین اور مینجنگ ڈائریکٹر ہیں۔ یہ نامزدگیوں کے خطوط پاک اومان میں متعلقہ ناظم کی انتخاب کی توثیق کرتے ہیں۔

b. ہر ناظم کا پیشہ ورانہ شخصی خاکہ

ایچ۔ای۔ یحییٰ بن سعید بن عبداللہ الجابری

چیئرمین خصوصی معاشی زون، دقم، سلطنت اومان

عزت مآب یحییٰ بن سعید بن عبداللہ ال جابرہ کے پاس عالمی ادارتی اور سرمایہ کاری بینکاری کے وسیع تجربے کے ساتھ امریکہ کے معروف اسکولوں سے تعلیمی قابلیت حاصل کی بشمول کیلوگ اسکول آف مینجمنٹ، ہارورڈ بزنس اسکول اور ڈارڈن یونیورسٹی جہاں سے انہوں نے ایڈوانس مینجمنٹ پروگرامز میں سند حاصل کی ہس میں سند حاصل کی ہے۔

آپ اومان کی معروف کاروبار اور مالیات کے سیکٹر میں اعلیٰ عہدے پر کام کرتے ہیں مثلاً اومان کے مرکزی بینک کے نظم وضبط کے نظم و ضبط کے بورڈ اور اومان انویسٹمنٹ فنڈ کے رکن، پاک اومان انویسٹمنٹ کمپنی لمیٹڈ اور کیپیٹل مارکیٹ اتھارٹی کے چیئرمین ہیں۔

اپنی پیشہ ورانہ زندگی کے آغاز پر، عزت مآب اومان انٹرنیشنل بینک (سابقہ) میں بطور جنرل منیجر، جہاں آپ بینک کے تمام اپریشن سے متعلق پہلوؤں کے ذمہ دار تھے جو 81 مقامی اور 4 سمندر پار شاخیں تھیں جو پاکستان اور انڈیا میں تھیں۔

جون 1999 میں، آپ کا انتخاب بطور ایگزیکیٹیو صدر، کیپیٹل مارکیٹ اتھارٹی ہو جو انضباطی ادارہ ہے جس کا کام کیپیٹل مارکیٹ کی کارکردگی دکھانے کی صلاحیت میں بہتری کرنا، آپریشن کو ضوابط کے مطابق کرنا اور تمسکات کی منڈی میں حصہ لینے والے شرکاء میں پیشہ ورانہ طرز عمل کی بنیاد ڈالنا شامل ہے، جو قومی معیشت کے مفاد میں سرمایہ کار کو ناقص اور غیر منصفانہ پریکٹسز سے تحفظ دیتا ہے۔
اس وقت آپ حاکما انسٹیٹیوٹ فار کارپوریٹ گورننس کے رکن ہیں۔

30 اکتوبر 2011 میں عزت مآب کا انتخاب دقم اسپیشل اکنامک زون اتھارٹی میں بطور چیئرمین ہوا ہے جو الوستا انتظامی ڈویژن کے شمال میں ایک تزویری مقام کی حیثیت اختیار کر رہا ہے۔ یہ ایک بہت بڑا منصوبہ ہے جو گورنمنٹ کی کوششوں کا حصہ ہے جس کے تحت نمو کی شرح کی رفتار کو تیز کرنا اور تسلسل سے جاری رہنے والی معیشت کو برقرار رکھنا اور سماجی ترقی جس کا مقصد وسائل میں تنوع خاص طور پر غیر ملکی تجارت، سرمایہ کاری، سیاحت، ماہی گیری کا پیشہ اور اوما نیز کے لیے نئے روزگار کے مواقع پیدا کریں۔

جناب هيثم يوسف جمعة الزدجالي

ناظم پروگرام اور کارکردگی اور GFMIS کے پروجیکٹ ناظم

جناب هيثم يوسف جمعة الزدجالي 17 سالوں کا مہارت سے وزارت مالیات، سلطنت اومان، کے تجویز کردہ، متفرق منصوبوں، کے انتظام کا تجربہ) تشخیص مالیت، منصوبوں کے انتظام، تبدیلی کا انتظام، کاروبار میں نفاذ، انسانی وسائل کا انتظام، مالیاتی Actuarial ہے۔ آپ کے پاس ایکچوریل (نظام کے انتظام کا وسیع تجربہ ہے۔

مزید یہ کہ، آپ اومان لیکویفائڈ نیچرل گیس ایل ایل سی (اومان ایل این جی)، اومان لاجسٹک کمپنی اور پاک اومان مائکروفنانس لمیٹڈ کے رکن بھی ہیں۔

جناب بہاؤالدین خان

مینجنگ ڈائریکٹر اور سی ای او

جناب بہاؤالدین خان کے پاس بینکاری کا 35 سالوں کا، کثیر القومی اور مقامی بینکوں کا تجربہ ہے۔ آپ نے اپنے پیشہ ورانہ زندگی کا آغاز اسٹینڈرڈ چارٹرڈ بینک سے کیا اور وہ ڈیوچے بینک، یونین بینک اور یوبی ایل کے ساتھ اعلیٰ عہدوں پر کام کیا ہے۔ آپ پاک اومان انویسٹمنٹ کمپنی لمیٹڈ سے منسلک ہونے پہلے آپ بینک الفلاح، جہاں آپ بطور چیف آپریٹنگ آفیسر کے خدمات سرانجام کام کر رہے تھے۔

آپ بزنس ایڈمنسٹریشن میں ماسٹر ہیں، جناب خان متفرق اداراتی پس منظر رکھتے ہیں اور آپ کے پاس مضبوط آپریشن اور ٹیکنالوجی کے بارے میں فراست ہے۔ آپ کی مصدقہ صلاحیت میں شامل ہیں آپریشن، تعمیل، انفارمیشن ٹیکنالوجی، تجارت کی مالیات اور خزانہ کے ساتھ دیگر معاونت کی خدمات کا متنوع وسیع تجربہ ہے۔

جناب بہاؤالدین خان پاک اومان مائکرو فنانس بینک کے ناظم اور اس کی مشاورت کی کمیٹی کے چیئر مین ہیں اور پاک اومان اسیٹ مینجمنٹ کمپنی لمیٹڈ کے ناظم ہیں۔

مذکورہ بالا کے علاوہ، آپ اومان آئل کمپنی کے نامزد ناظم ہیں اور اوریئنٹ پاور کمپنی لمیٹڈ، ایک 212 میگاواٹ کا آئی پی پی جو بلوکی پنجاب میں واقع ہے، کے بورڈ پر ہیں۔

جناب محمد زبیر موتی والا

ڈائریکٹر –پاک اومان انویسٹمنٹ کمپنی لمیٹڈ

جناب محمد زبیر موتی والا ایک معروف صنعت کار ہیں اور آپ نے صنعت کاری کے فروغ سے قومی معیشت کے استحکام کے لئے غیر معمولی کردار ادا کیا ہے۔ آپ نے صنعتی سیکٹر کے نمائندوں میں سے ایک نمائندہ کے طور پر کاروباری برادری کی مختلف حیثیتوں میں خدمات سرانجام دیں ہیں۔

آپ جنوری 2009 تا جولائی 2011 تک وزیر اعلیٰ سندھ کے سرمایہ کاری کی مشیر اور جولائی 2011 تا اکتوبر 2013 تک چیئر مین سندھ بورڈ آف انویسٹمنٹ رہے۔

آپ کو یہ اعزاز ہے کہ آل پاکستان ٹیکسٹائل پراسیسنگ ملز ایسوسی ایشن (سینٹرل) کے ووٹ کے ذریعے چیئر مین منتخب ہوئے۔ جناب زبیر کو 1996 میں کو وزیر آعظم کی کمیٹی برائے ٹیکسٹائل اور برآمدات میں بطور رکن شامل کیا تھا۔

1996- 97 میں آپ ووٹ کے ذریعے ایسوسی ایشن آف انڈسٹری کے چیئر مین منتخب ہوئے۔ آپ نے 1997۔98 کے دوران کونسل آف کراچی انڈسٹریل ایسوسی ایشن کی چیئر مین کی حیثیت سے صنعتی سیکٹر کی خدمات سرانجام دیں اور 2000 میں آپ کراچی چیمبر آف کامرس اینڈ انڈسٹری کے ووٹ کے ذریعے صدر منتخب ہوئے۔

آپ متعدد پبلک اور نجی اداروں کے بورڈ پر ناظم رہ چکے ہیں جن میں شامل ہیں ورکرز ویلفئر فنڈز۔ اسلام آباد، کراچی الیکٹرک سپلائی کارپوریشن، کراچی واٹر اینڈ سیوریج بورڈ، سندھ انڈسٹرایل اینڈ ٹریڈنگ اسٹیٹ (SITE)، ایکسپورٹ پراسیسنگ زون اتھارٹی، آئی بی اے۔ کراچی، ضیاء الدین میڈیکل یونیورسٹی، نیشنل بینک آف پاکستان، کالج آف بزنس مینجمنٹ، ہمدرد یونیورسٹی، سرسید یونیورسٹی آف انجنیئرنگ، بینظیر بھٹو شہید یوتھ ڈیولپمنٹ پروگرامز اینڈ ٹیکنالوجی اور بقائی میڈیکل کالج ہسپتال۔ جناب موتی والا آئی ٹی اینڈ ٹیلیکام ڈویژن، وزارت سائنس اینڈ ٹیکنالوجی، حکومت پاکستان اور وفاقی ٹیکس محتسب کے ایڈوائزری بورڈ پر ہیں

نومبر 2009 میں، جناب زبیر موتی والا کو "سندھ پبلک پروکیورمنٹ ریگولیٹری اتھارٹی (ایس پی پی آر اے) کے بورڈ آف ڈائریکٹرز نامزد کیا گیا تھا. فروری 2010 میں انہیں سندھ میں سرمایہ کاری کے فروغ کے لئے اسٹیئرنگ کمیٹی کے چیئر مین کے طور پر منتخب کیا گیا تھا۔

آپ نے پاکستان کے غیر ممالک جانے والے تجارتی وفود کی قیادت کی اور آپ کی قائدانہ مہارت اور کاروباری فراست کو تسلیم کرتے ہوئے آپ کو جمہوریہ برونڈی کے اعزازی کونسل جنرل منتخب کیا جاچکا ہے۔

ایچ۔ایچ- سید جلند جیفر سلم آل سعید

مینجر -رسک مینجمنٹ اسٹیٹ جنرل ریزروفنڈ۔سلطنت اومان

عزت مآب جلند جیفر السعید کا اسٹیٹ جنرل ریزرو فنڈ (SGRF)، جو اومان کو سب سے بڑا خودمختار فنڈ ہے اور آپ کا اس میں کام کرنے کا 12 سالوں کا تجربہ ہے جس کا دائری کار نجی ملکیتی سرمایہ اور ریئل اسٹیٹ کی براہ راست سرمایہ کاری ہے۔اس وقت آپ نجی مارکیٹس انویسٹمنٹ رسک ڈیویژن کا انتظام سنبھالتے ہیں اور 2013 میں SGRF میں آپ نے کاروباری خطرہ اور تعمیل کے فنکشنز کی تشکیل میں اہم کردار ادا کیا ہے جس سے سرمایہ کاری کے **فیصلوں میں کاروباری خطرے کی بنیاد پر فیصلہ سازی کے لائحہ عمل کو فروغ ملا جو فند کے سرمایہ کاری کے طریقہ کار عالمی کاروباری خطرے کے معیار سے جڑا ہوا ہے۔**

جناب عمر حامد خان

خصوصی معتمد مالیات۔وزارت مالیات، پاکستان

جناب عمر حامد خان فی الوقت مالیات ڈیویزن میں خصوصی معتمد کے طور پر خدمات سرانجام دے رہے ہیں۔آپ کے پاس سرکاری ملازم کی حیثیت سے پبلک ڈیولپمنٹ، پالیسی کی تیاری، تزویری انتظام اور وفاقی /ایگزیکٹیو 7 کی سطح پر نفاظ کا ہمہ گیر تجربہ ہے۔آپ نے بطور سیکریٹری بینظیر انکم سپورٹ پروگرام (17 اکتوبر- 28، جنوری 2019)، فنانس ڈیویزن میں ایڈیشنل فنانس سیکریٹری (اخراجات)، ایڈیشنل سیکریٹری؛ اکنامک افئیرز ڈیویزن،، سینئر جوائنٹ سیکریٹری/ترجمان وزارت داخلہ، سینئر جوائنٹ سیکریٹری کیبینٹ ڈیویزن، جوائنٹ سیکریٹری/پرنسپل اسٹاف آفیسر برائے پرنسپل سیکریٹری برائے وزیر آعظم بشمول متعدد کام بطور ڈپٹی سیکریٹری برائے وزیر آعظم سیکریٹیریٹ، اسٹیبلیشمنٹ ڈیویزن اور ڈپٹی ڈائریکٹر فیڈرل انوسٹیگیشن ایجنسی۔آپ نے سرکاری طور پر چین، میکسیکو، برازیل، نیپال، یوایس اے، یوکے، فرانس، اسپین، سوئزرلینڈ اور تھائی لینڈ کے دورے کرچکے ہیں ۔

جناب خان نے جامعہ پنجاب سے زولوجی میں ماسٹر کی سند حاصل کرنے کے ساتھ بین الاقوامی تعلقات عامہ میں ایک سال کا ڈپلومہ حاصل کیا ہے۔ آپ نیشنل ڈیفنس یونیورسٹی (نیشنل سیکورٹی کورس 2010) کے گریجویٹ بھی ہیں کے ساتھ ساتھ نیشنل اسکول آف پبلک پالیسی کے سینئر مینجمنٹ کورس (دوسرا SMC)۔

c. دیگر کمپنیوں کے بورڈ میں رکنیت کی تفصیلات

ٹیبل-1: بورڈ کے ناظمین کی تفصیلات کا انکشاف

نمبر شمار	ناظمین کے نام	بورڈ سے وابستگی/علحدگی کی تاریخ	حیثیت (آزاد/نان ایگزیکٹیو)	بورڈ کی کمیٹیوں کی رکنیت	دیگر کمپنیوں کے نام جن کے بورڈ میں رکنیت ہے
1	عزت مآب یحییٰ بن سعید بن عبداللہ ال جابرہ	1/8/2001	نان ایگزیکٹیو	1. ایگزیکیٹیو کمیٹی 2. مشاہراہ اور معاوضہ کمیٹی	• پاک اومان مائکرو فنانس بینک لمیٹڈ • پک اومان اسیٹ مینجمنٹ کمپنی لمیٹڈ
2	جناب محمد زبیر موتی والا	7/10/2007	نان ایگزیکٹیو	1. آڈٹ کمیٹی 2. ایگزیکیٹیو کمیٹی 3. مشاہراہ اور معاوضہ کمیٹی 4. رسک کمیٹی	• کے الیکٹرک • اسمعیل انڈسٹریز لمیٹڈ • ڈائمنڈ ٹیکسٹائل (پرائیویٹ) کمیٹڈ
3	جناب عمر حامد خان	19/4/2019	نان ایگزیکٹیو	1. آڈٹ کمیٹی 2. ایگزیکیٹیو کمیٹی 3. رسک کمیٹی	• فشریز ڈویلپمنٹ بورڈ ● پاسکو بورڈ لائیو اسٹاک ڈویلپمنٹ بورڈ
4	جناب هيثم يوسف جمعة الزدجالي	3/8/2018	نان ایگزیکٹیو	1. آڈٹ کمیٹی 2. رسک کمیٹی 3. ایگزیکیٹیو کمیٹی	• پاک اومان مائکرو فنانس بینک لمیٹڈ • اومان ایل ائی جی، سلطنت اومان
5	ایچ۔ایچ- سید جلند جیفر سلم آل سعید	12/28/2016	نان ایگزیکٹیو	1. آڈٹ کمیٹی 2. رسک کمیٹی 3. ایگزیکیٹیو کمیٹی 4. مشاہراہ اور معاوضہ کمیٹی	• پاک پاک اومان مائکرو فنانس بینک لمیٹڈ
6	جناب بہاؤالدین خان	1/10/2015	ایگزیکیٹیو	1. ایگزیکیٹیو کمیٹی 2. مشاہراہ اور معاوضہ کمیٹی	• پاک پاک اومان مائکرو فنانس بینک لمیٹڈ • پاک اومان اسیٹ مینجمنٹ کمپنی لمیٹڈ • اوریئنٹ پاور کمپنی لمیٹڈ

*جیسا کہ پروڈینشل ریگولیشنس برائے اداراتی اور تجارتی بینکاری میں تعریف کی گئی ہے۔

d. وہ ادارے جن کے پاس شریعہ بورڈ ہے، ان کو مذکورہ بالا (a)، (b) اور (c) میں دی گئی تفصیلات کے مطابق شریعہ بورڈ کے ارکان کی تفصیلات فراہم کرنا ہو گی

یہ شرائط پاک اومان پر لاگو نہیں ہیں۔

3. علحدہ سے بورڈ کی ہر کمیٹی کی تفصیلات افشاں کرنا (جو کم سے کم درج ذیل معلومات شامل ہوں)

a. ہر بورڈ کمیٹی کی ساخت اور اس کی رکنیت, بورڈ اور اس کی کمیٹیوں کی سال کے دوران منعقدہ اجلاس کی تعداد اور اس میں حاضری کی تفصیلات.

		بورڈ کی			
	بورڈ آف ڈائریکٹرز	ایگزیکیوٹو کمیٹی	آڈٹ کمیٹی	مشاہرہ اور معاوضہ کمیٹی	رسک کمیٹی
منعقدہ اجلاس کی تعداد	5	5	4	3	4
ایچ۔ای۔ یحییٰ بن سعید بن عبد اللہ الجابری	5	5	*	3	*
جناب ایم زبیر موتی والا	5	5	2**	3	4
جناب عمر جناب عمر حامد خان	5	5	4	*	2****
ایچ۔ایچ- سید جلند جیفر سلم آل سعید	5	2***	4	3	4
جناب هيثم يوسف جمعة الزدجالي	5	3***	4	*	4
جناب بہاؤالدین خان	5	5	*	3	*

* رکن نہیں ہیں

دسمبر 2020 میں، سلطنت عمان کی حکومت نے مسٹر ایہام عبد العزیز عبد القادر الغاسانی اور مسٹر فیصل علی ابراہیم السیاب کو ایچ۔ای۔ یحییٰ بن سید بن عبد اللہ الجابری اور مسٹر ہیتھم یوسف جمعہ الزجحلی کی جگہ بالترتیب نامزد کیا ہے۔ ۔ کمپنی بورڈ میں ان تبدیلیوں کی تقرری کے لئے قانونی ضروریات کو مکمل کرنے کے عمل میں ہے۔

** w.e.f. 09اپریل،2020 مسٹر ایم زبیر موتی والا بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بورڈ کی آڈٹ کمیٹی چھوڑ گئے۔

*** w.e.f. 09اپریل،2020 H.H. سید جولند جیفر سلیم آل سید اور مسٹر ہیتھم یوسف جمعہ الجد جلی بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بالترتیب بورڈ کی ایگزیکٹو کمیٹی چھوڑ گئے اور اس میں شامل ہو گئے۔

**** w.e.f. 09اپریل،2020 کو جناب عمر حامد خان بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی وجہ سے بورڈ کی رسک کمیٹی میں شامل ہو گئے۔

b. بورڈ کے ہر کمیٹی کی شرائط و قوابط و مقاصد(TOR)

منسلک ہے"A"

c. بورڈ اور اس کی کمیٹیوں کی سال کے دوران منعقدہ اجلاس کی تعداد اور اس میں حاضری کی تفصیلات

d. سال کے دوران بورڈ کی کمیٹیوں کے امتیازی کاموں کی تفصیلات جو ادارہ نمایاں کرنا چاہتا ہے

- سال2020 کے دوران، بورڈ آف ڈائریکٹرز کی بورڈ رسک مینجمنٹ کمیٹی(بی آر ایم سی) کی 04 میٹنگز کا انعقاد کیا گیا تا کہ رسک مینجمنٹ کی پالیسیوں، کریڈٹ، مالیاتی، لیکویڈیٹی، مارکیٹ، اور انتظامیہ سے متعلق طریقوں اور طریقوں کو شامل کیا جا سکے۔ آپریشنل اور دیگر قسم کے خطرات جو ادارے کو درپیش ہیں۔ بی آر ایم سی مستقل طور پر ادارہ کے موجودہ اور ممکنہ مستقبل کے رسک نمائشوں اور مستقبل کے خطرے کی حکمت عملی سے وابستہ خطرے کے انتظام کی کارکردگی کا جائزہ لیتے ہیں، بشمول رسک بھوک اور رواداری کی منظوری۔

کمیٹی اس بات کو یقینی بناتی ہے کہ ایک تنظیمی ثقافت جو مؤثر رسک مینجمنٹ کے لئے ایک اعلی ترجیح رکھتا ہے، خطرے سے آگاہی کی ثقافت کو فروغ دے کر قائم کیا جائے۔ انضباطی تقاضوں کے مطابق IFRS-9 کے نفاذ کے بارے میں باقاعدہ نگرانی کو برقرار رکھنے کے علاوہ۔ اس سے یہ بھی توثیق ہوتا ہے کہ خطرے کے انتظام کے لئے مختص وسائل کاروبار کے سائز، نوعیت اور حجم کے لحاظ سے کافی ہیں اور ان کے پاس کافی علم اور مہارت ہے۔ کمیٹی مناسب مالیاتی ماڈلز کی ترقی پر بھی نظر رکھتی ہے اور جو نظام ہر خطرہ کا حساب کتاب کرنے کے لئے استعمال ہوتا ہے اور اس بات کو یقینی بناتا ہے کہ کریڈٹ، مارکیٹ، لیکویڈیٹی اور آپریشنل رسک کے لئے مجموعی طور پر نمائش کو سمجھدار سطح پر برقرار رکھا جائے اور سخت تناؤ کے ٹیسٹوں کے تحت دستیاب سرمایہ کے مطابق ہو۔

- آڈٹ کمیٹی نے 2020 میں چار بار ملاقات کی۔ آڈٹ کمیٹی نے مالی رپورٹنگ کے عمل کی نگرانی میں، کمپنی کی حمایت کی اور سالانہ مالیاتی بیانات، مستحکم مالی بیانات، اور عبوری رپورٹس کے ساتھ ساتھ سالانہ رپورٹ کی مناسب پیش کش میں اہم کردار ادا کیا۔ مالیاتی رپورٹنگ کے عمل کے تناظر میں، اس نے نئے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ 9 کے نفاذ کے ساتھ ساتھ دفعات کے اعتراف کی نگرانی میں کمپنی کی مدد کی۔ آڈٹ کمیٹی نے کمپنی کے مختلف محکموں کی قیمت کا معاملہ بھی کیا۔ آڈٹ کمیٹی کو محکمہ داخلی آڈٹ کے کام، اس کے آڈٹ پلان اور اس کے وسائل پر تازہ ترین رکھا گیا تھا۔ کمیٹی نے اندرونی آڈیٹر، بیرونی آڈیٹر اور ریگولیٹری اتھارٹی کے ذریعہ نشاندہی کی گئی کمیوں کو دور کرنے کے لئے

انتظامیہ کے اقدامات کو حل کیا۔ اس کو باقاعدگی سے اس تناظر میں اور دریافتوں کے تدارک میں حیثیت اور پیشرفت کے بارے میں بھی تازہ ترین اطلاعات موصول ہوتی ہیں۔ مینجمنٹ کی درخواست پر بیرونی آڈٹ کا مینڈیٹ آزادانہ آڈیٹر کی حیثیت سے ای اینڈ وائی - چیرٹیڈ اکاؤنٹنٹس کو جاری کیا گیا تھا، اور آڈٹ کمیٹی کی سفارش کے ساتھ، آڈیٹر کے معاوضے کی رقم مقرر کی گئی تھی۔

- معاوضے اور معاوضہ کمیٹی کا 2020 میں تین بار اجلاس ہوا۔ اس نے بورڈ، مینجمنٹ، اور ملازمین کے معاوضے کے نظام کے مناسب ڈھانچے کی نگرانی کے ساتھ ساتھ، کنٹرول افعال کے سربراہان اور مادی رسک لینے والوں کے معاوضے کے ساتھ ساتھ معاوضہ بھی دیا۔ اس نے معاوضہ کی رپورٹ کے ساتھ بھی نمٹا، جس نے یہ نتیجہ اخذ کیا کہ کمپنی کا معاوضہ سسٹم مناسب طور پر تشکیل دیا گیا ہے اور یہ قانون کی ضروریات کے مطابق ہے۔ آر سی سی نے اس تشخیص سے اتفاق کیا۔
- ایگزیکٹو کمیٹی کا 2020 میں 5 بار اجلاس ہوا۔

e. **شریعہ بورڈ کے شرائط و قواعد و مقاصد (TOR)، منعقدہ اجلاس کی تعداد اور ہر رکن کی حاضری کی تفصیلات (ان اداروں کے لیے جن کے لیے شریعہ بورڈ ہونا ضروری ہے)**

یہ شرائط پاک اومان پر لاگو نہیں ہیں۔

4. مشاہراہ پالیسی کی تیاری اور نفاذ اور بورڈ کی کارکردگی کے جائزے کے لیے بیرونی ماہر یا ماہرین (اگر کوئی ہے تو) کا انتخاب اور کام کا دائرہ کار سے متعلق معلومات کو ظاہر کرنا۔ چیئرمین کو اس بات کی تصدیق کرنا ہوگی کی منتخب ماہر یا ماہرین آزاد ہیں اور اس عمل میں نہ تو بورڈ کے کسی رکن یا کسی اہم عہدے دار کے درمیان مفاد کا ٹکراؤ نہیں ہے۔

بورڈ کے پاس ایک ایسا پراسس موجود ہے جس سے ذریعے سے SECP کے منظور شدہ PICG کے مطابق بورڈ، اس کی کمیٹیوں اور انفرادی ناظمین (بشمول ایم ڈی) کے سالانہ بنیاد پر ان کی مجموعی مؤثر پن کا تخمینہ اور اس میں اضافہ کیا جاسکے۔ بورڈ کی سالانہ کارکردگی جائزہ لینے کی سہولت کے لیے بیرونی کنسلٹنٹ کی خدمات حاصل کی جاتی ہیں۔ پراسس کا آغاز سروے کے لیے ڈیزائن کے ایک سیٹ سے ہوتا ہے جس کمپنی کو مخصوص حالات کے مطابق ہوتا ہے اور یہ ملے جلے سوالات پر مشتمل ہوتا ہے۔ تمام بورڈ کے ارکان کے لیے ضروری ہے کہ سروے کو آن، لائن مکمل کریں اور اس سارے عمل میں جواب دینے والے کی شناخت کو خفیہ رکھا جاتا ہے تاکہ رائے کا کھلا اور سرسری تبادلہ کیا جاسکے۔ PICG انضمام شدہ نتائج چیئرمین کے علم میں لاتی ہے جو اس کے بعد ان کو بورڈ کے اجلاس میں پیش کرتا ہے۔ اجلاس کے نتائج کو ترتیب دیا جاتا ہے اور وہ عملی منصوبے کی بنیاد بنتا ہے جس کے بعد بورڈ اس کے نفاذ کی منظوری دیتا ہے۔ مشاہراہ پالیسی بینک دولت پاکستان کے دی ہوئی ہدایات کے مطابق کمپنی میں تیار کی جارہی ہے۔

معاوضہ کا نظم وضبط

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ میں اک مضبوط نظم وضبط کا ڈھانچہ موجود ہے جو معاوضہ کی حکمت عملی اور پالیسی کے واضح عوامل (parameters) کے تحت کام کرتا ہے۔ سی ای او (CEO) اور دیگر شعبہ جات کے سربراہان کے معاوضے کا معاملہ بورڈ کے ناظمین دیکھتے ہیں اور سی ای او (CEO) کمپنی کے دیگر تمام ملازمین کے معاملات دیکھتے ہیں۔ بورڈ کے ناظمین اور سی ای او (CEO)، دونوں کی، معاونت مخصوص کمیٹیاں، خاص طور پر مشاہراہ اور معاوضہ کمیٹی، متعلقہ فنکشنز اور سماجی وسائل کی اندرونی کمیٹی کرتے ہیں۔

اپنی متعلقہ ذمہ داریوں کے ساتھ، مشاہراہ کے نظام کے ڈیزائن، MRTs کی شناخت اور VC کی کل مالیت کا تعین اور نفاذ کے کے لیے کمپنی کے نگرانی کے فنکشنز شامل ہوتے ہیں۔ اس میں ملازمین کے رویے پر اثرات اور کاروبار سے متعلق خطرات اور کارکردگی وغیرہ کا اندازہ لگانا شامل ہوتے ہیں۔

مشاہراہ اور معاوضہ کمیٹی (RCC)

بورڈ آف ڈائریکٹرز نے پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے RCC معاوضے کے نظام کے ڈھانچے کے قیام اور نگرانی میں معاونت کے لئے آر سی سی کا قیام عمل میں لایا ہے، خاص طور پر، ریگولیٹر کے بعد خطرات اور رسک مینجمنٹ پر اثرات پر غور کیا جائے۔ مزید برآں، آر سی سی پاک عمان انویسٹمنٹ کمپنی لمیٹڈ کے ملازمین کے لئے معاوضے کے نظام کی عظمت پر نظر رکھتا ہے، جیسا کہ سی ای او اور آئی ایچ آر سی نے قائم کیا ہے۔ آر سی سی باقاعدگی سے جانچ پڑتال کرتا ہے کہ آیا متغیر معاوضے کی کل رقم سستی ہے اور ریگولیٹری معیار کے تحت مقرر کی گئی ہے۔ مزید برآں، آر سی سی ایم آر ٹی کی شناخت کے عمل کی نگرانی میں بورڈ آف ڈائریکٹرز کی حمایت کرتا ہے اور آیا اندرونی کنٹرول کے افعال اور دیگر متعلقہ شعبے معاوضے کے نظام کی تشکیل میں مناسب طور پر شامل ہیں۔

آر سی سی بورڈ آف ڈائریکٹرز کی چیئرپرسن اور سی ای او سمیت مزید تین بورڈ ممبروں پر مشتمل ہے۔ کمیٹی نے کیلنڈر سال 2020 میں تین میٹنگیں کیں۔ اکتوبر اور دسمبر میں، بورڈ کی آڈٹ کمیٹی کے دو ممبران بطور مہمانان معاوضہ اور معاوضہ کمیٹی کے اجلاس میں شریک ہوئے۔

معاوضہ پالیسی

معاوضہ کا فلسفہ

کے تزویراتی مقاصد کے کامیاب حصول کے لیے معاوضہ ایک اہم کردار ادا کرتا ہے۔ انتہائی صلاحیت کے حامل ملازمین کو متاثر کرنا ان کا ادارے کے ساتھ جڑے رکھنا ہماری معاوضہ کی حکمت عملی مرکزی جز ہے۔ اس فلسفہ کے بنیاد مستحکم کاروباری خطرے اور نظم وضبط کے ڈھانچے کے انتظام میں رہتے ہوئے کارکردگی کی بنیاد پر ادائیگی کے اس عمل میں منڈی کے عوامل اور سماجی اقدار کو مد نظر رکھا جائے۔ ہم یہ چاہتے ہیں کی معاوضہ بدلتی ہوئی اندرونی اور بیرونی توقعات، فائدے کا ڈھانچہ سے ہم آہنگ کریں اور اس کا تواتر سے بہتری کے جائزہ لیتے رہیں۔

معاوضہ کا ڈھانچہ

پالیسی کا محرک بنیادی طور پر کارکردگی کی بنیاد کا سماج ہے جو ملازم کے مفادات کو کمپنی سے ہم آہنگ کرتا ہے۔ اس کا مقصد معاوضہ کا ایک مسابقتی سطح فراہم کرنا ہوتا ہے جس سے کے ذریعے تعلیم یافتہ اور اہل اشخاص کو کمپنی کی میں ملازمت کے لیئے متوجہ کریں اور ان کو کام کرتے رہنے پر آمادہ کئے رکھیں۔ کل ادا کردہ معاوضہ متغیر اور غیر متغیر اجزاء پر مشتمل ہے۔

1. غیر متغیر معاوضہ

مقررہ معاوضہ معاوضے کا وہ حصہ ہے جو ادارہ یا فرد ملازم کی کارکردگی سے متاثر نہیں ہوتا ہے۔ اس میں بیس پے، الاؤنسز، اور دیگر فوائد کی مانیٹری ویلیو وغیرہ جیسی اشیاء شامل ہیں جو فرد ملازم کے کل معاوضے کے پیکیج کا حصہ ہیں۔

2. متغیر معاوضہ

متغیر معاوضہ یہ ہے کہ کسی ملازم کے کل معاوضے کے پیکیج کا وہ حصہ جو کارکردگی/ہدف کے حصول یا منافع وغیرہ کے پہلے سے طے شدہ اقدام سے منسلک ہوتا ہے۔ معاوضے کے متغیر جزو کا مطلب ہے نقد بونس، اسٹاک بونس، ایوارڈز، دیگر مراعات یا ادائیگیاں، وغیرہ

ملازمین کا متغیر معاوضہ بونس پول میں فنڈز مختص کرنے سے مشروط ہے جیسا کہ بورڈ نے منظور کیا ہے۔

کمپنی کے ایم آر ٹی اور ایم آر سی کا متغیر معاوضہ مناسب رسک ایڈ جسٹمنٹ کے ساتھ مشروط ہے، جو ضرورت سے زیادہ خطرہ لینے کے لperformance کارکردگی پر مبنی متغیر معاوضہ کو محدود کرنے کا ارادہ رکھتا ہے۔

MRTsاورMRCs کے لیے کاروباری خطرے کی بنیاد پر معاوضہ

MRTsاورMRCs کا متغیر معاوضہ کی تشکیل مندرجہ ذیل اقدامات پر کی بنیاد پر کی گئی ہے:

A. کاروباری خطرے کا تعارفی خاکہ

B. خطرہ لینے والا اور خطرے کا کنٹرول کرنے والا

C. مادیت تخمینہ

D. کارکردگی کا جائزہ(اندازہ)

E. خطرے میں ترمیم

A. کاروباری خطرے کا تعارفی خاکہ

کاروباری خطرے کی بنیاد پر معاوضہ میں کی بنیاد دراصل میں POIC کے خطے کے پروفائل کا اندازہ لگانا ہے اور خطرے کے لیے رغبت(**appetite**) کے عوامل کیا ہیں۔ خطرے میں ترامیم اس طرح سے ڈیزائن کی گئی ہیں کہ وہ کمپنی کے لئے خطرے کے عوامل کیا ہیں۔ اس اندازے میں تمام کاروباری خطرات کو مدنظر رکھا جاتا ہے اور تفریق کرتا ہے کہ کون سا خطرہ کمپنی کو مجموعی طور پر متاثر کرتا ہے اور کون سا انفرادی کاروبار کی لائن کو متاثر کرتا ہے۔ یہ POIC کے مرکزی کاروبار کی لائن کو درپیش خطرے کی خصوصیات کو شناخت کرتا ہے اور اس کے رواں آپریشنز کی برداشت کی حدود کیا ہیں۔

POIC ملازمین حوصلہ دیتی ہے اور ان کو اس بات سے باز رکھتی کہ وہ کوئی ایسا عمل نہ کریں جو خطرے کی رغبت/برداشت سے باہر ہو

B. خطرہ لینے والا(RTs) اور خطرے کا کنٹرول کرنے والا(RCs)

HR&A کے سربراہ رسک مینجمنٹ کے سربراہ سے مشاورت سے فنکشنز۔ ملازمین کو بطور خطرہ لینے والا اور خطرے کو کنٹرول کرنے والے کے طور پر سالانہ کی بنیاد پر شناخت کرتا ہے اور اس کا جائزہ لیتا ہے۔ ان کی درجہ بندی درج ذیل معیار پر کی جاتی ہے:

خطرہ لینے والا POIC کا ایک فنکشن/ملازم ہے جو خطرہ مول لیتا ہے یا لینے کا ارادہ ہے، ایسا خطرہ جس کی نتیجہ POIC کو مالی نقصان ہو سکتا

ہے اگر حالات میں تبدیلی آجائے لیکن وہ POIC کے لئے ایک فائدہ مند موقع بھی ثابت ہو سکتا ہے۔

خطرے کو کنٹرول کرنے والا (RC) POIC کا ایک فنکشن/ملازم ہے ایسی مقام پر ہے جو فعال طور پر POIC کے کاروبار سے منسلک خطرے کو شناخت اور اس کے اثرات کو ختم یا کم کرنے کے لیے مشورہ دے سکتا ہے۔

RC کو کاروباری معاملات سے ازاد ہونا چاہیے اور یو تتص کی نگرانی اور کنٹرول کرنا چاہیے۔

دیگر میں شامل ہیں POIC کے وہ شعبہ جات/ملازمین جن کی درجہ بندی بطور خطرے لینے والے اور خطرہ کے کنٹرول کرنے والے سے نہیں ہے۔

C. مادیت تخمینہ

ضروری نہیں ہے کہ POIC کی خطرے کی پروفائل پر تمام شناخت شدہ RTs اور RCs کے مادی اثرات ہوں۔ اس لئیے مادیت کے اثرات کا کمپنی کے خطرے کے پروفائل کا تخمینہ لگایا جاتا ہے اور اسی طرح سے MRC/MRTs کی بورڈ کی منظوری دیتا ہے۔

POIC کے آپریشن کے سائز، نیچر اور پیچیدگیوں کے مطابق MRC/MRTs کی شناخت کے لیے درج ذیل معیار کا خیال رکھا جاتا ہے۔

مادی خطرہ لینے والے کے لیے معیار

- مینیجنگ ڈائریکٹر (MD)/چیف ایگزیکیٹیو آفیسر (CEO) یا دیگر کوئی مساوی عہدہ یا مقامی کلی ملکیت کا ذیلی ادارے کا CEO/MD ۔
- اعلیٰ انتظامیہ کارکن جس کا درجہ بطور RTs یعنی وہ MD/CEO کو براہ راست جواب دہ ہے یا کوئی دیگر کوئی مساوی عہدہ۔
- سمندر پار شاخ (وں)/آپریشنز کے ملکی سربراہ (سربراہان) تاوقتیکہ شاخ/آپریشن میزبان ملک میں اس کے وہی مشاہراہ کے ریگولیشنز ہونے سے مشروط ہے۔
- تمام مادی کاروبار کا یونٹ کے سربراہ مجموعی اپنے متعلقہ کاروبار کے اثاثہ جات کا انتظام کرتا ہے جو ٹائر-1 (tier 1) کیپیٹل کا 2 فیصد ہے۔
- عملے کے ارکان کی انتہائی اہم فنکشنز میں بطور مینجر ذمہ داریاں ہوتی ہیں جس کا تعین بورڈ کی مشاہراہ اور معاوضہ کمیٹی کرتی ہے اور ہر مینجر اپنے متعلقہ فنکشنز کے سربراہ کو رپورٹ کرتا ہے۔
- کاروباری قرضہ کے لین دین سے متعلق خطرے میں، ملازم؛
  a. کی ذمہ داری ہے کہ قرضہ کی درخواست کی بنیاد پر یا قرضے کی مصنوع کے ڈھانچے کے بارے میں پروپوزل تیار کرے یا؛
  b. کے پاس اختیار ہے کی اس طرح کے قرضہ سے منسلک خطرے پر فیصلہ یا اس کی منظوری دے یا؛
  c. اگر کریڈٹ کمیٹی یا دیگر کسی کمیٹی کا رکن ہے، جس کے پاس اختیار ہے کہ وہ ان نکات پر فیصلہ کرے جو اوپر درج (a) یا (b) پیرا میں بیان کیا گیا ہے؛ ہر لین دین پر ایک معمولی رقم جو ٹائر-1 (tier 1) کیپیٹل کا 0.7 فیصد ہے۔
- خزانہ (treasury) پورٹ فولیو سے متعلق، ملازم خزانہ ڈیسک کا سربراہ ہے بشمول منی کی منڈی، ملکیتی سرمایہ یا یا وہ اس کے سربراہ کو براہ راست رپورٹ کرتا ہو۔ اس میں ڈیلرز شامل نہیں ہیں بغیر کسی اختیار کے کہ وہ اپنے طور پر کوئی پوزیشن لے سکیں اور
- نئی مصنوعات کے متعارف کرنے کے فیصلے کی منظوری جس کی وجہ سے بینک (ادارے) کو خاصہ کاروباری خطرے سے دوچار کر سکتا ہے؛ ایسی صورت میں ملازم؛

a. کے پاس اختیار ہے کہ وہ اس سلسلے میں فیصلہ کرے؛ یا

b. ALCO کمیٹی کیا کسی دیگر کمیٹی کا رکن ہے جس کے پاس اختیار ہے کہ وہ فیصلے کرے۔

مادی خطرہ کنٹرول کرنے والے کے لیے معیار

- عملہ کا رکن یا کسی کمیٹی کا رکن خطرے کا انتظام ذمہ دار ہے یا آزاد خطرے کے انتظام فنکشن کی سرگرمیوں، تعمیل فنکشن اور اندرونی آڈٹ فنکشن کا جوابدہ ہوگا؛ یا
- عملہ کا رکن جو کسی فنکشن کا سربراہ کی ذمہ داری قانونی معاملات، مالیات بشمول محصولات اور بجٹنگ، انسانی وسائل یا انفارمیشن ٹیکنالوجی شامل ہیں۔

D. کارکردگی کا جائزہ (اندازہ)

POIC ایک مضبوط متحرک کارکردگی کی بنیاد کے معاوضے کا نظام کو فروغ دیتی ہے جو طویل المدت کامیابی کے حصول کا ذریعہ کے ساتھ کارکردگی اور درست رویے کی حوصلہ افزائی کرتی ہے۔ کارکردگی کے جانچنے کا میٹرکس (PEM) کو MRTs اور MRCs کے لیے کمپنی کے حکمت عملی، ان کے کام سے متعلق کردار اور ذمہ داریوں اور خطرہ لینے کے رویہ کی مناسبت سے تیار کیا گیا ہے۔ KPIs پر عمل سالانہ ایوالیشن میں دیے گئے طریقہ کار میں دی گئی تعریف کے مطابق بنایا گیا ہے۔

کارکردگی کا جانچ کے اثرات کارکردگی کے بونس، تنخواہ میں سالانہ اضافہ اور/یا ملازمین کی ترقی کو متاثر کرے گا اور کارکردگی کی بنیاد کے معاوضے کو تشکیل دینے میں مدد دے گا۔

E. خطرے میں ترمیم

MRTs اور MRCs کے لیے خطرے میں ردوبدل والا معاوضہ کا میکنزم تیار کیا گیا ہے جو کارکردگی کی بنیاد پر متغیر معاوضہ کو زیادہ خطرے لینے کے اقدامات کو محدود کیا جائے۔ خطرے لینے کی ترغیب کو خطرے کا انتظام کا مالی ترغیبات اس کو خطرہ لینے سے باز رکھے گی۔ اس نتیجے کا حصول کے لیے بہترین طریقہ بدلی ہوئی کارکردگی کی بنیاد پر متغیر معاوضہ کے لیے لیا ہوا خطرہ سے پہلے کا عمل (ex-ante) اور خطرہ حقیقت بنے کے بعد کا عمل (ex-post)

- **خطرہ سے پہلے کا عمل (ex-ante)** – خطرے کے سلسلے میں جمع شدہ یا عطا کردہ مشاہراہ میں ردوبدل کرتے وقت مستقبل میں ممکنہ خرابی کے امکان کو مدنظر رکھا جائے؛ یا
- **خطرہ حقیقت بنے کے بعد کا عمل (ex-post)**۔ التوا کی مدت کے دوران (بذریعہ مالس شق) تجربے اور خطرے کے مشاہدات اور کارکردگی کے پیدا کردہ نتائج کی روشنی میں جمع شدہ مشاہراہ میں ردوبدل کے زریعے سے۔

یہ میکنزم ملازمین کے معاوضہ کے ڈھانچے اور ان کے خطرہ لینے کے رویہ کے درمیان میں تعلق قائم کرتا ہے اور لچکدار اور غیر لچکدار اجزاء میں توازن کو طاقت دیتا ہے تاکہ مالی تلافی کے درجوں میں غیر لچکدار، قلیل المدت اور طویل المدت متغیر مالی تلافی میں مناسب توازن کو یقینی بنایا جائے۔

اصل متغیر ادائیگی کا انحصار کارکردگی کے جائزے پر ہوتا ہے جو MRTs اور MRCs کے خطرہ لینے کے رویے کے متاثر کرنے کے لیے خطرے کے ردوبدل سے مشروط ہے۔ تاہم یہ ملازم کی ہر قسم کے بدل سکتا ہے۔ متغیر معاوضہ لچکدار ہے اور یہ مقاصد کے حصول اور کارکردگی

کی بنیاد پر کم ہو کر صفر بھی ہو سکتا ہے۔ بورڈ اس بات کا اختیار رکھتا ہے کی ملازمین کو بونس (متغیر معاوضہ) دے۔

خطرے اور مالی تلافی اور MRTs اور MRCs کا متغیر مالی تلافی مندرجہ خطرے میں ردوبدل سے مشروط ہے۔

A. التواء

MRTs اور MRCs کی کارکردگی کا بونس التواء سے مشروط ہے تاکہ اس وقت کا عکاس ہو جس مدت کے دوران خطرہ امکانی طور پر حقیقت بنے اور ناقص کارکردگی، خطرے کا ناقص انتظام اور غلط عمل کی نشاندہی ہو۔

MRTs اور MRCs کا کارکردگی کا بونس التوا کی بنیاد پر درج ذیل معیار سے مشروط ہے:

درجہ بندی/ اسکورنگ	کارکردگی کی قسم	خطرے میں ردوبدل کے حوالے سے بیان	التواء کی بنیاد	التواء کا نتیجہ
A	غیر معمولی	بامعنی اور تسلسل سے معیار اور توقعات سے زیادہ کا حصول	FC کا 70 فیصد تک VC	نہیں
			FC کا VC 70 فیصد سے زیادہ	ہاں
B	توقعات سے زیادہ	تسلسل سے معیار اور توقعات سے زیادہ کا حصول	FC کا 60 فیصد تک VC	نہیں
			FC کا VC 60 فیصد سے زیادہ	ہاں
C	توقعات پوری کیں	معیار اور توقعات پوری کیں	FC کا 50 فیصد تک VC	نہیں
			FC کا VC 50 فیصد سے زیادہ	ہاں
D	توقعات سے کم	معیار اور توقعات پوری نہیں کیں	ملازم متغیر مالی تلافی کا اہل نہیں ہوگا	
E	غیر اطمینان بخش	معیار اور توقعات سے خاصی کم ہوئیں		

مذکورہ بالا پس منظر میں، التواء شدہ کارکردگی بونس کی ادائیگی سالانہ اقساط کی صورت میں تناسب کی بنیاد پر MRTs اور MRCs کے لیے بالترتیب التواء کی 3 سال اور 1 سال کی مدت کے دوران ہوگی جبکہ بقایا کارکردگی کے بونس ادائیگی نقد کی صورت میں فوری ہوگی۔

پیشگی فوری نقد	اس کی ادائیگی نقد رقم کی صورت میں ہر سال کی کارکردگی کے تخمینے کے پراسس کے فیصلے کے بعد ہوگی۔
التواء کی صورت میں نقد ادائیگی	اس کی ادائیگی نقد رقم کی صورت میں تناسب کی بنیاد پر 1 سال یا 3 سالوں میں ہوگی، جس طرح سے لاگو ہو۔

التواء کا انتظام

A کیٹیگری میں درج MRTs اور MRCs کا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FC کا 70 فیصد تک VC کی رقم	فوری		-
التوا شدہ نقد رقم	FC کا 70 فیصد سے تجاوز VC کی رقم	3 سال	MRT	ہاں
		ا سال	MRC	

B کیٹیگری میں درج MRTs اور MRCs کا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FC کا 60 فیصد تک VC کی رقم	فوری		-
التواشدہ نقد رقم	FC کا 60 فیصد سے تجاوز VC کی رقم	3سال	MRT	ہاں
		1سال	MRC	

B کیٹیگری میں درج MRTs اور MRCs کا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FC کا 60 فیصد تک VC کی رقم	فوری		-
التواشدہ نقد رقم	FC کا 60 فیصد سے تجاوز VC کی رقم	3سال	MRT	ہاں

C کیٹیگری میں درج MRTs اور MRCs کا متغیر مالی تلافی کی تفصیلات یہ ہیں:

متغیر مالی تلافی کے اجزاء	التوا	التوا کی مدت		مالس
پیشگی نقد رقم	FC کا 50 فیصد تک VC کی رقم	فوری		-
التواشدہ نقد رقم	FC کا 50 فیصد سے تجاوز VC کی رقم	3سال	MRT	ہاں

B. مالس

خصوصی صورتحال میں مالس عطا کردہ متغیر مالی تلافی کی منسوخی اور کمی کی اجازت دیتا ہے۔ اگر ملازم کی کوئی جانتے بوجھتے بد سلوکی، مادی(material) کی غلطی ، لاپرواہی یا نااہلی کی مناسب حد تک ثبوت مل گئے جس میں ملازم کی مالیاتی کارکردگی کی وجہ سے کمپنی/کاروباری یونٹ کو اس کی مالیاتی کارکردگی، مادی غلط بیانی، مادی خطے کے انتظام کی ناکامی یا شہرت کا نقصان یا کارکردگی کے سال میں خطرہ ہو تو معاوضہ مالس کی معروضات(provision) سے مشروط ہوگا۔

علاوہ ازیں، بورڈ، درج ذیل صورتحال میں، اس بات کا اختیار رکھتا ہے کہ وہ ماضی میں ملازم کی جمع شدہ رقم کی ادائیگی کو منسوخ کردے (مزدور کے قوانین اور قوائد کی پابندی کرتے ہوئے):

- کمپنی کیپیٹلائزیشن(capitalization) کے خاصے مسائل اور
- جن سالوں میں بونسز جمع ہوئے ہیں اس دوران مادیت کے خاصے خطرات کا پیدا ہونا

التواءشدہ بونس کے تمام متعلقہ پہلوؤں پر تفصیلی تجزیہ کے ساتھ پول(pool) کا انتظام درج ذیل اسکیمز/اختیارات میں سے کسی ایک کے ساتھ کیا جاسکتا ہے۔

- کمپنی کے اندر ہی سے التواءشدہ بونس کی انتظامیہ اور/یا
- ایسے التواءشدہ بونس کے لیے نئی اسکیم کی تشکیل کے ساتھ مینجمنٹ فنکشن اور نظم وضبط کے میکنزم۔

غیر ایگزیکیٹیو ناظمین (NEDs) کے لیئے معاوضہ

غیر ایگزیکیٹیو ناظمین (NEDs) کے لیئے معاوضہ کی مالی تلافی شفاف اور قابل پیائش طریقے سے ہو گی اور اس کا تعلق انفرادی ناظم کے بورڈ/ کمیٹی کے اجلاسوں میں شرکت سے ہو گا۔

ملازمین کے لیے اسٹاک کے اختیار کی اسکیم (ESOS)

کمپنی ملازمین کو ESOS کی پیشکش نہیں کرتی۔

پراویڈینٹ اور گریجویٹی فنڈز کی سرمایہ کاری کا اسٹیٹمنٹ

31 دسمبر 2020 تک پراویڈینٹ اور گریجویٹی فنڈز کے غیر تصدیق شدہ گوشواروں کے مطابق سرمایہ کاری کی تفصیل بالترتیب 251 ملین اور 162 ملین پاکستانی روپے رہی۔

محاسب

موجودہ محاسب میسرز ای وائی فورڈ روڈس اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ، کا مدت معاہدہ ختم ہو گیا ہے اور اس بات کے اہل ہونے کی وجہ سے اپنے آپ کو دوبارہ منتخب کروانے کے لیے اپنی خدمات دوبارہ پیش کرتے ہیں۔ آڈٹ کمیٹی کی میسرز ای وائی فورڈ روڈس اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹ کا 31 دسمبر 2021 تک کے لیے دوبارہ انتخاب کی تجویز کو سالانہ عام اجلاس میں غور اور منظوری کے لیے پیش کرتے ہیں۔

حصص رکھنے کا رجحان

حکومتِ پاکستان	وزارتِ مالیات،	49.99%
	سیکریٹری، اقتصادی معملات ڈیویزن	0.01%
حکومت سلطنت عُمان	وزارتِ مالیات	49.99%
	وازرتِ تجارت وصنعت	0.01%

اعتراف

سرپرست

بورڈ متعلقہ حکومتوں سلطنتِ عُمان اور اسلامی جمہوریہ پاکستان کی حکومتوں کے تعاون اور ان کی وابستگی کے ممنون ہیں۔

قانون ساز نگراں ادارے

بورڈ اس موقع کو پر بینک دولت پاکستان کی مسلسل رہنمائی اور حمایت کے لیے ممنونیت کا بھی اظہار کرتا ہے۔ ان غیر معمولی اوقات میں، اس نے بینکوں کی صنعت میں انضمام اور استحکام کو محفوظ بنانے کے ساتھ ساتھ، ایسی پالیسیوں اور اقدامات کو آگے بڑھایا جو حکمت عملی اور متوازن ہیں، اور پاکستان کی معیشت، صارفین اور عوام کی حفاظت کرتے ہیں۔

انتظامیہ

بورڈ انتظامیہ اور ملازمین کو مشکلات کے باوجود ان کی مثالی محنت کی تعریف کرتا ہے۔ بورڈ مالیاتی شعبے میں کمپنی کو ایک مضبوط کھلاڑی کی حیثیت سے مقام دینے میں عملے کی غیر معمولی کوششوں کو بھی تسلیم کرتا ہے۔ یہ اجتماعی ٹیم کے کام کمپنی کے مقاصد کے حصول کے لئے عزم اور لگن کا نتیجہ ہے

بہاؤالدین خان
مینجنگ ڈائریکٹر اور چیف ایکزیکیوٹیو

یحییٰ بن سعید بن عبداللہ الجابری
چیئرمین

کراچی، 10 فروری 2021

منسلکہ "A"

بورڈ کی ایگزیکٹیو کمیٹی

اغراض مقاصد/ قوائد و ضوابط

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

ایچ۔ای۔ یحییٰ بن سعید بن عبداللہ الجابری	چیئرمین
جناب محمد زبیر موتی والا	رکن
جناب عمر حامد خان	رکن
جناب هيثم يوسف جمعة الزدجالي	رکن
جناب بہاؤالدین خان	رکن

رکن (یا ارکان) جو کسی وجہ سے اجلاس میں شرکت نہیں کر سکتے وہ اسی کمیٹی کو کسی دوسرے رکن کو نیابت (proxy) دے سکتے ہیں۔ کسی رکن کی غیر حاضری کی صورت میں ایک دوسرے ناظم کو کمیٹی میں شامل کیا جا سکتا ہے۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد (quorum)

اجلاس	کم سے کم 3 ارکان
فیصلہ سازی	سادہ اکثریت

اجلاس

بورڈ کے ہر اجلاس کے ساتھ کمیٹی کا بھی کم از کم ایک اجلاس ہو گا۔

سیکریٹری

رسک مینجمنٹ کمیٹی کا سربراہ کمیٹی کا سیکریٹری ہو گا۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع (agenda) طے/ تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا رکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

اغراض مقاصد/ قوائد و ضوابط

بورڈ کے ناظمین وقتاً فوقتاً اپنے کل اختیار یا اس کا جز، ایگزیکٹیو کمیٹی کو، ایسی شرائط و ضوابط جن کو وہ مناسب سمجھے، تفویض کرتی ہے اور اس کے پاس کل صوابدیدی اختیار ہے کہ وہ تفویض کردہ اختیار کو منسوخ کر دے، واپس لے لے یا اس میں تبدیلی کر دے۔ ایگزیکٹیو کمیٹی کے تمام فیصلے کی منظوری بورڈ کی اگلے اجلاس میں کی

جائے گی۔ کوئی اور تمام تجاویز ایگزیکیٹیو کمیٹی کو بھیجے جا سکتے ہیں جو وہ ارکان کے غور کرنے کے لیے ان میں تقسیم کرتی ہے اور ان تجاویز کی منظوری سادہ اکثریت سے ایگزیکیٹیو کمیٹی کے ارکان دیتے ہیں۔ مزید یہ کہ ارکان کو تجاویز تقسیم کے طریقے سے بھیجی اور اگر ان کا رد عمل دو ہفتوں میں نہیں آتا تو یہ سمجھا جائے گا کہ مذکورہ رکن (ارکان) اس تجویز (ات) منظور ہے (ہیں)۔

بورڈ کے ناظمین کی جانب سے ایگزیکیٹیو کمیٹی کو تفویض کردہ اختیارات کی تفصیلات درج ذیل ہیں؛

(i) 350 ملین روپے سے زیادہ تمام کاروباری تجاویز (فنڈڈ یا غیر فنڈڈ) کا جائزہ لینا اور اس کی منظوری دینا، بشمول؛

a. قرضہ اور

b. حصص اور میوچل فنڈز میں سرمایہ کاری کرنا۔

(ii) 350 ملین روپے سے زیادہ کی درج ذیل کے لیے لائنز/حدود کا جائزہ لینا اور اس کی منظوری دینا؛

a. بینکس

b. مالیاتی ادارے

c. دیگر اداراتی ادارے

خزانہ اور کیپیٹل منڈی کے سودے۔

(iii) کیپیٹل مارکیٹ کے آپریشنز بشمول CFS کے تحت قرضہ کی فراہمی کا جائزہ اور اس کی منظوری؛

(iv) قرضہ کی مالی دستاویزات (instruments) جو ٹرم فنانس سرٹیفیکیٹس، میوچل فنڈز، تجارتی دستاویزات اور/یا سکوک سرٹیفیکیٹس کی مجموعی حد کا جائزہ لیا اور اس کی منظوری لینا۔

(v) سرمایہ کاری کے لیے ٹرم فنانس سرٹیفیکیٹس، میوچل فنڈز، تجارتی دستاویزات اور/یا سکوک سرٹیفیکیٹس کی درجہ بندی کا جائزہ اور اس کی منظوری دینا۔

(vi) مالیاتی منصوبوں کے حوالے سے ادائیگی کی مدت میں تبدیلی (rescheduling) اور جرمانے کو صولی کے حق سے دستبرداری کی وجوہات پر فیصلہ کرنا۔

(vii) کسی قرضہ کی معافی کے معاملے میں بورڈ کو حتمی تجاویز دینے کے بارے میں فیصلہ کرنا۔

(viii) بورڈ کے جانب سے کسی معاملے پر دئے گئے مشورے پر غور کرنا۔

کسی یا تمام تجاویز کی کو ایگزیکیٹیو کمیٹی کے ارکان کو بھیجا جائے گا اور جس کی وہ منظوری دیں گے۔

پاک اومان انویسٹمنٹ کمپنی لمیٹڈ کی آڈٹ کمیٹی کے اغراض مقاصد / قوائد وضوابط
(آڈٹ کمیٹی کا منشور)

مقاصد

آڈٹ کمیٹی کا مقصد بورڈ کے ناظمین کی مالیاتی رپورٹنگ پریکٹسز، معیار، مالیاتی رپورٹس کی سالمیت، اندرونی کنٹرول کا ماحول، ضوابط کی تعمیل، رسک کا انتظام، نظم وضبط اور کاروبار سے متعلق اخلاقیات کی نگرانی سے متعلق کاموں کو پورا کرنے کے سلسلے میں معاونت کرنا ہے۔

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

جناب هيثم يوسف جمعة الزدجالي	چیئرمین
جناب عمر حامد خان	رکن
ہچ۔ایچ۔ سید جلند جیفر سلم آل سعید	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا)۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

معینہ مدت میں تعدادِ تکرار (Frequency)؛ تعدادِ تکرار اور بورڈ (کے اجلاس کی) کو رپورٹنگ کا میکنزم

اجلاس جب مناسب ہو گا اس کا انعقاد ہو گا لیکن سال میں چار مرتبہ سے کم اجلاس نہیں ہوں گے۔ آڈٹ کمیٹی کا اجلاس کی کاروائی کا خلاصہ بشمول اندرونی آڈٹ فنکشن کی نشاندہی کردہ معاملات پر تبصرے کے ساتھ آڈٹ کمیٹی کا چیئرمین بورڈ کو پیش کرے گا اور اس کے ساتھ کمپنی کی سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات بورڈ کے ناظمین کے جائزہ اور اس کی منظوری کے لیے پیش کرے گا۔

معینہ مدت میں ACC کے جائزہ کی تعدادِ تکرار (Frequency) اور ACC کی کارکردگی کے جائزے کا میکنزم

بورڈ سالانہ کی بنیاد پر BAC کی اس کے منشور میں درج اس کے کردار اور ذمہ داریوں کی بنیاد پر، بذریعہ بورڈ جانچ جو ہر سال کی جاتی ہے (کمپنی میں ہی PICG/)۔

سیکریٹری

کمپنی سیکریٹری ہی کمیٹی کی سیکریٹری ہوں گے۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے / تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا ریکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

مقتدر(authority)

BAC کو اپنے کرداراور ذمہ داریاں ادا کرنے کے لیے، تواندرونی یا بیرونی وسائل استعمال کر کے (اگر ضروری ہو تو)، مکمل اختیار اور آزادی ہونی چاہیے۔

معینہ مدت میں ابلاغ(communication) کی تعدادِ تکرار(Frequency) اور انتظامیہ کے ساتھ ابلاغ کا ذریعہ

بچ کو اپنا کرداراور ذمہ داریاں پوری کرنے کے لیے بذریعہ کمیٹی کے سیکریٹری یا سربراہ اندرونی آڈیٹر یا براہ راست انتظامیہ سے کوئی بھی معلومات طلب کر سکتا ہے۔

کرداراور ذمہ داریاں (اغراض مقاصد/ قوائد وضوابط)

آڈٹ کمیٹی کے اغراض مقاصد/ قوائد وضوابط (TOR) میں درج ذیل شامل ہوں گی:

i. BAC وقفے وقفے سے اہم خلاف ورزیاں/مشاہدات، اندرونی اور بیرونی دھوکہ دہیاں، اندرونی کنٹرول کی خامیاں، اداراتی اور ذاتی مادی مفاد کا ٹکراؤ، جن کی نشاندہی آڈٹ کی سرگرمیوں دوران ہوئیں، ان کے ساتھ انتظامیہ کا اس سلسلے میں ان کے حل کے لیے کئے گئے اقدامات کا خلاصہ وصول کرے گی اور جائزہ لے گی تاکہ اس بات کو یقینی بنایا جائے کہ آڈٹ کے مشاہدات/ تجاویز انتظامیہ کے اعلیٰ عہدے داران کی مناسب اور بروقت توجہ حاصل ہو اور ان میں بہتری کی نگرانی کے لیے جانے والے وقت کی بندش کے عمل/اشاروں کے ذریعے ہو۔

ii. کمپنی کی سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات کا بورڈ کے ناظمین کی منظوری سے پہلے کا جائزہ لے۔ ایسے جائزہ کی توجہ درج ذیل نکات پر ہو گی

a. قوت فیصلہ سے متعلق(judgemental) معاملات

b. آڈٹ کے نتیجے میں اہم ترامیم؛

c. جاری پریشانی کے معاملات کا مفروضہ؛

d. اکاؤنٹنگ کی پالیسی اور مشقوں(practices) میں کوئی تبدیلی؛

e. لاگو اکاؤنٹنگ کے معیار کی تعمیل؛اور

f. مندرج ضوبط اور دیگر دستوری اور انضباطی ضروریات کی تعمیل۔

iii. ابتدائی نتائج کا اشاعت کے اعلان سے پہلے جائزہ

iv. بورڈ کے ناظمین ی توثیق سے پہلے کمپنی کی مالی دستاویزات کا اندرونی کنٹرول کے نظام پر جائزہ۔

v. بڑی مشاہدات جو درمیانی اور حتمی آڈٹ اور دیگر کوئی معاملہ جس کی جانب آڈیٹر توجہ دلانا چاہتا ہے اس سلسلے میں بیرونی آڈٹ کے معاملے میں بیرونی آڈیٹر کو سہولت فراہم کرنا ان کے ساتھ بیٹھ کر غور وخوص کرنا۔

vi. بیرونی آڈیٹر کی جانب سے جاری کردہ مینجمنٹ اور اس پر انتظامیہ کے رد عمل کا جائزہ لینا۔

vii. اس بات کا تعین کرنا کہ اندرونی کنٹرول کا نظام بشمول مالیاتی اور آپریشنل کنٹرولز، اکاؤنٹنگ کا نظام اور رپورٹ کرنے کے ڈھانچے مناسب اور مؤثر ہیں۔

viii. اداراتی نظم وضبط کی مشقوں اور اس میں اہم انحراف کے شناخت کرنے کی نگرانی کی تعمیل کرنا۔

ix. متعلقہ دستوری ضروریات کی تعمیل کا عزم۔

x. بورڈ کے ناظمین کو بیرونی آڈیٹر کے انتخاب، جو کمپنی کے حصص کنندگان کرتے ہیں، کے لیے تجاویز دینے کی ذمہ دار ہے اور بیرونی آڈیٹر کے استعفیٰ یا برطرفی سے تعلق، آڈٹ فیس اور کمپنی کی مالیاتی دستاویزات کے آڈٹ کے علاوہ کسی خدمت کی پرووِیزن سوالات پر غور کرے گی۔

xi. اندرونی آڈٹ کا دائرہ کاراور اس کی وسعت اور اس بات کو یقینی بنایا جائے کہ اندرونی آڈٹ، کو اپنی آڈٹ کی سرگرمیوں کی واقعیت (objectivity) کے ساتھ ادائیگی کے لیے، ہر طرح سے آزاد ہے اور اسے لوگوں، معلومات، پراسسز، جائیداد، رکارڈ اور سسٹم تک رسائی پر کسی قسم کی پابندیاں نہیں ہیں۔

xii. BAC/بورڈ IAF کا بجٹ منظور کرے گا اور مناسب وسائل فراہم کرے گا؛ اور ضروری ہوا تو اضافی وسائل (مالیاتی، انسانی، آپریشنل، مادی، ٹیکنالوجیکل اور ضروری تربیت) فراہم کرے گا جو مناسب ہوں تاکہ IAF طے شدہ(planned) آڈٹ کی سرگرمیوں کو سرانجام دی جاسکیں، جس کا متعین مدت میں اس کی موجودہ حیثیت کے تقابلی جائزہ لیا جائے گا۔

xiii. BAC، جیسے اور جب ضروری ہو گا، اندرونی آڈٹ کے منشور (IAC)، سالانہ خطرے کی بنیاد پر آڈٹ منصوبہ (RBAP) کا جائزہ لے گا اور منظور کرے گا۔

xiv. BACاندرونی آڈٹ کی حکمت عملی(IAS)کا جائزہ لے گی اور بورڈ کی منظوری کے لیے تجاویز دے گی۔

xv. CIA کے انتخاب/دوبارہ انتخاب/ معاہدے کی تجدید اور برطرفی کی منظوریBAC دے گی؛ اور ملازمت کی دیگر شرائط بشمول ان کا مشاہراہ، متعلقہ فوائد، ترقی/ تنزلی اور کارکردگی کی بنیاد پر بونسسز، تنخواہ میں اضافہ، نقد انعمات اور دیگر مالیاتی اور غیر مالیاتی فوائد کا تعین کرے گا۔

xvi. CIA کے لیے BAC کارکردگی کے بنیادی اشارے(KPIs) کی منظوری دے گی اور متعلقہ فرد کی ان KPIs کی بنیاد پر کارکردگی کا سالانہ کی بنیاد پر جائزہ لے گی۔

xvii. BACکیCIAاور ندرونی آڈیٹرز کے خلاف کی جانے والی کوئے تفتیش/انضباطی کاروائی کے عمل کو یقینی طور پر آزاد ہونا چاہیے۔

xviii. BAC کوہر سال مدت کے دوران کی جانے والی آڈٹ کی بنیاد پر CIA سے FI کے اندرونی کنٹرولز کی صورتحال پر ایک آزاد تخمینہ /رائے لے گی۔

xix. IAF/بیرونی آڈیٹرز کی نشاندہی کردہ معاملات پر بورڈ کو رپورٹ میں جو بورڈ کی فوری توجہ طلب ہیں۔

xx. خصوصی منصوبوں کی تشکیل، رقم کی قدر کے بارے میں تجزیاتی مطالعہ یا دیگر بورڈ کی جانب سے تجویز کردہ معالے، چیف ایگزیکیٹیو کے ساتھ مشاورت سے، پر تفتیش کرنا، تاکہ اس معالے کو واپس بیرونی آڈیٹر یا دیگر بیرونی باڈی کے پاس بھیج دیا جائے۔

xxi. کاروباری اخلاقیات/ طرز عمل کی مشقوں، نظم وضبط اور خطرے انتظام کی مشقوں، مالیاتی رپورٹنگ اور آڈیٹنگ مشقوں وغیرہ کے بارے میں شکایات/خدشات وصول کرنے (اندرونی یا بیرونی ذرائع سے) کے بارے میں "وسل بلوونگ" کے طریقہ کار کے مؤثر ہونے کا جائزہ لے۔

xxii. BACاس بات کو لازمی طور پر اس بات کو یقینی ایسی شکایات کو خفیہ طور پر دیکھنا چاہیئے اور شکائت کی رپورٹ کرنے والا ملازم (ملازمین) کو تحفظ حاصل ہونا چاہیے اور اس/ان کو کسی بھی طریقے سے سزا نہ دی جائے۔

xxiii. بورڈ کے ناظمین کا تفویض کردہ دیگر کوئی مسئلے یا معاملے پر غور وخوص کرنا۔

مشاہرہ اور معاوضہ کمیٹی

اغراض مقاصد/قوائد وضوابط

نام

کمیٹی بطور مشاہراہ اور معاوضہ کمیٹی کے نام سے جانی جاتی ہے۔

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

ایچ۔ای۔یحییٰ بن سعید بن عبداللہ الجابری	چیئر مین
جناب محمد زبیر موتی والا	رکن
ایچ۔ایچ- سید جلند جیفر سلم آل سعید	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا)۔

اجلاس

اجلاس جب مناسب ہو گا منعقد ہو گی لیکن سال میں چار مرتبہ سے کم نہیں ہوں گی۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

سیکریٹری

کمپنی سیکریٹری ہی کمیٹی کی سیکریٹری ہوں گے۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے/تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا رکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

سیکریٹری کی غیر حاضری کی صورت میں کمیٹی کے چیئر مین اس اجلاس کے لیے ایک سیکریٹری نامزد کر سکتا ہے۔

اختیار اور فرائض

1. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی تقرریوں، معاوضہ کی منظوری دینا ماسوائے COO,DMD، CFO، کمپنی سیکریٹری اور سربراہ اندورنی آڈٹ کے۔
2. CFO،COO,DMD ، کمپنی سیکریٹری اور سربراہ اندورنی آڈٹ کے انتخاب، قدر پیمائی (evaluation) اور ان کے معاوضے کے بارے میں بورڈ کو تجویز/مشورہ دینا۔
3. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی برطرفی، ترقی، تنخواہ میں اضافہ اور دیگر فوائد کا جائزہ لینا اور منظوری دینا۔
4. مینجنگ ڈائریکٹر کی تجویز کردہ تجاویز کے مطابق شعبہ جات کے سربراہان کی سالانہ قدر پذیری کی رپورٹس کا جائزہ لینا (اور منظوری دینا)۔
5. کمپنی کے شعبہ جاتی سربراہان، ایگزیکیٹیو اور دیگر ملازمین کے لیے کارکردگی بونس کی ادائیگی کے معیار کا جائزہ لینا اور بورڈ کو تجویز دینا۔
6. کمپنی لے شعبہ جات کے سربراہان، ایگزیکیٹیو اور دیگر ملازمین کو کارکردگی کے بونسسز کی ادائیگی کے معیار کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
7. کمپنی کے انسانی وسائل کی پالیسی کا کتابچے اور ملازمین کے سروس کے قوانین میں کوئی تبدیلی کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
8. وقفہ وقفہ سے ایم ڈی کی تنخواہ، الاؤنس اور اضافی مراعات میں اضافے کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
9. ناظمین کی فیس میں تبدیلی کا جائزہ لے کر بورڈ کے ناظمین کو تجویز دیں۔
10. بورڈ کی دیگر کسی تعریف (تجویز) کردہ مسائل یا موضوعات پر غور کرے۔

بورڈ نے کمیٹی کو اس بات کا اختیار دے رکھا ہے کہ اگ وہ ضروری سمجھے تو وہ کسی معاملے پر باہر سے انسانی وسائل، قانونی اور دیگر آزاد پیشہ ورانہ مشورہ حاصل کر سکتا ہے۔

بورڈ کی رسک مینجمنٹ کمیٹی

اغراض مقاصد/ قوائد وضوابط

ساخت

کمیٹی مندرجہ ذیل ناظمین پر مشتمل ہو گی:

جناب محمد زبیر موتی والا	چیئرمین
جناب هیثم یوسف جمعۃ الزدجال	رکن
ایچ۔ایچ۔ سید جلند جیفر سلم آل سعید	رکن
جناب عمر حامد خان	رکن

مینجنگ ڈائریکٹر کو کمیٹی کے اجلاس میں شرکت کی دعوت دی جاسکتی ہے (جیسے اور جب ضروری ہوا۔

چیئرمین کی غیر حاضری کی صورت میں کمیٹی کی صدارت چیئرمین کے نامزد شخص کرے گا۔

اجلاس میں کم سے کم ارکان کی شرکت کی تعداد(quorum)

اجلاس	کم سے کم 2ارکان
فیصلہ سازی	سادہ اکثریت

اجلاس

بورڈ کے ہر اجلاس کے ساتھ کمیٹی کا اجلاس ہر سہ ماہی میں کم از کم ایک مرتبہ ہو گا۔

سیکریٹری

رسک مینجمنٹ کمیٹی کا سربراہ کمیٹی کا سیکریٹری ہو گا۔ سیکریٹری کی ذمہ داری ہو گی کی وہ اجلاس کا موضوع(agenda) طے/ تیار کرے اور ارکان میں تقسیم کرے اور اجلاس سے پہلے کمیٹی کے ارکان کو ضروری معاون دستاویز فراہم کرے گا۔

سیکریٹری کی ذمہ داری ہو گی کہ وہ کمیٹی کے اجلاس کے منٹس تیار کرے اور اس کا ریکارڈ رکھے اور کمیٹی کے ارکان کو بھیجے۔

سیکریٹری کی غیر حاضری کی صورت میں کمیٹی کے چیئرمین اس اجلاس کے لیے ایک سیکریٹری نامزد کر سکتا ہے۔

اغراض مقاصد/ قوائد وضوابط

رسک مینجمنٹ کمیٹی کو بورڈ کے ناظمین کی جانب سے تفویض کردہ تفصیلات درک ذیل ہیں:

اختیاراورذمہ داریاں

عام

کمیٹی کی ذمہ داری ہے کہ کمپنی بھر میں رسک مینجمنٹ کے ڈھانچے کے قائم کرنے اور برقرار رکھے گی اور اس کی تعمیر سے کاروباری خطرات کی شناخت ہو اور اس کو ترجیح دیا جائے تاکہ رسک مینجمنٹ کی سرگرمیوں کا موثر ہونے اور ہم آہنگ ہونے کا اندازہ لگایا جائے۔ ان مقاصد کے حصول کے لیے کمیٹی کے کاموں میں درج ذیل کام شامل ہیں جو ان کاموں تک محدود نہیں ہے؛

- کاروباری خطرے کے تناظر میں کمپنی بھر پر قابل عمل لائحہ عمل کا جائزہ لینا تاکہ اس بات کو یقینی بنایا جائے کہ اس کو کمپنی کی پالیسیوں اور انضباطی ضروریات کے مطابق بنایا گیا ہے۔
- کمپنی کی مجموعی کاروباری خطرے لیے رغبت کے ساتھ ساتھ قرضہ، منڈی، سیالیت اور آپریشن کی سرگرمیوں کے حوالے سے برداشت کرنے کی استعداد کی تجاویز دیں
- وقفہ وقفہ سے قرضہ کے خطرے کا انتظام اور دیگر پالیسیوں کا جائزہ لے اور ان میں مناسب کرتے رہیں تاکہ وہ کسی بھی ارتقاء اور ماحول میں ہونے والی کسی تبدیلی سے ہم آہنگ ہوں۔ تاہم ایسی کسی صورتحال کی عدم موجودگی میں یہ توقع کی جاتی ہے کہ کمیٹی ان پالیسیوں کے موئثر ہونے کے حوالے سے سال میں کم از کم تین سال میں ایک مرتبہ ان پالیسیوں کا جائزہ لے گی/تخمینہ لگائے گی۔
- نئ مصنوع(product)/قرضہ دینے کا پروگرام/سرمایہ کاری اور نئے کاروبار کا جائزہ/اصلاح کے لیے نظرثانی کرنا اور ان پر تجاویز کو بورڈ کا صلاح کے لیے نظرثانی کرنا اور ان پر تجاویز کو بورڈ کے ناظمین کو پیش کرنا۔
- کمپنی کی پسندیدہ کیپیٹل کا موزونیت کے تناسب کا جائزہ لینا اور اس میں اہم اتار چڑھاؤ کی نگرانی کرنا اور کیپیٹل کی کم سے کم دستوری ضروریات استثنیٰ کا جائزہ لینا اور بورڈ کی ضروری منظوری لینا۔
- رسک مینجمنٹ پالیسیوں میں مادی استثنیٰ اور کاروباری خطرے کی حدود برداشت کی استعداد اور ان کی اصلاح کے لیے گئے اقدامات اور ان کی منظوری۔
- کوئی نیا کاروباری خطرہ اور اس کو کنٹرول کرنے کا ڈھانچہ/بہترین مشقیں/نئے قوانین کا انتظام(حکومت)۔
- کاروباری خطرے کی رغبت میں تغیرات کا جائزہ۔
- بیسل ICAAP- III/ II/دباؤ کی ٹیسٹنگ کا جائزہ۔
- کمپنی در پیش مجموعی کاروباری خطرات کو دستیاب کیپیٹل کی مناسبت سے محفوظ سطح پر برقرار رکھنے کی استعداد کا تخمینہ لگانا۔
- SBP کی ہدایات/کمپنی پالیسی کے مطابق کسی دیگر بیان کو جائزہ کے لیے جمع کروانا۔

قرضہ کی فراہمی

- کریڈٹ کمیٹی کے اغراض مقاصد/قوائد وضوابط کی منظوری
- سالانہ کریڈٹ پلان کا جائزہ اور بورڈ کو تجویز دینا۔
- جہاں جہاں لاگو انضباطی پالیسی کی ضروریات میں چھوٹ/ڈھیل کی اجازت ہو اس کی تجاویز/منظوری بورڈ/BRMC سے لی جائیں۔
- بورڈ کی منظوری کے لیے تمام متعلقہ جزوی ایکس پوژرز(exposures) کا جائزہ اور منظوری اور بورڈ کی منظوری کے پیش کرنا۔
- پورٹ فولیو اور سیکٹر کا تجزیہ۔
- ملک سے متعلق خطرے کا تجزیہ جہاں ضروری ہو۔

منڈی کا رسک

- فریق دوئم/FI حدود کا جائزہ اور تجویز دینا۔
- سالانہ خزانہ کے پلان کا جائزہ اور تجویز دینا۔
- بورڈ کی خزانہ کی منظور کردہ حدود کی خلاف ورزیوں کی منظوری۔
- خزانہ اور ملکیتی سرمایہ کے منصوبوں میں تغیر کا جائزہ۔
- دباؤ کی ٹیسٹنگ کا جائزہ۔
- استثنیٰ رپورٹ کا جائزہ۔

سیالیت کا خطرہ

- تکمیلی صورتحال/دوبارہ سے قیمت میں فرق کا جائزہ۔
- غیر یقینی صورتحال کی فنڈنگ کے پلان کا جائزہ اور تجویز کرنا۔
- فنڈ کیے جانے میں فرق کی نگرانی۔

آپریشن کے خطرے کا انتظام

- آپریشنل رسک کے لیے برداشت کرنے کی استعداد کی حد کا جائزہ اور تجویز دینا۔
- اندرونی خطرے کے تخمینے کے اندازے کے طریقہ کار یعنی رسک اور کنڑول خود کار تخمینہ یا خطرے کی نگرانی کے لیے دیگر کوئی طریقہ کار کی منظوری۔
- آپریشنل نقصان کی برداشت کی استعداد میں تغیر کا جائزہ(اہم رسک کے نقصان کے واقعات کی اطلاع دیں)
- کوئی اہم آپریشنل رسک جسے BRMS کو آگاہ ہونے کی ضرورت ہے اس کا جائزہ۔
- اہم واقعات اور اشاروں کے بارے میں جمع کی جانے والی رپورٹ کا جائزہ تاکہ اس سلسلے میں تجویز کردہ/کئے جانے والے عمل کی موزونیت کا تعین ہو سکے اور اگر ضروری ہو تو متبادل اقدام کی ہدائت دی جائے یا تجویز کردہ عمل کے نفاذ کی اجازت دی جائے۔

انفارمیشن ٹیکنالوجی سیکیورٹی کے خطرہ کا انتظام

- .I.T کے تحفظ کی حکمت عملی کا جائزہ اور تجاویز دینا۔
- I.T کے تحفظ کی پالیسی/ترامیم کی بورڈ کو تجویز دینا۔
- معلومات کے تحفظ کی پالیسی کے نفاظ کی کیفیت کا جائزہ لینا۔
- کاروبار کے پراسس، نظام یا سرگرمی میں کوئی اہم تبدیلی جسے BRMC سیکریٹری نے پیش کی ہے تاکہ کسی ممکنہ ہونے والے خطرے کو نمایاں کر سکے اس پورے عمل کا جائزہ۔
- اس بات کا جائزہ لینا کہ کمپنی کے پاس کاروبار کے مسلسل جاری رہنے/غیر یقینی صورتحال نپٹنے کا بورڈ کے ناظمین کا منظور کردہ منصوبہ موجود ہے۔

تعمیل رسک مینجمنٹ

- بی آر ایم سی تعمیل رسک کی حکمت عملی اور سالانہ تعمیل پروگرام کی منظوری دے گی۔
- بی آر ایم سی ایک جامع تعمیلاتی تقریب کا وجود یقینی بنائے گی، جو پی او سی ایل کی مجموعی رسک مینجمنٹ حکمت عملی کے مطابق ہوگی۔
- بی آر ایم سی تعمیل کے امور پر باقاعدگی سے گفتگو کرے گی، اس بات کو یقینی بنائے کہ مناسب وقت اور ترجیح فراہم کی جائے:

- بی آر ایم سی سالانہ بنیاد پر پی او سی ایل کے تعمیل رسک کے مجموعی انتظام کی جانچ کرے گی۔
- بی آر ایم سی اس بات کو یقینی بنائے گا کہ سی سی او کے پاس مناسب قد، اتھارٹی، وسائل (مالی اور انسانی) ہوں اور فرائض کی تکمیل کے لئے مدد حاصل ہو۔
- بی آر ایم سی نصف سالانہ بنیادوں پر سی سی او کے ساتھ مشغول ہو گی تاکہ اسے معاملات پر تبادلہ خیال کا موقع فراہم کرے۔
- بی آر ایم سی تعمیل کمیٹی برائے مینجمنٹ (سی سی ایم) کے اجلاسوں کے چند منٹ کا جائزہ لے گا۔
- بی آر ایم سی عدم تعمیری یا قابو پانے کی کمزوری کی مثالوں کے سلسلے میں کئے گئے اصلاحی اقدامات پر عمل درآمد کی پیشرفت کا جائزہ لے گی۔

Pak Oman Investment Company Limited
Six Years Financial Summary

					Rupees in '000	
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
December 31						
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Cash and balances with treasury and other banks	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805	1,680,681
Lendings to financial institutions	3,600,000	8,132,475	5,434,296	2,038,288	935,826	362,824
Investments	68,217,290	59,375,922	28,433,357	40,240,634	20,831,182	14,073,356
Advances	20,935,305	20,024,133	20,480,702	18,788,493	14,834,851	9,993,263
Fixed assets	219,239	201,211	95,732	80,994	83,897	82,201
Intangibles	-	5	437	907	1,366	115
Other assets	2,301,373	2,221,001	1,267,755	1,337,874	1,359,428	1,002,189
Total assets	**96,806,076**	**92,082,814**	**58,110,472**	**64,669,390**	**39,806,355**	**27,194,629**
LIABILITIES						
Borrowings	70,551,769	73,681,026	39,961,645	44,607,690	25,150,898	14,479,440
Deposits and other accounts	15,869,130	8,576,392	9,010,490	10,501,149	5,342,975	4,009,860
Other liabilities	1,302,144	1,471,935	995,399	1,437,194	851,284	540,243
Total Liabilities	**87,723,043**	**83,729,353**	**49,967,534**	**56,546,033**	**31,345,157**	**19,029,543**
NET ASSETS	**9,083,033**	**8,353,461**	**8,142,938**	**8,123,357**	**8,461,198**	**8,165,086**
REPRESENTED BY						
Share capital	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Reserves	1,759,985	1,265,504	1,164,643	1,071,761	984,427	843,304
Surplus / (defict) on revaluation of assets	348,498	161,727	39,425	63,540	354,446	394,883
Unappropriated profit	824,550	776,230	788,870	838,056	972,325	776,899
	9,083,033	**8,353,461**	**8,142,938**	**8,123,357**	**8,461,198**	**8,165,086**
PROFITABILITY						
Mark-up/Return/Interest earned	8,993,366	7,521,051	3,550,116	3,955,607	2,287,972	2,242,063
Mark-up/Return/Interest expensed	(7,444,829)	(6,500,194)	(2,710,409)	(3,099,597)	(1,436,373)	(1,356,296)
Net mark-up/interest income	1,548,537	1,020,857	839,707	856,010	851,599	885,767
Fee, commission and brokerage income	44,241	41,637	60,348	61,204	60,302	39,488
Capital gain & dividend income	617,675	192,288	80,355	277,563	762,621	750,484
Other income	8,894	2,344	20,861	1,670	4,750	-
Total non markup/interest income	670,810	236,269	161,564	340,437	827,673	789,972
Gross Income	2,219,347	1,257,126	1,001,271	1,196,447	1,679,272	1,675,739
Operating expenses and other charges	(737,257)	(609,415)	(584,028)	(620,227)	(647,335)	(504,340)
Profit before provisions	**1,482,090**	**647,711**	**417,243**	**576,220**	**1,031,937**	**1,171,399**
Reversals / (Provisions)	(144,952)	34,136	332,101	168,313	(6,648)	(196,135)
Profit before taxation	**1,337,138**	**681,847**	**749,344**	**744,533**	**1,025,289**	**975,264**
Taxation	(364,732)	(177,543)	(284,934)	(307,865)	(319,675)	(372,793)
Profit after taxation	**972,406**	**504,304**	**464,410**	**436,668**	**705,614**	**602,471**
CASH FLOW STATEMENT - SUMMARY						
Cash flow from operating activities	(40,873)	38,624,252	(10,063,973)	288,299	4,624,456	3,080,661
Cash flow from investing activities	(123,154)	(38,463,255)	10,710,960	626,527	(4,176,030)	(1,549,550)
Cash flow from financing activities	(431,171)	(431,123)	(430,994)	(492,431)	(369,302)	(244,515)
Cash and cash equivalents at the beginning of the year	2,128,067	2,398,193	2,182,200	1,759,805	1,680,681	394,085
* Cash and cash equivalents at the end of the year	1,532,869	2,128,067	2,398,193	2,182,200	1,759,805	1,680,681

Financial Ratios

Return on Equity	11.2%	6.1%	5.7%	5.3%	8.5%	7.6%
Return on Assets	1.0%	0.7%	0.8%	0.8%	2.1%	2.4%
Profit before tax ratio	60.2%	54.2%	74.8%	62.2%	61.1%	58.2%
Gross spread ratio	17.2%	13.6%	23.7%	21.6%	37.2%	39.5%
Total Assets to shareholders' fund	10.66	11.02	7.14	7.96	4.70	3.33
Weighted average cost of debt	9.70%	11.92%	6.88%	5.87%	6.18%	7.54%
Capital adequacy ratio (CAR)	17.19%	15.57%	17.29%	21.45%	28.34%	35.62%

Share Information

Cash dividend per share	7.50%	7.00%	7.00%	7.00%	8.00%	6.00%
Basic and diluted earnings per share	1.58	0.82	0.76	0.71	1.15	0.98
Breakup value per shares	14.77	13.58	13.24	13.21	13.76	13.28

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

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To the members of Pak Oman Investment Company Limited

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 Pak Oman Investment Company Limited (the Company) for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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. 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 31 December 2020.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 16 March 2021

Statement of Compliance with the Best Practices of Code of Corporate Governance

For the Year Ended December 31, 2020

SBP vide BPRD Circular No. 14 dated October 20, 2016 has advised that the requirement in terms of Prudential Regulation G-1 with regards to the applicability of Code of Corporate Governance (CCG) shall no longer be applicable on DFIs. However, it is expected that all DFIs will continue to follow the best practices of Corporate Governance. Accordingly, this statement is being presented to comply with the best practices of Corporate Governance i.e. Code of Corporate Governance.

The Company has complied with best practices contained in the Code following manner:

1. The Board of Directors ("the Board") of the Company comprises of 5 non-executive directors and one executive director. All the directors are nominees of the respective joint venture partner governments under requirements of the Joint Venture Agreement (JVA) between them. At present the Board includes:

Category	Names
Executive Director	• Mr. Bahauddin Khan, MD & CEO
Non-Executive Directors	• H.E. Yahya Bin Said Bin Abdullah Al-Jabri • Mr. M. Zubair Motiwala • H.H. Juland Jaifar Salim Al Said • Mr. Haitham Yousuf Juma Al Zadjali • Mr. Omar Hamid Khan

   The Company has obtained relaxation from the State Bank of Pakistan with regards to the requirement of independent director.

2. No casual vacancy occurred on the Board during the year ended December 31, 2020.

3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFI or, being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.

4. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

5. (a) The Company has prepared a "Statement of Ethics & Business Practices ("the 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, including posting the same on the Company's website (www.pakoman.com).

(b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.

6. The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.

7. The Board has developed and enforced appropriate policy related matters on conflict of interest, the clauses of which are contained in relevant policies to lay down circumstances or considerations when person may be deemed to have actual or potential conflict of interests, and the procedures for disclosing such interest.

8. The Board has developed and implemented policy related matters on anti-corruption, the clause of which are contained in the relevant policies to minimize actual or perceived corruption in the Company.

9. The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.

10. The Board has developed a vision or mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

11. Directors are conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. In compliance of best practices four directors have completed the Director’s Training Certification under the Directors Training Program as prescribed by SECP and one director is exempt from the said certification. The Board is encouraging other members to get the Directors Training Certification as soon as possible.

12. The Board has carried out the performance evaluation of its members, including the Chairman and the Chief Executive, on the basis of ‘Board Self Evaluation’ (BSE) process. The Self Evaluation of the Members of the Board and its Sub-Committees was conducted under the supervision of Pakistan Institute of Corporate Governance (PICG). The Board has also monitored and assessed the performance of senior management on annual basis.

13. The meetings of the Board of Directors were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose; and

    (a) The Board has met at least four times during the year.

    (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.

(c) The minutes of the meetings were appropriately recorded and circulated.

14. The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.

15. The Board has approved the profit and loss account for, and Statement of Financial Position as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members.

16. The Board has formed the following Board Sub- Committees:

Committee	**Name of Chairman / Members**
Audit Committee	Mr. Haitham Yousuf Juma Al Zadjali - Chairman H.H. Juland Jaifar Salim Al Said – Member Mr. Omar Hamid Khan – Member
Executive Committee	H.E. Yahya Bin Said Bin Abdullah Al-Jabri - Chairman Mr. M. Zubair Motiwala– Member Mr. Omar Hamid Khan – Member Mr. Haitham Yousuf Juma Al Zadjali - Member Mr. Bahauddin Khan – Member
Remuneration & Compensation Committee	H.E. Yahya Bin Said Bin Abdullah Al-Jabri – Chairman H.H. Juland Jaifar Salim Al Said – Member Mr. M. Zubair Motiwala– Member Mr. Bahauddin Khan – Member
Risk Committee	Mr. M. Zubair Motiwala - Chairman H.H. Juland Jaifar Salim Al Said – Member Mr. Haitham Yousuf Juma Al Zadjali – Member Mr. Omar Hamid Khan – Member

17. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.

18. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and Act and fully describes the salient matters required to be disclosed.

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

20. A formal and transparent procedure for fixing the remuneration of Director has been in place.

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

22. The Audit Committee has met at least once every quarter of the financial year ended December 31, 2019. These meetings were held prior to the approval of interim results by the Board of Directors. The Chief Executive and Chairman of the Board are not members of the Audit Committee.

23. The Board has set up an effective internal audit function, which has an Audit Charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.

24. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

25. The Company has complied with all other applicable requirements of the Code.

26. The statutory audit of the Company has been carried out by the audit firm which has been given the satisfactory rating under the 'Quality Control Review' (QCR) Rating Program of the Institute of Chartered Accountant of Pakistan (ICAP).

27. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, other executive and non-executive directors have been taken by the Board.

Yahya Bin Said Bin Abdullah Al-Jabri
Chairman
Karachi: February 10, 2021

Bahauddin Khan
Managing Director & Chief Executive Officer

STATEMENT OF INTERNAL CONTROLS

For the year ended December 31, 2020

REPORTING ON INTERNAL CONTROL SYSTEM

It is the management's responsibility to establish and maintain an adequate and effective system of internal control that would help to attain a professional and efficient working environment. The internal control system comprises of control procedures and control environment.

The Management has taken steps to ensure that an efficient and effective internal control system is in place by identifying control objectives, reviewing pertinent policies / procedures and establishing relevant control procedures. All policies and procedures are reviewed on an ongoing basis and necessary amendments are made where needed.

Alongside this, appropriate test of transactions, observation of control environment, sharing of findings on internal control systems and ensuring relevant follow up / corrective actions are also carried out.

The Internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEMS

The Company has made an effort to ensure that an effective and efficient internal control system is in place and no compromise is made in implementing desired procedures and maintaining a suitable control environment in general.

As per the SBP roadmap, the Company had completed all stages and is in compliance with SBP instructions and obtained exemption from the State Bank of Pakistan for submission of Long Form Report (LFR) certified by external auditors. An annual assessment on internal controls over financial reporting was conducted by the internal audit department of the company, which was duly endorsed by Audit Committee of the Board in compliance to the regulatory requirement. In addition to this, the Company also submitted the "Internal Audit Annual Assessment Report" for the year ended December 31, 2019 to SBP.

The Management considers that the Bank's existing Internal Control System is adequate and has been effectively implemented and monitored; based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year. However, the Management would be continuously evaluating processes to enhance and further strengthen the Internal Control System. Furthermore, due importance is given to the training needs of staff in order to ensure that their knowledge and skill levels are constantly enhanced and updated.

Mohammad Jamal Nasir	**S. Abdullah Jamal Ahmed**	**Muhammad Sajjad Arif**
Chief Financial Officer	Chief Compliance Officer	Chief Internal Auditor

Karachi: February 10, 2021

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PAK OMAN INVESTMENT COMPANY LIMITED

STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Oman Investment Company Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pak Oman Investment Company Limited ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2020, 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 and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion 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 31 December 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditors' reports thereon.

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

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

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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 the 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 are 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.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 16 March 2021

Pak Oman Investment Company Limited
Unconsolidated Statement of Financial Position
As at 31 December 2020

2020	2019		Note	2020	2019
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,342	959	Cash and balances with treasury banks	**5**	**214,433**	153,271
8,249	12,355	Balances with other banks	**6**	**1,318,436**	1,974,796
22,523	50,881	Lendings to financial institutions	**7**	**3,600,000**	8,132,475
426,800	371,484	Investments	**8**	**68,217,290**	59,375,922
130,981	125,280	Advances	**9**	**20,935,305**	20,024,133
1,372	1,259	Fixed assets	**10**	**219,239**	201,211
-	-	Intangible assets	**11**	**-**	5
1,417	2,114	Deferred tax assets	**12**	**226,542**	337,826
12,981	11,782	Other assets	**13**	**2,074,831**	1,883,175
605,665	576,114			**96,806,076**	92,082,814
		LIABILITIES			
-	-	Bills payable		**-**	-
441,405	460,984	Borrowings	**14**	**70,551,769**	73,681,026
99,285	53,658	Deposits and other accounts	**15**	**15,869,130**	8,576,392
1	4	Liabilities against assets subject to finance lease	**16**	**197**	610
-	-	Subordinated debt		**-**	-
-	-	Deferred tax liabilities		**-**	-
8,147	9,205	Other liabilities	**17**	**1,301,947**	1,471,325
548,838	523,851			**87,723,043**	83,729,353
56,827	52,263	**NET ASSETS**		**9,083,033**	8,353,461
		REPRESENTED BY			
38,477	38,477	Share capital	**18**	**6,150,000**	6,150,000
11,011	7,918	Reserves	**19**	**1,759,985**	1,265,504
2,180	1,012	Surplus on revaluation of assets	**20**	**348,498**	161,727
5,159	4,856	Unappropriated profit		**824,550**	776,230
56,827	52,263			**9,083,033**	8,353,461
		CONTINGENCIES AND COMMITMENTS	**21**		

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Profit and Loss Account
For the year ended 31 December 2020

2020	2019		Note	2020	2019
(US Dollar in '000)				(Rupees in '000)	
56,267	47,055	Mark-up / return / interest earned	**22**	**8,993,366**	7,521,051
46,578	40,668	Mark-up / return / interest expensed	**23**	**7,444,829**	6,500,194
9,689	6,387	Net mark-up / interest income		**1,548,537**	1,020,857
		NON MARK-UP / INTEREST INCOME			
277	261	Fee and commission income	**24**	**44,241**	41,637
703	476	Dividend income		**112,371**	76,059
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
3,161	727	Gain on securities	**25**	**505,304**	116,229
56	15	Other income	**26**	**8,894**	2,344
4,197	1,479	Total non mark-up / interest income		**670,810**	236,269
13,886	7,866	**Total Income**		**2,219,347**	1,257,126
		NON MARK-UP / INTEREST EXPENSES			
4,255	3,612	Operating expenses	**27**	**680,164**	577,375
171	60	Workers Welfare Fund		**27,289**	9,572
186	141	Other charges	**28**	**29,804**	22,468
4,612	3,813	Total non mark-up / interest expenses		**737,257**	609,415
9,274	4,053	**Profit Before Provisions**		**1,482,090**	647,711
(907)	214	(Provisions) / reversals and write offs - net	**29**	**(144,952)**	34,136
-	-	Extra ordinary / unusual items		**-**	-
8,367	4,267	**PROFIT BEFORE TAXATION**		**1,337,138**	681,847
(2,282)	(1,111)	Taxation	**30**	**(364,732)**	(177,543)
6,085	3,156	**PROFIT AFTER TAXATION**		**972,406**	504,304
(US $)				(Rupees)	
0.0099	0.0051	**Basic and diluted earnings per share**	**31**	**1.58**	0.82

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2020

2020	2019		2020	2019
(US Dollar in '000)			(Rupees in '000)	
6,085	3,156	**Profit after taxation for the year**	**972,406**	504,304
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
825	786	Movements in surplus on revaluation of investments - net of tax	**131,838**	125,561
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(11)	74	Remeasurement (loss) / gain on defined benefit obligations - net of tax	**(1,712)**	11,892
344	(20)	Movement in surplus on revaluation of non-banking assets - net of tax	**54,933**	(3,259)
333	54		**53,221**	8,633
7,243	3,996	**Total comprehensive income**	**1,157,465**	638,498

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital	Reserves: Statutory reserve	Reserves: General reserve	Surplus / (deficit) on revaluation of: Investments	Surplus / (deficit) on revaluation of: Non-banking assets	Unappropriated profit	Total
	(Rupees in '000)						
Balance as at 01 January 2019	6,150,000	1,153,013	11,630	(7,502)	46,927	788,870	8,142,938
Profit after taxation for the year ended 31 December 2019	-	-	-	-	-	504,304	504,304
Other comprehensive income - net of tax	-	-	-	125,561	(3,259)	11,892	134,194
Total comprehensive income	-	-	-	125,561	(3,259)	516,196	638,498
Transfer to statutory reserve	-	100,861	-	-	-	(100,861)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,525	2,525
Transaction with owners, recorded directly in equity							
Final cash dividend - 31 December 2018 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)
Balance as at 31 December 2019	6,150,000	1,253,874	11,630	118,059	43,668	776,230	8,353,461
Profit after taxation for the year ended 31 December 2020	-	-	-	-	-	972,406	972,406
Other comprehensive income - net of tax	-	-	-	131,838	54,933	(1,712)	185,059
Total comprehensive income	-	-	-	131,838	54,933	970,694	1,157,465
Transfer to statutory reserve	-	194,481	-	-	-	(194,481)	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,607	2,607
Transaction with owners, recorded directly in equity							
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)
Balance as at 31 December 2020	**6,150,000**	**1,448,355**	**311,630**	**249,897**	**98,601**	**824,550**	**9,083,033**

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Unconsolidated Cash Flow Statement
For the year ended 31 December 2020

2020	2019		Note	2020	2019
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
8,367	4,267	Profit before taxation		**1,337,138**	681,847
(703)	(476)	Less: Dividend income		**(112,371)**	(76,059)
7,664	3,791			**1,224,767**	605,788
		Adjustments:			
253	257	Depreciation		**40,485**	41,033
162	153	Depreciation on right-of-use assets		**25,942**	24,419
-	3	Amortization		**5**	432
907	(214)	Provisions / (reversals) and write offs - net	**29**	**144,952**	(34,136)
(11)	(15)	Gain on sale of fixed assets		**(1,726)**	(2,344)
106	100	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		**16,875**	16,025
2	2	Finance charges on leased assets		**258**	241
(183)	145	Unrealised (gain) / loss on held-for-trading securities		**(29,183)**	23,100
1,236	431			**197,608**	68,770
8,900	4,222			**1,422,375**	674,558
		(Increase) / Decrease in operating assets			
28,357	(16,881)	Lendings to financial institutions		**4,532,475**	(2,698,179)
(53,179)	48,507	Held-for-trading securities		**(8,499,885)**	7,753,027
(6,327)	3,037	Advances		**(1,011,213)**	485,392
(753)	(5,762)	Other assets (excluding advance taxation)		**(120,409)**	(920,953)
(31,902)	28,901			**(5,099,032)**	4,619,287
		Increase / (decrease) in operating liabilities			
(19,578)	210,964	Borrowings		**(3,129,257)**	33,719,381
45,627	(2,716)	Deposits		**7,292,738**	(434,098)
(1,182)	2,351	Other liabilities (excluding current taxation)		**(188,664)**	376,208
24,867	210,599			**3,974,817**	33,661,491
1,865	243,722			**298,160**	38,955,336
(2,121)	(2,071)	Income tax paid		**(339,033)**	(331,084)
(256)	241,651	**Net cash flow (used in) / generated from operating activities**		**(40,873)**	38,624,252
		CASH FLOW FROM INVESTING ACTIVITIES			
1,111	(241,104)	Net investments in available-for-sale securities		**177,620**	(38,536,680)
(1,559)	-	Investments in associates		**(249,144)**	-
(626)	-	Investment in subsidiary		**(100,000)**	-
703	476	Dividend received		**112,371**	76,059
(656)	(40)	Investments in operating fixed assets		**(104,912)**	(6,434)
256	24	Proceeds from sale of fixed assets		**40,911**	3,800
(771)	(240,644)	**Net cash flow used in investing activities**		**(123,154)**	(38,463,255)
		CASH FLOW FROM FINANCING ACTIVITIES			
(4)	(4)	Payments of lease obligations		**(671)**	(623)
(2,693)	(2,693)	Dividend paid		**(430,500)**	(430,500)
(2,697)	(2,697)	**Net cash flow used in financing activities**		**(431,171)**	(431,123)
(3,724)	(1,690)	**Decrease in cash and cash equivalents**		**(595,198)**	(270,126)
13,314	15,004	Cash and cash equivalents at beginning of the year	**32**	**2,128,067**	2,398,193
9,590	13,314	**Cash and cash equivalents at end of the year**	**32**	**1,532,869**	2,128,067

The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2020

1 STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the Company was converted into a public company. The Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives interalia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October, 2003 issued by the State Bank of Pakistan.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan (SECP).

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

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the Banks / DFIs in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank awaits further instructions from SBP for applicability of IFRS 9.

Accordingly, the requirements of these standards have not been considered in preparation of these unconsolidated financial statements

2.2 Separate financial statements

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated 25 January 2018.

These unconsolidated financial statements are separate financial statements of the Company in which the investments in subsidiary and associates are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees (equity method), which is incorporated in the consolidated financial statements of the Company.

These unconsolidated financial statements have been presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.3 US Dollar equivalent

The US Dollar amounts shown in the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income and unconsolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 159.8344 to 1 US Dollar has been used for 2020 and 2019 as it was the prevalent rate as on 31 December 2020.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2021:

IFRS 9 'Financial Instruments'	01 January 2021
Covid-19-Related Rent Concessions - Amendment to IFRS 16	01 June 2020
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	01 January 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the ’10 percent’ test for derecognition of financial liabilities	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture -Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	**IASB Effective date (annual periods beginning on or after)**
IFRS 1 – First time adoption of IFRSs	01 January 2009
IFRS 17 – Insurance Contracts	01 January 2023

2.6 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the unconsolidated financial statements are in respect of the following:

a) Provision against non-performing advances

The Company reviews its loan portfolio to assess amount of non-performing advances and determine provision required there against on quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position of the borrower, value of collateral held and other requirements of Prudential Regulations are considered.

b) Classification of investments

In classifying investments as "held-for-trading", the Company has determined securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as "available-for-sale".

c) Impairment of available-for-sale investments

The Company considers that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

d) Income taxes

In making the estimates for current and deferred income taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Company's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

e) Fixed assets, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

f) Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per SBP's requirement by independent professionally qualified valuers taking into consideration assumptions and estimates.

g) Defined benefit plan

The liabilities for employees' benefit plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

h) Provisions against off - balance sheet obligations

The Company, in the ordinary course of business, issues guarantees. The commission against such contracts is recognised in the profit and loss account under "fees and commission income". The Company's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts.

3 BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments, derivative financial instruments, and non-banking assets acquired in satisfaction of claims, which have been marked to market revalued and are carried at fair value. Further, defined benefit plan as discsussed in note 4.10.1 and 34 to the unconsolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

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

4.2 Revenue recognition

Mark-up / return / interest income is recognised on a accrual basis taking into account effective yield on the asset, except where recovery is considered doubtful, the income is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account over the remaining period through effective interest method.

Financing method is used in accounting for 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 leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

In case of advances including finance lease and debt security investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis. Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Dividend income on equity investments and mutual funds is recognized when the right to receive is established.

Gain and loss on disposal of securities are recognised in the profit and loss account in the year in which they arise.

Gain / loss on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Fee and commission income other than commission on letters of credit, guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

4.3 Investments

The Company classifies its investments other than those in subsidiary and associates based on the following categories as per SBP guidelines:

Held-for-trading
These are investments which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are carried at market value, with the related gain / (loss) on revaluation being taken to profit and loss account.

Held-to-maturity
These are investments which are acquired with the intention and ability to hold them up to maturity. These are carried at amortised cost.

Available-for-sale
These are investments that do not fall under held-for-trading or held-to-maturity categories. These are carried at market value with related gain / (loss) on revaluation being taken to ‘surplus / (deficit) on revaluation of assets’ account shown in equity. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' shown in equity is included in the profit and loss account for the period.

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

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Company commits to purchase / sell the investments. Regular way purchases or sales of investments require delivery of securities within the time frame generally established by regulation or convention in the market place.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV) or Mutual Funds Association of Pakistan (MUFAP) or the Stock Exchanges.

Unquoted securities whose market value is not available are carried at cost less provision for diminution in value, if any. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same.

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

Investments in subsidiary and associates are stated at cost. Provision is made for impairment in value, if any.

The carrying values of investments are reviewed for impairment when indications exist that the carrying values may exceed the estimated recoverable amounts.

4.4 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.5 Advances and net investment in finance lease

4.5.1 Advances

Advances are stated net of specific and general provisions against non-performing advances, if any, which are charged to profit and loss account.

4.5.2 Provision against non-performing advances

Specific / General provisions are made in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances) for classification of non-performing advances and computing provision / allowance there against.

4.5.3 Net investment in lease

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

Advances and finance lease receivables are written off when it is considered that there is no realistic prospect of recovery.

4.6 Fixed assets

4.6.1 Property and equipment – owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit and loss account applying the straight-line method at rates stated in note 10.1.

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

Depreciation on additions and deletions of property and equipment during a year is charged in proportion to the period of use.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Item of property and equipment is derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account.

4.6.2 Property and equipment - leased

Assets held under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments at inception of lease and subsequently stated net of accumulated depreciation. Finance charges are allocated over the period of lease term so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

4.6.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of Use Assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease Liability

At the commencement date of the lease, the Company recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.6.5 Intangible assets

Expenditure incurred to acquire software licenses is capitalised as intangible assets and stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight-line method over their estimated useful lives, at the rate stated in note 11.

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

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.7 Repurchase and resale agreements

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

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

4.8 Taxation

4.8.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any, or minimum taxation as per the Income Tax Ordinance, 2001 whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for the current tax also includes adjustments wherever considered necessary relating to prior year, arising from assessments framed during the year.

4.8.2 Deferred

The Company accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and any unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to gain / (loss) recognised in surplus / (deficit) on revaluation of assets is charged / credited to such account.

4.9 Borrowings

Borrowings are recognised initially at the value of consideration received. Difference between the consideration received and the redemption value is recognised in profit and loss account over the period of the borrowings by applying effective rate of interest / markup.

4.10 Staff retirement benefits

4.10.1 Defined benefit plan

The Company operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains and losses are recognized in unconsolidated Statement of Comprehensive Income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2020.

4.10.2 Defined contribution plan

The Company also operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 8.33 percent per annum of salary are made by the Company and its employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contributions from the Company are charged to profit and loss account for the year.

4.11 Compensated absences

Compensated absences (leaves) of employees are accounted for in the period in which these absences are earned.

4.12 Foreign currencies

Foreign currency transactions are translated into Pakistani Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at reporting date are included in profit and loss account.

4.13 Provisions

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

However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.14 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.15 Dividend and reserves

Dividend declared and appropriations, except appropriations which are required by the law are recognised as liability and recorded as changes in reserves in the period in which these are approved by the directors / shareholders as appropriate.

4.16 Impairment

The Company assesses at each reporting date whether there is any indication that non-financial assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS, if any, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at 31 December 2020.

4.18 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes 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 method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.19 Certificates of investment

Certificates of investment are initially recorded at the amount of proceeds received. Mark-up accrued is recognized separately as part of liabilities and is charged to profit and loss account on a time proportion basis.

4.20 Segment information

A segment is a distinguishable component of the Company that is engaged in either providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments

- **Investment banking**
  Investment banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, Initial Public Offers (IPO) and secondary private placements.

- **Treasury**
  Involves the businesses of equity trading and fixed income securities.

- **Corporate banking**
  Corporate banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange and deposits.

4.21 Non- banking assets acquired in satisfaction of claims.

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per SBP's requirement by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their carrying value. Surplus arising on revaluation of property is credited to the "surplus on revaluation of assets" account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to profit and loss account and not capitalised.

4.22 Statutory reserve

Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2020	2019
		(Rupees in '000)	
In hand			
Local currency		**286**	256
Foreign currency		**229**	221
		515	477
With State Bank of Pakistan in			
Local currency current account	5.1	**213,002**	151,637
With National Bank of Pakistan in			
Local currency current account		**916**	1,157
		214,433	153,271

5.1 This represents local currency current account maintained under the Cash Reserve Requirement of the SBP.

6 BALANCES WITH OTHER BANKS

	Note	2020	2019
		(Rupees in '000)	
In Pakistan:			
In current accounts		**4,107**	3,072
In deposit accounts	6.1	**1,307,024**	1,968,309
		1,311,131	1,971,381
Outside Pakistan:			
In current accounts		**7,305**	3,415
		1,318,436	1,974,796

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,300 million (2019: Rs. 1,950 million) maturing in March 2021 (2019: January 2020 to June 2020). These carry mark-up rates ranging from 8.25% to 8.85% (2019: 14.50% to 14.75%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2020	2019
Repurchase agreement lendings (Reverse Repo)	7.1	**3,600,000**	8,132,475

7.1 These are short-term lendings to different financial institutions secured against government securities as disclosed in note 7.3 which are purchased under resale obligations. These carry mark-up rates ranging from 7.23% to 7.60% (2019: 13.15% to 13.70%) per annum and will mature in January 2021 (2019: January 2020 to February 2020).

7.2 Particulars of lendings

	2020	2019
In local currency	**3,600,000**	5,434,296

7.3 Securities held as collateral against Lending to financial institutions

	Note	2020			2019		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills		-	-	-	242,608	2,776,578	3,019,186
Pakistan Investment Bonds		-	**3,600,000**	**3,600,000**	14,000	5,099,289	5,113,289
	7.3.1	-	**3,600,000**	**3,600,000**	256,608	7,875,867	8,132,475

7.3.1 Market value of these securities amount to Rs. 3,640 million (2019: Rs. 8,193 million).

7.3.2 The Company does not hold overseas classified placements.

8 INVESTMENTS

	2020				2019			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
8.1 Investments by type								
Held-for-trading securities								
Federal Government securities	**23,475,422**	**-**	**3,703**	**23,479,125**	14,975,537	-	(25,480)	14,950,057
Shares	**-**	**-**	**-**	**-**	-	-	-	-
Non-Government debt securities	**-**	**-**	**-**	**-**	-	-	-	-
	23,475,422	**-**	**3,703**	**23,479,125**	14,975,537	-	(25,480)	14,950,057
Available-for-sale securities								
Federal Government securities	**39,349,987**	**-**	**354,442**	**39,704,429**	39,217,557	-	199,422	39,416,979
Shares	**346,266**	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
Non-Government debt securities	**3,653,305**	**(518,343)**	**(2,475)**	**3,132,487**	3,963,355	(463,477)	(33,142)	3,466,736
	43,349,558	**(628,654)**	**351,967**	**43,072,871**	43,527,178	(583,743)	166,280	43,109,715
Associates	**1,295,095**	**(70,726)**	**-**	**1,224,369**	1,045,951	(70,726)	-	975,225
Subsidiary	**598,300**	**(157,375)**	**-**	**440,925**	498,300	(157,375)	-	340,925
Total Investments	**68,718,375**	**(856,755)**	**355,670**	**68,217,290**	60,046,966	(811,844)	140,800	59,375,922

8.2 Investments by segments

	2020				2019			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Federal Government securities	(Rupees in '000)							
Market treasury bills	**21,598,641**	**-**	**22,682**	**21,621,323**	36,136,432	-	(9,819)	36,126,613
Pakistan Investment Bonds	**40,134,616**	**-**	**333,985**	**40,468,601**	18,056,662	-	183,761	18,240,423
Ijara Sukuk	**1,092,152**	**-**	**1,478**	**1,093,630**	-	-	-	-
	62,825,409	**-**	**358,145**	**63,183,554**	54,193,094	-	173,942	54,367,036
Shares								
- Unlisted companies	**346,266**	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
	346,266	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
Non-Government debt securities								
- Term finance certificate - listed	**614,512**	**(230,831)**	**(4,551)**	**379,130**	819,406	(180,980)	(727)	637,699
- Term finance certificate - unlisted	**2,176,659**	**(121,452)**	**(9,686)**	**2,045,521**	2,128,642	(121,452)	(39,230)	1,967,960
- Sukuk certificates	**827,921**	**(166,060)**	**11,762**	**673,623**	1,015,307	(161,045)	6,815	861,077
- Commercial papers	**34,213**	**-**	**-**	**34,213**	-	-	-	-
	3,653,305	**(518,343)**	**(2,475)**	**3,132,487**	3,963,355	(463,477)	(33,142)	3,466,736
Associates								
Japan Power Generation Limited	**70,726**	**(70,726)**	**-**	**-**	70,726	(70,726)	-	-
Pak Oman Microfinance Bank Limited	**384,708**	**-**	**-**	**384,708**	384,708	-	-	384,708
Pak Oman Advantage Islamic Income Fund	**215,025**	**-**	**-**	**215,025**	165,025	-	-	165,025
Pak Oman Islamic Asset Allocation Fund	**42,920**	**-**	**-**	**42,920**	92,414	-	-	92,414
Pak Oman Advantage Asset Allocation Fund	**84,078**	**-**	**-**	**84,078**	84,078	-	-	84,078
Askari High Yield Scheme	**345,000**	**-**	**-**	**345,000**	-	-	-	-
Pak Oman Government Securities Fund	**152,638**	**-**	**-**	**152,638**	249,000	-	-	249,000
	1,295,095	**(70,726)**	**-**	**1,224,369**	1,045,951	(70,726)	-	975,225
Subsidiary								
Pak Oman Asset Management Company Limited	**598,300**	**(157,375)**	**-**	**440,925**	498,300	(157,375)	-	340,925
Total investments	**68,718,375**	**(856,755)**	**355,670**	**68,217,290**	60,046,966	(811,844)	140,800	59,375,922

8.2.1 Investments given as collateral

	2020				2019			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	**16,932,963**	**-**	**22,277**	**16,955,240**	32,635,824	-	(8,013)	32,627,811
Pakistan Investment Bonds	**34,974,450**	**-**	**325,567**	**35,300,017**	16,895,051	-	176,137	17,071,188
	51,907,413	**-**	**347,844**	**52,255,257**	49,530,875	-	168,124	49,698,999
Shares								
- Unlisted companies	**226,000**	**-**	**-**	**226,000**	226,000	-	-	226,000
	226,000	**-**	**-**	**226,000**	226,000	-	-	226,000
Associates								
Japan Power Generation Limited	**70,726**	**(70,726)**	**-**	**-**	70,726	(70,726)	-	-
Total investments	**52,204,139**	**(70,726)**	**347,844**	**52,481,257**	49,827,601	(70,726)	168,124	49,924,999

8.3 Provision for diminution in value of investments

	2020	2019
	(Rupees in '000)	
8.3.1 Opening balance	**811,844**	817,157
Charges / reversals		
Charge for the year	**54,866**	-
Reversals for the year	**(9,955)**	(5,313)
	44,911	(5,313)
Transfers - net	**-**	-
Closing balance	**856,755**	811,844

8.3.2 Particulars of provision against debt securities

Category of classification	2020 NPI	2020 Provision	2019 NPI	2019 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**75,000**	**5,015**	-	-
Doubtful	**-**	**-**	-	-
Loss	**533,777**	**513,328**	483,926	463,477
Total	**608,777**	**518,343**	483,926	463,477

8.3.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Company has availed the benefit of FSV against the non-performing investments. As of 31 December 2020, the Company has availed total accumulated FSV benefit amounting to Rs. 13.73 million (net of tax Rs. 9.75 million). Accordingly, accumulated profit of Rs 9.75 million (net of transfer to statutory reserves Rs. 7.80 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

8.3.4 The Company does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

8.4 Quality of Available-For-Sale securities

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

Federal Government securities - Government guaranteed	Note	2020	2019
		Cost (Rupees in '000)	
Pakistan Investment Bonds	8.7	**35,120,445**	13,391,082
Market Treasury Bills	8.8	**4,229,542**	25,826,475
		39,349,987	39,217,557

Shares Unlisted companies	2020 Cost	2020 Breakup / carrying value	2019 Cost	2019 Breakup / carrying value
	(Rupees in '000)			
Alhamra Avenue (Private) Limited	**50,000**	**-**	50,000	-
Pakistan Textile City Limited (Note 8.6.1)	**50,000**	**-**	50,000	-
Techlogix International Limited	**20,266**	**9,955**	20,266	-
Orient Power Company (Private) Limited (Note 21.3)	**226,000**	**226,000**	226,000	226,000
	346,266	**235,955**	346,266	226,000

Non Government debt securities Categorization based on long-term rating by credit rating agency	2020	2019
	Cost (Rupees in '000)	
Listed		
- AAA	**19,734**	19,710
- AA+, AA, AA-	**-**	147,259
- A+, A, A-	**383,683**	441,318
- BBB+, BBB, BBB-	**-**	49,851
- CCC and below	**49,851**	-
	453,268	658,138
Unlisted		
- AA+, AA, AA-	**1,400,166**	1,500,375
- A+, A, A-	**1,240,945**	1,185,916
- BBB+, BBB, BBB-	**75,000**	135,000
- CCC and below	**483,926**	483,926
	3,200,037	3,305,217
	3,653,305	3,963,355

8.5 Investment in associates

8.5.1 The Company holds investment in ordinary shares of Rs. 10 each in the following entities:

	2020	2019	2020	2019	Holding	Break-up value per share / unit / NAV (Rupees)	Latest available unaudited financial statements	Name of the chief executive
	Number of shares / units		(Rupees in '000)					
8.5.2 Quoted								
Japan Power Generation Limited (JPGL)	**17,622,878**	17,622,878	**70,726**	70,726	11.29%	**(42.59)**	30-June-17*	Mr. Amir Sana is the official liquidator
Pak Oman Islamic Asset Allocation Fund	**928,857**	2,000,000	**42,920**	92,414	24.24%	**47.69**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	**2,000,000**	2,000,000	**84,078**	84,078	98.47%	**48.80**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	**4,210,242**	3,269,170	**215,025**	165,025	19.15%	**54.26**	31-Dec-20**	Ms. Sadaf Kazmi
Askari High Yield Scheme	**3,254,359**	-	**345,000**	-	10.75%	**106.65**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	**14,370,416**	23,660,643	**152,638**	249,000	99.37%	**10.87**	31-Dec-20**	Ms. Sadaf Kazmi
Unquoted								
Pak Oman Microfinance Bank Limited	**38,470,788**	38,470,788	**384,708**	384,708	16.67%	**9.53**	31-Dec-20*	Mr. Kashif Ahmed Siddiqui (Acting)
			1,295,095	1,045,951				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Associates - Key Information

	Pak Oman Advantage Islamic Income Fund**	Pak Oman Islamic Asset Allocation Fund **	Pak Oman Advantage Asset Allocation Fund	Pak Oman Government Securities Fund **	Askari High Yield Scheme **	Japan Power Generation Limited ***	Pak Oman Microfinance Bank ***
	---- (Rupees in '000) ----						
Assets	1,198,092	195,624	113,125	188,181	3,128,411	11,856,868	4,459,838
Liabilities	4,909	12,922	14,014	31,029	74,281	17,673,828	2,260,094
Total income	55,481	(19,673)	7,396	36,035	86,277	-	752,414
Profit / (loss) before taxation	48,492	(8,124)	2,598	29,391	49,558	-	(240,578)
Profit / (loss) after taxation	48,492	(8,124)	2,598	29,391	49,558	-	(166,969)

**Published Net Asset Value
*** Unaudited financial statements

8.6 Investment in subsidiary

	2020	2019	2020	2019	Percentage of holding	Break-up value per share / units	Latest available unaudited financial statements	Name of the chief executive
	Number of shares		(Rupees in '000)		%	(Rupees)		
Pak Oman Asset Management Company Limited (Note 8.6.2)	**745,815,580**	515,405,844	**598,300**	498,300	**97.88%**	**0.409**	31-Dec-20	Ms. Sadaf Kazmi

8.6.1 Investment in these securities forms part of strategic investment of the Company and cannot be sold for a period of five years from the last date of purchase of securities.

8.6.2 Investment in Pak Oman Asset Management Company Limited is part of strategic investment of the Company. These shares are in the custody of CDC and cannot be sold without the prior approval of the SECP in accordance with Circular Letter No. 9 of 2006 dated 15 June 2006 in addition to mandatory holding period of five years from the last date purchase of these shares.

During the year, the management has carried out impairment testing of its investment in subsidiary as required by IAS 36 - "Impairment of Assets". The recoverable amount of this investment have been computed using 'value in use' computations. Value in use computations were performed using discounted cash flows methodology, covering cash flow projections for a period of 5 years.

8.7 The investments in Pakistan investment bonds are maturing upto August 2029 (2019: September 2029) and the effective yield ranges from 7.20% to 14.25% (2019: 11.04 % to 14.64%) per annum.

8.8 Market treasury bills carry yield ranging 7.20% to 13.38% (2019: 13.10% to 14%) per annum with maturities upto August 2021 (2019: September 2020).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2020	**2019**	**2020**	**2019**	**2020**	**2019**
		(Rupees in '000)		**(Rupees in '000)**		**(Rupees in '000)**	
Loans, cash credits, running finances, etc.	**9.1 & 9.3**	**19,200,645**	19,619,927	**1,527,219**	678,329	**20,727,864**	20,298,256
Margin trading		**859,351**	277,746	**-**	-	**859,351**	277,746
Advances - gross		**20,059,996**	19,897,673	**1,527,219**	678,329	**21,587,215**	20,576,002
Provision against advances							
Specific	**9.5**	**-**	-	**651,697**	551,656	**651,697**	551,656
General	**9.5**	**213**	213	**-**	-	**213**	213
		213	213	**651,697**	551,656	**651,910**	551,869
Advances - net of provision		**20,059,783**	19,897,460	**875,522**	126,673	**20,935,305**	20,024,133

9.1 Includes Net investment in Finance Lease as disclosed below:

	2020			2019		
	Not later than one year	**Later than one and less than five years**	**Total**	**Not later than one year**	**Later than one and less than five years**	**Total**
	(Rupees in '000)					
Lease rentals receivable	**366,434**	**1,218,040**	**1,584,474**	521,501	1,136,894	1,658,395
Residual value	**68,042**	**106,714**	**174,756**	152,032	100,418	252,450
Minimum lease payments	**434,476**	**1,324,754**	**1,759,230**	673,533	1,237,312	1,910,845
Financial charges for future periods	**(56,716)**	**(280,191)**	**(336,907)**	(169,502)	(276,149)	(445,651)
Present value of minimum lease payments	**377,760**	**1,044,563**	**1,422,323**	504,031	961,163	1,465,194

9.1.1 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 173.883 million (2019: Rs. 236.911 million) as security deposits on behalf of the lessees which are included under 'other liabilities' (note 17).

9.2 Particulars of advances (Gross)

	2020	2019
	(Rupees in '000)	
In local currency	**21,587,215**	20,576,002

9.3 Staff loans include personal loans and house loans given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2019: 5) percent per annum, while no mark-up is charged on personal loans.

9.4 Advances include Rs. 1,527 million (2019: Rs 678 million) which have been placed under non-performing status as detailed below:

Category of Classification	2020 Non-performing loans	2020 Provision	2019 Non-performing loans	2019 Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	**854,762**	**3,956**	-	-
Doubtful	**-**	**-**	182,104	90,000
Loss	**672,457**	**647,741**	496,225	461,656
	1,527,219	**651,697**	678,329	551,656

9.4.1 Provision is recorded net of security deposit of Rs. 16.293 million (2019: Rs. 6.472 million).

9.5 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		(Rupees in '000)					
Opening balance		**551,656**	**213**	**551,869**	580,479	213	580,692
Charge for the year	9.5.3	**100,336**	**-**	**100,336**	1,039	-	1,039
Reversals		**(295)**	**-**	**(295)**	(29,862)	-	(29,862)
		100,041	**-**	**100,041**	(28,823)	-	(28,823)
Amounts written off		**-**	**-**	**-**	-	-	-
Closing balance		**651,697**	**213**	**651,910**	551,656	213	551,869

9.5.1 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		(Rupees in '000)					
In local currency	9.5.4	**651,697**	**213**	**651,910**	551,656	213	551,869
		651,697	**213**	**651,910**	551,656	213	551,869

9.5.2 The Company maintains general provision amounting to Rs. 0.213 million (2019: Rs 0.213 million) in accordance with the applicable requirements of the Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

9.5.3 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances. As of 31 December 2020, the Company has availed total accumulated FSV benefit amounting to Rs. 215.18 million (net of tax Rs. 152.78 million). Accordingly, accumulated profit of Rs 163 million (net of transfer to statutory reserves Rs. 122.22 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

9.5.4 The State Bank of Pakistan, vide BPRD circular letter 13 of 2020 dated March 26, 2020, has relaxed certain criteria of classification of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets) to dampen the adverse impact of COVID-19 on the Banks/DFIs and to give relief to the borrowers.

9.5.5 The Company does not hold overseas classified advances.

9.6 Particulars of write offs

		Note	2020	2019
			(Rupees in '000)	
9.6.1	Against provisions			
	Directly charged to profit and loss account		**-**	-
			-	-

10 FIXED ASSETS

	Note	2020	2019
Property and equipments	10.1	**213,734**	201,211
Advance for capital expenditure		**5,505**	-
		219,239	201,211

10.1 Property and Equipments

	2020								
	Office premises*	Right of use assets	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - Vehicle	Total
	(Rupees in '000)								
As at 01 January 2020									
Cost	42,126	147,229	33,149	10,620	14,760	11,932	79,869	1,972	341,657
Accumulated depreciation	(32,293)	(21,741)	(13,075)	(7,919)	(13,540)	(8,018)	(42,249)	(1,611)	(140,446)
Net book value	**9,833**	**125,488**	**20,074**	**2,701**	**1,220**	**3,914**	**37,620**	**361**	**201,211**
Year ended 31 December 2020									
Opening net book value	9,833	125,488	20,074	2,701	1,220	3,914	37,620	361	201,211
Additions	-	61,483	7,046	1,167	1,863	1,100	26,748	-	99,407
Disposals	-	(33,806)	(993)	-	-	(50)	(4,336)	-	(39,185)
Depreciation charge	(2,106)	(22,971)	(2,971)	(1,007)	(1,178)	(1,821)	(15,284)	(361)	(47,699)
Closing net book value	**7,727**	**130,194**	**23,156**	**2,861**	**1,905**	**3,143**	**44,748**	**-**	**213,734**
As at 31 December 2020									
Cost	42,126	156,112	33,715	11,787	15,724	12,682	90,811	1,972	364,929
Accumulated depreciation	(34,399)	(25,918)	(10,559)	(8,926)	(13,819)	(9,539)	(46,063)	(1,972)	(151,195)
Net book value	**7,727**	**130,194**	**23,156**	**2,861**	**1,905**	**3,143**	**44,748**	**-**	**213,734**
Rate of depreciation (percentage)	**5%**	**-**	**10%**	**20%**	**33.33%**	**20%**	**20%**	**20%**	

	2019								
	Office premises *	**Right of use assets**	**Improvements**	**Office equipments**	**Computer equipments**	**Furniture and fixtures**	**Vehicles**	**Assets held under finance lease - Vehicle**	**Total**
	(Rupees in '000)								
As at 01 January 2019									
Cost	42,126	-	31,019	9,060	17,871	10,786	88,254	1,972	201,088
Accumulated depreciation	(30,187)	-	(10,397)	(7,485)	(15,977)	(7,087)	(33,006)	(1,217)	(105,356)
Net book value	11,939	-	20,622	1,575	1,894	3,699	55,248	755	95,732
Year ended 31 December 2019									
Opening net book value	11,939	-	20,622	1,575	1,894	3,699	55,248	755	95,732
Additions	-	147,229	2,130	2,201	301	1,802	-	-	153,663
Disposals	-	-	-	(234)	-	(99)	(1,123)	-	(1,456)
Depreciation charge	(2,106)	(21,741)	(2,678)	(841)	(975)	(1,488)	(16,505)	(394)	(46,728)
Closing net book value	9,833	125,488	20,074	2,701	1,220	3,914	37,620	361	201,211
As at 31 December 2019									
Cost	42,126	147,229	33,149	10,620	14,760	11,932	79,869	1,972	341,657
Accumulated depreciation	(32,293)	(21,741)	(13,075)	(7,919)	(13,540)	(8,018)	(42,249)	(1,611)	(140,446)
Net book value	**9,833**	**125,488**	**20,074**	**2,701**	**1,220**	**3,914**	**37,620**	**361**	**201,211**
Rate of depreciation (percentage)	5%	-	10%	20%	33.33%	20%	20%	20%	

* The transfer of title of office premises in the Company's name is in process.

10.2 Included in cost of property and equipments are fully depreciated items still in use having cost of:

	2020	2019
	(Rupees in '000)	
Improvements	**1,476**	2,656
Office equipments	**6,584**	6,492
Computer equipments	**11,582**	12,147
Furniture and fixtures	**4,803**	4,233
Vehicles	**10,644**	9,187
	35,089	34,715

10.3 Details of disposals of assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 respectively whichever is less and property and equipments disposed off to the Chief Executive or to a director or to executives or to any other related party, irrespective of the values, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Vehicles							
Honda city	1,537	1,127	410	1,030	620	Company policy	Mr. Tassaduq Aslam (Executive)
Toyota Corolla	1,628	1,302	326	938	612	Company policy	Mr. Sajjad Arif (Executive)
Toyota Corolla	1,628	1,628	-	326	326	Company policy	Mr. Touseef Hayat (Executive)
Honda Civic	2,035	2,035	-	407	407	Company policy	Syed Muhammad Shoaib Omair (Executive)
Honda Civic	2,388	2,388	-	-	-	Company policy	Mr. Mohammad Jamal Nasir (Executive)
Suzuki Cultus	1,044	1,044	-	209	209	Company policy	Mr. Hassan Iqbal (Executive)
Honda Civic	1,946	1,946	-	445	445	Company policy	Mr. Rehan Gayur (Executive)
	12,206	**11,470**	**736**	**3,355**	**2,619**		
Furniture and fixture	100	50	50	50	-	Company policy	Mr. Mohammad Nadeem (Former Executive)
Furniture and fixture	250	250	-	-	-	Company policy	Mr. Mohammad Jamal Nasir (Executive)
Others	10,979	6,386	4,593	3,700	(893)		
	23,535	**18,156**	**5,379**	**7,105**	**1,726**		

11 INTANGIBLE ASSETS

	Computer software 2020	Computer software 2019
	(Rupees in '000)	
As at 01 January		
Cost	**10,356**	10,356
Accumulated amortisation	**(10,351)**	(9,919)
Net book value	**5**	437
Year ended 31 December		
Opening net book value	**5**	437
Amortisation charge	**(5)**	(432)
Closing net book value	**-**	5
As at 31 December		
Cost	**10,356**	10,356
Accumulated amortisation	**(10,356)**	(10,351)
Net book value	**-**	5
Rate of amortisation	**33%**	33%

12 DEFERRED TAX ASSETS

	01 January 2020	Recognized in Profit and loss account	Recognized in Recognised in OCI	31 December 2020
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	**214,924**	**13,024**	**-**	**227,948**
Assets subject to finance lease	**72**	**(15)**	**-**	**57**
Amortisation of premium on Federal Government securities	**(89)**	**1,334**	**-**	**1,245**
Provision against non-performing advances	**160,042**	**29,012**	**-**	**189,054**
Accelerated tax depreciation allowances	**5,697**	**2,703**	**-**	**8,400**
	380,646	**46,058**	**-**	**426,704**
Taxable Temporary Differences on				
Net investment in finance lease	**1,659**	**(76,959)**	**-**	**(75,300)**
Revaluation on investments classified as held-for-trading	**7,389**	**(8,464)**	**-**	**(1,075)**
Revaluation on investments classified as available-for-sale	**(48,221)**	**-**	**(53,849)**	**(102,070)**
Revaluation on non-banking assets	**(3,647)**	**5,431**	**(23,501)**	**(21,717)**
	(42,820)	**(79,992)**	**(77,350)**	**(200,162)**
	337,826	**(33,934)**	**(77,350)**	**226,542**

	01 January 2019	Recognized in Profit and loss account	Recognized in Recognised in OCI	31 December 2019
	(Rupees in '000)			
Deductible Temporary Differences on				
Provision for diminution in the value of investments	209,000	5,924	-	214,924
Assets subject to finance lease	66	6	-	72
Provision against non-performing advances	162,594	(2,552)	-	160,042
Revaluation on investments classified as held-for-trading	667	6,722	-	7,389
Accelerated tax depreciation allowances	(1,388)	7,085	-	5,697
Net investment in finance lease	71,793	(70,134)	-	1,659
	442,732	(52,949)	-	389,783
Taxable Temporary Differences on				
Amortisation of premium on Federal Government securities	2,555	(2,644)	-	(89)
Revaluation on investments classified as available-for-sale	2,917	-	(51,138)	(48,221)
Revaluation on non-banking assets	(8,765)	5,852	(734)	(3,647)
	(3,293)	3,208	(51,872)	(51,957)
	439,439	**(49,741)**	**(51,872)**	**337,826**

13 OTHER ASSETS

	Note	2020	2019
		(Rupees in '000)	
Income/ mark-up accrued in local currency		**1,079,773**	1,073,195
Mark-up / profit receivable on purchase of securities		**443,144**	314,240
Security deposits		**4,486**	4,288
Prepayments		**9,528**	9,567
Advance taxation (payments less provisions)		**161,564**	152,630
Non-banking assets acquired in satisfaction of claims	13.1	**237,118**	252,174
Defined benefit plan assets	34.2	**-**	15,447
Others		**345**	130
		1,935,958	1,821,671
Less: Provision held against other assets		**-**	-
Other assets (net of provisions)		**1,935,958**	1,821,671
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	**138,873**	61,504
Other assets - total		**2,074,831**	1,883,175

13.1	Market value of non-banking assets acquired in satisfaction of claims	**375,991**	374,538

The property has been revalued by an independent professional valuer as at 31 December 2020. The revaluation was carried by M/s. KG Traders on the basis of current professional assessment of current market values which resulted in an increase in surplus by Rs. 81.041 million.

13.1.1 Non-banking assets acquired in satisfaction of claims

	2020	2019
Opening balance	**313,678**	332,402
Disposals	**81,041**	-
Depreciation	**(18,728)**	(18,724)
Closing balance	**375,991**	313,678

14 BORROWINGS

	Note	2020	2019
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)	14.2	**2,605,135**	2,453,244
- Financing Power Plants Using Renewable Energy (REPP)	14.2	**139,508**	159,344
- Financing facility for storage of agricultural produce (FFSAP)	14.2	**50,000**	-
- Temporary Economic Refinance Facility (TERF)	14.2	**42,173**	-
Repurchase agreement borrowings	14.3	**43,334,174**	48,861,903
Long term borrowings	14.4	**3,471,293**	5,208,880
Short term running finance	14.5	**127,713**	515,324
Bai Muajjal	14.6	**12,040,769**	8,208,161
Total secured		**61,810,765**	65,406,856
Unsecured			
Placements		**-**	2,285,013
Murabaha financing	14.7	**8,741,004**	5,989,157
Total unsecured		**8,741,004**	8,274,170
		70,551,769	73,681,026

14.1 Particulars of borrowings with respect to currencies

	2020	2019
In local currency	**70,551,769**	73,681,026

14.2 The Company has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP. The mark up rates ranges from 1% to 4.50% (2019: 2% to 4.50%) per annum. These are repayable within 10 years (2019: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing in January 2021 (2019: January 2020), ranges between 6.25% to 7.13% (2019: 13.15% to 13.55%) per annum. Securities having cost of Rs. 43,272 million (2019: Rs 49,007 million) have been pledged against these borrowings.

14.4 The mark up rate on these long-term borrowings ranges from 7.59% to 7.80% (2019: 13.75% to 14.38%) per annum. The above facilities are secured against advances receivable.

14.5 The mark up rate on these short-term running finance facility is three months KIBOR + 0.25% (2019: three months KIBOR + 0.25%). The above facility are secured against loan and advances receivable.

14.6 The mark up rate on these Bai Muajjal secured against government securities, maturing between January 2021 to February 2021 (2019: March 2020 to September 2020) is 7.03% to 10.80% (2019: 13% to 13.42%) per annum.

14.7 The mark up rate on these murabaha financing, maturing in January 2021 to April 2021 (2019: January 2020 to February 2020) is 6.85% to 13% (2019: 13% to 13.90%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

	2020		2019	
	In local currency	**Total**	**In local currency**	**Total**
	---------- (Rupees in '000) ----------			
Certificates of investment				
Financial institutions	**3,012,000**	**3,012,000**	12,000	12,000
Others	**12,857,130**	**12,857,130**	8,564,392	8,564,392
	15,869,130	**15,869,130**	8,576,392	8,576,392

15.1 The rate of return on deposits maturing between January 2021 to December 2021 (2019: January 2020 to December 2020) ranges between 6.75% to 13% (2019: 10.50% to 13.69%) per annum.

15.2 These include Certificate of Investments purchased by gratuity fund of the Company amounting to Rs. 2.9 million (2019: nil) and by provident fund of the Company amounting to Rs 3.97 million (2019: nil).

15.3 Composition of deposits

	2020	2019
	(Rupees in '000)	
Individuals	**1,661,781**	1,692,105
Government (Federal and Provincial)	**1,600,000**	700,000
Banking Companies	**2,000,000**	-
Non-Banking Financial Institutions	**1,012,000**	12,000
Private Sector	**9,595,349**	6,172,287
	15,869,130	8,576,392

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2020			2019		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	**Minimum lease payments**	**Financial charges for future periods**	**Principal outstanding**
	---------- (Rupees in '000) ----------					
Not later than one year	**197**	**-**	**197**	628	18	610
Later than one year and upto five years	**-**	**-**	**-**	-	-	-
	197	**-**	**197**	628	18	610

16.1 The Company has entered into lease agreements with financial institutions for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 7.90% (2019: 7.90%) per annum. At the end of lease term, the Company has option to acquire the assets, subject to adjustment of security deposits.

17 OTHER LIABILITIES

	Note	2020	2019
		(Rupees in '000)	
Mark-up/ return/ interest payable in local currency		**543,562**	800,475
Accrued expenses		**327,377**	224,816
Defined benefit plan liabilities	34.2	**3,333**	-
Security deposits against investment in finance lease	9.1.1	**173,883**	253,411
Lease liability against right-of-use assets	17.1	**144,485**	133,914
Withholding tax and sales tax payable		**6,413**	3,778
Others		**102,894**	54,931
		1,301,947	1,471,325

17.1 Lease liability against right-of-use assets

	2020	2019
As at 01 January 2019	**133,914**	141,199
Additions - net	**20,469**	-
Finance charge	**16,875**	16,025
Payments	**(26,773)**	(23,310)
As at 31 December 2019	**144,485**	133,914

18 SHARE CAPITAL

18.1 Authorized Capital

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10 each	**10,000,000**	10,000,000

18.2 Issued, subscribed and paid-up

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each		
600,000,000	600,000,000	- Fully paid in cash	**6,000,000**	6,000,000
15,000,000	15,000,000	- Issued as bonus shares	**150,000**	150,000
615,000,000	615,000,000		**6,150,000**	6,150,000

18.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2019: 307,495,900) ordinary shares of the Company, while 4,100 (2019: 4,100) ordinary shares each are held by the Secretary - Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

19 RESERVES

	Note	2020	2019
		(Rupees in '000)	
Statutory reserve	19.1	**1,448,355**	1,253,874
General reserve	19.2	**311,630**	11,630
		1,759,985	1,265,504

19.1 Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

The Company has transferrd 20% of its after tax profit for the year to this reserve amounting to Rs. 194.481 million (2019: Rs. 100.816 million)

19.2 The Board of Directors in their meeting held on February 10, 2021 have approved the transfer of Rs. 300 million (2019: Nil) to general reserve out of the distributable profits of the Company.

20 SURPLUS ON REVALUATION OF ASSETS

	Note	2020	2019
		(Rupees in '000)	
Surplus on revaluation of:			
- Available for sale securities		**351,967**	166,280
- Non-banking assets acquired in satisfaction of claims		**138,873**	61,504
		490,840	227,784
Deferred tax liability on surplus on revaluation of:			
- Available for sale securities		**(102,070)**	(48,221)
- Non-banking assets acquired in satisfaction of claims		**(40,272)**	(17,836)
		(142,342)	(66,057)
		348,498	161,727

20.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2020	2019
Surplus on revaluation as at January 01	**61,504**	65,176
Recognised during the year	**81,041**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**(3,672)**	(3,672)
	138,873	61,504
Less: related deferred tax liability on:		
- revaluation as at January 01	**(17,836)**	(18,901)
- revaluation recognised during the year	**(23,501)**	-
- incremental depreciation charged during the year	**1,065**	1,065
	(40,272)	(17,836)
	98,601	43,668

21 CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
- Guarantees	21.1	**723,075**	532,162
- Commitments	21.2	**808,730**	9,915,249
- Other contingent liabilities	21.3	**341,726**	432,726
		1,873,531	10,880,137

21.1 Guarantees:

	2020	2019
- Financial guarantees	**723,075**	532,162

21.2 Commitments:

	Note	2020	2019
Commitments in respect of:			
- forward government securities transactions	21.2.1	**-**	8,848,499
Commitments for:			
- advances		**808,730**	1,066,750
		808,730	9,915,249

21.2.1 Commitments in respect of forward government securities transactions

	2020	2019
Purchase	**-**	11,774,285
Sale	**-**	(2,925,786)
	-	8,848,499

		Note	2020	2019
			(Rupees in '000)	
21.3	**Other contingent liabilities:**			
	Pledge of shares on behalf of Japan Power Generation Limited	**21.3.1**	**70,726**	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	**21.3.2**	**226,000**	226,000
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	**21.3.3**	**45,000**	136,000
			341,726	432,726

21.3.1 This respresents shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2019: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

21.3.2 This represents investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.

21.3.3 This represent PIBs having face value amounting to Rs. 45 million (2019: Rs 136 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

		Note	2020	2019
			(Rupees in '000)	
22	**MARK-UP / RETURN / INTEREST EARNED**			
	On:			
	a) Loans and advances		**2,025,858**	2,508,468
	b) Investments		**6,406,385**	4,442,929
	c) Lendings to financial institutions		**383,163**	386,643
	d) Balances with banks		**177,960**	183,011
			8,993,366	7,521,051
23	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		**1,381,631**	847,743
	Borrowings		**6,046,323**	5,636,426
	Lease liability against right-of-use assets		**16,875**	16,025
			7,444,829	6,500,194
24	**FEE AND COMMISSION INCOME**			
	Credit related fees		**25,297**	29,554
	Investment banking fees		**8,700**	7,668
	Commission on guarantees		**3,490**	2,305
	Underwriting commission of Government securities auction		**6,754**	2,110
			44,241	41,637
25	**GAIN/(LOSS) ON SECURITIES**			
	Realised	**25.1**	**476,121**	139,329
	Unrealised - held for trading		**29,183**	(23,100)
			505,304	116,229
25.1	**Realised gain on:**			
	Federal Government securities		**461,951**	130,029
	Non-Government debt securities		**14,170**	7,540
	Shares		**-**	1,760
			476,121	139,329
26	**OTHER INCOME**			
	Gain on sale of fixed assets - net	**10.3**	**1,726**	2,344
	Gain on derecognition of right-of-use assets - net		**7,168**	-
			8,894	2,344

27 OPERATING EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Total compensation expense	27.1	**494,921**	411,862
Property expense			
Rent & taxes		**-**	827
Utilities cost		**4,236**	3,376
Security (including guards)		**582**	597
Repair & maintenance (including janitorial charges)		**9,405**	7,363
Depreciation on right-of-use assets & improvements		**25,942**	24,419
Depreciation		**2,106**	2,106
		42,271	38,688
Information technology expenses			
Software maintenance		**1,092**	976
Hardware maintenance		**317**	169
Depreciation		**1,178**	975
Amortisation	11	**5**	432
Network charges		**2,698**	2,656
Others		**1,147**	1,299
		6,437	6,507
Other operating expenses			
Directors' fees and allowances		**32,839**	29,409
Legal & professional charges		**7,836**	5,451
Travelling & conveyance		**6,812**	11,260
Depreciation	27.4	**37,201**	37,952
Training & development		**1,827**	1,137
Postage & courier charges		**656**	499
Communication		**7,569**	6,113
Stationery & printing		**1,461**	1,398
Marketing, advertisement & publicity		**3,094**	1,621
Donations	27.2	**400**	875
Auditors' remuneration	27.3	**1,782**	1,549
Membership and subscriptions		**1,868**	1,510
Transportation		**8,914**	8,683
Insurance		**3,332**	2,833
Finance charges on leased assets		**258**	241
Entertainment and canteen expenses		**4,017**	3,985
Maintenance charges - Non-banking assets		**10,402**	-
Others		**6,267**	5,802
		136,535	120,318
Total operating expenses		**680,164**	577,375

27.1 Total compensation expenses

	Note	2020	2019
Employees' Remuneration			
i) Fixed		**301,680**	281,366
ii) Variable			
of which;			
a) Cash Bonus / Awards etc		**144,000**	85,000
Charge for defined benefit plan	34.6.1	**16,561**	15,694
Contribution to defined contribution plan		**18,124**	17,027
Utilities		**1,474**	1,349
Medical		**10,217**	9,122
Others		**2,865**	2,304
Grand total		**494,921**	411,862

27.2 No donations were made to donees where directors or their spouse had any interest at any time during the year.

27.2.1 No donations were made in excess of Rs 0.5 million to a single donee in the current and prior year.

27.3 Auditors' remuneration

	2020	2019
	(Rupees in '000)	
Audit fee	**845**	736
Half yearly review	**235**	204
Special certifications and sundry advisory services	**482**	537
Out-of-pocket expenses	**220**	72
	1,782	1,549

27.4 This includes depreciation on non-banking assets Rs 18.728 (2019: Rs 18.724) million.

28 OTHER CHARGES

	Note	2020	2019
		(Rupees in '000)	
Penalties imposed by State Bank of Pakistan		**-**	600
Fees, commission and others		**29,804**	21,868
		29,804	22,468

29 PROVISIONS / (REVERSALS) & WRITE OFFS - NET

	Note	2020	2019
Provisions / (reversals) for diminution in value of investments	**8.3.1**	**44,911**	(5,313)
Provisions / (reversals) against loans and advances	**9.5**	**100,041**	(28,823)
		144,952	(34,136)

30 TAXATION

	2020	2019
Current	**330,798**	127,802
Deferred	**33,934**	49,741
	364,732	177,543

30.1 Relationship between tax expense and accounting profit

	2020	2019
Profit before taxation	**1,337,138**	681,847
Tax at the applicable rate of 29% (2019: 29%)	**387,770**	197,736
Tax effect due to change in tax rate	**-**	(16,326)
Tax effect of income taxed at reduced rate	**(14,382)**	(10,993)
Others	**(8,656)**	7,126
	364,732	177,543

30.2 Tax contingencies

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

31 BASIC AND DILUTED EARNINGS PER SHARE

		2020	2019
Profit for the year	Rupees in '000	**972,406**	504,304
Weighted average number of ordinary shares in issue	Numbers in '000	**615,000**	615,000
Basic and diluted earnings per share	Rupees	**1.58**	0.82

31.1 There were no convertible dilutive potential ordinary shares outstanding on 31 December 2019 and 2020.

32 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		(Rupees in '000)	
Cash and balances with treasury banks	**5**	**214,433**	153,271
Balances with other banks	**6**	**1,318,436**	1,974,796
		-	-
		1,532,869	2,128,067

33 STAFF STRENGTH

	2020	2019
	(Number)	
Permanent	**63**	64
Temporary / contractual	**31**	29
Total staff strength	**94**	93

34 DEFINED BENEFIT PLAN

34.1 General Description

The Company operates a funded-gratuity scheme for its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner Income Tax with effect from 31 January 2003. Contribution to the fund is made annualy based on actuarial valuation, which is carried out using the Projected Unit Credit Method (PUCM) whereby, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains/ (losses) are recognized in Statement of Comprehensive Income in the period of occurrence.

Number of employees under the scheme

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

	2020	2019
	(Number)	
Gratuity fund	**63**	64

34.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2020 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2020	2019
	(Percent per annum)	
Discount rate	**9.75**	12.50
Expected short term rate of increase in salary levels	**9.75**	11.50
Expected long term rate of increase in salary levels	**9.75**	11.50
Expected rate of return on plan assets	**9.75**	12.50

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

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

34.2 Reconciliation of payable to / (receivable from) defined benefit plan

	Note	2020	2019
		(Rupees in '000)	
Present value of defined benefit obligation	34.3	**165,326**	142,772
Fair value of plan assets	34.4	**(161,993)**	(158,219)
Payable / (Receivable)	34.5	**3,333**	(15,447)

34.3 Movement in defined benefit obligation

	2020	2019
Obligation at the beginning of the year	**142,772**	127,610
Current service cost	**18,504**	17,305
Interest cost	**16,572**	15,368
Benefits paid during the year	**(20,394)**	(23,257)
Remeasurement loss	**7,872**	5,746
Obligation at the end of the year	**165,326**	142,772

34.4 Movement in fair value of plan assets

	Note	2020	2019
Fair value at the beginning of the year		**158,219**	137,538
Interest income on plan assets		**18,515**	16,979
Contribution by the Company - net		**192**	4,464
Benefits paid during the year		**(20,394)**	(23,257)
Remeasurement gain on plan assets		**5,461**	22,495
Fair value at the end of the year	34.7	**161,993**	158,219

	Note	2020	2019
		(Rupees in '000)	
34.5 Movement in receivable under defined benefit plan			
Opening balance		**(15,447)**	(9,928)
Charge for the year	**34.6.1**	**16,561**	15,694
Re-measurement gain recognised in other comprehensive income during the year		**2,411**	(16,749)
Contributions by the Company - net		**(192)**	(4,464)
Closing balance		**3,333**	(15,447)

34.6 Charge for defined benefit plans

34.6.1 Cost recognised in the profit and loss account

	2020	2019
Current service cost	**18,504**	17,305
Net interest on defined benefit asset	**(1,943)**	(1,611)
	16,561	15,694

34.6.2 Re-measurement recognised in OCI during the year

	2020	2019
Actuarial loss on obligation	**7,872**	5,746
Actuarial gain on plan assets	**(5,461)**	(22,495)
Total re-measurements recognised in OCI	**2,411**	(16,749)

34.7 Components of plan assets

Particulars	Note	2020		2019	
		(Rupees in '000)	%	(Rupees in '000)	%
Cash and cash equivalents - net		**66,528**	**41.07%**	55,008	34.77%
Government securities		**92,553**	**57.13%**	103,211	65.23%
Certificate of investments	**34.7.1**	**2,912**	**1.80%**	-	-
		161,993	**100%**	158,219	100%

34.7.1 These include certificates of investment held with the Company. These carry mark-up at rates 7 (2019: nil) percent per annum.

34.8 Sensitivity analysis

	2020	2019
	(Rupees in '000)	
1% increase in discount rate	**(12,312)**	(9,589)
1% decrease in discount rate	**14,061**	10,863
1% increase in expected rate of salary increase	**14,740**	11,551
1% decrease in expected rate of salary increase	**(13,116)**	(10,350)

34.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at 31 December 2020 is 7.98 years (2019: 7.16 years).

Distribution of timing of benefit payments

Years	2020	2019
	(Rupees in '000)	
1	**4,757**	4,305
2	**4,929**	4,569
3	**5,314**	4,843
4	**83,014**	89,773
5	**3,327**	8,533
6 to 10	**59,003**	65,246
11 and above	**297,150**	337,843

		2020	2019
		(Rupees in '000)	
34.10	**Expected contributions to be paid to the funds in the next financial year**	**19,539**	15,639
34.11	**Expected charge / (reversal) for the next financial year**	**19,539**	15,639

34.12 Funding policy

Funding levels are monitored on an annual basis and are based on acturial recommendations. Expected Gratuity expense for the next year amounts to Rs. 19.539 million as per the acturial valuation report of the Company as of 31 December 2020.

34.13 The significant risk associated with the staff retirement benefit schemes are as follows:

Asset volatility
The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The company assets are either invested in fixed securities or cash. None of the investment is placed in equities.

Changes in bond yields
The risk arises when the actual return on plan assets is lower than expectation.

Inflation risk
The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Life expectancy
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risk
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risk
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

35 DEFINED CONTRIBUTION PLAN

35.1 The Company operates a provident fund scheme for its permanent employees. The employer and employee both contribute 8.33% of the salary to the fund every month.

35.2 Contribution made during the year	2020	2019
	(Rupees in '000)	
Contribution by the Company	**18,124**	17,027
Contribution by employees	**18,124**	17,027
	36,248	34,054

The number of employees covered under the defined contribution plan as at 31 December 2020 are 63 (2019: 64).

36 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

36.1 Total Compensation Expenses

Items	2020				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and Allowances etc.	7,143	25,696	-	-	-
Managerial Remuneration					
i) Fixed	-	-	91,764	96,256	20,868
ii) Total Variable					
of which					
a) Cash Bonus / Awards	-	-	30,539	18,400	2,770
b) Bonus & Awards in Shares	-	-	-	-	-
Charge for defined benefit plan	-	-	4,941	6,328	1,365
Contribution to defined contribution plan	-	-	4,886	6,525	1,392
Utilities	-	-	1,143	331	-
Others	-	-	245	284	-
Total	7,143	25,696	133,518	128,124	26,395
Number of persons	1	4	1	11	6

Items	2019				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and Allowances etc.	6,551	22,858	-	-	-
Managerial Remuneration					
i) Fixed	-	-	84,007	90,781	25,680
ii) Total Variable					
of which					
a) Cash Bonus / Awards	-	-	22,853	14,650	2,875
b) Bonus & Awards in Shares	-	-	-	-	-
Charge for defined benefit plan	-	-	4,542	5,544	1,139
Contribution to defined contribution plan	-	-	4,413	6,405	1,737
Utilities	-	-	1,056	293	-
Others	-	-	221	163	449
Total	6,551	22,858	117,092	117,836	31,880
Number of persons	1	5*	1	12	7

* During the year 2019, Government of Islamic Republic of Pakistan nominated Mr. Omar Hamid Khan, Special Secretary Finance - Ministry of Finance, as director of Pak Oman Investment Company Limited in place of Mr. Noor Ahmed.

36.1.1 The managing director and certain executives are provided with free use of Company maintained cars.

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

Sr. No.	Name of Director	2020					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		---------- Rs. in '000' ----------					
1	**H.E. Yahya Bin Said Bin Abdullah Al-Jabri**	**3,533**	**2,555**	**-**	**-**	**1,055**	**7,143**
2	**H.H. Juland Jaifar Salim Al Said**	**2,416**	**531**	**1,280**	**1,280**	**905**	**6,412**
3	**Mr. Haitham Yousuf Juma Al Zadjali**	**2,416**	**1,125**	**1,506**	**1,280**	**-**	**6,327**
4	**Mr. M.Zubair Motiwala**	**2,261**	**1,655**	**530**	**1,505**	**905**	**6,856**
5	**Mr. Omar Hamid Khan**	**2,416**	**1,655**	**1,280**	**750**	**-**	**6,101**
	Total	**13,042**	**7,521**	**4,596**	**4,815**	**2,865**	**32,839**

Sr. No.	Name of Director	2019					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		---------- Rs. in '000' ----------					
1	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	5,345	754	-	-	452	6,551
2	H.H. Juland Jaifar Salim Al Said	4,290	754	598	598	452	6,692
3	Mr. Haitham Yousuf Juma Al Zadjali	4,290	-	598	598	-	5,486
4	Mr. M.Zubair Motiwala	2,930	598	598	598	297	5,021
5	Mr. Omar Hamid Khan	3,621	614	458	-	-	4,693
6	Mr. Noor Ahmed	686	140	140	-	-	966
	Total	**21,162**	**2,860**	**2,392**	**1,794**	**1,201**	**29,409**

37 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices and has been disclosed in note 8. Unquoted equity investments, other than investments in associates and subsidiary, are determined on the basis of break-up value of these investments as per the latest available audited financial statements. The provision for impairment of investments has been determined in accordance with the Company's accounting policy as stated in notes 2.5, 4.3, and 4.4 to these unconsolidated financial statements.

Fair value of 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 against advances has been calculated in accordance with the Company's accounting policy as stated in note 4.5.2.

The re-pricing profile, effective rates and maturity are stated in notes 43.3.1 and 43.5.1 respectively.

37.1 Fair value of financial assets

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

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

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

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

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

37.2 On-balance sheet financial instruments

	2020		2019	
	Book value	**Fair value**	**Book value**	**Fair value**
	---- (Rupees in '000) ----			
Assets				
Cash and balances with treasury banks	**214,433**	**214,433**	153,271	153,271
Balances with other banks	**1,318,436**	**1,318,436**	1,974,796	1,974,796
Lendings to financial institutions	**3,600,000**	**3,600,000**	8,132,475	8,132,475
Investments	**68,217,290**	**68,029,780**	59,375,922	59,321,136
Advances	**20,935,305**	**20,935,305**	20,024,133	20,024,133
Other assets	**1,527,748**	**1,527,748**	1,391,853	1,391,853
	95,813,212	**95,625,702**	91,052,450	90,997,664
Liabilities				
Borrowings	**70,551,769**	**70,551,769**	73,681,026	73,681,026
Deposits and other accounts	**15,869,130**	**15,869,130**	8,576,392	8,576,392
Liabilities against assets subject to finance lease	**197**	**197**	610	610
Other liabilities	**1,298,614**	**1,298,614**	1,471,325	1,471,325
	87,719,710	**87,719,710**	83,729,353	83,729,353
	8,093,502	**7,905,992**	7,323,097	7,268,311

37.3 Off-balance sheet financial instruments

Off-balance sheet financial instruments	**-**	**-**	-	-

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV / PKFRV rates (MUFAP rates)
Listed securities	PSX rates
Mutual funds	Net asset values
Unlisted equity investments	Breakup value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the accounting policy of the Company.

37.4 The carrying value of all financial assets and liabilities in the unconsolidated financial statements approximate to their fair values except for certain investments.

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

	2020			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	**-**	**63,183,554**	**-**	**63,183,554**
Non-Government debt securities	**-**	**3,132,487**	**-**	**3,132,487**
Mutual funds	**873,584**	**-**	**-**	**873,584**
Financial assets - disclosed but not measured at fair value				
Investments	**-**	**-**	**1,061,588**	**1,061,588**
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	**375,991**	375,991

	2019			
On balance sheet financial instruments	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	54,367,036	-	54,367,036
Shares		-	-	-
Non-Government debt securities	-	3,466,736	-	3,466,736
Mutual funds	640,864	-	-	640,864
Financial assets - disclosed but not measured at fair value				
Investments	-	-	951,633	951,633
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	-	374,538	374,538

38 SEGMENT INFORMATION

38.1 Segment details with respect to business activities

	2020			
	Corporate Banking	**Investment Banking**	**Treasury**	**Total**
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/profit	**355,508**	**(151,062)**	**1,344,091**	**1,548,537**
Non mark-up / return / interest income	**35,497**	**124,840**	**510,473**	**670,810**
Total income	**391,005**	**(26,222)**	**1,854,564**	**2,219,347**
Segment direct expenses	**389,108**	**52,465**	**295,684**	**737,257**
Provisions / (reversals)	**100,041**	**(9,955)**	**54,866**	**144,952**
Profit before tax	**(98,144)**	**(68,732)**	**1,504,014**	**1,337,138**
Balance sheet				
Cash & bank balances	**-**	**-**	**1,532,869**	**1,532,869**
Investments	**-**	**1,901,249**	**66,316,041**	**68,217,290**
Lendings to financial institutions			**3,600,000**	**3,600,000**
Advances - performing	**19,200,432**	**-**	**859,351**	**20,059,783**
non-performing	**875,522**	**-**		**875,522**
Others	**732,382**	**439,917**	**1,348,313**	**2,520,612**
Total assets	**20,808,336**	**2,341,166**	**73,656,574**	**96,806,076**
Borrowings	**15,787,228**	**1,687,062**	**53,077,479**	**70,551,769**
Subordinated debt	**-**	**-**	**-**	**-**
Deposits and other accounts	**3,411,048**	**383,780**	**12,074,302**	**15,869,130**
Others	**416,401**	**27,286**	**858,457**	**1,302,144**
Total liabilities	**19,614,677**	**2,098,128**	**66,010,238**	**87,723,043**
Equity	**1,193,659**	**243,038**	**7,646,336**	**9,083,033**
Total equity & liabilities	**20,808,336**	**2,341,166**	**73,656,574**	**96,806,076**
Contingencies & Commitments	**1,531,805**	**341,726**	**-**	**1,873,531**

	2019			
	Corporate Banking	**Investment Banking**	**Treasury**	**Total**
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/profit	505,148	(128,121)	643,830	1,020,857
Non mark-up / return / interest income	33,841	84,192	118,236	236,269
Total income	538,989	(43,929)	762,066	1,257,126
Segment direct expenses	329,868	50,253	229,294	609,415
Provisions / (reversals)	(28,823)	(5,313)	-	(34,136)
Profit before tax	237,944	(88,869)	532,772	681,847
Balance sheet				
Cash & bank balances	-	-	2,128,067	2,128,067
Investments	-	3,675,713	55,700,209	59,375,922
Lendings to financial institutions	-	-	8,132,475	8,132,475
Advances - performing	19,619,714	-	277,746	19,897,460
non-performing	126,673	-	-	126,673
Others	827,947	550,481	1,043,789	2,422,217
Total assets	20,574,334	4,226,194	67,282,286	92,082,814
Borrowings	16,880,052	3,356,972	53,444,002	73,681,026
Subordinated debt	-	-	-	-
Deposits and other accounts	1,916,249	393,618	6,266,525	8,576,392
Others	525,669	55,925	890,341	1,471,935
Total liabilities	19,321,970	3,806,515	60,600,868	83,729,353
Equity	1,252,364	419,679	6,681,418	8,353,461
Total equity & liabilities	**20,574,334**	**4,226,194**	**67,282,286**	**92,082,814**
Contingencies & Commitments	**1,598,912**	**432,726**	**8,848,499**	**10,880,137**

39 TRUST ACTIVITIES

The Company is acting as a trustee to Term Finance Certificates and Sukuk issued by Askari Bank Limited, Pak Arab Fertilizers Limited, Al-Arabia Sugar Mills Limited, Shakarganj Food Products Limited, United Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited and TPL Trakker Limited. The Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries. In this behalf, the Company is fulfilling all its obligations and duties in accordance with the provisions of the respective trust documents.

40 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in subsidiary company and associates are stated in note 9 to these financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Company's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

The nature of the relationships and transactions with related parties, other than those which have been specifically disclosed elsewhere in the unconsolidated financial statements are as follows:

40.1 Subsidiary

Pak Oman Asset Management Company Limited

40.2 Associates

Japan Power Generation Limited
Pak Oman Microfinance Bank Limited
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation Fund
Pak Oman Advantage Asset Allocation Fund
Askari High Yield Scheme
Pak Oman Government Securities Fund

40.3 Key management personnel

All heads of departments
Directors

40.4 Retirement benefit fund

Defined benefit plan
Defined contribution plan

40.5 Other related party

Orient Power Company (Private) Limited
Ismail Industries Limited
K- Electric
Oman LNG, Sultanate of Oman
Diamond Textile Mills (Pvt.) Limited
Civil Aviation Authority
Pakistan LNG Limited
Public Private Partnership Authority

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

	2020						2019					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Investments												
Opening balance	-	-	498,300	1,045,951	-	726,000	-	-	498,300	1,045,951	-	226,000
Investment made during the year	-	-	100,000	395,000	-	-	-	-	-	-	-	500,000
Investment redeemed / disposed off during the year	-	-	-	(145,856)	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	598,300	1,295,095	-	726,000	-	-	498,300	1,045,951	-	726,000
Provision for diminution in value of investments	-	-	157,375	70,726	-	-	-	-	157,375	70,726	-	-
Advances												
Opening balance	-	38,487	-	68,200	-	565,459	-	43,626	-	68,200	-	72,916
Addition during the year	-	12,577	-	-	-	-	-	15,400	-	-	-	539,566
Repaid during the year	-	(9,529)	-	-	-	(40,893)	-	(20,539)	-	-	-	(47,023)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	41,535	-	68,200	-	524,566	-	38,487	-	68,200	-	565,459
Provision held against advances	-	-	-	68,200	-	-	-	-	-	68,200	-	-

	2020						2019					
	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)											
Other Assets												
Interest / mark-up accrued	-	-	-	-	-	8,725	-	-	-	-	-	3,241
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	-	-	15,447	-
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	-	4,082	-	-	-	-	-	909	-	-	5,492	-
Received during the year	-	89,090	-	-	18,297	-	-	64,629	-	-	102,997	-
Withdrawn during the year	-	(87,640)	-	-	(11,426)	-	-	(61,456)	-	-	(108,489)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	5,532	-	-	6,871	-	-	4,082	-	-	-	-
Other Liabilities												
Interest / mark-up payable	-	23	-	-	16	-	-	33	-	-	-	-
Payable to staff retirement fund	-	-	-	-	3,333	-	-	-	-	-	-	-
Other liabilities												
Outright sale of securities			-	1,090,752	879,049		-	-	14,537	1,385,342	909,630	-
Outright purchase of securities	-	-	-	406,109	906,989	-	-	-	69,576	243,315	720,365	-
Contingencies and Commitments												
Other contingencies	-	-	45,000	70,726	-	226,000	-	-	136,000	70,726	-	226,000

40.7 Related party transactions

	Note	2020						2019					
		Directors	Key manage-ment personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties	Directors	Key manage-ment personnel	Subsidiaries	Associates	Retirement benefit funds	Other related parties
		(Rupees in '000)											
Income													
Mark-up / return / interest earned		-	1,581	-	-	-	101,007	-	2,104	-	-	-	35,252
Fee and commission income		-	-	375	-	-	-	-	-	1,505	-	-	-
Dividend income		-	-	-	55,871	-	56,500	-	-	-	30,448	-	45,200
Net gain on sale of securities		-	-	-	4,240	7	-	-	-	-	295	69	-
Other income		-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Expense													
Mark-up / return / interest paid		-	812	-	-	260	-	-	647	-	-	1,067	-
Operating expenses													
Non- Executive Directors' fees and allowances		32,839	-	-	-	-	-	29,409	-	-	-	-	-
Compensation expenses			261,642	-	-	-	-	-	234,928	-	-	-	-
Contribution to defined contribution plan		-	-	-	-	18,124	-	-	-	-	-	17,027	-
Charge for defined benefit plan		-	-	-	-	16,561	-	-	-	-	-	15,694	-

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**6,150,000**	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,765,747**	5,907,186
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,765,747**	5,907,186
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**6,765,747**	5,907,186
Risk Weighted Assets (RWAs):		
Credit risk	**24,577,361**	27,604,147
Market risk	**12,164,424**	8,301,000
Operational risk	**2,615,074**	2,039,196
Total	**39,356,859**	37,944,343
Common Equity Tier 1 Capital Adequacy ratio	**17.19%**	15.57%
Tier 1 Capital Adequacy Ratio	**17.19%**	15.57%
Total Capital Adequacy Ratio	**17.19%**	15.57%
Capital requirements		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total Capital minimum ratio	**10.00%**	10.00%
Capital Conservation Buffer (CCB)	**1.50%**	2.50%
Total Capital plus CCB	**11.50%**	12.50%

Standardized Approach of Basel II is used for calculating Capital Adequacy for Credit and Market Risk while Basic indicator Approach is used for calculating Capital Adequacy for Operational Risk.

	2020	2019
Leverage Ratio (LR):		
Eligible Tier 1 Capital	**6,765,747**	5,907,186
Total Exposures	**90,371,275**	91,226,753
Leverage Ratio	**7.49%**	6.48%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**9,163,212**	6,227,965
Total Net Cash Outflow	**17,443,202**	9,139,548
Liquidity Coverage Ratio	**53%**	68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**22,160,134**	21,887,939
Total Required Stable Funding	**21,830,106**	21,507,690
Net Stable Funding Ratio	**101.51%**	101.77%

41.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at http://www.pakoman.com

41.2 Capital management policies and procedures:

The Company’s objectives when managing capital are:

- to comply with the capital requirements set by the regulators of the Company;
- to safeguard the Company’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to acquire, develop and maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored frequently by the Company’s management, employing techniques based on the guidelines issued by State Bank of Pakistan (SBP).

SBP requires each development financial institution to: (a) hold the minimum level of the regulatory capital of Rs. 6 billion as at 31 December 2009 and in future periods till further notification issued by SBP, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset as per the CAMELS Rating assigned to the institution or above the minimum prescribed level of 11.50%.

Capital Structure

The Company’s regulatory capital is divided into three tiers:

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1 (refer note 41).

- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1 (refer note 41).

- Tier 2 capital, which includes Subordinated debt/ Instruments, share premium of issuance of Subordinated debt/ Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments and foreign exchange translation reserves after all regulatory adjustments applicable on Tier 2 (refer note 41).

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

The Company calculates capital requirement as per Basel III regulatory framework, using the following approaches:

- Credit risk	Standardized approach
- Market risk	Standardized approach
- Operational risk	Basic indicator approach

The table refer in note 41 summarizes the composition of regulatory capital and the ratios of the Company for the year ended 31 December 2020.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Company both at the consolidated level (including subsidiaries) and also on standalone basis.

41.3 The Company's CAR as at 31 December 2020 is 17.19% (2019: 15.57%) of its risk weighted exposure.

The calculation of capital adequacy enables the Company to assess the long term soundness. The Company has successfully managed in the past and will in the future its Capital requirements/ needs. Based on the directives of the Board, the Company has built a health portfolio of assets and liabilities focusing on quality. CAR of 17.19% demonstrates that the company is geared to absorb major risks / shocks in the present market scenario. The Company meets its funding needs through clean placements (LOP & COI) and short and long term lines from commercial institutions.

42 RISK MANAGEMENT

The Company has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in operations of the Company. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximizing returns to shareholders, the board of directors takes cognizance of the risk elements that the Company is confronted with in its operations. In view of the multi-faceted risks inherent in the financial sector, the Company places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Risk management organisation

Risk Management Department ensures that risks remain within the boundaries as defined by the board, comply with the risk parameters and prudential limits, establish systems and procedures and work out remedial measures.

Credit Committee implements credit risk policy and monitors credit risk in light with credit policy and prudential regulations.

The Company's risk management, compliance and internal audit department support the risk management function. The compliance department ensures that all the directives and guidelines issued by SBP are being complied with. Internal audit department reviews the compliance of internal control procedures with internal and regulatory standards.

Financial Risk Management

The COVID-19 pandemic has taken a toll on global economy, including Pakistan. To reduce the impact on businesses and economies in general, governments/regulators across the world introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) also responded to the crisis by cutting the policy rate by 625 basis points since mid-March to 7% in June 2020. Other regulatory measures to provide an impetus to economic activity include the

- Reduction in the capital conservation buffer by 100 basis points to 1.5%.
- Increasing the regulatory limit on extension of credit to SMEs to Rs. 180 million.
- Allowing banks and DFIs to defer borrowers’ principal loan repayments by one year and/or restructure or reschedule loans for borrowers who require relief of principal repayment exceeding one year and/or markup with no reflection on credit history.
- Introduction of refinancing schemes for payment of wages and salaries.
- Announcement of Temporary Economic Refinance Facility (TERF) for setting up of new industrial units; and
- Introduction of refinance facility for hospitals and medical centers to develop capacity for treatment of infected persons.

42.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Exposure to credit risks for the Company arises primarily from lending activities and investments in fixed income securities.

A multi-tiered approach is being followed in the management of credit risk with the organizational structure, roles and responsibilities clearly outlined in the Credit Policy Manual. The Board is responsible for final approval of overall risk tolerance, limits for sectors and pricing strategies. Various business units responsible for undertaking risks are expected to comply with the credit policy and adhere to the independent risk management function. This is ensured through the implementation of a credit approval and documentation process adopted by the Company.

The Company has further strengthened its credit risk assessment in light of COVID-19. The risk management function is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The detailed credit risk assessment has been carried out against each individual customer applying for principal deferment or rescheduling/restructuring.

The Company uses both external and internal ratings to evaluate risk. The Company obtains external ratings from PACRA and JCR-VIS whereas a comprehensive risk assessment matrix model is used for internal ratings.

Types of exposures and ECAI's used

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

Credit exposures subject to Standardised Approach

		2020			**2019**		
Expos	**Rating Category**	**Amount Outstanding**	**Deduction CRM***	**Net amount**	**Amount Outstanding**	**Deduction CRM***	**Net amount**
		(Rupees in '000)					
Corporate	0	-	-	-	-	-	-
	1	**1,290,739**	**(200,000)**	**1,090,739**	572,378	-	572,378
	2	**9,476,326**	**(19,397)**	**9,456,929**	9,228,034	(85,549)	9,142,485
	3-4	**1,837,369**	**(36,874)**	**1,800,495**	1,802,032	(21,875)	1,780,157
	5-6	-	-	-	-	-	-
	Unrated	**7,524,755**	**(157,715)**	**7,367,040**	7,749,611	(248,961)	7,500,650
		20,129,189	**(413,986)**	**19,715,202**	19,352,055	(356,385)	18,995,670
Banks	0	**-**	**-**	**-**	-	-	-
	1	**4,418,436**	**-**	**4,418,436**	10,107,271	-	10,107,271
	2-3	**878,959**	**-**	**878,959**	879,291	-	879,291
	4-5	**-**	**-**	**-**	-	-	-
	6	**-**	**-**	**-**	-	-	-
	Unrated	**-**	**-**	**-**	-	-	-
		5,297,395	**-**	**5,297,395**	10,986,562	-	10,986,562

Sovereigns etc.
Unrated
*CRM = Credit Risk Mitigation

The accounting policies and methods used by the Company are in accordance with the requirements of the Prudential Regulations of the SBP. These policies are disclosed in note 4 to these financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.5 to these unconsolidated financial statements.

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

42.1.1 **Lendings to financial institutions**

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Public/ Government	**-**	2,007,082	**-**	-	**-**	-
Private	**3,600,000**	6,125,393	**-**	-	**-**	-
	3,600,000	8,132,475	**-**	-	**-**	-

42.1.2 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Textile	**231,090**	81,090	**81,090**	81,090	**60,641**	60,641
Electronics and electrical appliances	**85,000**	85,000	**85,000**	85,000	**85,000**	85,000
Power (electricity), Gas, Water, Sanitary	**500,000**	555,958	**-**	-	**-**	-
Transport, Storage and Communication	**215,193**	180,980	**180,980**	180,980	**180,980**	180,980
Financial	**65,250,979**	56,996,969	**65,255**	15,404	**65,255**	15,404
Others	**196,452**	256,452	**196,452**	121,452	**126,467**	121,452
	66,478,714	58,156,449	**608,777**	483,926	**518,343**	463,477

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---- (Rupees in '000) ----					
Public/ Government	**63,275,197**	54,643,109	**-**	-	**-**	-
Private	**3,203,517**	3,513,340	**608,777**	483,926	**518,343**	463,477
	66,478,714	58,156,449	**608,777**	483,926	**518,343**	463,477

42.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Textile	**4,410,912**	4,196,626	**343,434**	348,278	**336,961**	337,256
Chemical and Pharmaceuticals	**290,645**	215,756	-	-	-	-
Cement	**403,729**	372,865	-	-	-	-
Sugar	**885,000**	840,000	-	-	-	-
Footwear and Leather garments	-	-	-	-	-	-
Automobile and transportation equipment	**257,352**	280,085	-	-	-	-
Electronics and electrical appliances	**638,542**	796,726	**50,000**	50,000	**50,000**	50,000
Construction	**405,596**	487,770	-	-	-	-
Power (electricity), Gas, Water, Sanitary	**2,979,310**	2,697,361	**68,200**	68,200	**68,200**	68,200
Wholesale and Retail Trade	**86,311**	113,514	-	-	-	-
Exports/Imports	-	-	-	-	-	-
Transport, Storage and Communication	**3,022,076**	2,335,948	-	-	-	-
Financial	**1,402,862**	1,383,158	**5,161**	5,161	**5,161**	5,161
Insurance	-	-	-	-	-	-
Services	**1,561,941**	1,410,456	**2,076**	2,104	**517**	-
Individuals	**94,801**	103,834	-	-	-	-
Others	**5,148,138**	5,341,903	**1,058,348**	204,586	**190,858**	91,039
	21,587,215	20,576,002	**1,527,219**	678,329	**651,697**	551,656

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public/ Government	**815,891**	888,472	-	-	-	-
Private	**20,771,324**	19,687,530	1,527,219	678,329	651,697	551,656
	21,587,215	20,576,002	**1,527,219**	678,329	**651,697**	551,656

42.1.4 Contingencies and Commitments

Credit risk by industry sector	2020	2019
	(Rupees in '000)	
Textile	**140,000**	-
Chemical and Pharmaceuticals	**-**	165,000
Cement	**-**	-
Automobile and transportation equipment	**-**	-
Construction	**-**	-
Power (electricity), Gas, Water, Sanitary	**144,000**	-
Wholesale and Retail Trade	**-**	-
Transport, Storage and Communication	**-**	322,230
Services	**-**	68,400
Others	**524,730**	511,120
	808,730	1,066,750

Credit risk by public / private sector	2020	2019
Public/ Government	**-**	-
Private	**808,730**	1,066,750
	808,730	1,066,750

42.1.5 Concentration of Advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 8,774.319 million (2019: Rs 8,293.350 million) are as following:

	2020	2019
	(Rupees in '000)	
Funded	**8,774,319**	8,293,350
Non Funded	**-**	-
Total Exposure	**8,774,319**	8,293,350

The sanctioned limits against these top 10 exposures aggregated to Rs 12,160 million (2019: Rs 11,458 million)

Total funded classified therein	2020		2019	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**854,762**	**3,956**	-	-
Doubtful	**-**	**-**	182,104	90,000
Loss	**672,457**	**647,741**	496,225	461,656
Total	**1,527,219**	**651,697**	678,329	551,656

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

2020

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	**3,608,286**	**1,545,000**	**518,691**	**141,795**	**-**	**1,402,800**	**-**

2019

Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	5,528,204	1,053,246	2,498,562	272,771	1,044,566	659,059	-

42.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates and equity prices. The board of directors is responsible for reviewing and recommending all market risk policies.

The market risk management framework of the company comprises of business unit actually undertaking the risk, the Risk Management Department, Asset and Liability Committee and the Investment Committee.

Dealing activities of the Company include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, and money market transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Stress testing is performed as per guidelines of SBP as well as Company's internal policy.

42.2.1 Statement of financial position split by trading and banking books

	2020			2019		
	Banking book	**Trading book**	**Total**	**Banking book**	**Trading book**	**Total**
	(Rupees in '000)					
Cash and balances with treasury banks	**214,433**	**-**	**214,433**	153,271	-	153,271
Balances with other banks	**1,318,436**	**-**	**1,318,436**	1,974,796	-	1,974,796
Lendings to financial institutions	**3,600,000**	**-**	**3,600,000**	8,132,475	-	8,132,475
Investments	**5,033,736**	**63,183,554**	**68,217,290**	5,008,886	54,367,036	59,375,922
Advances	**20,935,305**	**-**	**20,935,305**	20,024,133	-	20,024,133
Fixed assets	**219,239**	**-**	**219,239**	201,211	-	201,211
Intangible assets	**-**	**-**	**-**	5	-	5
Deferred tax assets	**226,542**	**-**	**226,542**	337,826	-	337,826
Other assets	**2,074,831**	**-**	**2,074,831**	1,883,175	-	1,883,175
	33,622,522	**63,183,554**	**96,806,076**	37,715,778	54,367,036	92,082,814

42.2.2 Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign currency rates. However, the Company is not exposed to major foreign currency risk as its assets and liabilities are primarily denominated in Pakistani rupees.

	2020		2019	
	Foreign Currency Assets	Net foreign currency exposure	Foreign Currency Assets	Net foreign currency exposure
United States Dollar	**63**	**63**	79	79
Omani Riyal	**7,242**	**7,242**	3,336	3,336
	7,305	**7,305**	3,415	3,415

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	------------------------------ (Rupees in '000) ------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**(76)**	**-**	(36)	-
- Other comprehensive income	**-**	**-**	-	-

42.2.3 Equity position Risk

Equity position risk refers to the risk arising from taking long or short positions, in the trading book, in equities and all instruments that exhibit market behavior similar to equities. The Company is exposed to such risk due to investment activities undertaken on a day-to-day basis. The Company has established a Capital Market Review Committee to monitor the equity portfolio and the future strategy pertaining thereto. As per Standardized Approach 8% charge has to be created on both Specific and General Equity Position Risk Management calculation.

The Company has does not hold investment in listed equity securities - classified as available for sale as of December 31, 2020. Therefore, there is no impact of COVID – 19 on the Company's financial position.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account *	**-**	**-**	**-**	-
- Other comprehensive income	**(153,891)**	**-**	(167,024)	-

* Equity position includes Equity shares and Bank's TFC tier II

42.3 Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The lending, funding and investment activities of the Company are exposed to interest rate risk. The Company is using a 16band repricing model for measurement of interest rate risk. Furthermore, stress testing technique is also used to evaluate the potential effects on the financial condition of a specific event and movements in a set of financial variables. The Company has also developed value-at-risk (VAR) model internally.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---- (Rupees in '000) ----			
Impact of 1% change in interest rates on				
Profit and loss account *	**-**	**(89,494)**	-	(89,883)
Other comprehensive income *	**34,137**	**(223,221)**	76,816	(251,347)

* Earning approach

42.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2020										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		---- (Rupees in '000) ----										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		214,433	-	-	-	-	-	-	-	-	-	214,433
Balances with other banks	8.52%	1,318,436	7,024	1,300,000	-	-	-	-	-	-	-	11,412
Lendings to financial institutions	7.29%	3,600,000	3,600,000	-	-	-	-	-	-	-	-	-
Investments	8.29%	68,217,290	1,553,696	22,421,244	23,130,303	7,042,175	7,223,143	1,040,440	3,905,040	-	-	1,901,249
Advances	9.06%	20,935,305	5,381,077	9,166,781	3,463,161	352,692	480,364	471,739	767,514	813,254	24,512	14,211
Other assets		1,527,748	-	-	-	-	-	-	-	-	-	1,527,748
		95,813,212	10,541,797	32,888,025	26,593,464	7,394,867	7,703,507	1,512,179	4,672,554	813,254	24,512	3,669,053
Liabilities												
Borrowings	6.97%	70,551,769	57,302,415	8,182,378	2,406,083	384,706	485,077	470,118	763,299	557,693	-	-
Deposits and other accounts	7.38%	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	197	197	-	-	-	-	-	-	-	-	-
Other liabilities		1,298,614	-	-	-	-	-	-	-	-	-	1,298,614
		87,719,710	64,614,819	14,526,908	4,315,667	687,515	485,077	470,118	763,299	557,693	-	1,298,614
On-balance sheet gap		8,093,502	(54,073,022)	18,361,117	22,277,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	2,370,439
Non-Financial assets		992,864										
Non-Financial liabilities		3,333										
Total Net Assets		9,083,033										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward Government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(54,073,022)	18,361,117	22,277,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	2,370,439
Cumulative yield / interest risk sensitivity gap			(54,073,022)	(35,711,905)	(13,434,108)	(6,726,756)	491,674	1,533,735	5,442,990	5,698,551	5,723,063	8,093,502

Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2019										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		153,271	-	-	-	-	-	-	-	-	-	153,271
Balances with other banks	14.57%	1,974,796	168,309	1,000,000	800,000	-	-	-	-	-	-	6,487
Lendings to financial institutions	13.51%	8,132,475	6,274,475	1,858,000	-	-	-	-	-	-	-	-
Investments	13.65%	59,375,922	3,819,443	13,703,277	14,385,684	17,150,994	6,802,538	1,030,959	-	940,877	-	1,542,150
Advances	14.40%	20,024,133	5,388,953	7,329,363	4,592,682	267,563	349,487	402,355	752,617	901,724	30,305	9,084
Other assets		1,391,853	-	-	-	-	-	-	-	-	-	1,391,853
		91,052,450	15,651,180	23,890,640	19,778,366	17,418,557	7,152,025	1,433,314	752,617	1,842,601	30,305	3,102,845
Liabilities												
Borrowings	13.08%	73,681,026	56,371,933	4,669,097	4,828,742	5,467,972	349,744	401,389	743,043	849,106	-	-
Deposits and other accounts	13.14%	8,576,392	1,739,958	3,916,419	990,182	1,929,833	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	610	33	66	102	409	-	-	-	-	-	-
Other liabilities		1,471,325	-	-	-	-	-	-	-	-	-	1,471,325
		83,729,353	58,111,924	8,585,582	5,819,026	7,398,214	349,744	401,389	743,043	849,106	-	1,471,325
On-balance sheet gap		7,323,097	(42,460,744)	15,305,058	13,959,340	10,020,343	6,802,281	1,031,925	9,574	993,495	30,305	1,631,520
Non - financial assets		1,030,364										
Non - financial liabilities		-										
Total Net Assets		8,353,461										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward Government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(42,460,744)	15,305,058	13,959,340	10,020,343	6,802,281	1,031,925	9,574	993,495	30,305	1,631,520
Cumulative yield / interest risk sensitivity gap			(42,460,744)	(27,155,686)	(13,196,346)	(3,176,003)	3,626,278	4,658,203	4,667,777	5,661,272	5,691,577	7,323,097

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

42.3.3 Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

42.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is inherent in the company's business and operational activities.

The Company has instituted sound internal controls through policies, plans and processes approved by the board of directors for controlling and mitigating potential operational risk. The system of internal controls include financial, operational and compliance controls and is performed on continuous basis by the senior management and all levels of employees within the Company.

The objectives of internal controls include the safeguarding of assets from inappropriate use or from loss and fraud, ensuring that liabilities are identified and managed and that the quality of internal and external reporting is maintained. The Company monitors its Key Risk Indicators (KRI) and Loss Data reporting through an operational risk software. The company has also formulated a disaster recovery plan and guidelines for information security, employee conduct and for prevention of fraud and forgery to ensure smooth functioning of the Company's operations.

COVID-19

The management is monitoring the situation and has taken various precautionary measures as notified by the Provincial and Federal Governments to address the safety of Company's staff and visitors alike. Such measures include:

- All employees / visitors are screened daily for temperature before entering the premises.
- Wearing a face mask is mandatory for all employees / visitors.
- Entire premises is disinfected on daily basis.
- All employees are required to maintain safe distance while interacting with others. Indicative spacing marks have been placed around work terminals for ease of employees.

Business Continuity Plan (BCP) is in place and has been rigorously tested. Remote work capabilities are being enhanced to ensure uninterrupted services to the customers whereas related risk and control measures are also being assessed to protect Company's information assets from emerging cyber threats.

42.5 Liquidity risk

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

Large off-balance sheet exposures or heavy reliance on large corporate deposits gives rise to relatively high level of liquidity risk. Rapid growth in assets also increases the liquidity risk. Objectives of liquidity management in Pak Oman are that:

- A reasonable amount of liquid assets are maintained at all times.
- Measurement and projection of funding requirements during various scenarios.
- Excess funds are profitably deployed.

Beside the Board which will be responsible for formulation of over all policy, the following will be involved in Liquidity Risk Management Process with roles and responsibilities defined hereunder:

- Risk Management
- Finance
- Treasury
- Asset Liability Committee (ALCO)

The ALCO will be responsible for monitoring of the tolerance limits.

COVID-19 posed multiple challenges pertaining to liquidity around the world. In order to safeguard the economy, SBP allowed the banks and DFIs to defer principal and rescheduling / restructuring upon request of their borrowers. This put the expected cash flows under duress. The Company, however is closely monitoring the cash flows on a constant basis and is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

42.5.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Company

2020

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	214,433	-	-	214,433	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,318,436	-	18,436	-	-	-	1,300,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	-	3,000,000	-	600,000	-	-	-	-	-	-	-	-	-	-
Investments	68,217,290	-	14,834	34,289	517,859	3,738,973	12,583,247	1,922,174	7,096,959	19,234	7,682,034	11,263,674	13,326,597	9,717,416	300,000
Advances	20,935,305	-	1,911	20,292	212,555	520,113	1,447,412	1,909,401	1,254,187	1,296,807	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	219,239	-	-	-	3,590	3,887	3,887	9,459	9,710	9,710	33,548	24,221	23,758	97,469	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	226,542	-	-	-	(37,891)	(1,832)	(1,832)	(11,679)	(65,055)	(65,055)	(56,489)	(45,934)	337,102	174,578	628
Other assets	2,074,831	-	77,227	131,531	325,194	245,123	318,450	591,452	4,312	1,067	-	375,991	4,486	-	-
	96,806,076	-	3,112,408	400,545	1,621,307	4,506,264	15,651,164	4,420,807	8,300,113	1,261,763	12,225,616	15,149,645	17,976,917	11,714,457	465,071
Liabilities															
Borrowings	70,551,769	-	45,179,115	717,230	11,406,070	5,296,395	1,169,317	1,957,750	595,085	846,288	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	-	4,318,788	380,065	2,613,354	4,341,300	2,003,230	1,909,584	128,347	174,462	-	-	-	-	-
Liabilities against assets subject to finance lease	197	-	-	-	197	-	-	-	-	-	-	-	-	-	-
Others liabilities	1,301,947	-	219,004	20,371	120,094	72,197	692,287	59,930	7,524	3,826	10,983	39,984	55,747	-	-
	87,723,043	-	49,716,907	1,117,666	14,139,715	9,709,892	3,864,834	3,927,264	730,956	1,024,576	1,437,726	676,768	819,046	557,693	-
Net assets	9,083,033	-	(46,604,499)	(717,121)	(12,518,408)	(5,203,628)	11,786,330	493,543	7,569,157	237,187	10,787,890	14,472,877	17,157,871	11,156,764	465,071
Share capital	6,150,000														
Reserves	1,759,985														
Unappropriated profit	824,550														
Surplus on revaluation of assets	348,498														
	9,083,033														

2019

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	153,271	-	-	153,271	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,974,796	-	24,796	150,000	-	-	1,000,000	800,000	-	-	-	-	-	-	-
Lendings to financial institutions	8,132,475	-	4,019,186	1,335,214	920,075	1,858,000	-	-	-	-	-	-	-	-	-
Investments	59,375,922	-	35,562	88	3,216,122	5,592,773	724,790	9,557,497	17,250,408	252	7,115,008	1,205,846	3,068,758	11,308,818	300,000
Advances	20,024,133	-	62,083	39,020	538,737	659,910	832,212	2,089,447	1,333,155	1,198,049	4,522,506	3,194,334	3,804,632	1,694,743	55,305
Fixed assets	201,211	-	-	-	3,215	3,211	3,211	8,415	8,704	8,704	30,680	18,027	24,864	92,182	-
Intangible assets	5	-	-	-	5	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	337,826	-	-	-	(66,451)	874	874	(5,408)	(28,560)	(28,560)	(34,546)	(13,188)	291,210	220,883	697
Other assets	1,883,175	-	40,856	292,185	117,699	417,424	271,013	654,313	83,535	1,862	-	-	4,288	-	-
	92,082,814	-	4,182,483	1,969,778	4,729,402	8,532,192	2,832,100	13,104,264	18,647,242	1,180,307	11,633,648	4,405,019	7,193,752	13,316,626	356,002
Liabilities															
Borrowings	73,681,026	-	48,912,240	4,215,042	3,244,651	1,448,221	970,876	3,301,155	5,874,709	732,890	2,379,371	1,009,722	743,043	849,106	-
Deposits and other accounts	8,576,392	-	394,452	156,152	1,189,354	1,392,821	2,523,598	990,182	381,528	1,548,305	-	-	-	-	-
Liabilities against assets subject to finance lease	610	-	-	-	33	33	33	102	104	305	-	-	-	-	-
Others Liabilities	1,471,325	-	128,272	84,864	221,539	71,063	557,774	99,233	183,776	24,826	31,259	23,784	41,866	3,069	-
	83,729,353	-	49,434,964	4,456,058	4,655,577	2,912,138	4,052,281	4,390,672	6,440,117	2,306,326	2,410,630	1,033,506	784,909	852,175	-
Net assets	8,353,461	-	(45,252,481)	(2,486,280)	73,825	5,620,054	(1,220,182)	8,713,592	12,207,125	(1,126,019)	9,223,018	3,371,513	6,408,843	12,464,451	356,002
Share capital	6,150,000														
Reserves	1,265,504														
Unappropriated profit	776,230														
Surplus on revaluation of assets	161,727														
	8,353,461														

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

42.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Company

2020

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	214,433	214,433	-	-	-	-	-	-	-	-
Balances with other banks	1,318,436	18,436	1,300,000	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Investments	68,217,290	566,982	16,322,220	1,922,174	7,116,193	7,682,034	11,263,674	13,326,597	9,717,416	300,000
Advances	20,935,305	234,758	1,967,525	1,909,401	2,550,994	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	219,239	3,590	7,774	9,459	19,420	33,548	24,221	23,758	97,469	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	226,542	(37,891)	(3,663)	(11,679)	(130,110)	(56,489)	(45,934)	337,102	174,578	628
Other assets	2,074,831	533,952	563,572	591,452	5,378	-	375,991	4,486	-	-
	96,806,076	5,134,260	20,157,428	4,420,807	9,561,875	12,225,616	15,149,645	17,976,917	11,714,457	465,071
Liabilities										
Borrowings	70,551,769	57,302,415	6,465,712	1,957,750	1,441,373	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-
Liabilities against assets subject to finance lease	197	197	-	-	-	-	-	-	-	-
Others liabilities	1,301,947	359,469	764,484	59,930	11,350	10,983	39,984	55,747	-	-
	87,723,043	64,974,288	13,574,726	3,927,264	1,755,532	1,437,726	676,768	819,046	557,693	-
Net assets	9,083,033	(59,840,028)	6,582,702	493,543	7,806,343	10,787,890	14,472,877	17,157,871	11,156,764	465,071
Share capital	6,150,000									
Reserves	1,759,985									
Unappropriated profit	824,550									
Surplus on revaluation of assets	348,498									
	9,083,033									

2019

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	153,271	153,271	-	-	-	-	-	-	-	-
Balances with other banks	1,974,796	174,796	1,000,000	800,000	-	-	-	-	-	-
Lendings to financial institutions	8,132,475	6,274,475	1,858,000	-	-	-	-	-	-	-
Investments	59,375,922	3,251,772	6,317,563	9,557,497	17,250,660	7,115,008	1,205,846	3,068,758	11,308,818	300,000
Advances	20,024,133	639,840	1,492,122	2,089,447	2,531,204	4,522,506	3,194,334	3,804,632	1,694,743	55,305
Fixed assets	201,211	3,215	6,421	8,415	17,407	30,680	18,027	24,864	92,182	-
Intangible assets	5	5	-	-	-	-	-	-	-	-
Deferred tax assets	337,826	(66,451)	1,748	(5,408)	(57,119)	(34,546)	(13,188)	291,210	220,883	697
Other assets	1,883,175	450,740	688,437	654,313	85,397	-	-	4,288	-	-
	92,082,814	10,881,663	11,364,291	13,104,264	19,827,549	11,633,648	4,405,019	7,193,752	13,316,626	356,002
Liabilities										
Borrowings	73,681,026	56,371,933	2,419,097	3,301,155	6,607,599	2,379,371	1,009,722	743,043	849,106	-
Deposits and other accounts	8,576,392	1,739,958	3,916,419	990,182	1,929,833	-	-	-	-	-
Liabilities against assets subject to finance lease	610	33	66	102	409	-	-	-	-	-
Others Liabilities	1,471,325	434,675	628,837	99,233	208,602	31,259	23,784	41,866	3,069	-
	83,729,353	58,546,599	6,964,419	4,390,672	8,746,443	2,410,630	1,033,506	784,909	852,175	-
Net assets	8,353,461	(47,664,936)	4,399,872	8,713,592	11,081,106	9,223,018	3,371,513	6,408,843	12,464,451	356,002
Share capital	6,150,000									
Reserves	1,265,504									
Unappropriated profit	776,230									
Surplus on revaluation of assets	161,727									
	8,353,461									

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

43 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on 10 February 2021 have:

- proposed 7.5% cash dividend amounting to Rs. 461.250 million subject to the approval of the members at the annual general meeting.

These unconsolidated financial statements do not recognise the aforementioned appropriation as this has been proposed and approved subsequent to the statement of financial position date.

44 GENERAL

44.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

44.2 The VIS Credit Rating Company Limited has maintained the Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

45 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on 10 February 2021 by the Board of Directors of the Company.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Annexure I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2020

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				---------- (Rupees in '000) ----------							
1	Classic Denim Mills	Mr. Vashdav Rakhani - 42301-7832646-3 Mr Yaseen Sattar - 42301-3651991-3 Mr Shahzad Haroon - 42301-1065237-5 Mr .M Saleem Ahmed -501-64-460068	Mr. Nenumal Mr. Abdul Sattar Mr. Mohammad Haroon Mr. Ibrahim Ahmed	4,845	10,496	-	15,341	-	9,462	-	9,462
				4,845	10,496	-	15,341	-	9,462	-	9,462

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PAK OMAN INVESTMENT COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Pak Oman Investment Company Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pak Oman Investment Company Limited ("the Company") and its subsidiary (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended and notes to the consolidated 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 consolidated statement of financial position, consolidated profit and loss account, the consolidated statement of comprehensive income, consolidated statement of changes in equity and, consolidated 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 Group's affairs as at 31 December 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' reports 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, 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, 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 the 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 are 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.

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.

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

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 Group as required by the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Group and the transactions of the Group which have come to our notice have been within the powers of the Group; 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 auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 16 March 2021

Pak Oman Investment Company Limited
Consolidated Statement of Financial Position
As at 31 December 2020

2020	2019		Note	2020	Restated 2019
(US Dollar in '000)				(Rupees in '000)	
		ASSETS			
1,342	959	Cash and balances with treasury banks	**5**	**214,467**	153,272
8,256	12,360	Balances with other banks	**6**	**1,319,582**	1,975,535
22,523	50,881	Lendings to financial institutions	**7**	**3,600,000**	8,132,475
423,998	369,601	Investments	**8**	**67,769,494**	59,074,973
130,981	125,280	Advances	**9**	**20,935,305**	20,024,133
1,565	1,456	Fixed assets	**10**	**250,195**	232,765
1,397	1,397	Intangible assets	**11**	**223,273**	223,278
1,356	2,059	Deferred tax assets	**12**	**216,789**	329,034
14,089	13,005	Other assets	**13**	**2,251,865**	2,078,582
605,507	576,998			**96,780,970**	92,224,047
		LIABILITIES			
-	-	Bills payable		**-**	-
441,594	461,687	Borrowings	**14**	**70,581,769**	73,793,526
99,285	53,658	Deposits and other accounts	**15**	**15,869,130**	8,576,392
1	4	Liabilities against assets subject to finance lease	**16**	**197**	610
-	-	Subordinated debt		**-**	-
-	-	Deferred tax liabilities		**-**	-
8,937	10,121	Other liabilities	**17**	**1,428,400**	1,617,609
549,817	525,470			**87,879,496**	83,988,137
55,690	51,528	**NET ASSETS**		**8,901,474**	8,235,910
		REPRESENTED BY			
38,477	38,477	Share capital	**18**	**6,150,000**	6,150,000
11,011	7,918	Reserves	**19**	**1,759,985**	1,265,504
2,180	1,012	Surplus on revaluation of assets	**20**	**348,498**	161,727
3,981	4,077	Unappropriated profit		**636,372**	651,712
55,649	51,484	Equity attributable to shareholder of Group		**8,894,855**	8,228,943
41	44	Non-controlling interest	**21**	**6,619**	6,967
55,690	51,528			**8,901,474**	8,235,910
		CONTINGENCIES AND COMMITMENTS	**22**		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Profit and Loss Account
For the year ended 31 December 2020

2020 (US Dollar in '000)	2019 (US Dollar in '000)		Note	2020 (Rupees in '000)	Restated 2019 (Rupees in '000)
56,278	47,191	Mark-up / return / interest earned	**23**	**8,995,109**	7,542,742
46,630	40,849	Mark-up / return / interest expensed	**24**	**7,453,007**	6,529,065
9,648	6,342	Net mark-up / interest income		**1,542,102**	1,013,677
		NON MARK-UP / INTEREST INCOME			
551	549	Fee and commission income	**25**	**88,056**	87,782
353	285	Dividend income		**56,500**	45,612
-	-	Foreign exchange income		**-**	-
-	-	Income / (loss) from derivatives		**-**	-
3,135	659	Gain on securities	**26**	**501,160**	105,307
82	305	Share of profit from associates - net of tax		**13,168**	48,820
150	95	Other income	**27**	**24,037**	15,150
4,271	1,893	Total non mark-up / interest income		**682,921**	302,671
13,919	8,235	**Total Income**		**2,225,023**	1,316,348
		NON MARK-UP / INTEREST EXPENSES			
4,681	4,400	Operating expenses	**28**	**748,153**	703,348
171	60	Workers Welfare Fund		**27,289**	9,572
186	141	Other charges	**29**	**29,804**	22,468
5,038	4,601	Total non mark-up / interest expenses		**805,246**	735,388
8,881	3,634	Profit Before Provisions		**1,419,777**	580,960
(907)	214	(Provisions) / reversals and write offs - net	**30**	**(144,952)**	34,136
-	-	Extra ordinary / unusual items		**-**	-
7,974	3,848	**PROFIT BEFORE TAXATION**		**1,274,825**	615,096
(2,293)	(970)	Taxation	**31**	**(366,427)**	(155,026)
5,681	2,878	**PROFIT AFTER TAXATION**		**908,398**	460,070
		ATTRIBUTABLE TO:			
5,686	2,892	Shareholders of the Group		**908,746**	461,927
(2)	(12)	Non-controlling interest		**(348)**	(1,857)
5,684	2,880			**908,398**	460,070
(US Dollar)				**(Rupees)**	
0.0092	0.0047	**Basic and diluted earnings per share attributable to shareholders of the Group**	**32**	**1.48**	0.75

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

2020	2019		2020	Restated 2019
(US Dollar in '000)			(Rupees in '000)	
5,681	2,878	Profit after taxation for the year	**908,398**	460,070
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
825	786	Movements in surplus on revaluation of investments - net of tax	**131,838**	125,561
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(11)	74	Remeasurement (loss) / gain on defined benefit obligations - net of tax	**(1,712)**	11,892
344	(20)	Movement in surplus on revaluation of non-banking assets - net of tax	**54,933**	(3,259)
333	54		**53,221**	8,633
6,839	3,718	**Total comprehensive income**	**1,093,457**	594,264
		ATTRIBUTABLE TO:		
6,841	3,730	Shareholders of the Group	**1,093,805**	596,121
(2)	(12)	Non-controlling interest	**(348)**	(1,857)
6,839	3,718		**1,093,457**	594,264

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital	------- (Reserves) --------- Statutory reserve	General reserve	Surplus / (deficit) on Investments	Non-banking assets	Unappropriated profit	Sub total	Non-controlling interest	Total
	------------------	------------------	------------------	------------------	(Rupees in '000)	------------------	------------------	------------------	------------------
Balance as at 01 January 2019 (as previously reported)	6,150,000	1,153,013	11,630	(7,502)	46,927	690,607	8,044,675	8,318	8,052,993
Effect of adjustment to prior period	-	-	-	-	-	16,122	16,122	506	16,628
Balance as at 01 January 2019 (Restated)	**6,150,000**	**1,153,013**	**11,630**	**(7,502)**	**46,927**	**706,729**	**8,060,797**	**8,824**	**8,069,621**
Profit after taxation for the year ended 31 December 2019	-	-	-	-	-	461,927	461,927	(1,857)	460,070
Other comprehensive income - net of tax	-	-	-	125,561	(3,259)	11,892	134,194	-	134,194
Total comprehensive income (Restated)	-	-	-	125,561	(3,259)	473,819	596,121	(1,857)	594,264
Transfer to statutory reserve	-	100,861	-	-	-	(100,861)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,525	2,525	-	2,525
Transaction with owners, recorded directly in equity									
Final cash dividend - 31 December 2018 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
Balance as at 31 December 2019 (Restated)	**6,150,000**	**1,253,874**	**11,630**	**118,059**	**43,668**	**651,712**	**8,228,943**	**6,967**	**8,235,910**
Profit after taxation for the year ended 31 December 2020	-	-	-	-	-	908,746	908,746	(348)	908,398
Other comprehensive income - net of tax	-	-	-	131,838	54,933	(1,712)	185,059	-	185,059
Total comprehensive income	-	-	-	131,838	54,933	907,034	1,093,805	(348)	1,093,457
Transfer to statutory reserve	-	194,481	-	-	-	(194,481)	-	-	-
Transfer to general reserve	-	-	300,000	-	-	(300,000)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,607	2,607	-	2,607
Transaction with owners, recorded directly in equity									
Final cash dividend - 31 December 2019 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
Balance as at 31 December 2020	**6,150,000**	**1,448,355**	**311,630**	**249,897**	**98,601**	**636,372**	**8,894,855**	**6,619**	**8,901,474**

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2020

2020	2019		Note	2020	Restated 2019
(US Dollar in '000)				(Rupees in '000)	
		CASH FLOW FROM OPERATING ACTIVITIES			
7,974	3,848	Profit before taxation		**1,274,825**	615,096
(353)	(285)	Less: Dividend income		**(56,500)**	(45,612)
7,621	3,563			**1,218,325**	569,484
		Adjustments:			
266	264	Depreciation on fixed assets		**42,589**	42,145
195	161	Depreciation on right-of-use assets		**31,121**	25,698
-	3	Amortization		**5**	432
907	(214)	Provisions / (reversals) and write offs - net		**144,952**	(34,136)
-	253	Impairment on goodwill		**-**	40,359
(11)	(15)	Gain on sale of fixed assets		**(1,726)**	(2,374)
(82)	(305)	Share of profit from associates - net of tax		**(13,168)**	(48,820)
119	106	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		**18,984**	16,916
2	2	Finance charges on leased assets		**258**	241
(183)	145	Unrealised (gain) / loss on held-for-trading securities		**(29,183)**	23,100
1,213	400			**193,832**	63,561
8,834	3,963			**1,412,157**	633,045
		(Increase) / Decrease in operating assets			
28,357	(16,881)	Lendings to financial institutions		**4,532,475**	(2,698,179)
(53,179)	49,931	Held-for-trading securities		**(8,499,885)**	7,980,757
(6,327)	3,045	Advances		**(1,011,213)**	486,746
(625)	(5,837)	Other assets (excluding advance taxation)		**(99,875)**	(933,008)
(31,774)	30,258			**(5,078,498)**	4,836,316
		Increase / (decrease) in operating liabilities			
(20,094)	209,838	Borrowings		**(3,211,757)**	33,539,381
45,627	(2,716)	Deposits and other accounts		**7,292,738**	(434,098)
(1,317)	2,458	Other liabilities (excluding current taxation)		**(210,604)**	393,150
24,216	209,580			**3,870,377**	33,498,433
1,276	243,801			**204,036**	38,967,794
(2,139)	(2,099)	Income tax paid		**(341,928)**	(335,465)
(863)	241,702	**Net cash flow (used in) / generated from operating activities**		**(137,892)**	38,632,329
		CASH FLOW FROM INVESTING ACTIVITIES			
1,111	(241,104)	Net investments in available-for-sale securities		**177,620**	(38,536,680)
(1,183)	191	Investment in associates		**(189,129)**	30,517
353	285	Dividend received		**56,500**	45,612
(698)	(203)	Investments in operating fixed assets		**(111,597)**	(32,485)
256	24	Proceeds from sale of fixed assets		**40,911**	3,830
(161)	(240,807)	**Net cash flow used in investing activities**		**(25,695)**	(38,489,206)
		CASH FLOW FROM FINANCING ACTIVITIES			
(4)	(4)	Payments of lease obligations		**(671)**	(623)
(2,693)	(2,693)	Dividend paid		**(430,500)**	(430,500)
(2,697)	(2,697)	**Net cash flow used in financing activities**		**(431,171)**	(431,123)
(3,721)	(1,802)	**Decrease in cash and cash equivalents**		**(594,758)**	(288,000)
13,319	15,121	Cash and cash equivalents at beginning of the year	33	**2,128,807**	2,416,807
9,598	13,319	**Cash and cash equivalents at end of the year**	33	**1,534,049**	2,128,807

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Pak Oman Investment Company Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1 STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank, asset management and investment advisory services. Brief profile of the Group and its subsidiary is as follows:

1.1.1 Holding Company

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding company was converted into a public company. The Holding Company is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Holding Company's objectives interalia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment company. The registered office of the Holding Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Holding Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Holding Company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October, 2003 issued by the State Bank of Pakistan.

1.1.2 Subsidiary Company

Pak-Oman Asset Management Company Limited (the "subsidiary company" or "POAMCL") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 on 28 July 2006 as an unlisted public limited company having its registered office at Icon House, 83-C, 12th Commercial street Phase- II Extension, DHA Karachi, Pakistan. POAMCL obtained certificate of commencement of business on 31 October 2006. The principal activities of the subsidiary company includes investment advisory and asset management services.

In 2017, the subsidiary company had purchased 100% shares of Askari Investment Management Limited for a consideration of Rs. 551 million. The acquisition is effective from the close of business as on 31 May 2017 under a Share Purchase Agreement dated 10 January 2017. Askari Investment Management Limited has been merged with Pak Oman AMCL effective from 30 October 2017 and accordingly seven funds of Askari Investment Management Limited are now under the management of the subsidiary company as disclosed in note 41.1.

1.2 The Group’s associates are as follows:

Entity	Country of Incorporation	Nature of business	Holding % 2020	Holding % 2019
Pak Oman Advantage Islamic Income	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**19.15**	91.78
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**24.24**	39.44
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**98.47**	88.10
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**99.37**	99.67
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	**10.75**	-
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and under served segment of the society.	**16.67**	16.67
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	**11.29**	11.29

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under 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 Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of the IFRS, requirements of the Companies Act, 2017 and the said directives shall prevail.

SBP vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the Banks / DFIs in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank awaits further instructions from SBP for applicability of IFRS 9.

Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.2 Consolidated financial statements

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated 25 January 2018.

These consolidated financial statements have been prepared from the information available in the audited financial statements of the Group for the year ended 31 December 2020 and the audited financial statements of the subsidiary (POAMCL) for the year ended 31 December 2020. The financial statements used for the equity accounting of associates are disclosed in Note 8.5.4.

These consolidated financial statements have been presented in Pakistani Rupees which is the Group's functional and presentation currency.

2.3 US Dollar equivalent

The US Dollar amounts shown in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 159.8344 to 1 US Dollar has been used for 2020 and 2019 as it was the prevalent rate as on 31 December 2020.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2021:

IFRS 9 'Financial Instruments'	01 January 2021
Covid-19-Related Rent Concessions - Amendment to IFRS 16	01 June 2020
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39,	01 January 2021
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial	01 January 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the ’10 per	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint	Not yet finalized

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

Standard	**IASB Effective date (annual periods beginning on or after)**
IFRS 1 – First time adoption of IFRSs	01 January 2009
IFRS 17 – Insurance Contracts	01 January 2023

2.6 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experiences, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the consolidated financial statements are in respect of the following:

- Provision against non-performing advances (note 4.5.2 and 9).
- Impairment of available-for-sale investments (4.3 and 8).
- Classification of investments (note 4.3 and 8).
- Income taxes (note 4.9 and 31).
- Fixed assets, depreciation and amortization (note 4.6.1, 10, and 11).
- Right-of-use assets and related lease liabilities (note 4.6.4, 10, and 17).
- Defined benefit plan (note 4.11.1 and 35).
- Non-banking assets acquired in satisfaction of claims (note 4.24, 13, and 20).
- Goodwill (note 4.26 and 11).

3 BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except for certain investments, derivative financial instruments and certain non-banking assets acquired in satisfaction of claims which are revalued as referred to in notes 4.3, 4.4, and 4.24.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

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

4.2 Revenue recognition

Mark-up / return / interest income is recognised on a accrual basis taking into account effective yield on the asset, except where recovery is considered doubtful, the income is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account over the remaining period through effective interest method.

Financing method is used in accounting for 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 leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

In case of advances including finance lease and debt security investments classified under the Prudential Regulations, interest / mark-up is recognized on accrual basis. Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Dividend income on equity investments and mutual funds is recognized when the right to receive is established.

Gain and loss on disposal of securities are recognised in the consolidated profit and loss account in the year in which they arise.

Gain / loss on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Fee and commission income other than commission on letters of credit, guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Remuneration for investment advisory and asset management services are recognised on an accrual basis.

Advisory fees are recognized as revenue when the related services are performed.

4.3 Investments

The Group classifies its investments other than those in subsidiary and associates based on the criteria set out in BSD Circular Nos. 10, 11 and 14 dated 13 July 2004, 04 August 2004 and 24 September 2004 respectively. The investments are classified in the following categories as per SBP guidelines:

The Group has classified its investment portfolio, except for investments in associates, into ‘held-for-trading’, ‘held-to-maturity’ and ‘available-for-sale’ portfolios as follows:

Held-for-trading
These are investments which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are carried at market value, with the related gain / (loss) on revaluation being taken to consolidated profit and loss account.

Held-to-maturity
These are investments which are acquired with the intention and ability to hold them up to maturity. These are carried at amortised cost.

Available-for-sale
These are investments that do not fall under held-for-trading or held-to-maturity categories. These are carried at market value with related gain / (loss) on revaluation being taken to ‘surplus / (deficit) on revaluation of assets’ account shown in equity. On derecognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' within equity is included in the consolidated profit and loss account for the period.

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

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchases or sales of investments require delivery of securities within the time frame generally established by regulation or convention in the market place.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV / PKFRV) or Mutual Funds Association of Pakistan (MUFAP) or the Pakistan Stock Exchange (PSX).

Unquoted securities whose market value is not available are carried at cost less provision for diminution in value, if any. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value / breakup value of the same.

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

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting.

Under the equity method, the Group’s share of its associates’ post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying values of investments are reviewed for impairment when indications exist that the carrying values may exceed the estimated recoverable amounts.

The SECP through a notification no. SRO 56(1)/2016 dated 28 January 2016, directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust Structure. Accordingly, the aforesaid requirements have not been considered in the preparation of these consolidated financial statements.

4.4 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the consolidated profit and loss account.

4.5 Advances and net investment in finance lease

4.5.1 Advances

Advances are stated net of specific and general provisions against non-performing advances, if any, which are charged to consolidated profit and loss account.

4.5.2 Provision against non-performing advances

Specific / General provisions are made in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the consolidated profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances) for classification of non-performing advances and computing provision / allowance there against.

4.5.3 Net investment in lease

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

Advances and finance lease receivables are written off when it is considered that there is no realistic prospect of recovery.

4.6 Fixed assets

4.6.1 Property and equipment – owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to consolidated profit and loss account applying the straight-line method at rates stated in note 10.1.

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

Depreciation on additions and deletions of property and equipment during a year is charged in proportion to the period of use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate item of property and equipment, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated profit and loss account during the period in which they are incurred.

Item of property and equipment is derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in consolidated profit and loss account.

4.6.2 Property and equipment - leased

Assets held under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments at inception of lease and subsequently stated net of accumulated depreciation. Finance charges are allocated over the period of lease term so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

4.6.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specific assets as and when assets are available for use.

4.6.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of Use Assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

ii) Lease Liability

At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

4.7 Intangible assets

Expenditure incurred to acquire software licenses is capitalised as intangible assets and stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets having a finite life are amortised using the straight-line method over their estimated useful lives, at the rate stated in note 11.

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

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.8 Repurchase and resale agreements

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

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

4.9 Taxation

4.9.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available, if any, or minimum taxation as per the Income Tax Ordinance, 2001 whichever is higher. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for the current tax also includes adjustments wherever considered necessary relating to prior year, arising from assessments framed during the year.

4.9.2 Deferred

The Group accounts for deferred taxation using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and any unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to gain / (loss) recognised in surplus / (deficit) on revaluation of assets is charged / credited to such account.

4.10 Borrowings

Borrowings are recognised initially at the value of consideration received. Difference between the consideration received and the redemption value is recognised in consolidated profit and loss account over the period of the borrowings by applying effective rate of interest / markup.

4.11 Staff retirement benefits

4.11.1 Defined benefit plan

The Group operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 1 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains and losses are recognized in consolidated statement of comprehensive income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2020.

4.11.2 Defined contribution plan - the Group

The Group also operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 8.33 percent per annum of salary are made by the Group and its employees. The scheme was established on 1 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contributions from the Group are charged to consolidated profit and loss account for the year.

4.11.3 Defined contribution plan - the Subsidiary Company

The subsidiary company operates a provident fund scheme for all its permanent employees. Equal monthly contributions at the rate of 8.33 percent per annum of salary are made by the subsidiary company and its employees. The scheme was established on 01 July 2007 and approved by the Commissioner of Income Tax with effect from 01 May 2008. Contributions from the subsidiary company are charged to consolidated profit and loss account for the year.

4.12 Compensated absences

Compensated absences (leaves) of employees are accounted for in the period in which these absences are earned.

4.13 Foreign currencies

Foreign currency transactions are translated into Pakistani Rupees (functional currency) using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations of monetary assets and liabilities denominated in foreign currencies at reporting date are included in consolidated profit and loss account.

4.14 Provisions

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

However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.15 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statement when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.16 Dividend and reserves

Dividend declared and appropriations, except appropriations which are required by the law are recognised as liability and recorded as changes in reserves in the period in which these are approved by the directors / shareholders as appropriate.

4.17 Impairment

The Group assesses at each reporting date whether there is any indication that non-financial assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS, if any, is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at 31 December 2020.

4.19 Financial instruments

Financial assets and liabilities are recognized at the time when the Group becomes 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 consolidated profit and loss account of the current period. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.20 Certificates of investment

Certificates of investment are initially recorded at the amount of proceeds received. Mark-up accrued is recognized separately as part of liabilities and is charged to consolidated profit and loss account on a time proportion basis.

4.22 Receivables from funds

These are carried at original invoice amount made to the fund in respect of management fee. No estimate is made for doubtful receivables as amount receivable from funds is received on monthly basis.

4.23 Segment reporting

A segment is a distinguishable component of the Group that is engaged in either providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Business segments

- **Investment banking**

  Investment Banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, Initial Public Offers (IPO) and secondary private placements.

- **Treasury**

  Involves the businesses of equity trading and fixed income securities.

- **Corporate banking**

  Corporate Banking includes project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange and deposits.

- **Asset management**

  Asset management includes services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).

4.24 Non-banking assets acquired in satisfaction of claims

Non banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued as per SBP's requirement by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their carrying value. Surplus arising on revaluation of property is credited to the ''surplus on revaluation of assets'' account and any deficit arising on revaluation is taken to consolidated profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title of property is charged to consolidated profit and loss account and not capitalised.

4.25 Statutory reserve

Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

4.26 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of assets. An impairment charge in respect of goodwill is recognized through the consolidated profit and loss account.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2020	2019
		(Rupees in '000)	
In hand			
Local currency		**320**	257
Foreign currency		**229**	221
		549	478
With State Bank of Pakistan in			
Local currency current account	5.1	**213,002**	151,637
With National Bank of Pakistan in			
Local currency current account		**916**	1,157
		214,467	153,272

5.1 This represents local currency current account maintained under the Cash Reserve Requirement of the SBP.

6 BALANCES WITH OTHER BANKS

	Note	2020	2019
		(Rupees in '000)	
In Pakistan:			
In current accounts		**4,107**	3,072
In deposit accounts	6.1	**1,308,170**	1,969,048
		1,312,277	1,972,120
Outside Pakistan:			
In current accounts		**7,305**	3,415
		1,319,582	1,975,535

6.1 These include term deposit receipts (TDRs) with various commercial banks of Rs. 1,300 million (2019: Rs. 1,950 million) maturing in March 2021 (2019: January 2020 to June 2020). These carry mark-up rates ranging from 8.25% to 8.85% (2019: 14.50% to 14.75%) per annum.

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2020	2019
		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	7.1	**3,600,000**	8,132,475

7.1 These are short-term lendings to various financial institutions secured against government securities as disclosed in note 7.3 which are purchased under resale obligations. These carry mark-up rates ranging from 7.23% to 7.60% (2019: 13.15% to 13.70%) per annum and will mature in January 2021 (2019: January 2020).

7.2 Particulars of lendings

	2020	2019
	(Rupees in '000)	
In local currency	**3,600,000**	8,132,475

7.3 Securities held as collateral against lendings to financial institutions

	Note	2020			2019		
		Held by the Group	Further Given as collateral	Total	Held by the Group	Further Given as collateral	Total
		(Rupees in '000)					
Market Treasury Bills		**-**	**-**	**-**	242,608	2,776,578	3,019,186
Pakistan Investment Bonds		**-**	**3,600,000**	**3,600,000**	14,000	5,099,289	5,113,289
	7.3.1	**-**	**3,600,000**	**3,600,000**	256,608	7,875,867	8,132,475

7.3.1 Market value of these securities amount to Rs. 3,640 million (2019: Rs. 8,193 million).

7.3.2 The Group does not hold overseas classified placements.

8 INVESTMENTS

	2020				2019			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	(Rupees in '000)							
8.1 Investments by type								
Held-for-trading securities								
Federal Government securities	**23,475,422**	**-**	**3,703**	**23,479,125**	14,975,537	-	(25,480)	14,950,057
Non-Government debt securities	**-**	**-**	**-**	**-**	-	-	-	-
	23,475,422	**-**	**3,703**	**23,479,125**	14,975,537	-	(25,480)	14,950,057
Available-for-sale securities								
Federal Government securities	**39,349,987**	**-**	**354,442**	**39,704,429**	39,217,557	-	199,422	39,416,979
Shares	**346,266**	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
Non-Government debt securities	**3,653,305**	**(518,343)**	**(2,475)**	**3,132,487**	3,963,355	(463,477)	(33,142)	3,466,736
	43,349,558	**(628,654)**	**351,967**	**43,072,871**	43,527,178	(583,743)	166,280	43,109,715
Associates	**1,217,498**	**-**	**-**	**1,217,498**	1,015,201	-	-	1,015,201
Total investments	**68,042,478**	**(628,654)**	**355,670**	**67,769,494**	59,517,916	(583,743)	140,800	59,074,973

8.2 Investments by segments

	2020				2019			
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Federal Government securities	(Rupees in '000)							
Market treasury bills	**21,598,641**	**-**	**22,682**	**21,621,323**	36,136,432	-	(9,819)	36,126,613
Pakistan Investment Bonds	**40,134,616**	**-**	**333,985**	**40,468,601**	18,056,662	-	183,761	18,240,423
Ijara Sukuk	**1,092,152**	**-**	**1,478**	**1,093,630**	-	-	-	-
	62,825,409	**-**	**358,145**	**63,183,554**	54,193,094	-	173,942	54,367,036
Shares								
Listed companies	**-**	**-**	**-**	**-**	-	-	-	-
Unlisted companies	**346,266**	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
	346,266	**(110,311)**	**-**	**235,955**	346,266	(120,266)	-	226,000
Non-Government debt securities								
Term finance certificate - listed	**614,512**	**(230,831)**	**(4,551)**	**379,130**	819,406	(180,980)	(727)	637,699
Term finance certificate - unlisted	**2,176,659**	**(121,452)**	**(9,686)**	**2,045,521**	2,128,642	(121,452)	(39,230)	1,967,960
Sukuk certificates	**827,921**	**(166,060)**	**11,762**	**673,623**	1,015,307	(161,045)	6,815	861,077
Commercial papers	**34,213**	**-**	**-**	**34,213**	-	-	-	-
	3,653,305	**(518,343)**	**(2,475)**	**3,132,487**	3,963,355	(463,477)	(33,142)	3,466,736
Associates								
Japan Power Generation Limited	**-**	**-**	**-**	**-**	-	-	-	-
Pak Oman Microfinance Bank Limited	**343,906**	**-**	**-**	**343,906**	374,337	-	-	374,337
Pak Oman Advantage Islamic Income Fund	**228,460**	**-**	**-**	**228,460**	179,100	-	-	179,100
Pak Oman Islamic Asset Allocation Fund	**44,294**	**-**	**-**	**44,294**	98,296	-	-	98,296
Pak Oman Advantage Asset Allocation Fund	**97,592**	**-**	**-**	**97,592**	96,273	-	-	96,273
Askari High Yield Scheme	**347,071**	**-**	**-**	**347,071**	-	-	-	-
Pak Oman Government Securities Fund	**156,164**	**-**	**-**	**156,164**	267,185	-	-	267,185
Askari Soverign Cash Fund	**11**	**-**	**-**	**11**	10	-	-	10
	1,217,498	**-**	**-**	**1,217,498**	1,015,201	-	-	1,015,201
Total investments	**68,042,478**	**(628,654)**	**355,670**	**67,769,494**	59,517,916	(583,743)	140,800	59,074,973

8.2.1 Investments given as collateral

	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	**16,932,963**	**-**	**22,277**	**16,955,240**	32,635,824	-	(8,013)	32,627,811
Pakistan Investment Bonds	**34,974,450**	**-**	**325,567**	**35,300,017**	16,895,051	-	176,137	17,071,188
	51,907,413	**-**	**347,844**	**52,255,257**	49,530,875	-	168,124	49,698,999
Shares								
Listed companies	**-**	**-**	**-**	**-**	-	-	-	-
Unlisted companies	**226,000**	**-**	**-**	**226,000**	226,000	-	-	226,000
	226,000	**-**	**-**	**226,000**	226,000	-	-	226,000
Total investments	**52,133,413**	**-**	**347,844**	**52,481,257**	49,756,875	-	168,124	49,924,999

8.3 Provision for diminution in value of investments

	2020	2019
	(Rupees in '000)	
8.3.1 Opening balance	**583,743**	589,056
Charge / reversal		
Charge for the year	**54,866**	-
Reversals for the year	**(9,955)**	(5,313)
	44,911	(5,313)
Transfers - net	**-**	-
Amounts written off	**-**	-
Closing balance	**628,654**	583,743

8.3.2 Particulars of provision against debt securities

Category of classification	2020 NPI	2020 Provision	2019 NPI	2019 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**75,000**	**5,015**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**533,777**	**513,328**	483,926	463,477
Total	**608,777**	**518,343**	483,926	463,477

8.3.3 In accordance with SBP Prudential Regulations for Corporate / Commercial Banking, Regulation R-8, the Group has availed the benefit of FSV against the non-performing investments. As of 31 December 2020, the Group has availed total accumulated FSV benefit amounting to Rs. 13.73 million (net of tax Rs. 9.75 million). Accordingly, accumulated profit of Rs 9.75 million (net of transfer to statutory reserves Rs. 7.80 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Group as required by the aforementioned SBP directives.

8.3.4 The Group does not hold overseas classified debt securities.

* NPI stands for Non-performing investments.

8.4 Quality of Available-For-Sale securities

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

Federal Government securities - Government guaranteed

	Note	Cost 2020	Cost 2019
		(Rupees in '000)	
Pakistan Investment Bonds	8.7	**35,120,445**	13,391,082
Market Treasury Bills	8.8	**4,229,542**	25,826,475
		39,349,987	39,217,557

Unlisted shares

	2020 Cost	2020 Break-up / carrying value	2019 Cost	2019 Break-up / carrying value
	(Rupees in '000)			
Alhamra Avenue (Private) Limited	**50,000**	**-**	50,000	-
Pakistan Textile City Limited (Note 8.6)	**50,000**	**-**	50,000	-
Techlogix International Limited	**20,266**	**-**	20,266	-
Orient Power Company (Private) Limited (Note 22.3)	**226,000**	**226,000**	226,000	226,000
	346,266	**226,000**	346,266	226,000

Non Government debt securities
Categorization based on long-term rating by credit rating agency

	Cost 2020	Cost 2019
	(Rupees in '000)	
Listed		
- AAA	**19,734**	19,710
- AA+, AA, AA-	**-**	147,259
- A+, A, A-	**383,683**	441,318
- BBB+, BBB, BBB-	**-**	49,851
- CCC and below	**49,851**	-
	453,268	658,138
Unlisted		
- AA+, AA, AA-	**1,400,166**	1,500,375
- A+, A, A-	**1,240,945**	1,185,916
- BBB+, BBB, BBB-	**75,000**	135,000
- CCC and below	**483,926**	483,926
	3,200,037	3,305,217
	3,653,305	3,963,355

8.5 Investment in associates

8.5.1 The Group holds investment in ordinary shares of Rs. 10 each in the following entity:

	Number of shares / units 2020	Number of shares / units 2019	Carrying Value (Rupees in '000) 2020	Carrying Value (Rupees in '000) 2019	Holding	Break-up value per share / (Rupees)	Latest available unaudited financial statements	Name of the chief executive
8.5.2 Quoted								
Japan Power Generation Limited (JPGL) (Note 22.3.1)	**17,622,878**	17,622,878	**-**	-	11.29%	**(42.59)**	30-June-17*	Mr. Amir Sana is the official liquidator
Pak Oman Islamic Asset Allocation Fund	**928,857**	2,000,000	**44,294**	98,296	24.24%	**47.69**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Advantage Asset Allocation Fund	**2,000,000**	2,000,000	**97,592**	96,273	98.47%	**48.80**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Advantage Islamic Income Fund	**4,210,242**	3,269,170	**228,460**	179,100	19.15%	**54.26**	31-Dec-20**	Ms. Sadaf Kazmi
Askari High Yield Scheme	**3,254,359**	-	**347,071**	-	10.75%	**106.65**	31-Dec-20**	Ms. Sadaf Kazmi
Pak Oman Government Securities Fund	**14,370,416**	23,660,643	**156,164**	267,185	99.37%	**10.87**	31-Dec-20**	Ms. Sadaf Kazmi
Askari Soverign Cash Fund	**94**	94	**11**	10				
Unquoted								
Pak Oman Microfinance Bank Limited	**38,470,788**	38,470,788	**343,906**	374,337	16.67%	**9.53**	31-Dec-20*	Mr. Kashif Ahmed Siddiqui (Acting)
			1,217,498	1,015,201				

**Published Net Asset Value
* Unaudited financial statements

8.5.3 The above associates are incorporated in Pakistan.

8.5.4 Associates - Key Information

	Pak Oman Advantage Islamic Income Fund **	Pak Oman Islamic Asset Allocation Fund **	Pak Oman Advantage Asset Allocation Fund **	Pak Oman Government Securities Fund **	Askari High Yield Scheme **	Japan Power Generation Limited *	Pak Oman Microfinance Bank *
	(Rupees in '000)						
Assets	1,198,092	195,624	113,125	188,181	3,128,411	11,856,868	4,459,838
Liabilities	4,909	12,922	14,014	31,029	74,281	17,673,828	2,260,094
Total income	55,481	(19,673)	7,396	36,035	86,277	-	752,414
Profit / (loss) before taxation	48,492	(8,124)	2,598	29,391	49,558	-	(240,578)
Profit / (loss) after taxation	48,492	(8,124)	2,598	29,391	49,558	-	(166,969)

**Published Net Asset Value
* Unaudited financial statements

8.6 Investment in these securities forms part of strategic investment of the Group and cannot be sold for a period of five years from the last date of purchase of securities.

8.7 The investments in Pakistan investment bonds are maturing upto August 2029 (2019: September 2029) and the effective yield ranges from 7.20% to 14.25% (2019: 11.04 % to 14.64%) per annum.

8.8 Market treasury bills carry yield ranging 7.20% to 13.38% (2019: 13.10% to 14%) per annum with maturities upto August 2021 (2019: September 2020).

9 ADVANCES

	Note	Performing		Non-performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Loans, cash credits, running finances, etc.	9.1 & 9.3	**19,200,645**	19,619,927	**1,527,219**	678,329	**20,727,864**	20,298,256
Margin trading		**859,351**	277,746	**-**	-	859,351	277,746
Advances - gross		**20,059,996**	19,897,673	**1,527,219**	678,329	**21,587,215**	20,576,002
Provision against advances							
Specific	9.5	**-**	-	**651,697**	551,656	**651,697**	551,656
General	9.5	**213**	213	**-**	-	**213**	213
		213	213	**651,697**	551,656	**651,910**	551,869
Advances - net of provision		**20,059,783**	19,897,460	**875,522**	126,673	**20,935,305**	20,024,133

9.1 Includes Net investment in Finance Lease as disclosed below:

	2020			2019		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	(Rupees in '000)					
Lease rentals receivable	**366,434**	**1,218,040**	**1,584,474**	521,501	1,136,894	1,658,395
Residual value	**68,042**	**106,714**	**174,756**	152,032	100,418	252,450
Minimum lease payments	**434,476**	**1,324,754**	**1,759,230**	673,533	1,237,312	1,910,845
Financial charges for future periods	**(56,716)**	**(280,191)**	**(336,907)**	(169,502)	(276,149)	(445,651)
Present value of minimum lease payments	**377,760**	**1,044,563**	**1,422,323**	504,031	961,163	1,465,194

9.1.1 In respect of the aforementioned finance leases the Group holds an aggregate sum of Rs. 173.883 million (2019: Rs. 236.911 million) as security deposits on behalf of the lessees which are included under 'Other Liabilities' (note 17).

9.2 Particulars of advances (gross)

	2020	2019
	(Rupees in '000)	
In local currency	**21,587,215**	20,576,002

9.3 Staff loans include personal loans, car loan and house loans given to employees in accordance with their terms of appointment. House loans carry mark-up at a rate of 5 (2019: 5) percent per annum, while no mark-up is charged on personal loans and car loan.

9.4 Advances include Rs. 1,527.22 million (2019: Rs 678.33 million) which have been placed under non-performing status as detailed below:

Category of classification	2020 Non performing loans	2020 Provision	2019 Non performing loans	2019 Provision
	-------------	(Rupees in '000)	-------------	
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	**854,762**	**3,956**	-	-
Doubtful	**-**	**-**	182,104	90,000
Loss	**672,457**	**647,741**	496,225	461,656
	1,527,219	**651,697**	678,329	551,656

9.4.1 Provision is recorded net of security deposit of Rs. 16.293 million (2019: Rs. 6.472 million).

9.5 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		-------------	-------------	(Rupees in '000)	-------------	-------------	
Opening balance		**551,656**	**213**	**551,869**	**580,479**	**213**	580,692
Charge for the year		**100,336**	**-**	**100,336**	1,039	-	1,039
Reversals		**(295)**	**-**	**(295)**	(29,862)	-	(29,862)
		100,041	**-**	**100,041**	(28,823)	-	(28,823)
Amounts written off		**-**	**-**	**-**	-	-	-
Closing balance		**651,697**	**213**	**651,910**	551,656	213	551,869

9.5.1 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		-------------	-------------	(Rupees in '000)	-------------	-------------	
In local currency	**9.5.2 & 9.5.3**	**651,697**	**213**	**651,910**	551,656	213	551,869
		651,697	**213**	**651,910**	551,656	213	551,869

9.5.2 The Group maintains general provision amounting to Rs. 0.213 million (2019: Rs. 0.213 million) in accordance with the applicable requirements of the Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

9.5.3 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Group has availed the benefit of FSV against the non-performing advances. As of 31 December 2020, the Group has availed total accumulated FSV benefit amounting to Rs. 215.18 million (net of tax Rs. 152.78 million). Accordingly, accumulated profit of Rs 163 million (net of transfer to statutory reserves Rs. 122.22 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Group as required by the aforementioned SBP directives.

9.5.4 The State Bank of Pakistan, vide BPRD circular letter 13 of 2020 dated 26 March 2020, has relaxed certain criteria of classification of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets) to dampen the adverse impact of COVID-19 on the Banks/DFIs and to give relief to the borrowers.

9.5.5 The Group does not hold overseas classified advances.

9.6 Particulars of write offs	Note	2020	2019
		(Rupees in '000)	
9.6.1 Against provisions		**-**	-
Directly charged to profit and loss account		**-**	-
		-	-

10 FIXED ASSETS

	Note	2020	2019
Property and equipments		**244,690**	232,765
Advance for capital expenditure		**5,505**	-
	10.1	**250,195**	232,765

10.1 Property and equipments

	2020								
	Office premises*	Right of use assets	Improvements	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Assets held under finance lease - vehicle	Total
	(Rupees in '000)								
As at 01 January 2020									
Cost	42,126	164,741	44,133	16,679	20,124	13,905	83,623	1,972	387,303
Accumulated depreciation	(32,293)	(22,379)	(15,303)	(10,712)	(18,886)	(8,820)	(44,534)	(1,611)	(154,538)
Net book value	**9,833**	**142,362**	**28,830**	**5,967**	**1,238**	**5,085**	**39,089**	**361**	**232,765**
Year ended 31 December 2020									
Opening net book value	9,833	142,362	28,830	5,967	1,238	5,085	39,089	361	232,765
Additions	-	64,335	8,310	1,185	4,357	1,152	26,753	-	106,092
Disposals	-	(33,806)	(993)	-	-	(50)	(4,336)	-	(39,185)
Depreciation charge	(2,106)	(27,009)	(4,112)	(1,573)	(1,789)	(1,992)	(16,040)	(361)	(54,982)
Closing net book value	**7,727**	**145,882**	**32,035**	**5,579**	**3,806**	**4,195**	**45,466**	**-**	**244,690**
As at 31 December 2020									
Cost	42,126	176,476	45,963	17,864	23,582	14,707	94,570	1,972	417,260
Accumulated depreciation	(34,399)	(30,594)	(13,928)	(12,285)	(19,776)	(10,512)	(49,104)	(1,972)	(172,570)
Net book value	**7,727**	**145,882**	**32,035**	**5,579**	**3,806**	**4,195**	**45,466**	**-**	**244,690**
Rate of depreciation (percentage)	**5%**	**-**	**10%**	**20%**	**33.33%**	**20%**	**20%**	**20%**	

	2019								
	Office premises*	**Right of use assets**	**Improvements**	**Office equipments**	**Computer equipments**	**Furniture and fixtures**	**Vehicles**	**Assets held under finance lease - vehicle**	**Total**
	------------------------------ (Rupees in '000) ------------------------------								
As at 01 January 2019									
Cost	42,126	-	36,965	11,977	23,921	12,478	92,008	1,972	221,447
Accumulated depreciation	(30,187)	-	(11,984)	(10,231)	(21,922)	(7,745)	(34,535)	(1,217)	(117,821)
Net book value	11,939	-	24,981	1,746	1,999	4,733	57,473	755	103,626
Year ended 31 December 2019									
Opening net book value	11,939	-	24,981	1,746	1,999	4,733	57,473	755	103,626
Additions	-	164,741	7,168	5,421	301	2,083	-	-	179,714
Disposals	-	-	-	(234)	-	(99)	(1,123)	-	(1,456)
Depreciation charge	(2,106)	(22,379)	(3,319)	(966)	(1,062)	(1,632)	(17,261)	(394)	(49,119)
Closing net book value	9,833	142,362	28,830	5,967	1,238	5,085	39,089	361	232,765
As at 31 December 2019									
Cost	42,126	164,741	44,133	16,679	20,124	13,905	83,623	1,972	387,303
Accumulated depreciation	(32,293)	(22,379)	(15,303)	(10,712)	(18,886)	(8,820)	(44,534)	(1,611)	(154,538)
Net book value	**9,833**	**142,362**	**28,830**	**5,967**	**1,238**	**5,085**	**39,089**	**361**	**232,765**
Rate of depreciation (percentage)	5%	-	10%	20%	33.33%	20%	20%	20%	

* The transfer of title of office premises in the Group's name is in process.

10.2 Included in cost of property and equipments are fully depreciated items still in use having cost of:

	2020	**2019**
	(Rupees in '000)	
Improvements	**1,476**	2,656
Office equipments	**9,142**	8,718
Computer equipments	**17,190**	20,154
Furniture and fixtures	**5,074**	4,804
Vehicles	**10,644**	1,722
	43,526	38,054

10.3 Details of disposals of assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 respectively whichever is less and property and equipments disposed off to the Chief Executive or to a director or to executives or to any other related party, irrespective of the values, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	---- (Rupees in '000) ----						
Vehicles							
Honda city	1,537	1,127	410	1,030	620	Group policy	Mr. Tassaduq Aslam (Executive)
Toyota Corolla	1,628	1,302	326	938	612	Group policy	Mr. Sajjad Arif
Toyota Corolla	1,628	1,628	-	326	326	Group policy	Mr. Touseef Hayat (Executive)
Honda Civic	2,035	2,035	-	407	407	Group policy	Syed Muhammad Shoaib Omair (Executive)
Honda Civic	2,388	2,388	-	-	-	Group policy	Mr. Mohammad Jamal Nasir (Executive)
Suzuki Cultus	1,044	1,044	-	209	209	Group policy	Mr. Hassan Iqbal (Executive)
Honda Civic	1,946	1,946	-	445	445	Group policy	Mr. Rehan Gayur (Executive)
	12,206	**11,470**	**736**	**3,355**	**2,619**		
Furniture and fixture	100	50	50	50	-	Group policy	Mr. Mohammad Nadeem (Former Executive)
Furniture and fixture	250	250	-	-	-	Group policy	Mr. Mohammad Jamal Nasir (Executive)
Others	10,979	6,386	4,593	3,700	(893)		
	23,535	**18,156**	**5,379**	**7,105**	**1,726**		

11 INTANGIBLE ASSETS

	Note	2020	2019
		(Rupees in '000)	
Computer software	11.1	**-**	5
Goodwill	11.2	**223,273**	223,273
		223,273	223,278

11.1 Computer software

		2020	2019
As at 01 January 2019			
Cost		**18,767**	18,767
Accumulated amortisation		**(18,762)**	(18,330)
Net book value		**5**	437
Year ended 31 December 2019			
Opening net book value		**5**	437
Amortisation		**(5)**	(432)
Closing net book value		**-**	5
As at 31 December 2019			
Cost		**18,767**	18,767
Accumulated amortisation		**(18,767)**	(18,762)
Net book value		**-**	5
Rate of amortisation		**33%**	33%

11.2 Goodwill

Allocation of Goodwill

	Note	2020	2019
Management rights value		**195,750**	195,750
Brand value		**24,487**	24,487
Goodwill		**43,395**	43,395
		263,632	263,632
Less: impairment		**(40,359)**	(40,359)
	11.3	**223,273**	223,273

11.3 The Group carries the above intangible assets in these consolidated financial statements because of past acquisitions of Askari Asset Management Limited. During the year, the management carried out the impairment testing of the above intangible assets in accordance with the requirements of International Accounting Standard (IAS) - 36 “Impairment of Assets”, and no provision of impairment has been recognized for the year ended 31 December 2020. The key assumptions used for the purpose of the assessing the recoverable amounts are as under:

- Discount rate 14.85%
- Terminal growth rate of 5.2%

Management believes that after considering the various scenarios no reasonable possible change in any of the above key assumptions would cause the carrying value to be further materially exceed its recoverable amount.

11.4 As at 31 December 2020, the gross carrying amount of fully amortised intangible assets still in use amounted to Rs. 18.726 million (2019: Rs. 18.726 million).

12 DEFERRED TAX ASSETS

	01 January 2020	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2020
	------------------------------ (Rupees in '000) ------------------------------			
Deductible temporary differences on				
Accelerated tax depreciation allowances	**5,697**	**2,703**	**-**	**8,400**
Provision against non-performing advances	**160,042**	**29,012**	**-**	**189,054**
Amortisation of premium on Federal Government securities	**(89)**	**1,334**	**-**	**1,245**
Provision for diminution in the value of investments	**169,285**	**13,024**	**-**	**182,309**
Assets subject to finance lease	**72**	**(15)**	**-**	**57**
Accumulated tax losses - POAMCL	**36,847**	**(961)**	-	**35,886**
	371,854	**45,097**	**-**	**416,951**
Taxable temporary differences on				
Revaluation on investments classified as available-for-sale	**(48,221)**	**-**	**(53,849)**	**(102,070)**
Revaluation on investments classified as held-for-trading	**7,389**	**(8,464)**	**-**	**(1,075)**
Net Investment in finance lease	**1,659**	**(76,959)**	**-**	**(75,300)**
Revaluation on non-banking assets	**(3,647)**	**5,431**	**(23,501)**	**(21,717)**
	(42,820)	**(79,992)**	**(77,350)**	**(200,162)**
	329,034	**(34,895)**	**(77,350)**	**216,789**

	01 January 2019	Recognized in: Profit and loss account	Recognized in: Recognised in OCI	31 December 2019
	------------------------------ (Rupees in '000) ------------------------------			
Deductible temporary differences on				
Provision for diminution in the value of investments	164,935	4,350	-	169,285
Assets subject to finance lease	66	6	-	72
Accelerated tax depreciation allowances	(1,388)	7,085	-	5,697
Provision against non-performing advances	162,594	(2,552)	-	160,042
Revaluation on investments classified as held-for-trading	667	6,722	-	7,389
Net Investment in finance leases	71,793	(70,134)	-	1,659
Accumulated tax losses - POAMCL	7,499	29,348		36,847
	406,166	(25,175)	-	380,991
Taxable temporary differences on				
Amortisation of premium on Federal Government securities	2,555	(2,644)	-	(89)
Revaluation on non-banking assets	(8,765)	5,852	(734)	(3,647)
Revaluation on investments classified as available-for-sale	2,917	-	(51,138)	(48,221)
Dividend receivable	-	-	-	-
	(3,293)	3,208	(51,872)	(51,957)
	402,873	**(21,967)**	**(51,872)**	**329,034**

13 OTHER ASSETS

	Note	2020	2019
		(Rupees in '000)	
Income/ mark-up accrued in local currency		**1,079,773**	1,073,195
Mark-up / profit receivable on purchase of securities		**443,144**	314,240
Security deposits		**9,160**	8,962
Prepayments		**10,054**	12,302
Advance taxation (payments less provisions)		**207,674**	196,579
Non-banking assets acquired in satisfaction of claims	13.1	**237,118**	252,174
Receivable from funds under management and investment advisory clients		**121,140**	138,738
Defined benefit plan receivable	35.2	**-**	15,447
Others		**4,929**	5,441
		2,112,992	2,017,078
Less: Provision held against other assets		**-**	-
Other assets (net of provisions)		**2,112,992**	2,017,078
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	13.1	**138,873**	61,504
Other assets - total		**2,251,865**	2,078,582

13.1	Market value of non-banking assets acquired in satisfaction of claims	**375,991**	374,538

The property has been revalued by independent professional valuer as 31 December 2020. The revaluation was carried by M/s. KG Traders on the basis of current professional assessment of current market values which resulted in an increase in surplus by Rs. 81.041 million.

13.1.1 Non-banking assets acquired in satisfaction of claims

	Note	2020	2019
		(Rupees in '000)	
Opening balance		**313,678**	332,402
Revaluation		**81,041**	-
Depreciation		**(18,728)**	(18,724)
Closing balance		**375,991**	313,678

14 BORROWINGS

	Note	2020	2019
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)	14.2	**2,605,135**	2,453,244
- Financing Power Plants Using Renewable Energy (REPP)	14.2		
- Financing facility for storage of agricultural	14.2	**139,508**	159,344
produce (FFSAP)	14.2	**50,000**	-
- Temporary Economic Refinance Facility (TERF)	14.2	**42,173**	-
Repurchase agreement borrowings	14.3	**43,334,174**	48,861,903
Long term borrowings	14.4	**3,501,293**	5,321,380
Short term running finance	14.5	**127,713**	515,324
Bai Muajjal	14.6	**12,040,769**	8,208,161
Total secured		**61,840,765**	65,519,356
Unsecured			
Placements	14.7	**-**	2,285,013
Murabaha financing	14.7	**8,741,004**	5,989,157
Total unsecured		**8,741,004**	8,274,170
		70,581,769	73,793,526

14.1 Particulars of borrowings with respect to currencies

In local currency	**70,581,769**	73,793,526

14.2 The Group has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Group at the date of maturity of the finances by directly debiting the current account maintained by the Group with the SBP. The mark up rates ranges from 1% to 4.50% (2019: 2% to 4.50%) per annum. These are repayable within 10 years (2019: 10 years).

14.3 The mark up rate on these repurchase agreement borrowings, maturing in January 2021 (2019: January 2020), ranges between 6.25% to 7.13% (2019: 13.15% to 13.55%) per annum. Securities having cost of Rs. 43,272 million (2019: Rs. 49,007 million) have been pledged against these borrowings.

14.4 The mark up rate on these long-term borrowings ranges from 7.59% to 7.80% (2019: 13.75% to 14.38%) per annum. The above facilities are secured against advances receivable and Government securities. This also includes Rs. 30 million (2019: Rs. 112.5.5million) loan availed by POAMCL from Habib Bank Limited. The principal repayment start from March 2018 and will be fully paid off by May 2022. The said loan was obtained against the security provided by the Group amounting to Rs. 45 million against the charged on current and future assets of the POAMCL amounting to Rs. 136 million.

14.5 The mark up rate on these short-term running finance facility is three months KIBOR + 0.25% (2019: three months KIBOR + 0.25%). The above facility are secured against loan and advances receivable.

14.6 The mark up rate on these Bai Muajjal secured against government securities, maturing between January 2021 to February 2021 (2019: March 2020 to September 2020) is 7.03% to 10.80% (2019: 13% to 13.42%) per annum.

14.7 The mark up rate on these murabaha financing, maturing in January 2021 to April 2021 (2019: January 2020 to February 2020) is 6.85% to 13% (2019: 13% to 13.90%) per annum.

15 DEPOSITS AND OTHER ACCOUNTS

	2020		2019	
	In local currency	**Total**	**In local currency**	**Total**
	(Rupees in '000)			
Certificates of investment				
Financial institutions	**3,012,000**	**3,012,000**	12,000	12,000
Others	**12,857,130**	**12,857,130**	8,564,392	8,564,392
	15,869,130	**15,869,130**	8,576,392	8,576,392

15.1 The rate of return on deposits maturing between January 2021 to December 2021 (2019: January 2020 to December 2020) ranges between 6.75% to 13% (2019: 10.50% to 13.69%) per annum.

15.2 These include Certificate of Investment purchased by the gratuity fund of the Group amounting to Rs. 2.9 million (2019: nil) and by the provident fund of the Group amounting to Rs 3.97 million (2019: nil).

15.3 Composition of deposits

	2020	2019
	(Rupees in '000)	
Individuals	**1,661,781**	1,692,105
Government (Federal and Provincial)	**1,600,000**	700,000
Banking companies	**2,000,000**	-
Non-banking financial institutions	**1,012,000**	12,000
Private sector	**9,595,349**	6,172,287
	15,869,130	8,576,392

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2020			2019		
	Minimum lease payments	**Financial charges for future periods**	**Principal outstanding**	**Minimum lease payments**	**Financial charges for future periods**	**Principal outstanding**
	(Rupees in '000)					
Not later than one year	**197**	**-**	**197**	628	18	610
Later than one year and upto five years	**-**	**-**	**-**	-	-	-
	197	**-**	**197**	628	18	610

16.1 The Group has entered into lease agreements with financial institutions for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 7.90% (2019: 7.90%) per annum. At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

17 OTHER LIABILITIES

	Note	2020	2019
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		**543,816**	801,896
Accrued expenses		**334,028**	226,853
Defined benefit plan liabilities	35.2	**3,333**	-
Security deposits against investment in finance lease	9.1.1	**173,883**	236,911
Taxation		**-**	-
Advance rent		**-**	-
Sales tax and federal excise duty payable		**91,851**	93,641
Lease liability against right-of-use assets	17.1	**161,438**	150,198
Others		**120,051**	108,110
		1,428,400	1,617,609

17.1 Lease liability against right-of-use assets

	2020	2019
As at 01 January 2019	**150,198**	157,483
Additions - net	**20,469**	-
Finance charges	**18,984**	16,916
Payments	**(28,213)**	(24,201)
As at 31 December 2019	**161,438**	150,198

17.2 Pak Oman Asset Management Company Limited

The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Khyber Peshawar High Court. The Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed many Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

18 SHARE CAPITAL

18.1 Authorized capital

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10 each	**10,000,000**	10,000,000

18.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each		
600,000,000	600,000,000	- Fully paid in cash	**6,000,000**	6,000,000
15,000,000	15,000,000	- Issued as bonus shares	**150,000**	150,000
615,000,000	615,000,000		**6,150,000**	6,150,000

18.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2019: 307,495,900) ordinary shares of the Group, while 4,100 (2019: 4,100) ordinary shares each are held by the Secretary - Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

19 RESERVES

	Note	2020	2019
		(Rupees in '000)	
Statutory reserve	19.1	**1,448,355**	1,253,874
General reserve	19.2	**311,630**	11,630
		1,759,985	1,265,504

19.1 Under section 21 of the Banking Companies Ordinance, 1962, every Bank / DFI incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the reserve equals share capital and the balance in share premium account. Thereafter 10% of the profit after tax is to be transferred to this reserve.

The Group has transferrd 20% of its after tax profit for the year to this reserve amounting to Rs. 194.481 million (2019: Rs. 100.816 million)

19.2 The Board of Directors in their meeting held on 10 February 2021 have approved a transfer of Rs. 300 million (2019: Nil) to general reserve out of the the distributable profits of the Group.

20 SURPLUS ON REVALUATION OF ASSETS

	Note	2020	2019
		(Rupees in '000)	
Surplus on revaluation of			
- Available for sale securities		**351,967**	166,280
- Non-banking assets acquired in satisfaction of claims		**138,873**	61,504
		490,840	227,784
Deferred tax liability on surplus on revaluation of:			
- Available for sale securities		**(102,070)**	(48,221)
- Non-banking assets acquired in satisfaction of claims		**(40,272)**	(17,836)
		(142,342)	(66,057)
		348,498	161,727

20.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2020	2019
Surplus on revaluation as at January 01,	**61,504**	65,176
Recognised during the year	**81,041**	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	**(3,672)**	(3,672)
	138,873	61,504
Less: Related deferred tax liability on:		
- Revaluation as at January 01,	**(17,836)**	(18,901)
- revaluation recognised during the year	**(23,501)**	-
- Incremental depreciation charged during the year	**1,065**	1,065
	(40,272)	(17,836)
Surplus on revaluation of assets as at December 31,	**98,601**	43,668

21 NON-CONTROLLING INTEREST

	2020	Restated 2019
	(Rupees in '000)	
Opening balance	**6,967**	8,824
Change during the year	**(348)**	(1,857)
Closing balance	**6,619**	6,967

22 CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
		(Rupees in '000)	
- Guarantees	21.1	723,075	532,162
- Commitments	21.2	**808,730**	9,915,249
- Other contingent liabilities	21.3	**341,726**	432,726
		1,873,531	10,880,137

		Note	2020	2019
			(Rupees in '000)	
22.1	**Guarantees:**			
	- Financial guarantees		**723,075**	532,162
22.2	**Commitments:**			
	Commitments in respect of:			
	- forward government securities transactions	**21.2.1**	**-**	8,848,499
	Commitments for:			
	- advances and net investment in finance lease		**808,730**	1,066,750
			808,730	9,915,249
22.2.1	**Commitments in respect of forward government securities transactions**			
	Purchase		**-**	11,774,285
	Sale		**-**	(2,925,786)
			-	8,848,499
22.3	**Other contingent liabilities:**			
	Pledge of shares on behalf of Japan Power Generation Limited	**22.3.1**	**70,726**	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	**22.3.2**	**226,000**	226,000
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	**22.3.3**	**45,000**	136,000
			341,726	432,726

22.3.1 Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2019: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).

22.3.2 Investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.

22.3.3 PIBs having face value amounting to Rs. 45 million (2019: Rs 136 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).

22.4 Pak Oman Asset Management Company Limited (the Subsidiary Company)

22.4.1 In year 2007, the Subsidiary Company had launched POBOP Advantage Plus Fund (the Fund) under the capital subscription and fee sharing agreement with The Bank of Punjab (BOP). BOP had subscribed five million core units and one million non-core units of the aggregate face value of Rs. 250 million and Rs. 500 million respectively. During year 2011 the management rights of the Fund were transferred to another asset management company.

In 2013, BOP filed a suit against the Subsidiary Company before the Honorable High Court of Sindh claiming damages of Rs. 100.4 million in respect of the alleged losses suffered by BOP due to non-honoring of its redemption requests by the Company in year 2009 allegedly violating the NBFC regulations and provisions of the trust deed.

The legal advisor of the Subsidiary Company has opined that the suit is based on factual inconsistencies and the Subsidiary Company has sound defense on legal grounds. Last year, the Subsidiary Company had also lodged a counter claim of Rs. 250 million against BOP for damaging the image and reputation of the Subsidiary Company.

22.4.2 During the years 2013 and 2014, two former employees of the merged entity served notices to the Subsidiary Company and its former Chief Executive Officer. The employees demanded Rs. 14.5 million for defamation and Rs. 0.723 million against settlement of outstanding dues. Later, the employees also filed cases in the Court of District Judge South at Karachi. The legal advisors of the Subsidiary Company are of the view that although the outcome of the case appears to be favourable, one of the case suit no. 34/2013 was dismissed of by District Court, South Karachi during the year in Subsidiary Company's favour, the Subsidiary Company's chances of success cannot currently be determined for other case due to the inherently uncertain nature of the litigation. Furthermore, the management expects that an insignificant amount will be required to settle these cases. No provision has been recognized in these consolidated financial statements for the year ended 31 December 2020.

23 MARK-UP / RETURN / INTEREST EARNED

	Note	2020	2019
		(Rupees in '000)	
On:			
a) Loans and advances		**2,025,858**	2,508,468
b) Investments		**6,406,385**	4,462,323
c) Lendings to financial institutions		**383,163**	386,643
d) Balances with banks		**179,703**	185,308
		8,995,109	7,542,742

24 MARK-UP / RETURN / INTEREST EXPENSED

Deposits		**1,381,631**	847,743
Borrowings		**6,052,392**	5,664,406
Lease liability against right-of-use assets		**18,984**	16,916
		7,453,007	6,529,065

25 FEE AND COMMISSION INCOME

Credit related fees		**25,297**	29,554
Investment banking fees		**8,325**	6,163
Commission on guarantees		**3,490**	2,305
Underwriting commission of Government securities auction		**6,754**	2,110
Remuneration from funds under management		**43,091**	45,651
Fee from investments advisory services		**1,099**	1,999
		88,056	87,782

26 GAIN ON SECURITIES

Realised	26.1	**471,977**	128,407
Unrealised - held for trading		**29,183**	(23,100)
		501,160	105,307

26.1 Realised gain on:

Federal Government Securities		**461,951**	130,029
Non-Government debt securities		**10,026**	(3,382)
Shares		**-**	1,760
		471,977	128,407

27 OTHER INCOME

Gain on sale of fixed assets - net	10.3	**1,726**	2,374
Gain on derecognition of right-of-use assets - net		**7,168**	-
Reversal of liabilities		**12,927**	9,907
Front end load		**116**	184
Income from sub-lease		**-**	387
Others		**2,100**	2,298
		24,037	15,150

28 OPERATING EXPENSES

	Note	2020	Restated 2019
		(Rupees in '000)	
Total compensation expense	28.1	526,309	446,544
Property expense			
Rent & taxes		-	7,487
Utilities cost		5,071	4,456
Security (including guards)		989	967
Repair & maintenance (including janitorial charges)		9,881	7,936
Depreciation on right-of-use assets	10.1	31,121	25,698
Depreciation		2,106	2,106
		49,168	48,650
Information technology expenses			
Software maintenance		2,612	976
Hardware maintenance		915	169
Depreciation	10.1	1,789	1,062
Amortisation	11	5	432
Network charges		2,891	2,656
Others		1,147	1,299
		9,359	6,594
Other operating expenses			
Directors' fees and allowances		32,839	29,409
Directors' fees and allowances - Subsidiary Company		4,938	8,109
Legal & professional charges		14,517	13,986
Travelling & conveyance		7,186	11,705
Depreciation	28.4	38,694	38,977
Training & development		1,827	1,137
Postage & courier charges		656	499
Communication		8,086	6,712
Stationery & printing		2,072	2,159
Marketing, advertisement & publicity		3,094	1,654
Donations	28.2	400	875
Auditors' remuneration	28.3	3,193	2,159
Membership and subscriptions		3,426	7,686
Transportation		9,123	9,039
Insurance		5,906	5,269
Finance charges on leased assets		258	241
Entertainment and canteen expenses		4,145	4,177
Maintenance charges (non-banking assets)		10,402	-
Distribution commission		4,196	6,152
Impairment of goodwill		-	40,359
Others		8,359	11,256
		163,317	201,560
Total operating expenses		748,153	703,348

28.1 Total compensation expenses

	Note	2020	2019
		(Rupees in '000)	
Fees and allowances etc		-	-
Employees' remuneration			
i) Fixed		333,068	314,702
ii) Variable			
of which;			
a) Cash Bonus / awards etc.		144,000	85,000
b) Commission		-	-
Charge for defined benefit plan	35.6	16,561	15,694
Contribution to defined contribution plan		18,124	18,373
Utilities		1,474	1,349
Medical		10,217	9,122
Others		2,865	2,304
		526,309	446,544

28.2 No donations were made in excess of Rs 0.5 million to a single donee in the current and prior year.

28.2.1 No donations were made to donees where directors or their spouse had any interest at any time during the year.

28.3 Auditors' remuneration

	Note	2020	2019
		(Rupees in '000)	
Audit fee		845	736
Half yearly review		235	204
Auditors' remuneration of Subsidiary Company		1,411	610
Special certifications and sundry advisory services		482	537
Out-of-pocket expenses		220	72
		3,193	2,159

28.4 This includes depreciation on non-banking assets Rs 18.728 (2019: Rs 18.724) million.

29 OTHER CHARGES

	2020	2019
Penalties imposed by State Bank of Pakistan	-	600
Fees, commission, and others	29,804	21,868
	29,804	22,468

30 PROVISIONS / (REVERSALS) & WRITE OFFS - NET

	Note	2020	2019
Reversals for diminution in value of investments	8.3.1	44,911	(5,313)
Provisions / (reversals) against loans & advances	9.5	100,041	(28,823)
		144,952	(34,136)

31 TAXATION

	2020	2019
Current	332,510	133,059
Prior years	(978)	-
Deferred	34,895	21,967
	366,427	155,026

31.1 Relationship between tax expense and accounting profit

	2020	2019
Profit before taxation	1,274,825	615,096
Tax at the applicable rate of 29% (2019: 29%)	369,699	178,378
Deferred tax asset (recognized) / not recognized	-	(5,257)
Tax effect of income taxed at reduced rate	(14,382)	(10,993)
Prior year	(978)	-
Others	12,088	(4,381)
	366,427	157,747

31.2 Tax contingencies

31.2.1 Pak Oman Investment Company Limited (the Holding Company)

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Holding Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

31.2.2 Pak Oman Asset Management Company Limited (the Subsidiary Company)

As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Subsidiary Company has been applied effective from 13 June 2013. The management is of the view that since the remuneration is already subject to provincial sales tax as explained in note 18.2, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honorable High Court of Sindh has issued stay order against such levy.

During 2016, the Honorable Sindh High Court, in its judgment dated 30 June 2016, on the Constitutional Petition instituted by MUFAP declared that the provisions of the Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from 01 July 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force. However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Subsidiary Company is still pending in the Court; therefore, as a matter of prudence, the Subsidiary Company has maintained the accumulated provision against FED amounting to Rs. 78.345 million as of 31 December 2020.

Through Finance Act 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Accordingly, no FED has been charged on the remuneration of the Subsidiary Company for period subsequent to 30 June 2016.

The tax charge for the current year represents minimum tax on gross management and advisory income under section 153(b), tax on dividend income under section 5 and tax on capital gain under section 37A of the Income Tax Ordinance, 2001 (the ordinance). The income tax assessments of the company have been finalized upto the tax year ended 31 December 2019.

The Subsidiary Company has been selected for audit under section 214-C of the Ordinance for the tax year 2012. Tax authorities have passed orders under section 122(1) of the ordinance making certain additions amounted to the loss declared in the return filed by the Subsidiary Company. Further Taxation Officer has charged capital gain tax amounting to Rs. 1.514 million at 10%. As a result total tax payable for tax year 2012 increased by Rs. 1.05 million. Tax officer has also disallowed the total tax credit in respect of advance tax paid / collected during the tax year 2012 except for the tax collected under section 153 of the Ordinance amounted to Rs. 2.092 million. The Subsidiary Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the orders passed by the tax officer and the hearing on the case has been done. However, based on the opinion of the tax advisor, management is confident that the matter would be decided in favor of the Subsidiary Company.

Deferred tax asset has been recognised in these consolidated financial statements as the management estimates that sufficient taxable profits will be available in future years against which the unused carry forward tax losses and other deductible temporary differences can be utilised. The estimates of future taxable profits are based on financial projections of the Subsidiary Company for the next five years approved by the Board. The projections involve certain key assumptions underlying the estimation of future taxable profits estimated mainly including growth of net assets of mutual funds under the management of the Subsidiary Company and curtailment of administrative expenses. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio, interest rates and investment returns. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Subsidiary Company will be able to achieve the profits projected in the financial projections and consequently the deferred tax asset will be fully realised in future years.

As of 31 December 2020, the Subsidiary Company has accumulated losses of Rs. 186.75 million. The deferred tax on such losses works out to Rs. 58 million, however, the Subsidiary Company has recognised deferred tax asset on such losses to the extent of Rs. 35.885 million in line with the financial projections, net of deferred tax liabilities of Rs. 0.997 million.

32 BASIC AND DILUTED EARNINGS PER SHARE

		2020	2019
Profit attributable to shareholders of the Parent	**Rupees in '000**	**908,746**	461,927
Weighted average number of ordinary shares in issue	**Numbers in '000**	**615,000**	615,000
Basic and diluted earnings per share attributable to shareholders of Parent	**Rupees**	**1.48**	0.75

32.1 There were no convertible dilutive potential ordinary shares outstanding on 31 December 2019 and 2020.

33 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		(Rupees in '000)	
Cash and balances with treasury banks	5	**214,467**	153,272
Balances with other banks	6	**1,319,582**	1,975,535
		1,534,049	2,128,807

34 STAFF STRENGTH

	2020	2019
	(Number)	
Permanent	**92**	81
Temporary / contractual	**45**	39
Total staff strength	**137**	120

35 DEFINED BENEFIT PLAN

35.1 General Description

The Group operates a funded-gratuity scheme for all its permanent employees. The scheme was established on 01 November 2002 and approved by the Commissioner of Income Tax with effect from 31 January 2003. Contribution to the fund is made every year based on actuarial valuation. The actuarial valuation is carried out using the Projected Unit Credit Method (PUCM). Under this method, the cost of providing gratuity is charged to the consolidated profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. All actuarial gains and losses are recognized in consolidated statement of comprehensive income in the periods in which they occur. The actuarial valuation was conducted as at 31 December 2020.

	2020	2019
Number of Employees under the scheme	**(Number)**	

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

	2020	2019
Gratuity fund	**63**	64

35.1.1 Principal actuarial assumptions

The latest actuarial valuation for defined benefit plan scheme was carried out as at 31 December 2020 using the Projected Unit Credit Method (PUCM). The following significant assumptions were used for the actuarial valuation:

	2020	2019
	(Percent per annum)	
Discount rate	**9.75**	12.50
Expected short term rate of increase in salary levels	**9.75**	11.50
Expected long term rate of increase in salary levels	**9.75**	11.50
Expected rate of return on plan assets	**9.75**	12.50

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

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

35.2 Reconciliation of payable to / (receivable from) defined benefit plan	Note	2020	2019
		(Rupees in '000)	
Present value of defined benefit obligation	**35.3**	**165,326**	142,772
Fair value of plan assets	**35.4**	**(161,993)**	(158,219)
Payable / (receivable)	**35.5**	**3,333**	(15,447)

35.3 Movement in defined benefit obligation

Obligation at the beginning of the year		**142,772**	127,610
Current service cost		**18,504**	17,305
Interest cost		**16,572**	15,368
Benefits paid during the year		**(20,394)**	(23,257)
Remeasurement loss		**7,872**	5,746
Obligation at the end of the year		**165,326**	142,772

35.4 Movement in fair value of plan assets

Fair value at the beginning of the year		**158,219**	137,538
Interest income on plan assets		**18,515**	16,979
Contribution by the Group - net		**192.00**	4,464
Benefits paid during the year		**(20,394)**	(23,257)
Remeasurement gain on plan assets		**5,461**	22,495
Fair value at the end of the year	**35.7**	**161,993**	158,219

35.5 Movement in receivable under defined benefit plan

Opening balance		**(15,447)**	(9,928)
Charge for the year	**35.6**	**16,561**	15,694
Re-measurement loss / (gain) recognised in other comprehensive income during the year		**2,411**	(16,749)
Contributions by the Group - net		**(192)**	(4,464)
Closing balance		**3,333**	(15,447)

35.6 Charge for defined benefit plans

35.6.1 Cost recognised in the profit and loss account

Current service cost		**18,504**	17,305
Net interest on defined benefit asset		**(1,943)**	(1,611)
		16,561	15,694

35.6.2 Re-measurement recognised in OCI during the year

Loss on obligation			
- Experience / financial adjustment		**7,872**	5,746
Actuarial gain on plan assets		**(5,461)**	(22,495)
Total re-measurements recognised in OCI		**2,411**	(16,749)

35.7 Components of plan assets

Particulars	Note	2020 (Rupees in '000)	2020 %	2019 (Rupees in '000)	2019 %
Cash and cash equivalents - net		**66,528**	**41.07%**	55,008	34.77%
Government securities		**92,553**	**57.13%**	103,211	65.23%
Certificates of investment	**35.7.1**	**2,912**	**1.80%**	-	-
		161,993	**100.00%**	**158,219**	**100.00%**

35.7.1 These include Certificates of investment held with the Holding Company. These carry mark-up at rates 7 (2019: nil) percent per annum.

35.8 Sensitivity analysis

	2020 (Rupees in '000)	2019 (Rupees in '000)
1% increase in discount rate	**(12,312)**	(9,589)
1% decrease in discount rate	**14,061**	10,863
1 % increase in expected rate of salary increase	**14,740**	11,551
1 % decrease in expected rate of salary increase	**(13,116)**	(10,350)

35.9 Maturity profile of defined benefit obligation

Benefit payments

The average duration of the benefit obligation as at 31 December 2020 is 7.98 years (2019: 7.16 years).

Distribution of timing of benefit payments

Years	2020 (Rupees in '000)	2019 (Rupees in '000)
1	**4,757**	4,305
2	**4,929**	4,569
3	**5,314**	4,843
4	**83,014**	89,773
5	**3,327**	8,533
6 to 10	**59,003**	65,246
11 and above	**297,150**	337,843

	2020	2019
35.10 Expected contributions to be paid to the funds in the next financial year	**19,539**	15,639
35.11 Expected charge for the next financial year	**19,539**	15,639

35.12 Funding policy

Funding levels are monitored on an annual basis and are based on acturial recommendations. Expected gratuity expense for the next year amounts to Rs. 19.539 million as per the acturial valuation report of the Group as of 31 December 2020.

35.13 The significant risk associated with the staff retirement benefit schemes are as follows:

Asset volatility
The risk arises when the future earnings are lower than expectation. This risk is measured at a plan level over the obligation period of the current population. The Group assets are either invested in fixed securities or cash. None of the investment is placed in equities

Changes in bond yields
The risk arises when the actual return on plan assets is lower than expectation.

Inflation risk
The most common type of retirement benefit is one where the benefit is linked with last drawn salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Life expectancy
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risk
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risk
The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

36 DEFINED CONTRIBUTION PLAN

36.1 The Group operates a provident fund scheme for its permanent employees. The employer and employee both contribute 8.33% of the salary to the fund every month.

36.2 Contribution made during the year

	2020	2019
	(Rupees in '000)	
Contribution by Holding Company	**18,124**	17,027
Contribution by employees	**18,124**	17,027
	36,248	34,054
Contribution by Subsidiary Company	**-**	1,346
Contribution by employees	**-**	1,346
	-	2,692

The number of employees covered under the defined contribution plan as at 31 December 2020 is 63 (2019: 81).

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expenses

Items	2020				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	**7,143**	**25,696**	**-**	**-**	**-**
Managerial remuneration					
i) Fixed	-	-	**91,764**	**108,783**	**20,868**
ii) Total Variable					
of which					
a) Cash Bonus / awards	-	-	**30,539**	**18,400**	**2,770**
b) Bonus & awards in shares	-	-	**-**	**-**	**-**
Charge for defined benefit plan	-	-	**4,941**	**6,328**	**1,365**
Contribution to defined contribution plan	-	-	**4,886**	**6,525**	**1,392**
Utilities	-	-	**1,143**	**331**	**-**
Others	-	-	**245**	**284**	**-**
Total	**7,143**	**25,696**	**133,518**	**140,651**	**26,395**
Number of persons	**1**	**4**	**1**	**12**	**7**

Items	2019				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non-Executives			
Fees and allowances etc.	6,551	22,858	-	-	-
Managerial remuneration					
i) Fixed	-	-	84,007	105,847	25,680
ii) Total Variable					
of which					
a) Cash Bonus / awards	-	-	22,853	14,650	2,875
b) Bonus & awards in shares	-	-	-	-	-
Charge for defined benefit plan	-	-	4,542	5,544	1,139
Contribution to defined contribution plan	-	-	4,413	6,405	1,737
Utilities	-	-	1,056	293	-
Others	-	-	221	163	449
Total	**6,551**	**22,858**	**117,092**	**132,902**	**31,880**
Number of persons	**1**	**5 ***	**1**	**14**	**7**

***** During the year 2019, Government of Islamic Republic of Pakistan has nominated Mr. Omar Hamid Khan, Special Secretary Finance - Ministry of Finance, as director of Pak Oman Investment Company limited in place of Mr. Noor Ahmed.

37.2 The managing director and certain executives are provided with free use of Group maintained cars.

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

Sr. No.	Name of Director	2020					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		Rs. in '000'					
1	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	**3,533**	**2,555**	**-**	**-**	**1,055**	**7,143**
2	H.H. Juland Jaifar Salim Al Said	**2,416**	**531**	**1,280**	**1,280**	**905**	**6,412**
3	Mr. Haitham Yousuf Juma Al Zadjali	**2,416**	**1,125**	**1,506**	**1,280**	**-**	**6,327**
4	Mr. M.Zubair Motiwala	**2,261**	**1,655**	**530**	**1,505**	**905**	**6,856**
5	Mr. Omar Hamid Khan	**2,416**	**1,655**	**1,280**	**750**	**-**	**6,101**
	Total	**13,042**	**7,521**	**4,596**	**4,815**	**2,865**	**32,839**

Sr. No.	Name of Director	2019					
		Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			Executive Committee	Audit Committee	Risk Committee	Remuneration & Compensation Committee	
		Rs. in '000'					
1	H.E. Yahya Bin Said Bin Abdullah Al-Jabri	5,345	754	-	-	452	6,551
2	H.H. Juland Jaifar Salim Al Said	4,290	754	598	598	452	6,692
3	Mr. Haitham Yousuf Juma Al Zadjali	4,290	-	598	598	-	5,486
4	Mr. M.Zubair Motiwala	2,930	598	598	598	297	5,021
5	Mr. Omar Hamid Khan	3,621	614	458	-	-	4,693
6	Mr. Noor Ahmed	686	140	140	-	-	966
	Total	**21,162**	**2,860**	**2,392**	**1,794**	**1,201**	**29,409**

38 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices and has been disclosed in note 8. Unquoted equity investments, other than investments in associates and subsidiary, are determined on the basis of break-up value of these investments as per the latest available audited financial statements. The provision for impairment of investments has been determined in accordance with the Group's accounting policy as stated in notes 4.3 to these consolidated financial statements.

Fair value of 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 against advances has been calculated in accordance with the Group's accounting policy as stated in note 4.5.2.

The re-pricing profile, effective rates and maturity are stated in notes 43.3.1, 43.5.1 and 43.5.2 respectively.

38.1 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 for identical assets or liabilities.

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

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

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

38.2 On-balance sheet financial instruments

	2020		2019	
	Book value	Fair value	Book value	Fair value
	------------------------------- (Rupees in '000) ------------------------------------			
Assets				
Cash and balances with treasury banks	**214,467**	**214,467**	153,272	153,272
Balances with other banks	**1,319,582**	**1,319,582**	1,975,535	1,975,535
Lendings to financial institutions	**3,600,000**	**3,600,000**	8,132,475	8,132,475
Investments	**67,769,494**	**67,769,494**	59,074,973	59,074,973
Advances	**20,935,305**	**20,935,305**	20,024,133	20,024,133
Other assets	**1,658,146**	**1,658,146**	1,514,567	589,798
	95,496,994	**95,496,994**	90,874,955	89,950,186
Liabilities				
Borrowings	**70,581,769**	**70,581,769**	73,793,526	73,793,526
Deposits and other accounts	**15,869,130**	**15,869,130**	8,576,392	8,576,392
Liabilities against assets subject to finance lease	**197**	**197**	610	610
Other liabilities	**1,425,067**	**1,425,067**	1,617,609	1,617,609
	87,876,163	**87,876,163**	83,988,137	83,988,137
	7,620,831	**7,620,831**	6,886,818	5,962,049

38.3 Off-balance sheet financial instruments

Off-balance sheet financial instruments	-	-	-	-

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Fair value of financial instruments is based on:

Federal Government Securities	PKRV / PKFRV rates (MUFAP rates)
Listed securities	PSX rates
Mutual funds	Net asset values
Unlisted equity investments	Breakup value as per latest available audited financial statements.

Fair value of fixed term advances of over one year, staff loans and fixed term deposits of over one year cannot be calculated with sufficient reliability due to non - availability of relevant active market for similar assets and liabilities. The provision for impairment of debt securities and loans and advances has been calculated in accordance with the accounting policies of the Group.

38.4 The carrying value of all financial assets and liabilities in the consolidated financial statements approximate to their fair values except for investment in an associates.

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

On balance sheet financial instruments	2020 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	**-**	**63,183,554**	**-**	**63,183,554**
Non-Government debt securities	**-**	**3,132,487**	**-**	**3,132,487**
Mutual funds	**873,592**	**-**	**-**	**873,592**
Financial assets - disclosed but not measured at fair value				
Investments	**-**	**-**	**579,861**	**579,861**
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	**-**	375,991	375,991

On balance sheet financial instruments	2019 Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	54,367,036	-	54,367,036
Shares	-	-	-	-
Non-Government debt securities	-	3,466,736	-	3,466,736
Mutual funds	640,864	-	-	640,864
Financial assets - disclosed but not measured at fair value				
Investments	-	-	600,337	600,337
Fair value of non-financial assets				
Non-banking assets acquired in satisfaction of claims	-	**-**	374,538	374,538

39 SEGMENT INFORMATION

39.1 Segment details with respect to business activities

2020	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & loss account					
Net mark-up/return/profit	**355,508**	**(151,062)**	**1,344,091**	**(6,435)**	**1,542,102**
Non mark-up / return / interest income	**35,497**	**77,992**	**510,473**	**58,959**	**682,921**
Total Income	**391,005**	**(73,070)**	**1,854,564**	**52,524**	**2,225,023**
Segment direct expenses	**389,108**	**52,465**	**295,684**	**67,989**	**805,246**
Provisions / (reversals)	**100,041**	**(9,955)**	**54,866**	**-**	**144,952**
Profit before tax	**(98,144)**	**(115,580)**	**1,504,014**	**(15,465)**	**1,274,825**
Balance sheet					
Cash & Bank balances	**-**	**-**	**1,532,869**	**1,180**	**1,534,049**
Investments	**-**	**1,453,442**	**66,316,041**	**11**	**67,769,494**
Lendings to financial institutions			**3,600,000**		**3,600,000**
Advances - performing	**19,200,432**	**-**	**859,351**	**-**	**20,059,783**
- non-performing	**875,522**	**-**	**-**	**-**	**875,522**
Others	**732,358**	**394,276**	**1,348,339**	**467,149**	**2,942,122**
Total assets	**20,808,312**	**1,847,718**	**73,656,600**	**468,340**	**96,780,970**
Borrowings	**15,855,574**	**1,338,508**	**53,357,687**	**30,000**	**70,581,769**
Subordinated debt	**-**	**-**	**-**	**-**	**-**
Deposits and other accounts	**3,411,048**	**383,780**	**12,074,302**	**-**	**15,869,130**
Others	**416,401**	**27,286**	**858,457**	**126,453**	**1,428,597**
Total liabilities	**19,683,023**	**1,749,574**	**66,290,446**	**156,453**	**87,879,496**
Equity	**1,125,289**	**98,144**	**7,366,154**	**311,887**	**8,901,474**
Total equity & liabilities	**20,808,312**	**1,847,718**	**73,656,600**	**468,340**	**96,780,970**
Contingencies & Commitments	**1,531,805**	**341,726**	**-**	**-**	**1,873,531**

2019	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & loss account					
Net mark-up/return/profit	505,148	(128,121)	643,830	(7,180)	1,013,677
Non mark-up / return / interest income	33,841	102,485	116,731	49,614	302,671
Total Income	538,989	(25,636)	760,561	42,434	1,316,348
Segment direct expenses	329,868	50,253	229,294	125,973	735,388
(Reversals) / Provisions	(28,823)	(5,313)	-	-	(34,136)
Profit before tax	237,944	(70,576)	531,267	(83,539)	615,096
Balance sheet					
Cash & Bank balances	-	-	2,128,067	740	2,128,807
Investments	-	3,374,754	55,700,209	10	59,074,973
Lendings to financial institutions	-	-	8,132,475	-	8,132,475
Advances - performing	19,619,714	-	277,746	-	19,897,460
- non-performing	126,673	-	-	-	126,673
Others	827,947	504,842	1,043,789	487,081	2,863,659
Total assets	20,574,334	3,879,596	67,282,286	487,831	92,224,047
Borrowings	16,880,052	3,356,971	53,444,002	112,500	73,793,526
Subordinated debt	-	-	-	-	-
Deposits and other accounts	1,916,249	393,618	6,266,525	-	8,576,392
Others	525,669	55,925	890,341	146,284	1,618,219
Total liabilities	19,321,970	3,806,514	60,600,868	258,784	83,988,136
Equity	1,252,364	73,082	6,681,418	229,047	8,235,911
Total equity & liabilities	20,574,334	3,879,596	67,282,286	487,831	92,224,047
Contingencies & Commitments	1,598,912	432,726	8,848,499	-	10,880,137

40 TRUST ACTIVITIES

The Group is acting as a trustee to Term Finance Certificates and Sukuk issued by Askari Bank Limited, Pak Arab Fertilizers Limited, Al-Arabia Sugar Mills Limited, Shakarganj Food Products Limited, United Bank Limited, Kashf Foundation, Masood Textile Mills Limited, Sadaqat Limited, Pakistan Mortgage Refinance Company Limited and TPL Trakker Limited. The Company is holding the trust properties in fiduciary capacity on behalf of the relevant beneficiaries. In this behalf, the Company is fulfilling all its obligations and duties in accordance with the provisions of the respective trust documents.

41 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in Subsidiary Company and Associates are stated in note 8 to these consolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Group's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

The nature of related party relationships and transactions are as follows:

41.1 Associates

Japan Power Generation Limited
Pak Oman Microfinance Bank Limited
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation Fund
Pak Oman Advantage Asset Allocation Fund
Pak Oman Government Securities Fund
Askari High Yield Scheme
Askari Equity Fund
Askari Asset Allocation Fund
Askari Sovereign Yield Enhancer
Askari Sovereign Cash Fund
Askari Islamic Asset Allocation Fund
Askari Islamic Income Fund

41.2 Key management personnel

All heads of departments
Directors

41.3 Retirement benefit fund

Defined benefit plan
Defined contribution plan

41.4 Other related party

Orient Power Company (Private) Limited
Ismail Industries Limited
K- Electric
Oman LNG, Sultanate of Oman
Diamond Textile Mills (Pvt.) Limited
Civil Aviation Authority
Pakistan LNG Limited
Public Private Partnership Authority

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

	2020					2019				
	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties
	----- (Rupees in '000) -----									
Investments										
Opening balance	-	-	**1,015,201**	-	**726,000**	-	-	996,898	-	226,000
Investment made during the year	-	-	**395,000**	-	-	-	-	18,303	-	500,000
Investment redeemed / disposed off during the year	-	-	**(192,703)**	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	**1,217,498**	-	**726,000**	-	-	1,015,201	-	726,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-
Advances										
Opening balance	-	**38,487**	**68,200**	-	**565,459**	-	43,626	68,200	-	72,916
Addition during the year	-	**12,577**	-	-	-	-	15,400	-	-	539,566
Repaid during the year		**(9,529)**			**(40,893)**	-	(20,539)	-	-	(47,023)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	**41,535**	**68,200**	-	**524,566**	-	38,487	68,200	-	565,459
Provision held against advances	-	-	**68,200**	-	-	-	-	68,200	-	-

	2020					2019				
	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties
	----- (Rupees in '000) -----									
Other assets										
Interest / mark-up accrued	-	-	-	-	**8,725**	-	-	-	-	3,241
Receivable from staff retirement fund	-	-	-	-	-	-	-	-	15,447	-
Other receivable	-	-	**121,140**	-	-	-	-	138,738	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	**4,082**	-	-	-	-	909	-	5,492	-
Received during the year	-	**89,090**	-	**18,297**	-	-	64,629	-	102,997	-
Withdrawn during the year	-	**(87,640)**	-	**(11,426)**	-	-	(61,456)	-	(108,489)	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	**5,532**	-	**6,871**	-	-	4,082	-	-	-
Other liabilities										
Interest / mark-up payable	-	**23**	-	**16**	-	-	33	-	-	-
Payable to staff retirement fund	-	-	-	**3,333**	-	-	-	-	-	-
Other liabilities										
Outright sale of securities	-	-	**1,090,752**	**879,049**	-	-	-	1,385,342	909,630	-
Outright purchase of securities	-	-	**406,109**	**906,989**	-	-	-	243,315	720,365	-
Contingencies and Commitments										
Other contingencies	-	-	**70,726**	-	**226,000**	-	-	70,726	-	226,000

41.6 Related party transactions

	2020					2019					
	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties	Parent	Directors	Key manage-ment personnel	Associates	Retirement benefit funds	Other related parties
	(Rupees in '000)										
Income											
Mark-up / return / interest earned	-	1,581	-	-	8,922	-	-	2,104	-	-	35,252
Fee and commission income	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	55,871	-	45,200	-	-	-	30,448	-	45,200
Net gain on sale of securities	-	-	4,240	7	-	-	-	-	295	69	-
Other income	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Expense											
Mark-up / return / interest paid	-	812	-	260	-	-	-	647	-	1,067	-
Operating expenses											
Non- Executive Directors' fees and allowances	32,839	-	-	-	-	-	29,409	-	-	-	-
Compensation expenses	-	274,169	-	-	-	-	-	249,994	-	-	-
Contribution to defined contribution plan	-	-	-	18,124	-	-	-	-	-	18,373	-
Charge for defined benefit plan	-	-	-	16,561	-	-	-	-	-	15,694	-

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital	**6,150,000**	6,150,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**6,721,210**	5,762,515
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**6,721,210**	5,762,515
Eligible Tier 2 Capital	**-**	-
Total Eligible Capital (Tier 1 + Tier 2)	**6,721,210**	5,762,515
Risk Weighted Assets (RWAs):		
Credit Risk	**24,617,484**	27,653,134
Market Risk	**12,164,424**	8,301,000
Operational Risk	**2,695,618**	2,131,697
Total	**39,477,526**	38,085,831
Common Equity Tier 1 Capital Adequacy ratio	**17.03%**	15.13%
Tier 1 Capital Adequacy Ratio	**17.03%**	15.13%
Total Capital Adequacy Ratio	**17.03%**	15.13%
Capital requirements		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total Capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB)	1.50%	2.50%
Total Capital plus CCB	11.50%	12.50%

Standardized approach of Basel III is used for calculating Capital Adequacy for Credit and Market Risk while Basic Indicator approach is used for calculating Capital Adequacy for Operational Risk.

	2020	2019
Leverage Ratio (LR):		
Eligible Tier 1 Capital	**6,721,210**	5,762,515
Total Exposures	**96,353,990**	108,929,747
Leverage Ratio	**6.98%**	5.29%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**9,163,212**	6,227,965
Total Net Cash Outflow	**17,443,202**	9,139,548
Liquidity Coverage Ratio	**53%**	68%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**22,160,134**	21,887,939
Total Required Stable Funding	**21,830,106**	21,507,690
Net Stable Funding Ratio	**101.51%**	101.77%

42.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosure is available at http://www.pakoman.com

42.2 Capital management policies and procedures

The Group's objectives when managing capital are:

- to comply with the capital requirements set by the regulators of the Group;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to acquire, develop and maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored frequently by the Group's management, employing techniques based on the guidelines issued by State Bank of Pakistan (SBP).

SBP requires each development financial institution to: (a) hold the minimum level of the regulatory capital of Rs. 6 billion as at 31 December 2009 and in future periods till further notification issued by SBP, and (b) maintain a ratio of total regulatory capital to the risk-weighted asset as per the CAMELS Rating assigned to the institution or above the minimum prescribed level of 11.50%.

Capital Structure

The Group's regulatory capital is divided into three tiers:

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves, net unappropriated profits, and non-controlling interest after all regulatory adjustments applicable on CET1 (refer note 42).

- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares, share premium resulting from the issuance of preference shares, balance in share premium account, and non-controlling interest after all regulatory adjustments applicable on AT1 (refer note 42).

- Tier 2 capital, which includes subordinated debt/ instruments, share premium of issuance of subordinated debt/ instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments and foreign exchange translation reserves after all regulatory adjustments applicable on Tier 2 (refer note 42).

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

The Group calculates capital requirement as per Basel III regulatory framework, using the following approaches:

- Credit risk	Standardized approach
- Market risk	Standardized approach
- Operational risk	Basic indicator approach

The table refer in note 42 summarizes the composition of regulatory capital and the ratios of the Group for the year ended 31 December 2020.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Group.

42.3 The Group's CAR as at 31 December 2020 was 17.03% (2019: 15.13%) of its risk weighted exposure.

The calculation of capital adequacy enables the DFIs' to assess the long term soundness. The Group has successfully managed in the past and will in the future its Capital requirements/ needs. Based on the directives of the Board, the Group has built a healthy portfolio of assets and liabilities focusing on quality. CAR of 17.03% demonstrates that the Group is geared to absorb major risks / shocks in the present market scenario. The Group meets its funding needs through clean placements (LOP & COI) and short and long term lines from commercial institutions.

43 RISK MANAGEMENT

The Group has set up objectives and policies to manage the risks that arise in connection with financial instruments. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate the salient risk elements in operations of the Group. The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies. In achieving the objective of maximizing returns to shareholders, the board of directors takes cognizance of the risk elements that the Group is confronted with in its operations. In view of the multi-faceted risks inherent in the financial sector, the Group places great emphasis on the importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

Risk management organisation

Risk Management Department ensures that risks remain within the boundaries as defined by the board, comply with the risk parameters and prudential limits, establish systems and procedures and work out remedial measures.

Credit Committee implements credit risk policy and monitors credit risk in light with credit policy and prudential regulations.

The Group's risk management, compliance and internal audit department support the risk management function. The compliance department ensures that all the directives and guidelines issued by SBP are being complied with. Internal audit department reviews the compliance of internal control procedures with internal and regulatory standards.

Financial Risk Management

The COVID-19 pandemic has taken a toll on global economy, including Pakistan. To reduce the impact on businesses and economies in general, governments/regulators across the world introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) also responded to the crisis by cutting the policy rate by 625 basis points since mid-March to 7% in June 2020. Other regulatory measures to provide an impetus to economic activity include the following:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%.
- Increasing the regulatory limit on extension of credit to SMEs to Rs. 180 million.
- Allowing banks and DFIs to defer borrowers' principal loan repayments by one year and/or restructure or reschedule loans for borrowers who require relief of principal repayment exceeding one year and/or markup with no reflection on credit history.
- Introduction of refinancing schemes for payment of wages and salaries.
- Announcement of Temporary Economic Refinance Facility (TERF) for setting up of new industrial units; and
- Introduction of refinance facility for hospitals and medical centers to develop capacity for treatment of infected persons.

43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Exposure to credit risks for the Group arises primarily from lending activities and investments in fixed income securities.

A multi-tiered approach is being followed in the management of credit risk with the organizational structure, roles and responsibilities clearly outlined in the Credit Policy Manual. The Board is responsible for final approval of overall risk tolerance, limits for sectors and pricing strategies. Various business units responsible for undertaking risks are expected to comply with the credit policy and adhere to the independent risk management function. This is ensured through the implementation of a credit approval and documentation process adopted by the Group.

The Group uses both external and internal ratings to evaluate risk. The Group obtains external ratings from PACRA and JCR-VIS whereas a comprehensive risk assessment matrix model is used for internal ratings.

Types of exposures and ECAI's used

Exposures	JCR-VIS	PACRA
Corporate	Yes	Yes
Banks	Yes	Yes

Credit exposures subject to Standardised Approach

Exposure	Rating category	2020 Amount outstanding	2020 Deduction CRM*	2020 Net amount	2019 Amount outstanding	2019 Deduction CRM*	2019 Net amount
		(Rupees in '000)					
Corporate	0	-	-	-	-	-	-
	1	**1,290,739**	**(200,000)**	**1,090,739**	572,378	-	572,378
	2	**9,476,326**	**(19,397)**	**9,456,929**	9,228,034	(85,549)	9,142,485
	3-4	**1,837,369**	**(36,874)**	**1,800,495**	1,802,032	(21,875)	1,780,157
	5-6	-	-	-	-	-	-
	Unrated	**7,524,755**	**(157,715)**	**7,367,040**	7,749,611	(248,961)	7,500,650
		20,129,189	**(413,986)**	**19,715,202**	19,352,055	(356,385)	18,995,670
Banks	0	-	-	-	-	-	-
	1	**4,418,436**	-	**4,418,436**	10,108,010	-	10,108,010
	2-3	**878,959**	-	**878,959**	879,291	-	879,291
	4-5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
		5,297,395	-	**5,297,395**	10,987,301	-	10,987,301
Sovereigns etc.							
Unrated							

*CRM = Credit Risk Mitigation

The accounting policies and methods used by the Group are in accordance with the requirements of the Prudential Regulations of the SBP. These policies are disclosed in note 4 to these consolidated financial statements. Reconciliation in the provision against non-performing advances has been disclosed in note 9.5 of these consolidated financial statements.

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

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---------- (Rupees in '000) ----------					
Public / Government	**-**	2,007,082	**-**	-	**-**	-
Private	**3,600,000**	6,125,393	**-**	-	**-**	-
	3,600,000	8,132,475	**-**	-	**-**	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---------- (Rupees in '000) ----------					
Textile	**231,090**	81,090	**81,090**	81,090	**60,641**	60,641
Electronics and electrical appliances	**85,000**	85,000	**85,000**	85,000	**85,000**	85,000
Power (electricity), Gas, Water, and Sanitary	**500,000**	555,958	**-**	-	**-**	-
Transport, Storage and Communication	**215,193**	180,980	**180,980**	180,980	**180,980**	180,980
Financial	**65,250,979**	56,996,969	**65,255**	15,404	**65,255**	15,404
Others	**196,452**	256,452	**196,452**	121,452	**126,467**	121,452
	66,478,714	58,156,449	**608,777**	483,926	**518,343**	463,477

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	---------- (Rupees in '000) ----------					
Public / Government	**63,275,197**	54,643,109	**-**	-	**-**	-
Private	**3,203,517**	3,513,340	**608,777**	483,926	**518,343**	463,477
	66,478,714	58,156,449	**608,777**	483,926	**518,343**	463,477

43.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Textile	**4,410,912**	4,196,626	**343,434**	348,278	**336,961**	337,256
Chemical and Pharmaceuticals	**290,645**	215,756	**-**	-	**-**	-
Cement	**403,729**	372,865	**-**	-	**-**	-
Sugar	**885,000**	840,000	**-**	-	**-**	-
Automobile and transportation equipment	**257,352**	280,085	**-**	-	**-**	-
Electronics and electrical appliances	**638,542**	796,726	**50,000**	50,000	**50,000**	50,000
Construction	**405,596**	487,770	**-**	-	**-**	-
Power (electricity), Gas, Water, and Sanitary	**2,979,310**	2,697,361	**68,200**	68,200	**68,200**	68,200
Wholesale and Retail Trade	**86,311**	113,514	**-**	-	**-**	-
Transport, Storage and Communication	**3,022,076**	2,335,948	**-**	-	**-**	-
Financial	**1,402,862**	1,383,158	**5,161**	5,161	**5,161**	5,161
Services	**1,561,941**	1,410,456	**2,076**	2,104	**517**	-
Individuals	**94,801**	103,834	**-**	-	**-**	-
Others	**5,148,138**	5,341,903	**1,058,348**	204,586	**190,858**	91,039
	21,587,215	20,576,002	**1,527,219**	678,329	**651,697**	551,656

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	**815,891**	888,472	**-**	-	**-**	-
Private	**20,771,324**	19,687,530	**1,527,219**	678,329	**651,697**	551,656
	21,587,215	20,576,002	**1,527,219**	678,329	**651,697**	551,656

43.1.4 Contingencies and Commitments

Credit risk by industry sector

	2020	2019
	(Rupees in '000)	
Textile	**140,000**	-
Chemical and Pharmaceuticals	**-**	165,000
Power (electricity), Gas, Water, and Sanitary	**144,000**	-
Transport, Storage and Communication	**-**	322,230
Services	**-**	68,400
Others	**524,730**	511,120
	808,730	1,066,750

Credit risk by public / private sector

	2020	2019
Public / Government	**-**	-
Private	**808,730**	1,066,750
	808,730	1,066,750

43.1.5 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 8,774.319 million (2019: Rs 8,293.350 million) are as following:

	2020	2019
	(Rupees in '000)	
Funded	**8,774,319**	8,293,350
Non funded	**-**	-
Total exposure	**8,774,319**	8,293,350

The sanctioned limits against these top 10 exposures aggregated to Rs 12,160 million (2019: Rs 11,458 million)

Total funded classified therein

	2020		2019	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**854,762**	**3,956**	-	-
Doubtful	**-**	**-**	182,104	90,000
Loss	**672,457**	**647,741**	496,225	461,656
Total	**1,527,219**	**651,697**	678,329	551,656

43.1.6 Advances - Province / region-wise disbursement & utilization

	2020						
	Disbursements	Utilization					
Province / region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	**3,608,286**	**1,545,000**	**518,691**	**141,795**	**-**	**1,402,800**	**-**

	2019						
	Disbursements	Utilization					
Province / region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Sindh	5,528,204	1,053,246	2,498,562	272,771	1,044,566	659,059	-

43.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates and equity prices. The board of directors is responsible for reviewing and recommending all market risk policies.

The market risk management framework of the Group comprises of business unit actually undertaking the risk, the Risk Management Department, Asset and Liability Committee and the Investment Committee.

Dealing activities of the Group include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, and money market transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Stress testing is performed as per guidelines of SBP as well as Group's internal policy.

43.2.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**214,467**	**-**	**214,467**	153,272	-	153,272
Balances with other banks	**1,319,582**	**-**	**1,319,582**	1,975,535	-	1,975,535
Lendings to financial institutions	**3,600,000**	**-**	**3,600,000**	8,132,475	-	8,132,475
Investments	**4,585,940**	**63,183,554**	**67,769,494**	4,707,937	54,367,036	59,074,973
Advances	**20,935,305**	**-**	**20,935,305**	20,024,133	-	20,024,133
Fixed assets	**250,195**	**-**	**250,195**	232,765	-	232,765
Intangible assets	**223,273**	**-**	**223,273**	223,278	-	223,278
Deferred tax assets	**216,789**	**-**	**216,789**	329,034	-	329,034
Other assets	**2,251,865**	**-**	**2,251,865**	2,078,582	-	2,078,582
	33,597,416	**63,183,554**	**96,780,970**	37,857,011	54,367,036	92,224,047

43.2.2 Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign currency rates. However, the Group is not exposed to major foreign currency risk as its assets and liabilities are primarily denominated in Pakistani rupees.

	2020		2019	
	Foreign currency assets	Net foreign currency exposure	Foreign currency assets	Net foreign currency exposure
	(Rupees in '000)			
United States Dollar	**63**	**63**	79	79
Omani Riyal	**7,242**	**7,242**	3,336	3,336
	7,305	**7,305**	3,415	3,415

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**(76)**	-	(36)	-
- Other comprehensive	**-**	-	-	-

43.2.3 Equity position Risk

Equity position risk refers to the risk arising from taking long or short positions, in the trading book, in equities and all instruments that exhibit market behavior similar to equities. The Group is exposed to such risk due to investment activities undertaken on a day-to-day basis. The Group has established a Capital Market Review Committee to monitor the equity portfolio and the future strategy pertaining thereto. As per Standardized approach, 8% charge has to be created on both Specific and General Equity Position Risk Management calculation.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 5% change in equity prices on				
- Profit and loss account *	**-**	**-**	**-**	-
- Other comprehensive income	**(153,891)**	**-**	(167,024)	-

* Equity position includes Equity shares and Bank's TFC tier II

43.3 Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. The lending, funding and investment activities of the Group are exposed to interest rate risk. The Group is using a 16 band repricing model for measurement of interest rate risk. Furthermore, stress testing technique is also used to evaluate the potential effects on the financial condition of a specific event and movements in a set of financial variables. The Group has also developed value-at-risk (VAR) model internally.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	---------------------------------- (Rupees in '000) ----------------------------------			
Impact of 1% change in interest rates on				
Profit and loss account *	**-**	**(89,494)**	-	(174,570)
Other comprehensive income *	**34,137**	**(223,221)**	(89,844)	-

* Earning approach

43.3.1 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	2020										
		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 in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		214,467	-	-	-	-	-	-	-	-	-	214,467
Balances with other banks	8.52%	1,319,582	8,170	1,300,000	-	-	-	-	-	-	-	11,412
Lendings to financial institutions	7.29%	3,600,000	3,600,000	-	-	-	-	-	-	-	-	-
Investments	8.29%	67,769,494	1,553,696	22,421,244	23,130,303	7,042,175	7,223,143	1,040,440	3,905,040	-	-	1,453,453
Advances	9.06%	20,935,305	5,381,077	9,166,781	3,463,161	352,692	480,364	471,739	767,514	813,254	24,512	14,211
Other assets		1,658,146	-	-	-	-	-	-	-	-	-	1,658,146
		95,496,994	10,542,943	32,888,025	26,593,464	7,394,867	7,703,507	1,512,179	4,672,554	813,254	24,512	3,351,689
Liabilities												
Borrowings	6.97%	70,581,769	57,302,415	8,182,378	2,436,083	384,706	485,077	470,118	763,299	557,693	-	-
Deposits and other accounts	7.38%	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	197	197	-	-	-	-	-	-	-	-	-
Other liabilities		1,425,067	-	-	-	-	-	-	-	-	-	1,425,067
		87,876,163	64,614,819	14,526,908	4,345,667	687,515	485,077	470,118	763,299	557,693	-	1,425,067
On-balance sheet gap		7,620,831	(54,071,876)	18,361,117	22,247,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	1,926,622
Non-Financial assets		1,283,976										
Non-Financial liabilities		3,333										
Total Net Assets		8,901,474										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(54,071,876)	18,361,117	22,247,797	6,707,352	7,218,430	1,042,061	3,909,255	255,561	24,512	1,926,622
Cumulative yield / interest risk sensitivity gap			(54,071,876)	(35,710,759)	(13,462,962)	(6,755,610)	462,820	1,504,881	5,414,136	5,669,697	5,694,209	7,620,831

	Effective yield / interest rate	2019 Total	Exposed to yield / interest risk Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		---------- (Rupees in '000) ----------										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		153,272	-	-	-	-	-	-	-	-	-	153,272
Balances with other banks	14.57%	1,975,535	169,048	1,000,000	800,000	-	-	-	-	-	-	6,487
Lendings to financial institutions	13.51%	8,132,475	6,274,475	1,858,000	-	-	-	-	-	-	-	-
Investments	13.65%	59,074,973	3,819,443	13,703,277	14,385,684	17,150,994	6,802,538	1,030,959	-	940,877	-	1,241,201
Advances	14.40%	20,024,133	5,388,953	7,329,363	4,592,682	267,563	349,487	402,355	752,617	901,724	30,305	9,084
Other assets		1,514,567	-	-	-	-	-	-	-	-	-	1,514,567
		90,874,955	15,651,919	23,890,640	19,778,366	17,418,557	7,152,025	1,433,314	752,617	1,842,601	30,305	2,924,611
Liabilities												
Borrowings	13.08%	73,793,526	56,371,933	4,669,097	4,941,242	5,467,972	349,744	401,389	743,043	849,106	-	-
Deposits and other accounts	13.14%	8,576,392	1,739,958	3,916,419	990,182	1,929,833	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91%	610	33	66	102	409	-	-	-	-	-	-
Other liabilities		1,617,609	-	-	-	-	-	-	-	-	-	1,617,609
		83,988,137	58,111,924	8,585,582	5,931,526	7,398,214	349,744	401,389	743,043	849,106	-	1,617,609
On-balance sheet gap		6,886,818	(42,460,005)	15,305,058	13,846,840	10,020,343	6,802,281	1,031,925	9,574	993,495	30,305	1,307,002
Non - financial assets		1,349,092										
Non - financial liabilities		-										
Total Net Assets		8,235,910										
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		-	-	-	-	-	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(42,460,005)	15,305,058	13,846,840	10,020,343	6,802,281	1,031,925	9,574	993,495	30,305	1,307,002
Cumulative yield / interest risk sensitivity gap			(42,460,005)	(27,154,947)	(13,308,107)	(3,287,764)	3,514,517	4,546,442	4,556,016	5,549,511	5,579,816	6,886,818

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

43.3.3 Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is inherent in the Group's business and operational activities.

The Group has instituted sound internal controls through policies, plans and processes approved by the board of directors for controlling and mitigating potential operational risk. The system of internal controls include financial, operational and compliance controls and is performed on continuous basis by the senior management and all levels of employees within the Group.

<u>COVID-19</u>

The management is monitoring the situation and has taken various precautionary measures as notified by the Provincial and Federal Governments to address the safety of Group's staff and visitors alike. Such measures

- All employees / visitors are screened daily for temperature before entering the premises.

- Wearing a face mask is mandatory for all employees / visitors.

- Entire premises is disinfected on daily basis.

- All employees are required to maintain safe distance while interacting with others. Indicative spacing marks have been placed around work terminals for ease of employees.

Business Continuity Plan (BCP) is in place and has been rigorously tested. Remote work capabilities are being enhanced to ensure uninterrupted services to the customers whereas related risk and control measures are also being assessed to protect Group's information assets from emerging cyber threats.

43.5 Liquidity risk

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

Large off-balance sheet exposures or heavy reliance on large corporate deposits gives rise to relatively high level of liquidity risk. Rapid growth in assets also increases the liquidity risk. Objectives of liquidity management in Group are that:

- A reasonable amount of liquid assets are maintained at all times.
- Measurement and projection of funding requirements during various scenarios.
- Excess funds are profitably deployed.

Beside the Board which will be responsible for formulation of over all policy, the following will be involved in Liquidity Risk Management Process with roles and responsibilities defined hereunder:

- Risk Management
- Finance
- Treasury
- Asset Liability Committee (ALCO)

The ALCO will be responsible for monitoring of the tolerance limits.

COVID-19 posed multiple challenges pertaining to liquidity around the world. In order to safeguard the economy, SBP allowed the banks and DFIs to defer principal and rescheduling / restructuring upon request of their borrowers. This put the expected cash flows under duress. The Group, however is closely monitoring the cash flows on a constant basis and is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

43.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities

2020

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	214,467	-	-	214,467	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,319,582	-	19,582	-	-	-	1,300,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	-	3,000,000	-	600,000	-	-	-	-	-	-	-	-	-	-
Investments	67,769,494	-	14,834	34,289	517,859	3,738,973	12,583,247	1,922,174	7,096,959	19,234	7,682,034	11,263,674	12,878,801	9,717,416	300,000
Advances	20,935,305	-	1,911	20,292	212,555	520,113	1,447,412	1,909,401	1,254,187	1,296,807	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	250,195	-	-	-	3,590	3,887	3,887	9,459	9,710	9,710	33,548	24,221	54,714	97,469	-
Intangible assets	223,273	-	-	-	-	-	-	-	-	-	-	-	223,273	-	-
Deferred tax assets	216,789	-	-	-	(37,891)	(1,832)	(1,832)	(11,679)	(65,055)	(65,055)	(56,489)	(45,934)	327,349	174,578	628
Other assets	2,251,865	-	77,227	131,531	325,194	245,123	318,450	768,486	4,312	1,067	-	375,991	4,486	-	-
	96,780,970	-	3,113,554	400,579	1,621,307	4,506,264	15,651,164	4,597,841	8,300,113	1,261,763	12,225,616	15,149,645	17,773,597	11,714,457	465,071
Liabilities															
Borrowings	70,581,769	-	45,179,115	717,230	11,406,070	5,296,395	1,169,317	1,957,750	595,085	876,288	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	-	4,318,788	380,065	2,613,354	4,341,300	2,003,230	1,909,584	128,347	174,462	-	-	-	-	-
Liabilities against assets subject to finance lease	197	-	-	-	197	-	-	-	-	-	-	-	-	-	-
Others liabilities	1,428,400	-	219,004	20,371	120,094	72,197	692,287	186,383	7,524	3,826	10,983	39,984	55,747	-	-
	87,879,496	-	49,716,907	1,117,666	14,139,715	9,709,892	3,864,834	4,053,717	730,956	1,054,576	1,437,726	676,768	819,046	557,693	-
Net assets	8,901,474	-	(46,603,353)	(717,087)	(12,518,408)	(5,203,628)	11,786,330	544,124	7,569,157	207,187	10,787,890	14,472,877	16,954,551	11,156,764	465,071
Share capital	6,150,000														
Reserves	1,759,985														
Unappropriated profit	636,372														
Surplus on revaluation of assets	348,498														
Non-controlling interest	6,619														
	8,901,474														

2019

	Total	Upto 1 day	Over 1 days to 7 days	Over 7 days 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 to 10 years	Above 10 years
	(Rupees in '000)														
Assets															
Cash and balances with treasury banks	153,272	-	-	153,272	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,975,535	-	25,535	150,000	-	-	1,000,000	800,000	-	-	-	-	-	-	-
Lendings to financial institutions	8,132,475	-	4,019,186	1,335,214	920,075	1,858,000	-	-	-	-	-	-	-	-	-
Investments	59,074,973	-	35,562	88	3,216,122	5,592,773	724,790	9,557,497	17,250,408	252	7,115,008	1,205,846	2,767,809	11,308,818	300,000
Advances	20,024,133	-	62,083	39,020	538,737	659,910	832,212	2,089,447	1,333,155	1,198,049	4,522,506	3,194,334	3,804,632	1,694,743	55,305
Fixed assets	232,765	-	-	-	3,215	3,211	3,211	23,095	8,704	8,704	30,680	18,027	41,738	92,182	-
Intangible assets	223,278	-	-	-	5	-	-	-	-	-	-	-	223,273	-	-
Deferred tax assets	329,034	-	-	-	(66,451)	874	874	(5,408)	(28,560)	(28,560)	(34,546)	(13,188)	282,418	220,883	697
Other assets	2,078,582	-	40,856	292,185	117,699	417,424	297,022	823,711	83,535	1,862	-	-	4,288	-	-
	92,224,047	-	4,183,222	1,969,779	4,729,402	8,532,192	2,858,109	13,288,342	18,647,242	1,180,307	11,633,648	4,405,019	7,124,158	13,316,626	356,002
Liabilities															
Borrowings	73,793,526	-	48,912,240	4,215,042	3,244,651	1,448,221	970,876	3,301,155	5,874,709	845,390	2,379,371	1,009,722	743,043	849,106	-
Deposits and other accounts	8,576,392	-	394,452	156,152	1,189,354	1,392,821	2,523,598	990,182	381,528	1,548,305	-	-	-	-	-
Liabilities against assets subject to finance lease	610	-	-	-	33	33	33	102	104	305	-	-	-	-	-
Others Liabilities	1,617,609	-	128,272	84,864	221,539	71,063	557,774	245,517	183,776	24,826	31,259	23,784	41,866	3,069	-
	83,988,137	-	49,434,964	4,456,058	4,655,577	2,912,138	4,052,281	4,536,956	6,440,117	2,418,826	2,410,630	1,033,506	784,909	852,175	-
Net assets	8,235,910	-	(45,251,742)	(2,486,279)	73,825	5,620,054	(1,194,173)	8,751,386	12,207,125	(1,238,519)	9,223,018	3,371,513	6,339,249	12,464,451	356,002
Share capital	6,150,000														
Reserves	1,265,504														
Unappropriated profit	651,712														
Surplus on revaluation of assets	161,727														
Non-controlling interest	6,967														
	8,235,910														

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

43.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities

2020

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		---------- (Rupees in '000) ----------								
Assets										
Cash and balances with treasury banks	214,467	214,467	-	-	-	-	-	-	-	-
Balances with other banks	1,319,582	19,582	1,300,000	-	-	-	-	-	-	-
Lendings to financial institutions	3,600,000	3,600,000	-	-	-	-	-	-	-	-
Investments	67,769,494	566,982	16,322,220	1,922,174	7,116,193	7,682,034	11,263,674	12,878,801	9,717,416	300,000
Advances	20,935,305	234,758	1,967,525	1,909,401	2,550,994	4,566,523	3,531,693	4,284,974	1,724,994	164,443
Fixed assets	250,195	3,590	7,774	9,459	19,420	33,548	24,221	54,714	97,469	-
Intangible assets	223,273	-	-	-	-	-	-	223,273	-	-
Deferred tax assets	216,789	(37,891)	(3,663)	(11,679)	(130,110)	(56,489)	(45,934)	327,349	174,578	628
Other assets	2,251,865	533,952	563,572	768,486	5,378	-	375,991	4,486	-	-
	96,780,970	5,135,440	20,157,428	4,597,841	9,561,875	12,225,616	15,149,645	17,773,597	11,714,457	465,071
Liabilities										
Borrowings	70,581,769	57,302,415	6,465,712	1,957,750	1,471,373	1,426,743	636,784	763,299	557,693	-
Deposits and other accounts	15,869,130	7,312,207	6,344,530	1,909,584	302,809	-	-	-	-	-
Liabilities against assets subject to finance lease	197	197	-	-	-	-	-	-	-	-
Others liabilities	1,428,400	359,469	764,484	186,383	11,350	10,983	39,984	55,747	-	-
	87,879,496	64,974,288	13,574,726	4,053,717	1,785,532	1,437,726	676,768	819,046	557,693	-
Net assets	8,901,474	(59,838,848)	6,582,702	544,124	7,776,343	10,787,890	14,472,877	16,954,551	11,156,764	465,071
Share capital	6,150,000									
Reserves	1,759,985									
Unappropriated profit	636,372									
Surplus on revaluation of assets	348,498									
Non-controlling interest	6,619									
	8,901,474									

2019

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		---------- (Rupees in '000) ----------								
Assets										
Cash and balances with treasury banks	153,272	153,272	-	-	-	-	-	-	-	-
Balances with other banks	1,975,535	175,535	1,000,000	800,000	-	-	-	-	-	-
Lendings to financial institutions	8,132,475	6,274,475	1,858,000	-	-	-	-	-	-	-
Investments	59,074,973	3,251,772	6,317,563	9,557,497	17,250,660	7,115,008	1,205,846	2,767,809	11,308,818	300,000
Advances	20,024,133	639,840	1,492,122	2,089,447	2,531,204	4,522,506	3,194,334	3,804,632	1,694,743	55,305
Fixed assets	232,765	3,215	6,421	23,095	17,407	30,680	18,027	41,738	92,182	-
Intangible assets	223,278	5	-	-	-	-	-	223,273	-	-
Deferred tax assets	329,034	(66,451)	1,748	(5,408)	(57,119)	(34,546)	(13,188)	282,418	220,883	697
Other assets	2,078,582	450,740	714,446	823,711	85,397	-	-	4,288	-	-
	90,145,465	10,431,663	10,675,854	12,464,631	19,742,152	11,633,648	4,405,019	7,119,870	13,316,626	356,002
Liabilities										
Borrowings from financial institutions	73,793,526	56,371,933	2,419,097	3,301,155	6,720,099	2,379,371	1,009,722	743,043	849,106	-
Deposits and other accounts	8,576,392	1,739,958	3,916,419	990,182	1,929,833	-	-	-	-	-
Liabilities against assets subject to finance lease	610	33	66	102	409	-	-	-	-	-
Others liabilities	1,617,609	434,675	628,837	245,517	208,602	31,259	23,784	41,866	3,069	-
	83,988,137	58,546,599	6,964,419	4,536,956	8,858,943	2,410,630	1,033,506	784,909	852,175	-
Net assets	6,157,328	(48,114,936)	3,711,435	7,927,675	10,883,209	9,223,018	3,371,513	6,334,961	12,464,451	356,002
Share capital	6,150,000									
Reserves	1,265,504									
Unappropriated profit	651,712									
Surplus on revaluation of assets	161,727									
Non-controlling interest	6,967									
	8,235,910									

The contractual maturities of assets and liabilities do not significantly differ with the expected maturities except operating fixed assets and deferred tax assets which do not have any contractual maturities. The maturities of operating fixed assets and deferred tax assets have been reported based on their pattern of usage and recoverability of the underlying assets on which deferred tax asset has been recorded.

44 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Group in their meeting held on 10 February 2021 have:

- proposed 7.5% cash dividend amounting to Rs. 461.250 million subject to the approval of the members at the annual general meeting.

These consolidated financial statements do not recognise the aforementioned appropriation as this has been proposed and approved subsequent to the statement of financial position date.

45 GENERAL

45.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

45.2 The VIS Credit Rating Holding Company Limited has maintained the Holding Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

45.3 The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of AM3+ (Stable) to the Subsidiary Company in the medium and long term vide its report dated 28 August 2020.

46 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on 10 February 2021 by the Board of Directors of the Group.

Bahauddin Khan	Mohammad Jamal Nasir	Sayyid Juland Jaifar Salim Al Said	Omar Hamid Khan	Yahya Bin Said Bin Abdullah Al-Jabri
Managing Director and Chief Executive	**Chief Financial Officer**	**Director**	**Director**	**Chairman**

Annexure I

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2020

S. No.	Name and address of the borrower	Name of individuals /partners / directors with CNIC No.	Father's / Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest / mark-up written off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	Classic Denim Mills	Mr. Vashdav Rakhani - 42301-7832646-3 Mr Yaseen Sattar - 42301-3651991-3 Mr Shahzad Haroon - 42301-1065237-5 Mr .M Saleem Ahmed -501-64-460068	Mr. Nenumal Mr. Abdul Sattar Mr. Mohammad Haroon Mr. Ibrahim Ahmed	4,845	10,496	-	15,341	-	9,462	-	9,462
				4,845	10,496	-	15,341	-	9,462	-	9,462