

NRSP MICROFINANCE BANK LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2021**



INDEPENDENT AUDITOR'S REPORT

To the members of NRSP Microfinance Bank Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of NRSP Microfinance Bank Limited, (the Bank), which comprise of the balance sheet as at December 31, 2021, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the 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 balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the 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), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2021 and of the loss, other comprehensive loss, 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 Bank 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 Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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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Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Bank'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 Bank'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 financial statements or, if such disclosures are inadequate, to modify our opinion.

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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 Bank to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Microfinance Institutions Ordinance, 2001 and the directives issued by the State Bank of Pakistan and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Bank's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants

Islamabad

Date: April 22, 2022

UDIN: AR202110083C3TARhDb0

NRSP MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020
ASSETS			
Cash and balances with SBP and NBP	8	2,611,549,980	2,867,959,229
Balances with other Banks/ NBFIs /MFBs	9	6,806,536,615	4,933,304,012
Lending to financial institutions	10	-	1,494,680,500
Investments - net of provisions	11	6,782,215,699	8,637,899,021
Advances - net of provision	12	27,178,816,015	27,932,421,536
Operating fixed assets	13	1,340,988,129	1,673,856,241
Other assets	14	5,435,818,554	5,184,703,430
Deferred tax asset - net	15	1,224,789,867	436,336,658
Total Assets		51,380,714,859	53,161,160,627
LIABILITIES			
Deposits and other accounts	16	34,126,738,258	39,284,549,013
Borrowings	17	6,935,832,100	3,395,943,704
Subordinated debt	18	1,442,360,000	672,360,000
Other liabilities	19	4,596,811,470	4,297,853,297
Deferred tax liability - net		-	-
Total liabilities		47,101,741,828	47,650,706,014
Net assets		4,278,973,031	5,510,454,613
REPRESENTED BY			
Share capital	20	1,498,372,010	1,498,372,010
Statutory reserve		815,766,515	815,766,515
Depositors' protection fund		269,646,194	253,792,881
Unappropriated profit		1,693,039,358	2,929,766,103
		4,276,824,077	5,497,697,509
(Deficit)/ surplus on revaluation of assets		(2,638,100)	372,600
Deferred grants	21	4,787,054	12,384,504
Total capital		4,278,973,031	5,510,454,613
MEMORANDUM/ OFF-BALANCE SHEET ITEMS	22		

The annexed notes from 1 to 40 form an integral part of these financial statements.

Signature

Signature

President/ Chief Executive

Signature

Chairman

Signature

Director

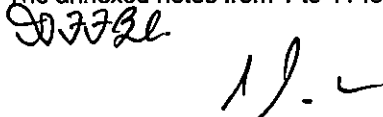
Signature

Director

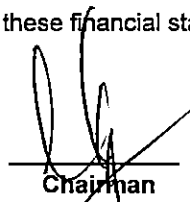
NRSP MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- Rupees -----	2020
Mark-up/ return/ interest earned	23	7,989,338,470	8,852,244,581
Mark-up/ return/ interest expensed	24	(3,790,046,982)	(3,928,774,596)
Net mark-up/ interest income		4,199,291,488	4,923,469,985
Provision against non-performing loans and advances	12.3	(3,957,367,941)	(1,726,112,750)
Provision for demuniton in the value of investments		-	-
Bad debts written off directly - net of insurance recoveries	12.4	(30,403,454)	(15,255,294)
		(3,987,771,395)	(1,741,368,044)
Net mark-up/ interest income after provisions		211,520,093	3,182,101,941
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	25	484,829,883	598,244,288
Dividend income		-	-
Other income - net	26	601,419,179	478,626,516
Total non mark-up/ non interest income		1,086,249,062	1,076,870,804
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	27	(3,150,034,864)	(3,096,752,563)
Other charges	28	(10,185,562)	(17,967,322)
Total non mark-up/ non interest expenses		(3,160,220,426)	(3,114,719,885)
		(1,862,451,271)	1,144,252,860
Extra ordinary/ unusual items		-	-
(LOSS)/ PROFIT BEFORE TAXATION		(1,862,451,271)	1,144,252,860
Taxation - Current	29	(157,811,097)	(555,483,687)
Prior year		-	-
Deferred		788,453,208	204,665,961
		630,642,111	(350,817,726)
LOSS AFTER TAXATION		(1,231,809,160)	793,435,134
Unappropriated profit brought forward		2,929,766,103	2,330,318,665
Less: Other comprehensive income		(4,917,585)	4,371,088
Profit available for appropriation		1,693,039,358	3,128,124,887
APPROPRIATIONS			
Transfer to:			
Statutory reserve		-	(158,687,027)
Depositors' protection fund		-	(39,671,757)
		-	(198,358,784)
Unappropriated profit/ (loss) carried forward		1,693,039,358	2,929,766,103
(Loss)/ earnings per share	30	(8.22)	5.30

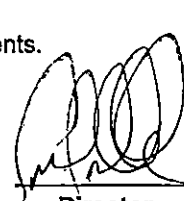
The annexed notes from 1 to 41 form an integral part of these financial statements.



 President/ Chief Executive



 Chairman



 Director



 Director

NRSP MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

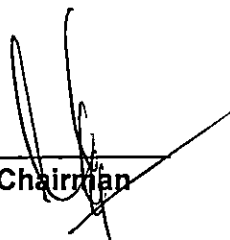
	2021	2020
Note	----- Rupees -----	-----
(Loss)/ profit after taxation	(1,231,809,160)	793,435,134
Other comprehensive (loss)/ income		
Items that will not be subsequently reclassified through profit and loss account :		
(Loss)/ gain on remeasurement of employees' retirement benefits - net of tax	(4,917,585)	4,371,088
Total comprehensive (loss)/ income for the year	<u><u>(1,236,726,745)</u></u>	<u><u>797,806,222</u></u>

The annexed notes from 1 to 41 form an integral part of these financial statements.


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President/ Chief Executive



Chairman



Director



Director

NRSP MICROFINANCE BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Capital reserves		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated profit	
Rupees					
Balance as at January 1, 2020	1,498,372,010	657,079,488	198,412,206	2,330,318,665	4,684,182,369
Profit for the year	-	-	-	793,435,134	793,435,134
Other comprehensive income/ (loss) for the year	-	-	-	4,371,088	4,371,088
Total comprehensive income for the year	-	-	-	797,806,222	797,806,222
Transfer to statutory reserve	-	158,687,027	-	(158,687,027)	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	39,671,757	(39,671,757)	-
- Return on investments - net of tax	-	-	15,708,918	-	15,708,918
	-	-	55,380,675	(39,671,757)	15,708,918
Balance as at December 31, 2020	1,498,372,010	815,766,515	253,792,881	2,929,766,103	5,497,697,509
Loss for the year	-	-	-	(1,231,809,160)	(1,231,809,160)
Other comprehensive income/ (loss) for the year	-	-	-	(4,917,585)	(4,917,585)
Total comprehensive income for the year	-	-	-	(1,236,726,745)	(1,236,726,745)
Transfer to statutory reserve	-	-	-	-	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	-	-	-
- Return on investments - net of tax	-	-	15,853,313	-	15,853,313
	-	-	15,853,313	-	15,853,313
Balance as at December 31, 2021	1,498,372,010	815,766,515	269,646,194	1,693,039,358	4,276,824,077

The annexed notes from 1 to 41 form an integral part of these financial statements.

Signature

Signature

President/ Chief Executive

Signature

Chairman

Signature

Director

Signature

Director

NRSP MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Note	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(1,862,451,271)	1,144,252,860
Less : Dividend income	-	-
	(1,862,451,271)	1,144,252,860
Adjustments for non-cash changes		
Depreciation	162,671,421	195,271,270
Amortization - RoU Asset	128,386,453	139,970,297
Amortization	54,055,108	53,944,151
Provision against non-performing advances	3,957,367,941	1,726,112,750
Advances directly written-off - net of insurance recoveries	30,403,454	15,255,294
Gain on sale/ redemption of securities	(498,442,471)	(240,178,073)
Unrealized exchange (gain) / loss	(12,714,334)	(156,943,167)
Unrealized loss/ (gain) on derivative financial asset	14,573,523	191,473,139
Loss/ (gain) on sale of fixed assets	(1,758,776)	6,469,592
Finance charges on leased assets	123,900,651	139,880,873
Loss on termination of lease arrangements	4,225,925	10,502,786
Amortization of deferred grants	(20,988,885)	(43,416,310)
Capital Gain on Available for Sale Securities	(122,463)	-
Provision for gratuity and leave encashment	139,969,234	171,597,656
	4,081,526,781	2,209,940,258
(Increase)/ decrease in operating assets		
Lending to financial institutions	1,496,209,150	(1,494,680,500)
Advances	(3,234,165,872)	(2,303,178,124)
Other assets (excluding advance taxation)	(356,813,489)	(2,066,681,782)
	(2,094,770,211)	(5,864,540,406)
Increase/ (decrease) in operating liabilities		
Bills payable	73,034,317	(47,602,441)
Borrowings from financial institutions	4,399,696,485	(211,409,892)
Deposits	(5,157,810,755)	12,633,886,961
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	373,149,846	516,729,006
	(311,930,107)	12,891,603,634
Payment against provision held against off- balance sheet obligations		
Income tax paid	(182,737,127)	(576,010,073)
Gratuity and leave encashment paid (including contributions)	(147,906,799)	(426,243,944)
Net cash flow from operating activities	(518,268,734)	9,379,002,329
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	3,235,635,012	(5,192,997,120)
Net investment in held-to-maturity securities	(884,397,458)	(1,619,142,348)
Net investment in held for trading securities	-	5,352,857
Investment in operating fixed assets	(13,674,508)	(71,948,517)
Interest income on depositors' protection fund	15,853,313	-
Dividend received from mutual funds	-	-
Sale proceeds from property and equipment disposed-off	3,188,414	1,525,013
Net cash flow from/ (used in) investing activities	2,356,604,773	(6,877,210,115)
CASH FLOW FROM FINANCING ACTIVITIES		
Grants received	13,391,435	52,343,491
Net payments of lease obligations	(234,904,120)	(203,658,450)
Net cash flow (used in) financing activities	(221,512,685)	(151,314,959)
Increase in cash and cash equivalents	1,616,823,354	2,350,477,255
Cash and cash equivalents at the beginning of the year	7,801,263,241	5,450,785,986
Cash and cash equivalents at the end of the year	9,418,086,595	7,801,263,241

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The annexed notes from 1 to 41 form an integral part of these financial statements.

SARFARAZ

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President/ Chief Executive

[Signature]

Chairman

[Signature]

Director

[Signature]

Director

NRSP MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF BUSINESS

NRSP Microfinance Bank Limited (the Bank) was incorporated in Pakistan on October 22, 2008 as a public limited company under the Companies Ordinance, 1984. The Bank obtained license from the State Bank of Pakistan (SBP) on February 18, 2009 to operate, on nationwide basis, as a microfinance bank under Microfinance Institutions Ordinance, 2001. Certificate of commencement of business was issued by the Securities and Exchange Commission of Pakistan (SECP) on February 8, 2011 and certificate of commencement of business from SBP was received on February 28, 2011.

The Bank was established to mobilize funds for providing microfinance banking and related services to low income and underserved segment of society for mitigating poverty through providing access to financial markets at micro level.

The Bank's registered office is situated at 7th Floor, UBL Tower, Jinnah Avenue, Blue Area, Islamabad and principal place of business is situated at University Road, Bahawalpur. The Bank is operating 150 (2020: 154) as at the year end including 40 (2020: 40) Islamic branches.

National Rural Support Programme (NRSP) is holding company of the Bank which holds 57.40% (2020: 52.06%) shares of the Bank.

2 BASIS OF PRESENTATION

2.1 These financial statements have been presented in accordance with the requirements of Banking Supervision Department (BSD) Circular No. 11 dated December 30, 2003 issued by the State Bank of Pakistan (SBP).

2.2 The financial results of the Islamic Microfinance Division (IMD) of the Bank have been consolidated in these financial statements for reporting purpose, after eliminating inter-branch transactions/balances. Key figures of the IMD, derived from the related accounting records of the Bank, are disclosed as Annexure-II to these financial statements for disclosure purpose only to comply with the requirements of the license issued by the SBP to the Bank to commence Islamic microfinance operations. Further, the IMD results are to be separately reported upon for Shariah Compliance by the Shariah Advisor of the Bank as required by the SBP in conditions prescribed for the Bank to commence Islamic Microfinance operations.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for Banks/DFIs/MFIs. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Microfinance Institutions Ordinance, 2001 and the Companies Act, 2017; and
- Directives issued by the SBP and the SECP.

Wherever the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of the IFRSs or IFASs, the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, and said directives shall prevail.

Signature

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Additionally, the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2022. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

4 NEW AND REVISED STANDARDS AND INTERPETATIONS

4.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

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

	<u>Effective date (annual periods beginning on or after)</u>
IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendments)	July 1, 2009

IFRS 17 Insurance Contracts

January 1, 2022

4.3 Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

	<u>Effective date (annual periods beginning on or after)</u>
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 16 Property, plant and equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IAS 8 Accounting policies, changes in accounting estimates and errors' (Amendments)	January 1, 2023
IAS 12 Income taxes (Amendments)	January 1, 2023
IFRS 9 Financial instruments'	January 1, 2022*

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

* The SBP vide its BPRD Circular Letter No. 24 dated July 05, 2021 has notified the effective date of IFRS 9, 'Financial instruments' as January 1, 2022. IFRS 9, 'Financial instruments' has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk and the related implementation guidelines on IFRS 9 are awaited.

5 BASIS OF MEASUREMENT

5.1 These financial statements have been prepared under the historical cost convention except for certain investments carried at fair value and recognition of certain staff retirement benefits, liabilities against assets subject to finance lease which are stated at present value.

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5.2 These financial statements are presented in Pakistan Rupees (Rupees), which is the Bank's functional currency. All financial information presented in PKR has been rounded to the nearest of Rupees, unless otherwise stated.

6 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments/ estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/ estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the financial statements are discussed in following paragraphs:

a) Impairment of investments

Impairment in the value of investments is made after considering objective evidence of impairment. Provision for diminution in the value of investments is made as per the Regulations issued by SBP.

b) Advances

The Bank reviews its micro credit loan portfolio to assess amount of non-performing advances and provision required there against on regular basis. While assessing this requirement, the Regulations of SBP are also taken into consideration.

c) Operating fixed assets/ intangible assets

Estimates of residual values and useful lives of operating fixed assets and intangible assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation/ amortization charge and impairment loss. Changes in estimates are accounted for over the estimated remaining useful life of the assets.

d) Fair value of derivative financial instruments

The Company reviews the fair values of derivative financial instruments on a regular basis. Fair values are sensitive to changes in interest and foreign currency exchange rates, and if there is any change in interest and foreign currency exchange rates, the fair values are adjusted accordingly.

e) Employees' benefits

Employees' benefits include gratuity and compensated absences which are provided for on basis of actuarial valuation. Estimate is made on the basis of expected period of service of employees, expected increase in salary, discount rate and other demographic assumptions.

f) Lease liability against right-of-use asset under IFRS 16 'Leases'

Lease liability is initially measured as the present value of the lease payments, discounted using the Bank's incremental weighted average borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

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g) Provisions and contingencies

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. As actual outflows can differ from estimates due to changes in laws, regulations, public expectations, prices and conditions, and can take many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes. Further, the Bank also reviews the status of all the legal cases on a regular basis. Based on the expected outcome and consideration of opinion of its legal advisor, appropriate provision / disclosure is made.

h) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events would have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

i) Taxation

The Bank takes into account the current income tax law and decisions taken by the taxation authorities. Those amounts are shown as contingent liabilities wherein, the Bank's views differ from the views taken by the taxation authorities at the assessment stage and where the Bank considers that its views on items of material nature are in accordance with law.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Cash and cash equivalents

Cash and cash equivalents represent cash in hand, balances held with State Bank of Pakistan (SBP) and National Bank of Pakistan (NBP), balances held with other banks/ Non-Banking Financial Institutions (NBFIs) / Microfinance Banks (MFBs) and call money lendings carried at cost.

7.2 Financial instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or historical cost, as the case may be.

Other particular recognition methods adopted by the Bank are disclosed in the individual policy statements associated with each item of financial instruments.

a) Financial Assets

Financial assets are cash and balances with SBP and NBP, balances with other banks, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost. Investments are recognized as per note

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b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include borrowings and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the net profit and loss for the year in which it arises.

c) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

7.3 Sale and repurchase agreements

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

7.4 Investments

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date the Bank commits to purchase or sell the investment. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred or the Bank has transferred substantially all the risks and rewards of ownership.

Investments are classified into following categories:

a) Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These securities are required to be disposed off within 90 days from the date of their acquisition. After initial measurement, these are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by SBP.

b) Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any, and amortized cost is calculated taking into account effective interest rate method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Premium or discount on acquisition of held to maturity investments is amortized through profit and loss account over the remaining period till maturity.

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c) Available for sale

Investments which may be sold in response to need for liquidity or changes in interest rates, exchange rates or equity prices are classified as available for sale. Available for sale investments are initially recognized at cost and subsequently measured at fair value. Profit on available-for-sale investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The surplus / (deficit) arising on revaluation of available for sale investments is kept in "surplus/(deficit) on revaluation of assets" through statement of comprehensive income. The surplus/(deficit) arising on these investments is taken to profit and loss account, when actually realized upon disposal of the investment.

7.5 Advances

Advances are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs is suspended and credited to interest suspense account. Further the NPLs are classified into following categories as prescribed in the Regulations:

a) Other assets especially mentioned

These are advances, payments against which are overdue for 30 days or more but less than 60 days.

b) Substandard

These are advances, payments against which are overdue for 60 days or more but less than 90 days.

c) Doubtful

These are advances, payments against which are overdue for 90 days or more but less than 180 days.

d) Loss

These are advances, payments against which are overdue for 180 days or more.

In addition the Bank maintains a watch list of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification/ provisioning.

In accordance with the Regulations, the Bank maintains specific provision of outstanding principal net of cash collaterals and Gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

Other assets especially mentioned	Nil
Substandard	25% of outstanding principal net of cash collaterals
Doubtful	50% of outstanding principal net of cash collaterals
Loss	100% of outstanding principal net of cash collaterals

In addition to above, a general provision is made equivalent to 1% (2020: 1%) of the net outstanding balance (advances net of specific provisions) in accordance with the requirement of the Regulations.

General and specific provisions are charged to the profit and loss account in the period in which they occur.

Non-performing advances are written off one month after the loan is classified as "Loss". However, the Bank continues its efforts for recovery of the written off balances.

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7.5.1 Islamic financing and related assets

a) Murabaha

Receivable under Murabaha financing represent cost price plus an agreed markup on sale arrangement. Markup income is recognized on straight line basis over the tenure of financing period.

b) Ijarah

Ijarah financing represent arrangements whereby the Bank (being the owner of assets) transfers its usufruct to its customers for an agreed period at an agreed consideration. Assets leased out under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These assets are depreciated over the term of the Ijarah financing. Ijarah income is recognized on an accrual basis.

c) Diminishing Musharaka

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer.

7.6 Operating fixed assets

a) Capital work-in-progress

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

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the items and restoring the site on which they are located, if any. Property and equipments are recognized when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. Carrying amount of the replaced component is derecognized. All other repair and maintenance are charged to profit and loss account.

Depreciation is charged on the straight line at rates specified in note 13.2 to the financial statements, so as to write off the cost of assets over their estimated useful lives. Full month's depreciation is charged in the month of acquisition while no depreciation is charged in the month of disposal.

Gains and losses arising on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of fixed asset. Net gain is recognized within other income while net loss is recognized in administrative expenses in the profit and loss account.

c) Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives at rate specified in note 13.4 to the financial statements. Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

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(d) Right-of-use assets and their related lease liability

i) Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method as disclosed in note 13.3 to the financial statements . Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

ii) Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost as disclosed in note 19.5 to the financial statements. The finance cost is charged to the profit and loss account as Finance cost over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

7.7 Impairment

a) Non - financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is determined.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in prior years is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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b) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events has a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit and loss account.

7.8 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or below equity/ other comprehensive income in which case it is recognized in equity or below equity/ other comprehensive income.

Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to legal interpretation and decisions of superior appellate fora, and accordingly establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Instances where the Bank's view differs from the view taken by the income tax department at the assessment stage, the amounts are shown as contingent liabilities.

Current

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, taking into account tax credits, rebates and tax losses, if any, and any adjustment to tax payable in respect of previous years.

As these special purpose financial statements cover a different period than the Bank's normal financial year i.e. calendar year, thus the financial results are split on the basis of the respective tax periods and the tax provisions applicable thereto have been considered for calculating current tax.

Deferred

Deferred tax is accounted for on all major taxable temporary differences between the carrying amounts of assets for financial reporting purposes and their tax base. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. At each balance sheet date, the bank reassesses the carrying amount and the unrecognized amount of deferred tax assets.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply for the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted till the balance sheet date. Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus/ (deficit) arising on such revaluation.

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7.9 Employee benefits

The main features of the schemes operated by the Bank for its employees are as follows:

a) Defined benefit plan

i) Employees' gratuity fund

The Bank operates an approved funded gratuity fund for all its regular employees. The cost of providing benefits under the plan is determined using the projected unit credit actuarial valuation method. Estimate is made on the basis of expected period of service of employees, expected increase in salary, discount rate and other demographic assumptions. Six or more months of service is counted as one full year. Qualifying service period is two years. Gratuity is paid to employee upon leaving the bank's service and is calculated on basis of last drawn gross salary multiplied with numbers of years of service with the bank.

The most recent valuation for defined benefit plan was carried out as at December 31, 2021 by an independent actuary using the projected unit credit method. Actuarial gains and losses arising due to changes in defined benefit obligations are recognized immediately in other comprehensive income in order for the net asset or liability recognized in the balance sheet to reflect the full value of plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets is calculated by applying the discount rate to the net defined benefit liability or asset.

ii) Accumulated compensated absences

The Bank provides compensated absences to all its regular employees who are entitled to accumulate the unutilized privilege leaves up to 90 days (2020: 90 days). Provision for expected cost of accumulated compensated absences is charged to profit and loss account on the basis of actuarial valuations. The most recent valuation for defined benefit plan was carried out as at December 31, 2021 by an independent actuary using the projected unit credit method.

b) Defined contribution plan

The Bank operates an approved defined contribution provident fund for all permanent employees. Equal monthly contributions at the rate of 10% of basic salary are made by the employees and by the Bank to the fund.

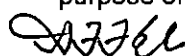
7.10 Reserves

a) Statutory reserve

In compliance with the Regulations, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is to be made till such time the reserve fund equals the paid up capital of the Bank. Thereafter, the contribution is to be reduced to 5% of the annual profit after tax.

b) Depositors' protection fund (DPF)

The Bank is required under the Microfinance Institutions Ordinance, 2001 to contribute 5% of annual after tax profit to DPF. Further, profits earned on investments of the fund are credited to DPF for the purpose of providing security or guarantee to specified persons for depositing money in the bank.



c) **Cash reserve**

In compliance with the related regulatory requirements, the Bank is required to maintain a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenor of less than 1 year) in a current account opened with the State Bank or its agent.

d) **Statutory liquidity requirement**

In compliance with the related regulatory requirements, the Bank is required to maintain liquidity equivalent to at least 10% of its total demand and time liabilities with tenor of less than one year in form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositor protection fund are excluded for the purpose of determining liquidity.

7.11 Grants

Grants that compensate the Bank for the cost of an asset are initially recognized in the balance sheet as deferred income when grant is received or there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it and are charged to the profit and loss account as other operating income on a systematic basis over the useful life of the asset. Grants that compensate the Bank for expenses are initially recognized as deferred income or receivable, depending upon the nature of grant arrangement and are recognized as income in the profit and loss account on a systematic basis in the same period in which the related expenses are incurred.

7.12 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue as at December 31, 2021.

7.13 Revenue recognition

a) **Markup / return / interest earned on advances**

Markup / income / return / service charges on advances is recognized on accrual / time proportion basis using effective interest rate method at the Bank's prevailing interest rates for the respective loan products. Markup/ income on advances is collected with loan instalments. Due but unpaid service charges / income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and recognition of unpaid service charges / income ceases. Further, accrued markup on non-performing advances are reversed and credited to suspense account. Subsequently, markup recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Application processing fee is recognized as income when service is performed.

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b) Income from investments

Mark-up / return on investments is recognized on time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, the related premiums or discounts are amortized through the profit and loss account over the remaining period of maturity of said investment.

Gain or loss on sale of securities is accounted for in the period in which the sale occurs.

c) Fee, commission and brokerage income

Fee, commission and brokerage income is recognized in the profit and loss to the extent of services rendered. Any advance payments received from customers for which services are yet to be rendered by the Bank, are recognized as contract liability in the financial statements.

d) Income on inter bank deposits

Income from interbank deposits in saving accounts are recognized in the profit and loss account using the effective interest method.

7.14 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

7.15 Off-setting

Financial assets and financial liabilities and tax assets and tax liabilities are only off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Bank intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

7.16 Foreign currencies translation

Transactions in foreign currencies are translated into Pak Rupee at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange approximating those ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account.

7.17 Provisions

A provision is recognized when, and only when, the Bank has a present obligation (legal or constructive) as a result of a 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 the obligation.

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	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
8 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		653,818,533	663,685,096
Balance with State Bank of Pakistan	8.1	1,020,600,234	1,201,939,362
Balance with National Bank of Pakistan in			
Current account		9,423,752	5,224,770
Deposit accounts	8.2	927,707,461	997,110,001
		<u>2,611,549,980</u>	<u>2,867,959,229</u>

8.1 This represents balance maintained with SBP to comply with requirements of Prudential Regulations for Microfinance Banks to maintain minimum cash reserve equivalent to not less than 5% (2020: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

8.2 These represent deposits with the National Bank of Pakistan payable on demand carrying mark-up/profit ranging from 5% to 9.5% (2020: 4% to 6.35%) per annum.

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
9 BALANCES WITH OTHER BANKS			
In Pakistan			
Local currency current accounts	9.1	31,471,011	105,515,784
Local currency deposit accounts	9.2	3,575,065,604	4,327,788,228
Local currency term deposits	9.3	3,200,000,000	500,000,000
		<u>6,806,536,615</u>	<u>4,933,304,012</u>

9.1 These represent deposits with commercial banks and Islamic banks payable on demand maintained in current account.

9.2 These represent deposits with commercial banks and Islamic banks payable on demand carrying mark-up/profit ranging from 6.70% to 14% (2020: 5% to 7.25%) per annum.

9.3 Local currency term deposits represent an amount of Rs 3,200 Million (2020: Rs 500 million) that carries mark-up/profit at the rate of 11.15% to 14.50% (2020: 9.5%) and is due to mature in January 2022.

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
10 LENDING TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse repo)	10.1 & 10.2	-	1,494,680,500
		<u>-</u>	<u>1,494,680,500</u>

10.1 These are secured against underlying Market Treasury Bills. The differential between the contracted rate and resale price is amortised over the period of related contracts and recorded under mark-up / return / interest earned. (2020: 7%)

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10.2 Securities held as collateral against lending to financial institutions

	Held by Bank	Further given as collateral	Total
As at December 31, 2021			
Market treasury bills	-	-	-
As at December 31, 2020			
Market treasury bills	1,500,000,000	-	1,500,000,000

	Note	2021 ----- Rupees -----	2020
11 INVESTMENTS - NET OF PROVISIONS			
Held to maturity			
Federal Government Securities			
Market treasury bills (MTBs)	11.1	1,999,565,729	1,824,767,302
Ijarah Sukuks	11.2	304,338,170	252,774,020
		2,303,903,899	2,077,541,322
Term Deposit Receipts (TDRs)	11.3	1,800,000,000	1,000,000,000
		4,103,903,899	3,077,541,322
Available for sale (AFS)			
Federal Government Securities			
Market treasury bills (MTBs)	11.4	2,680,949,900	5,559,985,099
(Deficit)/ surplus on revaluation of AFS investments		(2,638,100)	372,600
		2,678,311,800	5,560,357,699
		6,782,215,699	8,637,899,021

11.1 The T-Bills carry mark up at the rate of 7.38% to 9.75% (2020: 7.07% to 7.11%) per annum and are due to mature in January and February 2022. These also include investment held for the purposes of Depositors' Protection Fund with a carrying amount of Rs 266.408 million (2020: Rs 199.858 million) that carries markup at the rate of 8.18% (2020: 7.11%) per annum and is due to mature in January 2022.

11.2 Ijarah Sukuk carries mark up at the rate of 6.3% to 6.98% (2020: 6.3% to 6.6%) per annum and is due to mature in April, July and December 2025.

11.3 The TDRs carry mark-up at the rate of 11.50% to 13.50% (2020: 10.15%) per annum and are due to mature in June 2022 and December 2022.

11.4 The T-Bills carry mark up at the rate of 7.46% to 10.75% (2020: 7.09% to 7.15%) per annum and are due to mature in January, February and March 2022.

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12 ADVANCES - NET OF PROVISION

Loan type	Note	2021		2020	
		Number	Rupees	Number	Rupees
Micro credit		296,643	23,647,176,395	321,520	22,897,996,050
Islamic financing		19,588	7,200,336,415	22,099	6,391,843,703
		316,231	30,847,512,810	343,619	29,289,839,753
Less: Provision held					
Specific	12.1	30,969	(1,332,725,416)	11,944	(422,149,084)
General					
Mandatory @1%	12.2		(244,306,672)		(251,988,904)
Additional Provision	12.3		(2,091,664,707)		(683,280,229)
			(3,668,696,795)		(1,357,418,217)
Advances - net of provisions			<u>27,178,816,015</u>		<u>27,932,421,536</u>

12.1 Particulars of non performing loans

Advances include Rs 2,121.55 million (2020: Rs 1,242.29 million) which as detailed below, have been placed under non performing status.

Category of classification	2021			2020		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	Rupees			Rupees		
OAEM	87,961,116	-	-	360,870,373	-	-
Sub-Standard	44,331,669	10,312,770	10,312,770	112,396,535	27,373,697	27,373,698
Doubtful	1,323,628,008	657,755,432	657,755,432	739,430,188	365,545,398	365,545,398
Loss	665,629,586	664,657,199	664,657,199	29,594,989	29,229,989	29,229,989
	<u>2,121,550,379</u>	<u>1,332,725,401</u>	<u>1,332,725,401</u>	<u>1,242,292,085</u>	<u>422,149,084</u>	<u>422,149,085</u>

12.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1 % (2020: 1%) in accordance with the requirement of Prudential Regulations issued by the State Bank of Pakistan.

12.3 In the view of the business challenges posed by the COVID-19 outbreak, the management assessed various factors impacting the borrowers and businesses and based on that, carried General provision of Rs 2,092 million (2020: Rs 683.28 million) in addition to the statutory requirement of provision of the gross outstanding advances net of specific provisions and loans secured against gold or other collateral with appropriate margin. Management believes that the policies and guidelines, adopted by the Bank are adequate in circumstances and are being cautiously monitored for any further action required.

12.4 In December 2021 SBP AC&MFD has issued Circular Letter No 1 of 2021 for enabling MFBs by extending relief measures to the affected borrowers introduced some policy measures for MFBs to provide regulatory relief.

According to the circular the criteria for classification of assets and provisioning requirements shall be relaxed for Deferred and Restructured Portfolio (DRP) as per the following:

Category of classification	Determinant	Determinant
	(Existing)	(DRP)
OAEM	Loans (principal/mark-up) is overdue for 30 days or more but less than 60 days	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days
Sub-Standard	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days	Loans (principal/mark-up) is overdue for 90 days or more but less than 120 days
Doubtful	Loans (principal/mark-up) is overdue for 90 days or more but less than 180 days	Loans (principal/mark-up) is overdue for 120 days or more but less than 210 days
Loss	Loans (principal/mark-up) is overdue for 180 days or more	Loans (principal/mark-up) is overdue for 210 days or more

Accordingly, the bank has re-classified the outstanding DRP loans against the above categories, leading to a net benefit of Rs 495.275 million for the bank which relates to decrease in specific and general provision for the year by Rs.493.887 million and increase in income from Islamic financing by 1.339 million.

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12.5 Particulars of provision against non-performing advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	Rupees			Rupees		
Opening balance	422,149,084	935,269,133	1,357,418,217	141,715,892	256,433,405	398,149,297
Charge for the year	2,556,665,694	1,400,702,247	3,957,367,941	1,047,277,022	678,835,728	1,726,112,750
Amounts written off	(1,646,089,361)	-	(1,646,089,361)	(766,843,830)	-	(766,843,830)
Reversals	-	-	-	-	-	-
Closing balance	<u>1,332,725,417</u>	<u>2,335,971,380</u>	<u>3,668,696,797</u>	<u>422,149,084</u>	<u>935,269,133</u>	<u>1,357,418,217</u>

12.6 Particulars of advances written off	Note	2021	2020
		Rupees	
Against provisions		1,646,089,361	766,843,830
Directly charged to profit & loss account		30,403,454	15,255,294
		<u>1,676,492,815</u>	<u>782,099,124</u>

13 OPERATING FIXED ASSETS

Capital work-in-progress	13.1	8,300,582	38,586,143
Property and equipment	13.2	659,235,830	772,607,071
Right-of-use assets	13.3	619,063,593	774,557,327
Intangible assets	13.4	54,388,124	88,105,700
		<u>1,340,988,129</u>	<u>1,673,856,241</u>

13.1 Capital work-in-progress

Civil works	3,293,042	8,608,045
ATM machines installation	-	-
Implementation of Oracle Softwares	5,007,540	29,978,098
	<u>8,300,582</u>	<u>38,586,143</u>

2022

13.2 Property and equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book value as at December 31, 2021	Rate of depreciation (%)
	As at January 01, 2021	Additions	Disposal	As at December 31, 2021	As at January 01, 2021	Charge for the year	Disposal	As at December 31, 2021		
-----Rupees-----										
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	483,633,260	14,567,087	(2,256,168)	495,944,179	173,107,304	48,557,139	(1,708,123)	219,956,320	275,987,859	10
Office equipment	287,065,023	4,006,868	(3,305,912)	287,765,979	198,362,590	42,329,779	(3,163,009)	237,529,360	50,236,619	20
Computer equipment	406,010,426	31,608,967	(14,672,594)	422,946,799	355,600,808	43,518,213	(13,950,515)	385,168,506	37,778,293	33.33
Vehicles	95,958,470	333,486	(458,602)	95,833,354	51,532,457	14,353,111	(455,252)	65,430,316	30,403,038	20
	1,526,086,987	50,516,408	(20,693,276)	1,555,910,119	778,603,159	148,758,242	(19,276,899)	908,084,503	647,825,617	
Leased assets										
Vehicles	117,253,046	213,410	(815,089)	116,651,367	92,129,803	13,913,179	(801,828)	105,241,154	11,410,213	20
	1,643,340,033	50,729,818	(21,508,365)	1,672,561,486	870,732,962	162,671,421	(20,078,727)	1,013,325,657	659,235,830	

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book value as at December 31, 2020	Rate of depreciation (%)
	As at January 01, 2020	Additions	Disposal	As at December 31, 2020	As at January 01, 2020	Charge for the year	Disposal	As at December 31, 2020		
-----Rupees-----										
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	467,571,096	26,844,444	(10,782,280)	483,633,260	129,158,997	47,595,433	(3,647,126)	173,107,304	310,525,956	10
Office equipment	286,321,313	4,740,867	(3,997,157)	287,065,023	156,693,638	45,370,070	(3,701,118)	198,362,590	88,702,433	20
Computer equipment	397,670,508	12,573,735	(4,233,817)	406,010,426	290,506,001	68,765,212	(3,670,405)	355,600,808	50,409,618	33.33
Vehicles	94,630,860	1,327,610	-	95,958,470	36,610,146	14,922,311	-	51,532,457	44,426,013	20
	1,499,613,585	45,486,656	(19,013,254)	1,526,086,987	612,968,782	176,653,026	(11,018,649)	778,603,159	747,483,828	
Leased assets										
Vehicles	116,909,563	343,483	-	117,253,046	73,511,558	18,618,245	-	92,129,803	25,123,243	20
	1,616,523,148	45,830,139	(19,013,254)	1,643,340,033	686,480,341	195,271,271	(11,018,649)	870,732,962	772,607,071	

13.2.1 Cost of fully depreciated property and equipment that are still in use is Rs 395.75 million (2020: Rs Rs 345.19 million).

13.2.2 As required by BSD Circular No 11 of 2003, details of property and equipment disposed off during the year is disclosed in Annexure-I and forms integral part of these financial statements.

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	Note	2021	2020
		-----Rupees-----	
13.3 Right-of-use assets			
Opening balance		774,557,327	938,753,610
Additions during the period		95,196,169	127,415,732
Deletions during the year		(122,303,450)	(151,641,718)
Depreciation charged during the period		(128,386,453)	(139,970,297)
Net book value at the end		<u>619,063,593</u>	<u>774,557,327</u>
13.3.1 Right-of-use assets represents rental properties classified under IFRS-16.			
13.4 Intangible assets			
Computer softwares	13.4.1	<u>54,388,124</u>	<u>88,105,700</u>
13.4.1 Computer softwares			
Cost			
Opening balance		391,085,679	365,069,167
Additions during the year		20,337,533	26,016,512
Closing balance		<u>411,423,212</u>	<u>391,085,679</u>
Amortization			
Opening balance		(302,979,979)	(249,035,828)
Charge for the year		(54,055,109)	(53,944,151)
Closing balance		<u>(357,035,088)</u>	<u>(302,979,979)</u>
Net book value		<u>54,388,124</u>	<u>88,105,700</u>

13.4.2 Amortization is charged on straight line basis at the rate of 33.33% per annum, starting from the month the asset is available for use and no amortization is charged in month of disposal.

13.4.3 Cost of fully amortized intangible assets that are still in use is Rs 190.56 million (2020: Rs 275.58 million).

	Note	2021	2020
		-----Rupees-----	
14 OTHER ASSETS			
Income / mark-up accrued on			
Loans and Advances		4,783,706,943	4,266,118,482
Bank deposits		33,178,862	85,211,777
Lending to financial institutions		-	1,528,650
Advances to employees			
Personal advances - net of provision	14.1	129,977,628	148,724,994
Operational		1,339,505	2,564,551
Advances to suppliers		51,548,438	24,138,444
Prepayments		49,209,182	43,330,592
FED/Sales tax refundable		43,743,927	46,423,284
Fair value of derivative financial instrument		-	91,667,278
Insurance claims receivables		103,425,988	73,122,975
Crop and livestock insurance claims	14.2	124,789,123	317,365,745
Receivable from parent company		68,655	236,574
Others		114,830,303	84,270,083
		<u>5,435,818,554</u>	<u>5,184,703,430</u>
Less : Provisions held against classified other assets		-	-
Other assets - net of provisions		<u>5,435,818,554</u>	<u>5,184,703,430</u>

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- 14.1 The Bank provides advances & loans to its employees as per Bank's HR policies. Specific and general provision is charged against personal advances to employees in accordance with provisions of the Regulations as explained in note 7.5. Breakup of employee advances and provision held there against is as follow:

	Markup Rate		Amount	
	2021	2020	2021	2020
	Percentage		Rupees	
Advances against Salary	11.08%	13.73%	50,531,438	51,160,676
Advances for house	KIBOR + 1%	KIBOR + 1%	49,806,020	55,977,450
Advances for cars - note 14.1.1	5%	5%	25,519,268	35,342,347
Advances for motorbike - note 14.1.1	5%	5%	2,116,658	964,603
Other personal advances			2,004,244	5,279,918
			<u>129,977,628</u>	<u>148,724,994</u>
Less provision held				
Specific			-	-
General			-	-
			<u>129,977,628</u>	<u>148,724,994</u>

- 14.1.1 The loan for acquisition of personal vehicles represent present value of minimum lease payments in respect of vehicles leased by the Bank for its employees as per the Bank's policy. The interest rate inherent in the leases range from Kibor plus 1.5% (2020: Kibor plus 1.5%) per annum however interest rate charged to the employee is fixed at 5% (2020: 5%) per annum.
- 14.2 This represents claims for the amount of insurance premiums lodged with SBP under crop loan insurance scheme and livestock insurance scheme for borrowers of the Bank.

15	DEFERRED TAX ASSET - NET	2021	2020
		Rupees	
	Deferred tax asset arising on account of deductible temporary differences on:		
	Accelerated depreciation allowance - owned assets	14,871,423	1,594,532
	Lease liability	248,022,126	281,836,305
	Grants	1,388,246	3,591,506
	Un-realized exchange loss on borrowings	-	26,765,502
	Provision for non-performing loans	1,063,922,069	393,651,283
	Minimum tax	90,316,567	-
		<u>1,418,520,431</u>	<u>707,439,128</u>
	Deferred tax liability arising on account of taxable temporary differences on:		
	Accelerated depreciation allowance - leased assets	(182,837,404)	(231,907,365)
	Amortization on intangible assets	(17,928)	(8,861,594)
	Un-realized gain on derivative financial instrument	-	(26,583,511)
	Un-realised mark-up on Government Securities	(10,875,232)	(3,750,000)
		<u>(193,730,564)</u>	<u>(271,102,470)</u>
		<u>1,224,789,867</u>	<u>436,336,658</u>

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	2021		2020	
	No of accounts	Rupees	No of accounts	Rupees
16 DEPOSITS AND OTHER ACCOUNTS				
Conventional				
Current deposits	367,744	2,596,864,217	336,881	1,986,977,864
Saving deposits	785,532	8,375,368,196	794,398	9,445,938,775
Fixed term deposits	5,203	16,600,064,137	6,429	21,042,751,342
	<u>1,158,479</u>	<u>27,572,296,550</u>	<u>1,137,708</u>	<u>32,475,667,981</u>
Islamic				
Current deposits	57,654	917,616,091	50,970	936,264,992
Saving deposits	21,036	2,270,588,018	21,204	2,577,613,007
Fixed term deposits	3,196	3,366,237,599	2,508	3,295,003,033
	81,886	6,554,441,708	74,682	6,808,881,032
	<u>1,240,365</u>	<u>34,126,738,258</u>	<u>1,212,390</u>	<u>39,284,549,013</u>
16.1 Particulars of Deposits by ownership				
Individual depositors	1,236,995	15,484,956,552	1,209,534	15,232,223,488
Institutional depositors				
Corporation / firms etc.	3,178	14,163,150,168	2,699	18,636,030,920
Banks & financial institutions	192	4,478,631,538	157	5,416,294,605
	3,370	18,641,781,706	2,856	24,052,325,525
Total	<u>1,240,365</u>	<u>34,126,738,258</u>	<u>1,212,390</u>	<u>39,284,549,013</u>
16.2	Deposits include related parties balances amounting to Rs 2,501.18 million (2020: Rs 2,760.84 million) as disclosed in note 35.			
			2021	2020
			-----Rupees-----	
17 BORROWINGS		Note		
Borrowings from Banks / Financial Institutions				
In Pakistan		17.1	6,935,832,100	3,128,648,870
Outside Pakistan		17.2	-	267,294,834
			<u>6,935,832,100</u>	<u>3,395,943,704</u>
17.1 Borrowings from Banks / Financial Institutions in Pakistan				
Secured				
Pak Oman Investment Company Limited		17.1.1	-	55,555,552
Allied Bank Limited (Term Finance)		17.1.2	-	75,000,000
United Bank Limited (Running Finance)		17.1.3	400,000,000	-
Askari Bank Limited (Running Finance)		17.1.4	345,000,000	349,397,720
Allied Bank Limited (Running Finance)		17.1.5	195,583,900	199,585,723
Faysal Bank Limited (Running Finance)		17.1.6	-	449,952,085
National Bank of Pakistan (Running Finance)		17.1.7	1,000,000,000	999,160,165
Bank Alfalah Limited (Running Finance)		17.1.8	499,500,350	499,997,625
The Bank of Punjab (Running Finance)		17.1.9	-	500,000,000
Borrowing from Bank of Punjab (Term Finance)		17.1.10	500,000,000	-
Borrowing from Pakistan Mortgage Refinance Company Limited (Term Finance)		17.1.11	500,000,000	-
National Bank of Pakistan (Running Finance)		17.1.12	2,500,000,000	-
National Bank of Pakistan (Reverse Repo Borrowing)		17.1.13	995,747,850	-
			<u>6,935,832,100</u>	<u>3,128,648,870</u>

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- 17.1.1** The Bank entered into a loan agreement amounting to Rs 500 million with Pak Oman Investment Company Limited to finance its operations. The principal amount was repayable in nine equal semi-annual installments of Rs 55.55 million each commencing from June 30, 2017 and culminated in June 2021. Markup was chargeable at the rate of six months KIBOR+2.25% per annum and was payable on semi-annual basis.

This loan was secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.2** The Bank entered into a loan agreement amounting to Rs 200 million with Allied Bank Limited to finance its operations. The loan had a grace period of one year and principal amount was repayable in eight equal quarterly installments of Rs 25 million each commencing from December 2019 and culminated in September 2021. Markup was chargeable at the rate of three months KIBOR + 1.5% per annum payable on quarterly basis.

The loan was secured through a First Pari Passu charge with all prior charges on the present and future current assets of the Bank with 25% margin.

- 17.1.3** The Bank entered into a running finance facility agreement amounting to Rs 300 million with United Bank Limited to finance its operations. However, in February 2018 the facility was enhanced upto Rs. 750 million on the same terms and conditions as applicable to the earlier facility. The principal amount is repayable at the end of terms and carries markup at the rate of three month KIBOR+0.2% per annum. On October 28, 2021 money market loan amounting to Rs 400 million was availed at the rate of 3 months KIBOR+0.2%. (2020: Nil).

The loan was secured through a First Pari Passu charge with all prior charges on the present and future current assets of the Bank with 25% margin.

- 17.1.4** The Bank entered into running finance facility agreement amounting to Rs 350 million with Askari Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1% per annum payable on quarterly basis. The term of the loan was 1 year and commenced from September 26, 2018 and the facility is renewed every year. As at the period end, the facility has been availed upto Rs. 345 million (2020: Rs 349.397 million).

This facility is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.5** The Bank entered into running finance facility agreement amounting to Rs 200 million with Allied Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1 per annum payable on quarterly basis. The term of the loan was 1 year and commenced from September 24, 2018 and the facility is renewed every year. As at period end the facility has been availed upto Rs. 195.583 million (2020: Rs 199.585 million).

This facility is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.6** The Bank entered into running finance facility agreement amounting to Rs 500 million with Faysal Bank Limited to finance its operations. The principal amount was repayable at the end of the term and carried mark-up at the rate of three months KIBOR + 1% per annum payable on quarterly basis. The term of the loan was 1 year commencing from September 27, 2018 and the facility is renewed every year. As at the period end, the facility was fully repaid (2020: Rs 450 million).

This facility is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

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- 17.1.7** The Bank entered into running finance facility agreement amounting to Rs 1,000 million with National Bank of Pakistan to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 0.75% per annum payable on quarterly basis. The term of the loan was 1 year and commenced from December 26, 2018 and the facility is renewed every year. As at the period end, the facility has been availed by the Bank upto Rs. 1,000 million (2020: Rs 999 million).

This facility is secured against a demand promissory note and a First Pari Passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.8** The Bank entered into running finance facility agreement amounting to Rs 500 million initially with Bank Alfalah Limited on 31 March 2019 to finance its operations on Mark-up basis. The term of the loan was 455 days initially. The principal amount was repayable at the end of the term and carried mark-up @ 3 month Kibor + 1%. However the running finance facility was renewed on December 24, 2021. As at the year end, the facility has been availed upto Rs 499.5 million (2020 : Rs 499.99 million).

This facility is secured against a demand promissory note and a hypothecated ranking pari passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.9** The Bank entered into running finance facility agreement amounting to Rs 500 million with The Bank of Punjab to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 1.25% per annum payable on quarterly basis. The term of the loan is 1 year commencing from January 22, 2020 and renewed every year. As at the period end, the facility was fully paid (2020 : Rs 500 million).

This facility is secured against a demand promissory note and a hypothecated first pari passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.10** The Bank entered into a loan agreement amounting to Rs 500 million with The Bank of Punjab to finance its operations. The principal amount is repayable in five equal semi-annual installments of Rs 100 million each commencing from June 15, 2022 and culminating in June 2024. Markup is chargeable at the rate of six months KIBOR+1.5% per annum payable on semi-annual basis.

This loan is secured against a demand promissory note and a hypothecated ranking pari passu charge on the present and future current assets of the Bank with 25% margin.

- 17.1.11** The Bank entered into a loan agreement amounting to Rs 500 million with Pakistan Mortgage Refinance Company Limited to participate into Government Mark-up Subsidy Scheme and Credit Guarantee Scheme for the tenor of 10 years. The principal amount is repayable in 32 quarterly installments commencing from June 30, 2021 and culminating in June 30 2031. Markup rate is fixed for first five years it will be 6.50% and for next five years will be 8.50%.

This loan is secured against a charge on the present and future current assets of the Bank with 25% margin

- 17.1.12** The Bank entered into running finance facility agreement amounting to Rs 2,500 million with National Bank of Pakistan to participate in Government's scheme of Kamyab Pakistan Program for financing under Kamyab Kissan. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 0.5% per annum payable on quarterly basis. The term of the loan is 1 year commencing from December 31, 2021. As at the period end, the facility has been fully availed.

This loan is secured against a demand promissory note and a hypothecated First pari passu charge on the present and future current assets of the Bank with 25% margin. The charge is on 50% facility amount as 50% is secured through Government of Pakistan.

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17.1.13 This represent Repo Borrowing from;

National Bank of Pakistan at the rate of 10.55% amounting to Rs. 448.3 million (2020 : Nil) with maturity date of January 6, 2022.

National Bank of Pakistan at the rate of 10.25% amounting to Rs. 547.4 million (2020 : Nil) with maturity date of January 4, 2022.

	Note	2021	2020
		-----Rupees-----	
17.2	Borrowings from Banks / Financial Institutions outside Pakistan		
	ECO Trade & Development Bank	17.2.1	-
	Exchange Currency Swap - ECO Borrowing		-
			175,000,000
			92,294,834
			<u>267,294,834</u>

17.2.1 The Bank entered into a loan agreement amounting to USD 10 million with ECO Trade and Development Bank on January 30, 2017 and the loan amount was received on April 18, 2017. The loan had a grace period of one year and principal amount is repayable in six equal semi-annual installments of USD 1.7 million each which commenced from October, 2018 and culminated on April 2021. The loan carried markup at the rate of six month USD LIBOR plus a spread of 2.7% per annum. The Principal was repaid in April 2021 along with remaining markup and the exchange difference was set off against derivative Financial Asset and the balancing amount was realized in the Profit and loss.

The Bank had enter into a cross currency swap and interest rate swap agreement with JS Bank Limited on April 5, 2017 to mitigate any foreign currency risk and interest rate risk. The exchange currency swap related to Eco Borrowing was standing at Rs 92,294,834 at 31 December 2020 which was set off against exchange loss arising from ECO Trade & Development bank borrowing at the time of settlement.

	Note	2021	2020
		-----Rupees-----	
18	SUBORDINATED DEBT		
	KfW - Germany	18.1	672,360,000
	TFCs Subordinated Debt	18.2	770,000,000
			-
			<u>672,360,000</u>
			<u>1,442,360,000</u>

18.1 The Bank entered into a loan agreement with KfW - Germany, on December 29, 2014, (then a shareholder of the Bank), for an amount of EURO 6 million. The loan is intended to be availed as TIER-II subordinated debt for inclusion in the Bank's Supplementary Capital. The amount was translated into local currency at the exchange rate of Rs.112.06 and sub-ordinated debt of Rs 672,360,000 was recorded in the financial statements. Loan carries interest at rate of KIBOR + 3.5% per annum. Principal amount and interest is repayable in a bullet payment at the end of loan term by converting the principal and accrued markup into EUROS at the exchange rate prevalent as at June 30, 2023. All foreign currency risks in connection with the transaction rest with the KfW.

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18.2 This represents Rated, Unsecured, subordinated and privately placed Tier II Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Tier II - Term Finance Certificate
Outstanding amount in Rupees	770,000,000
Issue Amount	Rs 770 million
Issue Date	July 09, 2021
Maturity Date	July 09, 2028
Rating	"A-" (Single "A minus")
Security	Unsecured
Listing	Unlisted
Profit payment Frequency	Payable Quarterly
Redemption	Payable to investors in four equal quarterly installments during the last year of the issue.
Profit rate	Base rate plus 3% per annum
Call Option	Exercisable after obtaining written approval from SBP at any time on or after a period of 5 (five) years from the issue date.
Lock in Clause	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the issuer's Minimum Capital Requirement or Capital Adequacy Ratio or results in an increase in any existing shortfall in minimum requirement or capital adequacy ratio.
Loss Absorption Clause	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 28,573,878 shares as maximum number of shares to be issued by the issuer.

	Note	2021 -----Rupees-----	2020
19 OTHER LIABILITIES			
Mark-up / return / interest payable on			
Deposits and other accounts		860,878,751	911,892,686
Borrowings	19.1	523,089,286	457,549,283
Payable for employees' benefit plans			
Employees' gratuity fund	19.2	18,112,194	25,284,618
Accumulated compensated absences	19.3	188,806,773	184,654,329
Provident Fund	19.4	496,178	10,688,941
Payable to employees' - final settlement		581,951	3,543,730
Obligation under finance lease			
Company's vehicles	19.5	1,207,408	16,538,282
Vehicles sub-leased to employees'	19.5	833,861	8,728,547
Right-of-use asset	19.6	853,207,438	946,582,501
		855,248,707	971,849,330
Payable to suppliers		21,345,322	25,744,825
Withholding tax payable		36,618,325	28,769,985

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	Note	2021	2020
		-----Rupees-----	
Income tax payable		227,393,608	262,847,335
Workers' Welfare Funds	19.7	32,781,268	22,697,706
Accrued expenses		84,708,594	43,169,117
Security deposits against Islamic financing		594,122,062	558,954,858
Payable to the parent company		134,112,799	140,799,867
Insurance payable		19,693,934	33,250,371
Unearned / deferred income on Islamic financing		528,030,712	474,684,180
Unearned / deferred income on ATM and SMS services		225,033,171	45,003,675
Bills payable		169,001,720	95,967,403
Payable to Customer Against Insurance Claims		45,573,362	26,914
Payable to Banks/FIsDFIs/NGOs		18,497,305	69,700
Others		12,685,448	404,444
		<u>4,596,811,470</u>	<u>4,297,853,297</u>

19.1 This includes markup payable amounting to Rs 474.37 million (2020: Rs 399.10 million) in respect of subordinated loan from a shareholder.

19.2 Employees' gratuity fund

The latest actuarial valuation was carried out at December 31, 2021 on the basis of which, amounts recognised in financial statements in respect of employees' gratuity fund as at December 31, 2020 are as follow:

	2021	2020
	-----Rupees-----	
i) Amounts recognized in the balance sheet		
Present value of defined benefit obligation	441,354,925	419,223,177
Fair value of plan assets	(457,889,083)	(426,003,872)
Benefits due but not paid	34,646,352	32,065,313
Net liability	<u>18,112,194</u>	<u>25,284,618</u>
ii) Amounts recognized in the profit and loss account		
Current service cost	96,674,706	95,599,579
Interest cost	35,635,838	38,590,714
Expected return on plan assets	(41,535,378)	(10,435,052)
	<u>90,775,166</u>	<u>123,755,241</u>
iii) Remeasurements chargeable to other comprehensive income		
Actuarial (gains)/ losses from changes in demographic assumptions	-	11,001,426
Actuarial (gains)/ losses from changes in financial assumptions	3,226,440	(2,900,778)
Experience adjustments	(5,950,431)	(15,497,239)
Return on plan assets, excluding interest income	9,650,167	1,240,129
	<u>6,926,176</u>	<u>(6,156,462)</u>
iv) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	419,223,177	364,433,735
Current service cost for the year	96,674,706	95,599,579
Interest cost for the year	35,635,838	38,590,714
Adjustment for opening payables	14,832	(289,036)
Benefits due but not paid	(23,539,311)	(23,791,810)
Benefits paid during the year	(83,930,326)	(47,923,414)
Remeasurements:		
Actuarial losses from changes in demographic assumptions	-	11,001,426
Actuarial Losses/ (gains) from changes in financial assumptions	3,226,440	(2,900,778)
Experience adjustments	(5,950,431)	(15,497,239)
Closing defined benefit obligation	<u>441,354,925</u>	<u>419,223,177</u>

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	2021	2020
	-----Rupees-----	
v) Changes in fair value of plan assets		
Opening fair value of plan assets	426,003,872	88,808,949
Contributions	-	328,000,000
Interest income on plan assets	41,535,378	10,435,052
Return on plan assets, excluding interest income	(9,650,167)	(1,240,129)
Closing fair value of plan assets	<u>457,889,083</u>	<u>426,003,872</u>
vi) Changes in net liability as follows:		
Opening defined benefit obligation	25,284,618	304,390,486
Amounts recognized in the profit and loss account	90,775,166	123,755,241
Remeasurements chargeable in other comprehensive Income	6,926,176	(6,156,462)
Contributions	-	(328,000,000)
Benefits paid directly by the bank	(104,873,766)	(68,704,647)
	<u>18,112,194</u>	<u>25,284,618</u>

vii) Plan assets of the staff gratuity fund comprise of only term deposits with the Bank. The bank ensures that the investment positions are managed to match the assets with retirement benefit obligations by investing in long term fixed interest securities having maturities that match the benefit payments as they fall due. The Bank actively monitors that duration and expected yield of the investments are matching the expected cash outflows arising from retirement benefit plan obligations. The bank has not changed the processes used to manage its risks from the previous periods.

viii) Significant actuarial assumptions were as follows

The Projected Unit Credit Method using the following significant assumptions was used for the valuation:

	2021	2020
Discount rate - per annum	9.75%	11.75%
Expected rate of increase in salaries - per annum	10.75%	8.75%
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Average expected remaining working life of employees	9 years	9 years

ix) Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the defined benefit obligation at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation Effect of 1%	
	Increase	(Decrease)
	-----Rupees-----	
Expected impact of change in discount rate	(35,743,042)	42,345,401
Expected impact of change in rate of increment in salaries	43,659,550	(37,537,118)

x) Based on actuarial advice, expense to be charged in profit and loss account during financial year 2022 in respect of employees' gratuity scheme is estimated to be Rs 83.6 million.

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19.3 Accumulated compensated absences

All employees of the bank are entitled to earned leaves of thirty days every year. Earned leaves can be accumulated upto fifteen days each year upto a maximum of ninety days. Unutilized leaves are encashed on basis of gross salary upon leaving the service with the Bank. Amount recognised in the financial statements in respect of accumulated compensated absences on basis of actuarial valuation as at December, 2021 are as follows:

	2021	2020
	-----Rupees-----	
i) Amounts recognized in the balance sheet		
Present value of accumulated compensated absences	171,317,038	168,869,242
Benefits due but not paid	17,489,734	15,785,087
Net liability	<u>188,806,772</u>	<u>184,654,329</u>
ii) Amounts recognized in the profit and loss account		
Current service cost	22,226,560	25,712,622
Adjustment for opening payables	139,634	18,317
Interest cost	12,648,811	6,102,694
Remeasurement adjustment	14,179,063	16,008,782
	<u>49,194,068</u>	<u>47,842,415</u>
iii) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	168,869,242	151,481,402
Current service cost for the year	22,226,560	25,712,622
Adjustment for opening payables	139,634	18,317
Interest cost for the year	14,179,063	16,008,782
Benefits due but not paid	(11,062,164)	(11,233,130)
Benefits paid during the year	(35,684,108)	(19,221,445)
Actuarial loss due to change in demographic assumptions	-	4,493,224
Actuarial Losses/ (gain) due to change in financial assumptions	1,295,089	(1,210,664)
Experience adjustment	11,353,722	2,820,134
Closing defined benefit obligation	<u>171,317,038</u>	<u>168,869,242</u>

iv) Significant actuarial assumptions were as follows:

Discount rate - per annum	9.75%	11.75%
Expected rate of increase in salaries - per annum	10.75%	8.75%
Mortality rate	SLIC 2001- 2005	SLIC 2001- 2005
Average expected remaining working life of employees	9 years	6 years
Average number of leaves accumulated - per annum	15 days	15 days

v) Sensitivity Analysis

The calculation of the accumulated compensated absences is sensitive to assumptions set out above. The following table summarizes how the accumulated compensated absences at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation Effect of 1%	
	Increase	(Decrease)
	-----Rupees-----	
Expected impact of change in discount rate	(13,441,828)	15,932,861
Expected impact of change in rate of increment in salaries	15,399,181	(13,175,229)

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19.4 Defined contribution plan

The bank operates a recognised provident fund for all its regular employees for which equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund.

Details of the provident fund based on its audited financial statements for the year ended December 31,2021 are as follows:

	2021 (Audited)	2020 (Audited)
	-----Rupees-----	
Size of the fund	619,404,738	581,623,550
Cost of investments made	576,430,271	547,322,137
Fair value of investments made	576,430,271	547,322,137
%age of investments made	93.06%	94.10%

Breakup of investment - at cost	2021 (Audited)		2020 (Audited)	
	Rupees	Percentage	Rupees	Percentage
Term deposits with banks	440,000,000	76.33%	440,000,000	80.39%
Saving deposits with banks	136,430,271	23.67%	107,322,137	19.61%
	<u>576,430,271</u>	<u>100.00%</u>	<u>547,322,137</u>	<u>100.00%</u>

Investments out of provident funds include placement with the bank as disclosed in note 35.

19.5 Obligation under finance leases

The Bank has acquired certain vehicles under finance leases. The average lease term is 3 to 5 years. The Bank has option to purchase the vehicles for a nominal amount at the end of the lease term. The Bank's obligations under finance leases are secured by the lessor's title to the leased assets.

Interest rates underlying obligation under finance leases are fixed at Kibor plus 1.5% (2020: Kibor plus 1.5%) p.a.

	2021	2020
	-----Rupees-----	
Finance lease liabilities against vehicles		
<i>Minimum lease payments:</i>		
Not later than one year	2,300,820	18,024,234
Later than one year but not later than five years	205,543	10,725,453
	<u>2,506,363</u>	<u>28,749,687</u>
Less: Finance cost allocated to future period	(465,094)	(3,482,858)
	<u>2,041,269</u>	<u>25,266,829</u>
<i>Present value of minimum lease payments</i>		
Not later than one year	1,841,269	15,390,009
Later than one year but not later than five years	200,000	9,876,820
	<u>2,041,269</u>	<u>25,266,829</u>

19.6 Lease liability on Right-of-use assets:

Opening lease liability	946,582,501	1,010,048,627
Additions during the period	95,196,169	127,415,732
Deletions during the period	(118,077,525)	(141,138,932)
Finance cost on lease liability on Right-of-use assets	122,725,203	133,150,378
Payment of lease liability on Right-of-use assets	(193,218,910)	(182,893,304)
Net book value at the end	<u>853,207,438</u>	<u>946,582,501</u>

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	2021	2020
	-----Rupees-----	
19.7 Workers' Welfare Fund		
Sindh Workers' Welfare Fund	12,048,308	7,428,446
Punjab Workers' Welfare Fund	15,269,260	15,269,260
KPK Workers' Welfare Fund	5,463,700	-
Total Payable	<u>32,781,268</u>	<u>22,697,706</u>

20 SHARE CAPITAL

20.1 Authorized capital

2021	2020		2021	2020
-----Number-----			-----Rupees-----	
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>

20.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
-----Number-----			-----Rupees-----	
<u>149,837,201</u>	<u>149,837,201</u>	Ordinary shares of Rs 10 each fully paid in cash	<u>1,498,372,010</u>	<u>1,498,372,010</u>

20.3 The shareholders of the Bank are as follows:

2021	2020		2021	2020
-----Number-----			-----Rupees-----	
85,999,550	77,999,550	NRSP	859,995,500	779,995,500
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
-	23,837,201	KfW Germany	-	238,372,010
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
-	8,000,000	Acumen Capital Markets I. LLP	-	80,000,000
23,837,201	-	PROPARCO France	238,372,010	-
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalullah Qureshi	1,500	1,500
150	150	Dr. Rashid Bajwa	1,500	1,500
<u>149,837,201</u>	<u>149,837,201</u>		<u>1,498,372,010</u>	<u>1,498,372,010</u>

20.4 During the year, Acumen Capital Markets I. LLP has sold its shareholding in the Bank to National Rural Support Programme (NRSP) and KfW Germany also sold its shareholding in the Bank to PROPARCO (a subsidiary of the French Development Agency) in the month of July 2021.

20.5 The Bank of Punjab (BOP) has informed Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan vide letter HO/Corp.Affairs/21/848 dated December 29, 2021 that the Board of Director of BOP has taken an in-principle decision to explore the possibility of acquiring a strategic stake in NRSP Microfinance Bank Limited from the Natural Rural Support Program together with any other shareholder of NRSP Bank interested in selling its shares to BOP. Bank of Punjab has entered into a memorandum of understanding (MoU) with NRSP in this regard. The management of Bank of Punjab (BOP), authorized by the board of directors, will get approvals from regulatory authorities to pursue its plan of purchasing shares in NRSP Microfinance Bank Limited.

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	Note	2021	2020
		-----Rupees-----	
21 DEFERRED GRANTS			
Opening balance		12,384,504	3,457,323
Grants received/receivable from			
SBP	21.1	2,390,890	2,094,910
KfW	21.2	3,294,561	42,669,711
Karandaz	21.3	7,500,000	7,578,870
		13,185,451	52,343,491
Interest income on Grant from Karandaz		205,984	-
Amortization of grants during the year		(20,988,885)	(43,416,310)
		<u>4,787,054</u>	<u>12,384,504</u>

- 21.1** This represents grant received from State Bank of Pakistan (SBP) under the Financial Innovation Challenge Fund (FICF) for activities related to establishment of Islamic Banking.
- 21.2** This represents grant received under an agreement with KfW-Germany (previously a shareholder of the Bank) through Economic Affairs Division of Government of Pakistan for the purpose of institutional strengthening , to develop and strengthen its overall strategy and planning process, internal procedures, banking functions, product offerings and staff capacities of the Bank.
- 21.3** This represents grant received from Karandaz Pakistan for financial inclusion of women at village level by introducing female agents. The main purpose is to provide a new window of earning opportunity for women, while also fostering financial inclusion and ecosystem development in accordance with relevant provisions of agreement.

22 MEMORANDUM / OFF BALANCE SHEET ITEMS

22.1 Contingencies

- i) For the tax year 2012, 2013, 2014 and 2015, the Assistant/Deputy Commissioner Inland Revenue raised tax demands amounting to Rs 17.67 million for alleged default in withholding / collecting of tax. The Bank filed appeals before the Commissioner Inland Revenue (Appeals) [CIR (A)] on which, the CIR (A) has remanded back the case pertaining to tax years 2012, 2013, 2014 and 2015 with certain directions to process under the relevant provision of the law. Further, the appeal effect order for tax year 2015 was issued by tax authorities that resulted in net tax refund of Rs 3.17 million against Rs 5.20 million recovered under section 161(1B) of the Income Tax Ordinance, 2001 (the Ordinance). The appeal effect orders with respect to tax years 2012, 2013 and 2014 have not been passed by the Inland Revenue department till date.
- ii) The income tax assessment for the tax years 2013 and 2014 were amended by the Additional Commissioner Inland Revenue (ADCIR) by making certain disallowances and add backs including, apportionment of income and expenses between exempt and taxable period, disallowance of provision against non performing loans, bad debts written off etc. and created an aggregate tax demand of Rs 362.34 million. The Bank filed appeal against the order of ADCIR before CIR (A) who remanded the case back to ADCIR for reassessment. The Bank has preferred appeal against the decision of CIR (A) before the Appellate Tribunal, Inland Revenue (ATIR). The appeals stand heard by ATIR however order of the ATIR is awaited.
- iii) The income tax assessment for the tax year 2014 was amended by the ACIR and tax demand of Rs 22.96 million was raised by making certain disallowances and add backs including, mark-up paid to AJK Rural Support Programme, mark-up paid to PPAF, provision against non-performing loans and advances and net actuarial loss on re-measurement of employees' retirement benefits. The bank filed appeal with the CIR (A) who decided the issues with respect to mark-up paid to PPAF and net actuarial loss on re-measurement in favour of the Bank. However on the issue of provision against non-performing loan, the CIR (A) has remanded the case back with certain directions. Re-assessment proceedings have been initiated which are underway.
- iv) For the tax year 2015 and 2016, the ADCIR issued notices to the Bank for levy of super tax for an amount of Rs 34 million for each of the above tax years. In this respect, the Bank preferred a writ petition before the Honourable Lahore High Court (LHC) on legal grounds and was granted stay by the LHC against the proceedings till disposal of the case by the LHC, subject to deposit of 10% of the tax demand raised and which was duly deposited by the Bank. The petition is pending for adjudication.

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- v) The Inland Revenue authorities issued show cause notice under section 161/205 of the Ordinance for the Tax Year 2016 in order to verify the withholding compliance. Requisite information was provided. The ACIR has raised demand of Rs 45.62 million on account of short deduction of tax. Major heads on which short deduction of tax was detected are vehicle running and maintenance; rent charges; fixed assets and mark-up on deposit. The Bank filed rectification application to allow tax credit on mark up on deposit which was not allowed by the ACIR while concluding the assessment. The rectification application is partially accepted and total demand under this order was rectified to Rs 14.09 million. The bank filed appeal before CIR (A) which has been decided against the Bank. The Bank has filed appeal before the ATIR against the order of the CIR (A) which is pending adjudication to date.
- vi) The income tax assessment for the tax year 2018 was amended by the Assessing Officer Inland Revenue, whereby net tax demand of Rs 52.30 million was raised. Major issues on which assessment was amended include disallowing the difference between provision against non-performing loans and actual write-offs against the aforesaid provision, partial disallowance of accounting gain on sale of assets, disallowance of charge for employees' leave encashment scheme and disallowance for foreign tax credit. The Bank has filed appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] which has been decided against the bank. The bank has filed appeal before the ATIR against order of the CIR (A) which is pending adjudication till date.
- vii) The income tax assessment for the tax year 2016 was amended by the ADCIR whereby net tax demand of Rs 103.86 million was raised. Major issues on which assessment was amended are apportionment of expenses between income covered under normal tax regime (NTR) and final tax regime (FTR), disallowance of bad debts written off, disallowance of provision against non performing loans and advances, reconciliation difference between bad debts written off and provision against non-performing loans, disallowance of minimum tax brought forward, disallowance of prior years' tax refunds and wrong application of tax rate on taxable income so worked out. The Bank has filed appeal before CIR (A) who decided the issues with respect to disallowance of bad debts written off and reconciliation of differences between bad debts written off and provision against non-performing loans in favour of NRSP Bank. However, the issue of apportionment of expenses between NTR and FTR and disallowances of provision against non-performing loans and advances, the CIR(A) has remanded the case back. The remad back proceedings have been initiated by the tax authorities which are underway.
- viii) The income tax assessment for the tax year 2017 was amended by the ADCIR and tax demand of Rs 21.76 million was raised which was mainly on account of disallowance of provision for non-performing loan/ advances. The bank has already paid the amount of Rs 21.76 million and has filed appeal with the CIR (A) where demand has been deleted by CIR(A) in favor of the Bank. Being aggrieved with the decision of CIR (A), the Inland Revenue department has filed an appeal before ATIR which is pending adjudication to date.
- ix) Tax authorities of the Punjab Revenue Authority (PRA) have passed the Order in Original NO NRSP/2020 dated February 03, 2020 whereby demand for Punjab Sales Tax amounting to Rs 86.40 million and penalty of Rs 86.40 million have been raised for alleged inadmissible claim of input tax credit without apportionment between taxable services i.e. fee, commission and brokerage income and non-taxable services i.e. mark-up receipts during the financial years 2012, 2013, 2014, 2015 and 2018. The Bank has preferred appeal against the order along with stay application before the Commissioner (Appeals) PRA which is pending disposal.
- x) For the tax period 2016 and 2017 PRA issued notices in relation to unlawful adjustment of input tax amounting to Rs 69.16 million. Bank challenged the notice before the Lahore High Court (LHC) on the constitutional jurisdiction of PRA whereby the LHC has granted interim stay against the operation of the notice.
- xi) The Inland Revenue authorities have concluded the tax audit proceedings initiated under section 177 of the Ordinance for the Tax Year 2015. Expenses in nature of training, meeting and conferences, markup, provision against non-performing loans and actuarial loss on employee's retirement benefit were partially disallowed thereby raising tax demand of Rs 8.55 million. The Bank being aggrieved with the decision filed appeal before CIR (A). Appeal has been heard by the CIR(A) and order is awaited.
- xii) The Bank is defending its stance in various tax proceedings before federal and provincial regulators for which proceedings are not yet culminated.

The management, based on the opinion of its legal counsels, believes that the above mentioned matters are most likely to be decided in favour of the Bank at superior appellate forums and further charge is not required to be recognised and carried in these matters in the financial statements.

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22.2 Commitments:

There are no known material capital and other commitments as at December 31, 2021 (2020: Nil).

	Note	2021 -----Rupees-----	2020
23 MARK-UP / RETURN / INTEREST EARNED			
Interest / mark-up on			
Advances		5,566,750,267	6,920,935,062
Lending to financial institutions		68,158,846	104,534,498
Investments in government securities		498,442,471	240,178,073
Deposits accounts, placements with other bank / financial institutions		506,840,122	306,120,465
Employees' loan		12,862,163	8,941,819
Profit on Islamic financing		1,335,981,579	1,271,534,664
Income from Government Subsidy Scheme		303,022	-
		<u>7,989,338,470</u>	<u>8,852,244,581</u>
24 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	24.1	2,847,797,672	2,985,894,908
Profit Sharing Islamic Deposits		525,542,539	383,392,082
Borrowings	24.2	289,441,783	414,890,932
Amortization of loan processing fee on borrowings		3,359,312	4,628,743
Finance lease charges of leased vehicles		1,175,448	6,730,495
Finance lease charges of Right-of-use assets	19.6	122,725,203	133,150,378
Other costs of deposits		5,025	87,058
		<u>3,790,046,982</u>	<u>3,928,774,596</u>
24.1	Mark-up expense on deposits includes amount of Rs 221.44 million (2020: 168.79 million) in respect of deposit account balances of related parties as disclosed in note 35.		
24.2	It includes an amount of Rs 115.37 million (2020: Rs 94.51 million) in respect of markup expense on subordinated loan from a shareholder.		
	Note	2021 -----Rupees-----	2020
25 FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee on advances		380,527,216	475,137,891
Other banking services fee		94,650,024	116,599,296
Commission Income		9,652,643	6,507,101
		<u>484,829,883</u>	<u>598,244,288</u>
26 OTHER INCOME - NET			
Investment income- Capital Gains on T-Bills		122,463	143,744
Amortization of deferred grant	21	20,988,885	43,416,310
(Loss)/ gain on disposal of fixed assets - Annexure I		1,758,776	(6,469,592)
Unrealized loss on derivative financial instrument		(14,573,523)	(191,473,139)
Unrealized exchange gain on borrowings		12,714,334	156,943,167
Written-off advances recovered		566,329,828	467,691,187
Loss on termination of lease arrangements		(4,225,925)	(10,502,786)
Other services income		18,304,341	18,877,625
		<u>601,419,179</u>	<u>478,626,516</u>

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	Note	2021 -----Rupees-----	2020
27 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	27.1	1,747,117,422	1,658,367,744
Charge for defined benefit plans		139,969,234	171,597,656
Contribution for defined contribution plan		85,329,896	67,001,200
Non-Executive directors' fee		4,145,506	3,865,428
Trainings		6,291,312	32,224,224
Legal and professional charges		69,839,696	48,524,096
Communication		72,867,397	66,724,474
Postage, courier etc.		11,222,538	9,763,020
Verification fee	27.2	21,413,711	22,496,299
Repair and maintenance		28,852,067	26,683,044
Stationary and printing		44,929,928	42,983,344
Advertisement and publicity		5,487,620	4,397,300
Depreciation	13.2	162,671,421	195,271,270
Amortization of Right-of-use assets	13.3	128,386,453	139,970,297
Amortization of intangibles	13.4	54,055,108	53,944,151
Staff travel		15,163,534	11,026,586
Fuel and power		84,719,754	74,947,809
Vehicle running and maintenance		21,754,463	25,347,197
Office supplies		8,003,733	7,244,255
Meetings and conferences		22,026,827	17,512,105
Utilities		75,506,132	64,860,174
Flex Cube Maintenance Fee		78,719,608	62,616,389
Insurance expenses		121,358,580	149,085,614
Security and administration		111,778,330	106,473,134
Donations	27.3	276,682	77,987
Auditor's remuneration	27.4	5,197,216	8,760,260
Corporate social responsibility		276,134	278,597
Credit Guarantee Expense		12,682	-
Miscellaneous expenses		22,661,880	24,708,909
		<u>3,150,034,864</u>	<u>3,096,752,563</u>

27.1 This includes incentives paid to employees amounting to Rs. 209.6 million (2020: 128.39 million) in respect of deposits, client retention, recoveries and disbursement targets.

27.2 This includes verification charges of National Database and Registration Authority (NADRA) for verisys and eCIB charges of SBP.

27.3 This represents donations to Social Welfare and Bait-ul-Maal, Bahawalpur. The directors / executives of the Bank, or their spouses have no interest in the donee.

	2021 -----Rupees-----	2020
27.4 Auditor's remuneration		
Annual audit	1,089,000	1,089,000
Interim review	550,000	550,000
Special purpose financial statements and group reporting	1,530,100	2,478,500
Special certifications etc.	1,862,100	4,152,950
Out of pocket expenses	166,016	489,810
<i>SHFAL</i>	<u>5,197,216</u>	<u>8,760,260</u>

		2021	2020
		-----Rupees-----	
28	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	102,000	11,000
	Provision for Workers' Welfare Funds	28.1 10,083,562	17,956,322
		<u>10,185,562</u>	<u>17,967,322</u>
28.1	Provision for Workers' Welfare Funds		
	Sindh Workers' Welfare Fund	4,619,862	2,878,529
	Punjab Workers' Welfare Fund	-	15,077,793
	KPK Workers' Welfare Fund	5,463,700	-
		<u>10,083,562</u>	<u>17,956,322</u>
29	TAXATION		
	Current tax		
	Current year	157,811,097	555,483,687
	Prior year	-	-
		<u>157,811,097</u>	<u>555,483,687</u>
	Deferred tax	(788,453,208)	(204,665,961)
		<u>(630,642,111)</u>	<u>350,817,726</u>
29.1	Reconciliation of average tax rate and applicable tax rate		
	Applicable tax rate	<u>29.00</u>	<u>29.00</u>
	Effect of change in rate	-	-
	Income charged at different tax rate	(3.22)	(2.81)
	Penalties	0.00	-
	Remeasurement	(0.11)	0.16
	Turnover tax charge for the year @1.5%	(4.85)	-
	Others	13.03	4.34
	Average effective tax rate	<u>33.86</u>	<u>30.69</u>
30	(LOSS) / EARNINGS PER SHARE	2021	2020
	(Loss)/ profit after taxation	Rupees <u>(1,231,809,160)</u>	<u>793,435,134</u>
	Weighted average ordinary shares	Number <u>149,837,201</u>	<u>149,837,201</u>
	Basic and diluted (loss) / earning per share	Rupees <u>(8.22)</u>	<u>5.30</u>
31	CASH AND CASH EQUIVALENTS	Note	2021
			2020
			-----Rupees-----
	Cash and balances with SBP and NBP	8	2,611,549,980
	Balances with other banks / NBFIs / MFBS	9	6,806,536,615
			<u>9,418,086,595</u>
			<u>7,801,263,241</u>

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32	NUMBER OF EMPLOYEES FOR THE YEAR ENDED DECEMBER 31, 2021	Credit/ sales staff	Banking /support staff	Total
		----- Number -----		
	Permanent	1,423	704	2,127
	Temporary / contractual	227	61	288
		<u>1,650</u>	<u>765</u>	<u>2,415</u>
	Daily wagers	45	336	381
		<u>1,695</u>	<u>1,101</u>	<u>2,796</u>
	For the year ended December 31, 2020			
	Permanent	1,510	853	2,363
	Temporary / contractual	261	112	373
		<u>1,771</u>	<u>965</u>	<u>2,736</u>
	Daily wagers	96	329	425
		<u>1,867</u>	<u>1,294</u>	<u>3,161</u>

33 NUMBER OF BRANCHES/SERVICE CENTRES

	2021		2020	
	Branches	Service centers	Branches	Service centers
	----- Number -----		----- Number -----	
Branches at beginning of the year	154	-	154	-
Add: Opened during the year	-	-	-	-
Less: Closed / merged during the year	(4)	-	-	-
As at end of the year	<u>150</u>	<u>-</u>	<u>154</u>	<u>-</u>

33.1 These include 40 (2020: 40) branches of the Bank's Islamic Microfinance Division.

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	President / CEO		Executives	
	2021	2020	2021	2020
	-----Rupees-----		-----Rupees-----	
Short-term employee benefits				
Fees / Managerial remuneration	10,263,276	10,263,276	187,566,323	182,942,372
Rent and house maintenance	4,618,476	4,618,476	84,404,863	82,324,331
Utilities	1,026,324	1,026,324	18,756,710	18,294,449
Conveyance	1,026,324	1,026,324	18,756,710	18,294,449
Medical	77,962	73,813	7,139,881	4,659,192
Other allowances	-	-	22,100,587	15,119,373
Leave encashment	705,600	705,600	12,629,321	12,204,218
Incentives	-	-	49,213,031	37,769,699
Termination benefits				
Charge for defined benefit plan	1,411,200	1,411,200	26,575,793	25,681,300
Contribution to defined contribution plan	1,026,324	1,026,324	17,987,383	17,117,478
	<u>20,155,486</u>	<u>20,151,337</u>	<u>445,130,602</u>	<u>414,406,861</u>
Number of persons	<u>1</u>	<u>1</u>	<u>176</u>	<u>168</u>

In addition to the above, President / CEO and certain other executives are provided with the Bank maintained car in accordance with their terms of employment.

Non-executive directors of the Bank were not paid any remunerations except the fee for attending meetings for an aggregate amount of Rs 4.15 million (2020: Rs 3.87 million). Boarding / lodging expenses incurred for such meetings were borne by the Bank.

Executives mean employees, other than President / CEO and directors, whose basic salary exceeds five hundred thousand rupees in a year.

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35 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

35.1 The Bank is a subsidiary of National Rural Support Program (NRSP) which holds 57.4% (2020: 52%) share capital of the Bank. Therefore, all subsidiaries and associated undertakings of NRSP are related parties of the Bank. Shareholders including IFC, PROPARGO France, Acumen Fund USA as well as former shareholders including KfW Germany and Acument Capital Markets I. LLP, the staff retirement benefits, directors, key management personnel which include CEO and Head of Departments (HOD's) and entities under common directorship are related parties of the Bank. Remuneration to directors, President/CEO and executives is disclosed in note 34 to these financial statements. All transactions involving related parties are subject to the approval of the Board of Directors. Significant transactions with the related parties other than those referred to in the foregoing entered into during the year are as follows:

		2021	2020
		-----Rupees-----	
Transactions during the year:	Relationship with related party		
National Rural Support Program (NRSP)	Parent Company		
Payment including lease rentals/ advance rent		15,486,248	4,147,257
Payment of profit on deposits		3,149	-
KfW Germany	Associated Company		
Subordinated loan received		-	-
Markup accrued on sub-ordinated loan		75,280,227	94,513,272
Grant received		2,136,026	1,153,526
Institute of Rural Management (IRM)	Parent Company's Subsidiary		
Funds deposited		20,989,368	431,116,310
Funds withdrawn		20,433,439	642,450,654
Payment of profit on deposits		30,480	11,007,121
Employees' Gratuity Fund	Employees' Trust		
Funds deposited		-	328,000,050
Funds withdrawn		-	-
Payment of profit on deposits		30,254,535	8,691,948
Expense charged in respect of gratuity fund		95,971,557	123,755,241
Employees' Provident Fund Trust	Employees' Trust		
Funds deposited including terms deposit roll overs		742,785,658	1,033,975,458
Funds withdrawn including term deposits maturity		746,385,819	996,009,176
Payment of profit on deposits		34,644,266	53,932,252
Bank's contribution paid to the fund		65,563,947	67,001,200
Expense charged in respect of employer's contribution		65,563,947	67,001,200
Employees' Welfare Trust	Employees' Trust		
Funds deposited		12,933,174	8,977,662
Funds withdrawn		20,583,439	2,661,776
Payment of profit on deposits		3,208,975	2,689,686
Employee Housing Colony	Employees' Trust		
Funds deposited		2,467,696	1,377,000
Funds withdrawn		2,732,143	1,715,538
Payment of profit on deposits		76,627	127,695
NRSP Contributory Provident Fund	Parent Company's Employees' Trust		
Funds deposited		1,959,173,005	1,148,570,426
Funds withdrawn		2,035,687,849	1,083,270,426
Payment of profit on deposits		65,022,494	43,769,887
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust		
Funds deposited		2,368,760,263	1,523,260,263
Funds withdrawn		2,439,932,594	1,442,260,263
Payment of profit on deposits		83,248,526	44,475,203

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		2021	2020
		-----Rupees-----	
NRSP Natural Resource Management	Parent Company's Project		
Funds deposited		-	423,770
Funds withdrawn		577,727	186,157
Payment of profit on deposits		3,672	3,361
Rural Support Programmes Network (RSPN)	Common Directorship		
Funds deposited		-	-
Funds withdrawn		-	-
Payment of profit on deposits		542	607
Pakistan Microfinance Network	Common Directorship		
Funds deposited		-	-
Funds withdrawn		-	-
Profit on deposits		-	-
NRSP Green Forest Private Limited	Parent Company's Subsidiary		
Funds deposited		-	-
Funds withdrawn		-	-
Profit on deposits		34,531	33,897
NRSP Agriculture Processing (Pvt) LTd	Parent Company's Subsidiary		
Funds deposited		209,254,888	820,380,254
Funds withdrawn		528,487,175	801,433,908
Profit on deposits		4,912,025	4,057,448
Dubai Islamic Bank Limited (DIBL)	Common Directorship		
Funds deposited with DIBL		4,271,206,629	4,979,034,932
Funds withdrawn from DIBL		5,321,171,695	3,795,841,175
Profit on deposits received from DIBL		53,322,796	27,294,221
Silk Bank Limited (SBL)	Common Share holder		
Funds deposited with SBL		2,875,000,000	50,000,116
Funds withdrawn from SBL		2,500,004,718	543,002,295
Profit on deposits received from SBL		32,336,051	3,500,787
Bank Alfalah (BAFL)	Common Share holder		
Funds deposited with BAFL		700,348	502,322,945
Funds withdrawn from BAFL		700,348	502,326,334
Call money lending to BAFL		1,045,000,000	6,290,000,000
Call money repayments received from BAFL		1,045,000,000	6,290,000,000
Profit on call money lending received from BAFL		364,829	2,289,411
Reverse repo lending to BAFL		21,813,878,515	23,357,626,775
Reverse repo repayments received from BAFL		22,810,587,515	22,360,917,775
Profit on reverse repo lending received from BAFL		26,538,245	26,795,445
Balances outstanding as at December 31, 2021			
Payable to NRSP	Parent Organisation	132,318,127	140,799,867
Sub-ordinated Debt from KfW	Shareholder	672,360,000	672,360,000
Markup accrued on Sub-ordinated Debt from KfW	Shareholder	474,376,211	399,095,983
Bank balance with Dubai Islamic Bank Limited	Common Directorship	236,214,574	1,232,856,846
Markup receivable from Dubai Islamic Bank Limited	Common Directorship	1,948,027	6,127,501

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		2021	2020
		-----Rupees-----	
Payable to employees' gratuity fund	Employees' Trust	18,112,194	25,284,618
Payable to staff leave encashment fund	Employees' Trust	188,806,772	184,654,329
Receivable from employees' provident fund	Employees' Trust	496,178	10,688,941
Balance Maintained with Silk Bank Limited	Common Share holder	408,042,648	711,316
Markup receivable from Silk Bank Limited	Common Share holder	-	-
Balance Maintained with Bank Alfalah Limited	Common Share holder	-	-
Call Money Lending to Bank Alfalah Limited	Common Share holder	-	996,709,000
Borrowings from Bank Alfalah Limited	Common Directorship	499,500,350	499,997,625
Pakistan Microfinance Network	Common Directorship	-	-

Deposits accounts contain amounts relating to following related parties:

Institute of Rural Management (IRM)	Parent Company's Subsidiary	1,638,488	1,052,078
Employees' Gratuity Fund	Employees' Trust	456,258,407	426,003,872
Employees' Provident Fund Trust	Employees' Trust	576,430,271	549,588,695
Employees' Welfare Trust	Employees' Trust	33,267,878	37,709,167
Employee Housing Colony	Employees' Trust	1,086,161	1,273,982
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	641,706,666	653,199,016
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	762,520,737	750,444,542
NRSP Rohi Handlooms	Parent Company's Project	3,393	3,211
NRSP Natural Resource Management	Parent Company's Project	146,121	720,177
Rural Support Programmes Network (RSPN)	Common Directorship	9,920	9,378
Pakistan Microfinance Network	Common Directorship	-	-
National Rural Support Programme	Parent Organisation	53,916	50,766
NRSP Green Forest (Pvt) Limited	Parent Company's Subsidiary	637,754	89,600
NRSP Agriculture Processing Company Limited	Parent Company's Subsidiary	76,167	314,396,430
Key management personnel		23,137,709	26,296,735

36 FAIR VALUE MEASUREMENT

The fair value of traded investments is based on quoted market prices, except for securities classified by the Bank as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 7.5 to these financial statements.

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

The Bank 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).

a) Financial instruments in level 1

Currently, no financial instruments are classified in level 1.

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b) Financial instruments in level 2

Currently, no financial instruments are classified in level 2.

c) Financial instruments in level 3

Financial instruments included in level 3 comprised of derivative financial assets which was settled during the year.

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

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

	Level 1	Level 2	Level 3
	-----Rupees-----		
December 31, 2021			
Financial assets measured at fair value			
Held for trading mutual funds	-	-	-
Fair value of derivative financial instruments	-	-	-
	-----	-----	-----
	-----	-----	-----
December 31, 2020			
Financial assets measured at fair value			
Held for trading mutual funds	-	-	-
Fair value of derivative financial instruments	-	-	91,667,278
	-----	-----	-----
	-----	-----	91,667,278

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and inputs used
Fair value of derivative financial instrument	Fair value of derivative financial instruments is determined by discounting estimated future cash flows that are based on the respective currency's yield curve.
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37 SCHEDULE OF MATURITY OF MARKET RATE ASSETS AND LIABILITIES

	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
----- Rupees -----					
As at December 31, 2021					
Market rate assets					
Advances - net of provision	27,178,816,015	2,776,904,538	14,378,483,002	4,663,757,687	5,359,670,788
Lending to financial institutions	-	-	-	-	-
Investments	6,782,215,699	3,001,640,729	2,876,236,801	600,000,000	304,338,170
Balances with NBP on saving deposits	927,707,461	927,707,461	-	-	-
Balances with other banks on saving deposits	6,775,065,604	6,775,065,604	-	-	-
Total market rate assets	41,663,804,779	13,481,318,331	17,254,719,803	5,263,757,687	5,664,008,958
Other non-earning assets					
Cash and balances with SBP and NBP	1,683,842,519	1,683,842,519	-	-	-
Balances with other banks on current accounts	31,471,011	31,471,011	-	-	-
Operating fixed assets	1,340,988,129	-	-	-	1,340,988,129
Other assets	5,435,818,554	894,579,042	2,399,969,428	488,883,386	1,652,386,698
Deferred tax asset	1,224,789,867	-	-	-	1,224,789,867
Total non-earning assets	9,716,910,080	2,609,892,572	2,399,969,428	488,883,386	4,218,164,694
Total assets	51,380,714,859	16,091,210,903	19,654,689,231	5,752,641,073	9,882,173,652
Market rate liabilities					
Deposits and other accounts	30,612,257,950	12,459,539,827	8,265,827,781	6,257,801,086	3,629,089,256
Finance lease obligation	855,248,707	-	-	-	855,248,707
Subordinated loan	1,442,360,000	-	-	-	1,442,360,000
Borrowings	6,935,832,100	5,935,832,100	100,000,000	100,000,000	800,000,000
Total market rate liabilities	39,845,698,757	18,395,371,927	8,365,827,781	6,357,801,086	6,726,697,963
Other non-cost bearing liabilities					
Current deposits	3,514,480,308	3,514,480,308	-	-	-
Other liabilities	3,741,562,763	835,408,405	1,473,207,042	334,641,064	1,098,306,252
Total non-cost bearing liabilities	7,256,043,071	4,349,888,713	1,473,207,042	334,641,064	1,098,306,252
Total liabilities	47,101,741,828	22,745,260,640	9,839,034,823	6,692,442,150	7,825,004,215
Net Assets	4,278,973,031				
Represented by					
Share capital	1,498,372,010				
Statutory reserve	815,766,515				
Depositors' protection fund	269,646,194				
Unappropriated profit	1,693,039,358				
Surplus / (Deficit) on revaluation of assets	(2,638,100)				
Deferred grants	4,787,054				
Total capital	4,278,973,031				

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37.1 SCHEDULE OF MATURITY OF MARKET RATE ASSETS AND LIABILITIES

	Total	Upto one month	Over one month upto six months	Over six months upto one year	Over one year
----- Rupees -----					
As at December 31, 2020					
Market rate assets					
Advances - net of provision	27,932,421,536	3,982,678,297	16,365,522,850	4,195,109,707	3,389,110,682
Lending to financial institutions	1,494,680,500	1,494,680,500	-	-	-
Investments	8,637,899,021	-	7,385,125,001	1,000,000,000	252,774,020
Balances with NBP on saving deposits	997,110,001	997,110,001	-	-	-
Balances with other banks on saving deposits	4,827,788,228	4,827,788,228	-	-	-
Total market rate assets	43,889,899,286	11,302,257,026	23,750,647,851	5,195,109,707	3,641,884,702
Other non-earning assets					
Cash and balances with SBP and NBP	1,870,849,228	1,870,849,228	-	-	-
Balances with other banks on current accounts	105,515,784	105,515,784	-	-	-
Operating fixed assets	1,673,856,241	-	-	-	1,673,856,241
Other assets	5,184,703,430	833,913,132	3,251,128,481	424,864,657	674,797,160
Deferred tax asset	436,336,658	-	-	-	436,336,658
Total non-earning assets	9,271,261,341	2,810,278,144	3,251,128,481	424,864,657	2,784,990,059
Total assets	53,161,160,627	14,112,535,170	27,001,776,332	5,619,974,364	6,426,874,761
Market rate liabilities					
Deposits and other accounts	36,361,306,157	13,079,160,941	10,955,397,390	5,774,281,897	6,552,465,929
Finance lease obligation	971,849,330	1,424,496	7,271,889	6,693,624	956,459,321
Subordinated loan	672,360,000	-	-	-	672,360,000
Borrowings	3,395,943,704	-	372,850,385	3,023,093,319	-
Total market rate liabilities	41,401,459,191	13,080,585,437	11,335,519,664	8,804,068,840	8,181,285,250
Other non-cost bearing liabilities					
Current deposits	2,923,242,856	2,923,242,856	-	-	-
Other liabilities	3,326,003,967	730,557,919	655,063,756	230,434,974	1,709,947,318
Total non-cost bearing liabilities	6,249,246,823	3,653,800,775	655,063,756	230,434,974	1,709,947,318
Total liabilities	47,650,706,014	16,734,386,212	11,990,583,420	9,034,503,814	9,891,232,568
Net Assets	5,510,454,613				
Represented by					
Share capital	1,498,372,010				
Statutory reserve	815,766,515				
Depositors' protection fund	253,792,881				
Unappropriated profit	2,929,766,103				
Surplus / (Deficit) on revaluation of assets	372,600				
Deferred grants	12,384,504				
Total capital	5,510,454,613				

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38 CAPITAL MANAGEMENT

The Bank's objectives when managing its capital are:

- a) To comply with the capital requirements set by the SBP;
- b) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c) To maintain a strong capital base to support the development of its business.

The Bank intends to maintain the required regulatory capital either through its risk management strategies or by increasing the capital in line with the business and capital needs. Bank is expecting to receive new capital injection of Rs 1 billion from parent by June 30, 2022.

39 GENERAL

39.1 Account captions, as prescribed by BSD Circular No. 11, dated December 30, 2003, in the context of which there are no amounts, have not been reproduced in these financial statements, except for the captions of the balance sheet and profit and loss account.

39.2 Corresponding figures have been re-arranged and reclassified for more appropriate presentation where necessary

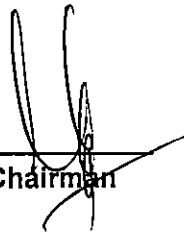
40 DATE OF APPROVAL

These financial statements were approved and authorised by the Board of Directors of the Bank in their meeting held on April 15, 2022

W.F.S.L.



President/ Chief Executive



Chairman



Director



Director

NRSP MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Details of property and equipment disposed off during the year as referred to in Note 13.2.2 of financial statements:

Particulars of Assets	Cost	Depreciation	Book Value	Sale Proceed	Gain/Loss	Mode of disposal	Party
Motor Vehicles-Owned							
70 CC - Bike (Reg # BRK-08-7156, Eng # 4459047, Chassis # JC 677862)	35,882	35,882	-	5,000	5,000	Assets Auction	Shahid Husain
70 CC - Bike (Reg # BRK-14-8362, Eng # 6185416, Chassis # JE-847559)	72,885	72,885	-	25,900	25,900	Insurance Claim	Insurance Claim
70 CC - Bike (Reg # BRK-14-8376, Eng # 6187989, Chassis # JE-852063)	72,885	72,885	-	26,400	26,400	Insurance Claim	Insurance Claim
70 CC - Bike (Reg # BRL-17-8773, Eng # 9496951, Chassis # JH-277517)	67,000	63,650	3,350	36,364	33,014	Assets Auction	M Rizwan Naeem
70 CC - Bike (Reg # BRM-12-2872, Eng # 5694797, Chassis # JE 144976)	69,575	69,575	-	7,863	7,863	Assets Auction	Shahid Husain
70 CC - Bike (Reg # BRO-14-7295, Eng # 6362012, Chassis # JG-094795)	72,990	72,990	-	24,500	24,500	Insurance Claim	Insurance Claim
70 CC - Bike (Reg # BRO-16-9985, Eng # 9339378, Chassis # JH-087960)	67,385	67,385	-	36,800	36,800	Assets Auction	Irshad Ahmad
	458,602	455,252	3,350	162,827	159,477		
Motor Vehicles-Leased							
70 CC - Bike (Reg # BRK-15-6875, Eng # 6427154, Chassis # JG-183713)	69,900	69,900	-	23,200	23,200	Insurance Claim	Insurance Claim
70 CC - Bike (Reg # BRN-15-7234, Eng # 6941226, Chassis # CA420423)	69,785	69,785	-	27,900	27,900	Assets Auction	Irshad Ahmad
796 CC - Mehran Car (Reg # BR-16-973, Eng # PKB659514, Chassis # SB308PK01198107)	675,404	662,143	13,261	575,404	562,143	Insurance Claim	Insurance Claim
	815,089	801,828	13,261	626,504	613,243		
Office Equipment							
Air Condition Dawalance 1.5 ton	40,350	40,350	-	3,919	3,919	Assets Auction	Shahid Husain
Air Cooler	8,300	8,300	-	2,500	2,500	Assets Auction	Muhammad Qasim
Ceiling Fan (Super Asia)	4,800	4,800	-	4,769	4,769	Assets Auction	Muhammad Ishfaq
DC Inverter Orient 1 Ton	180,000	155,700	24,300	44,319	20,019	Assets Auction	Shahid Husain
DC Inverter Orient 1.5 Ton	72,000	63,600	8,400	9,973	1,573	Assets Auction	Shahid Husain
Electric Gheezer	12,964	12,964	-	1,500	1,500	Assets Auction	Muhammad Shabir
Electric Kettle	2,280	1,178	1,102	15,000	13,898	Assets Auction	Muhammad Shabir
Fax Machine Panasonic - 983	10,189	10,189	-	1,500	1,500	Assets Auction	Muhammad Shabir
Floor Standing (Acson 2 Ton)	65,202	65,202	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Floor Standing AC 2 Ton	103,600	103,600	-	3,919	3,919	Assets Auction	Shahid Husain
Generator (Honda)	47,047	47,047	-	6,000	6,000	Assets Auction	Shahid Husain
Loose Note Counting Machine (KZ-5100)	473,984	430,539	43,445	92,000	48,555	Assets Auction	Muhammad Shabir
Loose Note Counting Machine (YY-5100)	21,500	21,500	-	4,000	4,000	Assets Auction	Muhammad Shabir
Oppo A 3s Mobile Phone (Rai Khalid Aream Nagaer Okara 06035)	20,000	15,555	4,445	4,445	-	Cleared to Staff Member	Rai Khalid
Packet Note Binding Machine	75,300	75,300	-	15,634	15,634	Assets Auction	Muhammad Shabir
Packet Note Binding Machine (BJ-26A)	63,060	58,357	4,703	15,636	10,933	Assets Auction	Muhammad Shabir
Packet Note Binding Machine (D-307)	34,260	34,260	-	8,000	8,000	Assets Auction	Muhammad Shabir
Packet Note Binding Machine (KXZB-2)	220,000	185,165	34,835	32,000	(2,835)	Assets Auction	Muhammad Shabir
Packet Note Binding Machine (TC-310)	70,800	70,800	-	14,817	14,817	Assets Auction	Muhammad Shabir
Packet Note Binding Machine B10I	20,900	20,900	-	4,000	4,000	Assets Auction	Muhammad Shabir
Refrigerator Dawalance	34,800	34,800	-	7,000	7,000	Assets Auction	Majid Husain
Refrigerator PEL	39,800	39,800	-	9,000	9,000	Assets Auction	Majid Husain
Refrigerator (Dawalance)	4,306	4,306	-	9,000	9,000	Assets Auction	Majid Husain
Room Air Cooler	3,647	3,647	-	2,500	2,500	Assets Auction	Muhammad Qasim
Split AC	41,557	40,022	1,535	14,773	13,238	Assets Auction	Muhammad Ishfaq
Split AC (Dawalance)	21,076	21,076	-	14,772	14,772	Assets Auction	Muhammad Ishfaq
Split AC (Haier 1 Ton)	33,312	33,312	-	14,772	14,772	Assets Auction	Muhammad Ishfaq
Split AC (Haier 2 Ton)	126,125	126,125	-	29,545	29,545	Assets Auction	Muhammad Ishfaq
Split AC (Haier)	36,808	36,808	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Split AC (Orient 1 Ton)	49,493	49,493	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Split AC (Orient 1 Ton)	44,800	44,800	-	14,772	14,772	Assets Auction	Muhammad Ishfaq
Split AC (Orient 2 Ton)	101,500	101,500	-	17,042	17,042	Assets Auction	Shahid Husain
Split AC (Orient 2 Ton)	72,293	72,293	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Split AC 1 Ton Orient	75,748	75,748	-	29,544	29,544	Assets Auction	Muhammad Ishfaq
Split AC 1.5 Ton	98,395	98,395	-	6,807	6,807	Assets Auction	Shahid Husain
Split AC 1.5 Ton (Media)	49,970	49,970	-	14,772	14,772	Assets Auction	Muhammad Ishfaq
Split AC 1.5 Ton Orient	100,000	100,000	-	7,838	7,838	Assets Auction	Shahid Husain
Split AC Orient 1 Ton	61,275	61,275	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Split Dawalance 1.5 Ton	25,141	25,141	-	14,773	14,773	Assets Auction	Muhammad Ishfaq

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Particulars of Assets	Cost	Depreciation	Book Value	Sale Proceed	Gain/Loss	Mode of disposal	Party
Split Hier 1.5 Ton	40,545	40,545	0	29,546	29,546	Assets Auction	Muhammad Ishfaq
Stabilizer 7000 watt	7,505	7,505	-	1,069	1,069	Assets Auction	Majid Husain
Tower AC 2 Ton	83,528	83,528	-	14,773	14,773	Assets Auction	Muhammad Ishfaq
Water Dispenser	47,678	47,678	-	8,525	8,525	Assets Auction	Muhammad Ishfaq
Water Dispenser (Homage)	6,357	6,357	-	1,864	1,864	Assets Auction	Muhammad Ishfaq
Water Dispenser (Orient)	199,743	199,743	-	27,960	27,960	Assets Auction	Muhammad Ishfaq
Water Dispenser Homage	6,982	6,982	-	1,865	1,865	Assets Auction	Muhammad Ishfaq
Xiomi Redme Note 9 S Mobile Phone (Faisal Iqbal Audit) 01756	25,000	4,861	20,139	20,139	-	Cleared to Staff Member	Faisal Iqba
Yamaha Generator 5 KVA	321,992	321,992	-	9,919	9,919	Assets Auction	Shahid Husain
Sub-total :	3,305,912	3,163,009	142,903	680,366	537,462		
Furniture and Fixtures							
ATM Pole Board	20,000	7,832	12,168	-	(12,168)	As per Inter Office Memo	Muhammad Qasim
Aura Low Back	10,544	10,544	-	1,500	1,500	Assets Auction	Muhammad Qasim
Bracket Fan	6,100	1,830	4,270	2,400	(1,870)	Assets Auction	Muhammad Ishfaq
Bracket Fan (Al Sheikh)	2,000	900	1,100	1,200	100	Assets Auction	Muhammad Ishfaq
Bracket Fan (Royal 18" Copper)	2,728	2,091	637	1,500	863	Assets Auction	Muhammad Ishfaq
Bracket Fan 18"	2,473	2,058	415	1,200	785	Assets Auction	Muhammad Ishfaq
Bracket Fan 18" G.F.C Mosa Colony dispensory	3,050	1,169	1,881	1,200	(681)	Assets Auction	Muhammad Ishfaq
Bracket Fan 18" Royal	6,550	2,565	3,985	2,400	(1,585)	Assets Auction	Muhammad Ishfaq
Bracket Fan 18" SK Fan	10,440	3,915	6,525	3,600	(2,925)	Assets Auction	Muhammad Ishfaq
Cash Safe (Small)	46,122	46,122	-	24,393	24,393	Assets Auction	Muhammad Qasim
Cash Safe 36" x 24" x 24"	40,500	22,275	18,225	12,196	(6,029)	Assets Auction	Muhammad Qasim
Ceiling Fan (Pak)	26,528	19,673	6,855	9,600	2,745	Assets Auction	Muhammad Ishfaq
Ceiling Fan (Super Asia)	6,200	2,790	3,410	2,400	(1,010)	Assets Auction	Muhammad Ishfaq
Ceiling Fan 48" (Pak)	3,278	1,366	1,912	2,000	88	Assets Auction	Muhammad Ishfaq
Chair (Revolving)	2,829	2,829	-	750	750	Assets Auction	Muhammad Qasim
Chair Manager Medlum Back	27,990	22,159	5,831	11,757	5,926	Assets Auction	Muhammad Qasim
Chair With Steel Stand	2,282	2,282	-	750	750	Assets Auction	Muhammad Qasim
Computer Chair	2,488	2,488	-	750	750	Assets Auction	Muhammad Qasim
Computer Chair Hydraulic Base	3,618	3,618	-	750	750	Assets Auction	Muhammad Qasim
Cot	6,900	1,553	5,347	5,400	53	Assets Auction	Muhammad Qasim
Drawer (Wooden)	8,000	6,599	1,401	2,000	599	Assets Auction	Muhammad Qasim
Exhaust Fan 10" SK Fan	5,000	1,875	3,125	2,400	(725)	Assets Auction	Muhammad Ishfaq
Fire Proof Cabinet	23,892	23,892	-	12,197	12,197	Assets Auction	Muhammad Qasim
Heavy Duty Shelf	10,169	6,844	3,325	6,500	3,175	Assets Auction	Muhammad Qasim
Iron Grill	30,185	26,160	4,025	5,000	975	Assets Auction	Muhammad Shabir
IT Racks (18U Networking Equipment)	18,190	5,154	13,036	4,500	(8,536)	Assets Auction	Majid Husain
IT Racks (18U Networking Equipment) For Pakpattan	9,095	2,728	6,367	1,500	(4,867)	Assets Auction	Majid Husain
IT Racks (9U Networking Equipment)	31,689	29,578	2,111	6,000	3,889	Assets Auction	Majid Husain
Link Chair	16,558	16,558	-	6,300	6,300	Assets Auction	Muhammad Qasim
Low Base Office Chair (Hydraulic Base)	72,518	72,518	-	6,000	6,000	Assets Auction	Muhammad Qasim
Manager Chair	23,800	9,911	13,889	6,588	(7,301)	Assets Auction	Muhammad Qasim
Master Aura (Visitor Chair)	6,230	6,230	-	750	750	Assets Auction	Muhammad Qasim
Master Aura LBC	54,527	54,527	-	6,750	6,750	Assets Auction	Muhammad Qasim
Master Aura VC	91,243	91,243	-	14,250	14,250	Assets Auction	Muhammad Qasim
Master Office Chair	11,296	11,296	-	1,500	1,500	Assets Auction	Muhammad Qasim
Master Visitor Chair	21,461	21,461	-	2,250	2,250	Assets Auction	Muhammad Qasim
Medium Back Manager Chair	38,000	34,518	3,482	11,338	7,856	Assets Auction	Muhammad Qasim
Motor Pump	13,800	12,046	1,754	3,919	2,165	Assets Auction	Muhammad Shabir
Office Chair	27,300	18,815	8,485	6,750	(1,735)	Assets Auction	Muhammad Qasim
Office Chairs (Revolving)	4,097	4,097	-	750	750	Assets Auction	Muhammad Qasim
Office Table	15,407	15,407	-	2,000	2,000	Assets Auction	Muhammad Qasim
Padistal Fan	2,296	2,296	-	1,200	1,200	Assets Auction	Muhammad Ishfaq
Pedistal Fan 24"	4,760	4,760	-	2,200	2,200	Assets Auction	Muhammad Ishfaq
Revolving Chair	20,837	20,837	-	2,250	2,250	Assets Auction	Muhammad Qasim
Sign Board (Back Lit Board)	21,600	10,980	10,620	11,976	1,356	Assets Auction	Muhammad Shabir
Single Sofa	2,750	1,306	1,444	1,500	56	Assets Auction	Muhammad Shabir
Steel Chairs for RO	2,700	2,700	-	750	750	Assets Auction	Muhammad Qasim
Steel Table	3,110	3,110	-	3,919	3,919	Assets Auction	Muhammad Qasim
Table Full Formica Fancy 4/2x2	2,404	2,404	-	1,000	1,000	Assets Auction	Muhammad Ishfaq
Visitor Chair	12,800	6,081	6,719	15,676	8,957	Assets Auction	Muhammad Qasim

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Particulars of Assets	Cost	Depreciation	Book Value	Sale Proceed	Gain/Loss	Mode of disposal	Party
Visitor Chair (Steel Stand)	18,000	15,150	2,850	15,676	12,826	Assets Auction	Muhammad Qasim
Renovation Expenses of Gojra Branch	393,195	352,666	40,529	-	(40,529)	Assets Written-Off	Assets Written-Off
Renovation Expenses of Jhang Branch	1,006,639	654,315	352,324	-	(352,324)	Assets Written-Off	Assets Written-Off
Sub-total :	2,256,168	1,708,123	548,045	251,135	(296,910)		
Computer Equipment							
10KVA UPS with 16 Dry Batteries (Makkays) for REgional office	131,215	109,345	21,870	3,880	(17,990)	Assets Auction	Majid Husain
3 KVA UPS with 8 Dry Batteries	137,200	137,199	1	3,880	3,879	Assets Auction	Majid Husain
3 KVA UPS with 8 Dry Batteries (PTCL Exchange)	137,200	137,199	1	3,880	3,879	Assets Auction	Majid Husain
3 KVA UPS with 8 Dry Batteries for ATM	117,265	117,264	1	3,880	3,879	Assets Auction	Majid Husain
3 KVA UPS with 8 Dry Batteries of 12 Volt (40 Ampere) Dew Mak	140,000	139,999	1	3,880	3,879	Assets Auction	Majid Husain
Barcode Slot Reader MS-146	25,230	24,985	245	4,000	3,755	Assets Auction	Muhammad Irfan
Cisco Router (1921/K9) with Card (CON-SNT 1921)	753,639	753,631	8	15,563	15,555	Assets Auction	Muhammad Irfan
Cisco Router (2911/K9) with Card (CON-SNT 2911)	285,502	285,499	3	2,224	2,221	Assets Auction	Muhammad Irfan
Computer	14,012	13,876	136	1,550	1,414	Assets Auction	Muhammad Irfan
Computer (Core 2 Duo 2.2 GHz, 2 GB RAM, 80 GB HDD & 17" LCD)	16,800	16,800	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer (Core 2 Duo, 3.0 GHz 4 GB Ram) Computer Computer with LCD (Core 2 Duo, 2 GB Ram)	18,686	18,505	181	1,550	1,369	Assets Auction	Muhammad Irfan
Computer (Core i3 Duo 3.3 GHz, 4 GB RAM, 80 GB HDD)	10,300	10,300	-	1,000	1,000	Assets Auction	Muhammad Irfan
Computer (E6750, Core2Duo 2.66 GHz, 1GB RAM, 160GB Hard Disk + View Sonic 14.5" LCD	16,800	16,800	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer (Optiplex, P4-GX280, 256 RAM, 80GB Hard Disk + Dell 14.5" LCD	16,000	15,844	156	1,550	1,394	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3 GHz, 4GB RAM, 250 GB HDD)	11,300	11,300	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD)	63,566	63,566	-	9,300	9,300	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 3 GB RAM, 250 GB HDD)	6,980	6,980	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 3 GB RAM, 250 GB HDD) With LCD	10,253	10,253	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 3 GB RAM, 75 GB HDD)	8,310	8,310	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 3GB RAM, 250 GB HDD)	6,980	6,980	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD & 1 TB)	12,780	12,780	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	153,560	153,560	-	32,550	32,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	69,800	69,800	-	15,500	15,500	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD) with LCD	6,980	6,980	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD) with LCD Dell	6,980	6,980	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	34,217	34,217	-	4,650	4,650	Assets Auction	Muhammad Irfan
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	82,024	78,891	3,133	12,400	9,267	Assets Auction	Muhammad Irfan
Computer System (Core i3 3.1 GHz, 8 GB RAM, 250 GB HDD) Awais IT	12,753	12,753	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core i3 3.30 GHz, 2 GB RAM, 160 GB HDD)	10,253	10,253	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core i3, 3.1GHz, 4GB RAM, 250 GB HDD)	41,012	36,454	4,558	6,200	1,642	Assets Auction	Muhammad Irfan
Computer System (Core i3, 3.1GHz, 4GB RAM, 250 GB HDD)	10,253	10,253	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core i3, 3.3 GHz, 4GB RAM, 250 GB HDD)	10,253	10,253	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Core i5 Duo 2.0 GHz, 8 GB RAM, 500 GB HDD)	36,400	36,400	-	3,050	3,050	Assets Auction	Muhammad Irfan
Computer System (Core i5, 6th Generation, 16 GB RAM, 1 TB HDD)	75,200	66,658	8,542	1,550	(6,992)	Assets Auction	Muhammad Irfan
Computer System (Core i5, 8 GB RAM, 1 TB HDD)	56,400	55,705	695	3,100	2,405	Assets Auction	Muhammad Irfan
Computer System (Core i7 800 GHz Processor, 16 GB RAM, 1000 GB HDD)	74,340	74,339	1	1,550	1,549	Assets Auction	Muhammad Irfan
Computer System (Core TM i3-2120 CPU @3.30GHz, 2GB RAM, 80 GB HDD)	10,253	10,253	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System (Dore 2 Due 3.0 GHz, 2GB RAM, 250 GB HDD)	16,000	15,844	156	1,550	1,394	Assets Auction	Muhammad Irfan
Computer System (P-IV 3.20 Ghz, 2 GB Ram, 80 GB Hard Disk)	16,156	15,999	157	1,550	1,393	Assets Auction	Muhammad Irfan
Computer System with LCD (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	8,310	8,310	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System with LCD (CORE 2DUO, 3.16 GHz, 2GB Ram, 80 GB Hard Disk)	11,635	11,635	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer System with LCD (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	17,800	17,627	173	1,043	870	Assets Auction	Muhammad Irfan
Computer System with LCD (Core 2 due 3.0, 4GB RAM, 80 GB HDD)	17,800	17,627	173	1,550	1,377	Assets Auction	Muhammad Irfan
Computer System with LCD (Core 2 due 3.0, 4GB RAM, 80 GB HDD)	34,000	33,669	331	3,100	2,769	Assets Auction	Muhammad Irfan
Computer with LCD	16,700	16,700	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD, LCD 19" HP)	53,800	53,800	-	4,650	4,650	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo 2.33 GHz, 4 GB RAM, 80 GB HDD and 19" LCD)	33,400	33,400	-	3,100	3,100	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	17,000	16,835	165	1,550	1,385	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo 3.0 GHz, 4 GB Ram, 80 GB HDD)	17,500	17,500	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo, 1.8 GHz, 512 MB Ram)	6,588	6,524	64	1,550	1,486	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo, 2.33 GHz, 2 GB Ram)	17,700	17,528	172	1,550	1,378	Assets Auction	Muhammad Irfan
Computer with LCD (Core 2 Duo, 3.0 GHz, 3 GB Ram, 80 GB Hard)	17,000	16,835	165	1,550	1,385	Assets Auction	Muhammad Irfan
Computer With LCD (Dell 3.2 GHz, 80 GB HHD, 2GB Ram)	17,000	16,835	165	1,550	1,385	Assets Auction	Muhammad Irfan
Computer with LCD (Intel Dual Core, 3.0 Ghz, 5GB Ram, 80 HDD)	44,779	44,344	435	1,550	3,115	Assets Auction	Muhammad Irfan
Computer With LCD (P-4, 3.2 GHz, 2 GB Ram, 80 GB Hard Disk)	9,925	9,829	96	1,550	1,454	Assets Auction	Muhammad Irfan
Computer with LCD (Pentium D, 3.4 Ghz, 2 GB Ram, 80 GB Hard Disk)							

Particulars of Assets	Cost	Depreciation	Book Value	Safe Proceed	Gain/Loss	Mode of disposal	Party
Computer with LCD (Pentium D, 3.40 Ghz, 4 GB Ram)	16,800	16,800	-	1,550	1,550	Assets Auction	Muhammad Irfan
Computer with LCD (Pentium R, 3.40 GHZ 2.5GB RAM)	17,700	17,528	172	1,550	1,378	Assets Auction	Muhammad Irfan
Computer with LCD (P-IV, 2 GB Ram, 3.2 Ghz, 80 GB Hard Disk)	17,758	17,586	172	1,550	1,378	Assets Auction	Muhammad Irfan
Computer with LCD (P-IV, 3.00 GHZ, 2 GB Ram)	8,577	8,494	83	1,550	1,467	Assets Auction	Muhammad Irfan
D Link Switch 16 Port	23,350	23,350	-	24,000	24,000	Assets Auction	Muhammad Irfan
Dell Core i5 (2.3 GHZ, 8 GB Ram, 1 TB HDD, 14" Screen) Head HR - Riaz Khan Bangash	68,800	68,799	1	-	(1)	As Per Policy	Riaz Khan Bangash
Dell Core i5 (2.3 GHZ, 8 GB Ram, 1 TB HDD, 14" Screen) Waqas Ashraf - Head Islamic Banking	68,800	68,799	1	-	(1)	As Per Policy	Waqas Ashraf
Dell CPU 3.2 GHZ 80 GB HDD 1GB Ram with LCD	17,000	16,835	165	1,550	1,385	Assets Auction	Muhammad Irfan
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Fahad Saif AOM	44,000	44,000	-	-	-	As Per Policy	Fahad Saif
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Muhammad Azeem AOM	44,000	44,000	-	8,357	8,357	Assets Auction	Muhammad Irfan
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Naveed Iqbal Finance Dept.	44,000	44,000	-	-	-	As Per Policy	Naveed Iqbal
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Rizwan Tahir HR	44,000	44,000	-	-	-	As Per Policy	Rizwan Tahir
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Tariq Jabbar Finance Dept.	44,000	44,000	-	-	-	As Per Policy	Tariq Jabbar
Dell Vostro 3558 i3 (2.0 GHZ, 4 GB Ram, 500 GB HDD, 15.6" Screen) Tariq Waseem Finance Dept.	44,000	44,000	-	-	-	As Per Policy	Tariq Waseem
Dell Vostro i5 (2.0 GHZ, 8 GB Ram, a TB HDD, 15.6" Screen) Faisal Iqbal - IS Audit	68,300	68,299	1	1	-	As Per Policy	Faisal Iqbal
D-Link Switch 16 Port	2,480	2,480	-	4,000	4,000	Assets Auction	Muhammad Irfan
Dot Matrix Printer (LQ-310)	166,842	166,842	-	9,865	9,865	Assets Auction	Muhammad Irfan
HP Core i3 (1.8 GHZ, 4 GB Ram, 500 GB Hard Disk) Khadim Hussain	52,850	52,849	1	8,357	8,356	Assets Auction	Muhammad Irfan
HP Core i3 (1.8 GHZ, 4 GB Ram, 500 GB Hard Disk) Kaiser Mahmood 01453 (Microfinance Dept.)	51,500	51,499	1	8,357	8,356	Assets Auction	Muhammad Irfan
HP Core i5 (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk) Shahid Baksh Area Manager JTI (0698)	89,800	84,810	4,990	22,450	17,460	Cleared to Staff Member	Shahid Baksh
HP Core i5 (2.5 GHZ, 8 GB Ram, 1 TB Hard Disk) Mansoor Ahmed (Senior Manager Finance)	95,600	75,955	19,645	19,645	-	Cleared to Staff Member	Mansoor Ahmad
HP Core i7 (2.5 GHZ, 8 GB Ram, 1 TB SDD) Asif Mahmood Head Finance	146,250	146,249	1	-	(1)	As Per Policy	Asif Mahmood
HP Lasejet Pro 400 M401 DN Printer	382,125	382,125	-	61,379	61,379	Assets Auction	Muhammad Irfan
HP Lasejet Pro 400 M402 DN Printer	65,286	65,285	-	16,130	16,130	Assets Auction	Muhammad Irfan
HP Lasejet Pro 402 M401 DN Printer	96,360	96,360	-	17,219	17,219	Assets Auction	Muhammad Irfan
HP Pro Book 440Core i710510U (1.8 GHZ,16 GB Ram, 1 TB Hard Disk+S12SSDM2,)Asad Mushtaq HOD IT 02138	160,500	26,750	133,750	133,750	-	Cleared to Staff Member	Asad Mushtaq
HP Pro Book 440Core i710510U (1.8 GHZ,16 GB Ram, 1 TB Hard Disk+S12SSDM2,)Farooq Rashid 02139	160,500	17,833	142,667	142,667	-	Cleared to Staff Member	Farooq Rashid
HP Pro Book 450 Core i5 (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk) Shahid Ayub - Area Manager Islamic	78,500	78,499	1	8,357	8,356	Assets Auction	Muhammad Irfan
HP Pro Book 450 Core i5 (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk) Tariq Ahmed (4889) - Manager Complaints	78,500	78,499	1	1	-	Cleared to Staff Member	Tariq Ahmed
HP Pro Book 450 Core i5 8250U (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk, Max 2 GB)(Naqash Audit 04942)	89,800	84,810	4,990	4,990	0	Cleared to Staff Member	Sanam Naqaash
HP Pro Book 450 Core i5 8250U (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk, Nvidia 2 GB) Syed Ali Zaidi 04200	89,800	87,305	2,495	2,495	-	Cleared to Staff Member	Syed Ali Zaidi
HP Pro Book 450 Core i5 8250U (1.6 GHZ, 8 GB Ram, 1 TB Hard Disk, Nvidia 2 GB) Ayesha Khan 05141	89,800	59,866	29,934	34,923	4,989	Cleared to Staff Member	Ayesha Khan
HP Pro Book 450 Core i710510U (1.8 GHZ,16 GB Ram, 1 TB Hard Disk+S12SSDM2,) Mobeen Ur Rehman 02171	156,800	34,844	121,956	126,311	4,355	Cleared to Staff Member	Mobeen Ur Rehman
HP Pro Book 450Core i710510U (1.8 GHZ,16 GB Ram, 1 TB Hard Disk+S12SSDM2,) Naseem ul Haq 03827	156,800	60,977	95,823	95,823	-	Cleared to Staff Member	Naseem ul Haq
HP Probook 4530 Core i3	56,000	55,456	544	8,358	7,814	Assets Auction	Muhammad Irfan
HP Probook Core i5 (4 GB Ram, 750 GB Hard Disk, Graphic Card 2 GB) Asad Mushtaq Head IT	76,000	72,027	3,973	3,973	-	Cleared to Staff Member	Asad Mushtaq
HP ScanJet G 2410 Flatbed Scanner	6,786	6,720	66	2,269	2,203	Assets Auction	Rehan Ur Rehman
HP SWITCH 16 PORT	5,000	5,000	-	4,000	4,000	Assets Auction	Muhammad Irfan
HP Switch 1920-16G(JG923A)	120,000	120,000	-	20,000	20,000	Assets Auction	Muhammad Irfan
HP Switch 1920-24G(JG924A) 24 RJ Ports	185,000	185,000	-	20,000	20,000	Assets Auction	Muhammad Irfan
HP Switch 1920-48G(JG927A) 48 RJ	189,000	188,997	3	12,000	11,997	Assets Auction	Muhammad Irfan
HP Switch 1920-48G(JG927A) 48 RJ Ports	315,000	314,995	5	20,000	19,995	Assets Auction	Muhammad Irfan
HP Switch 192-16G(JG923A) 16 RJ Ports	576,000	576,000	-	96,000	96,000	Assets Auction	Muhammad Irfan
Huawei Mate 10 Lite (Muhammad Shahbaz - BM)	20,000	20,000	-	-	-	As Per Policy	Muhammad Shahbaz
Huawei Mate 10 Lite (Yousaf Zond - Senior Manger Advances)	25,000	25,000	-	-	-	As Per Policy	Mohammad Yousaf Zond
Huawei Y7 Prime 2018 (Muhammad Nasir - Area Manger)	20,000	20,000	-	-	-	As Per Policy	Muhammad Nasir
Huawei Y9 Prime (Tariq Jabbar - Finance Dept.)	20,000	20,000	-	-	-	As Per Policy	Tariq Jabbar
Infinix Zero 8 Mobile Phone Mansoor Ahmad 04730	25,000	4,167	20,833	20,833	-	Cleared to Staff Member	Mansoor Ahmad
LCD 17"	56,600	56,600	-	16,126	16,126	Assets Auction	Muhammad Irfan
LCD 19"	88,177	87,733	444	16,668	16,224	Assets Auction	Muhammad Irfan
LCD Neovo	138,000	138,000	-	12,501	12,501	Assets Auction	Muhammad Irfan
LED 18.4" Wide	42,616	42,616	-	8,334	8,334	Assets Auction	Muhammad Irfan
LED 19" Wide for MAD	4,800	933	3,867	1,041	(2,826)	Assets Auction	Muhammad Irfan
Multifunction Bio Metric Tablet (7" LED, 1.3 GHZ, Ram 2GB+16GB,3G)MUHAMMAD TEHSEEN KALEEM 04618	29,808	18,216	11,592	29,808	18,216	Broken & Sold	Muhammad Tehseen Kaleem
Multifunction Bio Metric Tablet (7" LED, 1.3 GHZ, Ram 2GB+16GB,3G)SAQLAIN RAZA 03937	29,808	13,248	16,560	17,388	828	Cleared to Staff Member	Saqlain Raza
Oppo A57 (Kashif Imran - Microfinance)	20,000	20,000	-	-	-	As Per Policy	Kashif Imran
Oppo F7 (Yasir Salahudin - Microfinance)	20,000	20,000	-	-	-	As Per Policy	Yasir Salahudin
Printer HP Lasejet 2035	10,200	10,101	99	8,065	7,966	Assets Auction	Muhammad Irfan
Router Cisco ISR 4331	527,821	527,816	5	2,224	2,219	Assets Auction	Muhammad Irfan
Samsung Galaxy A31 Head IT	40,000	4,444	35,556	35,556	-	Cleared to Staff Member	Asad Mushtaq
Samsung C7 Pro (Head Operations - Tanveer Hussain)	37,500	37,500	-	-	-	As Per Policy	Tanveer Hussain
Samsung C9 pro(Head IT) Asad Mushtaq	40,000	40,000	-	-	-	As Per Policy	Asad Mushtaq

Particulars of Assets	Cost	Depreciation	Book Value	Sale Proceed	Gain/Loss	Mode of disposal	Party
Samsung Galaxy J7 Pro (Mansoor Ahmed - Manager Finance)	25,000	25,000	-	-	-	As Per Policy	Mansoor Ahmad
Samsung Galaxy S9 Plus (Mobeen-U-Rehman 02171 IT Department)	25,000	20,833	4,167	4,861	694	Cleared to Staff Member	Mobeen Ur Rehman
Samsung J5 2016 (Muhammad Aziz - Manager Training)	20,000	20,000	-	-	-	As Per Policy	Muhammad Aziz
Samsung J6 (Tariq Waseem Finance Department)	20,000	20,000	-	-	-	As Per Policy	Tariq Waseem
Samsung Note 5 (Head Finance) Asif Mahmood	40,000	40,000	-	-	-	As Per Policy	Asif Mahmood
Scanner	3,994	3,955	39	2,269	2,230	Assets Auction	Rehan Ur Rehman
Scanner Canon LIDE-120	38,844	38,844	-	5,636	5,636	Assets Auction	Rehan Ur Rehman
Scanner Canon LIDE-120	9,185	9,185	-	1,409	1,409	Assets Auction	Rehan Ur Rehman
Scanner G 2410	21,015	21,015	-	4,227	4,227	Assets Auction	Rehan Ur Rehman
Scanner HP 200	14,960	14,960	-	2,818	2,818	Assets Auction	Rehan Ur Rehman
Scanner HP G 200	15,678	15,678	-	2,818	2,818	Assets Auction	Rehan Ur Rehman
Scanner HP Scanjet 200	36,900	36,900	-	4,227	4,227	Assets Auction	Rehan Ur Rehman
Switch 1-Link 16 Port	6,900	6,900	-	8,000	8,000	Assets Auction	Muhammad Irfan
Switch Cisco SG300-28	95,761	95,761	-	12,000	12,000	Assets Auction	Muhammad Irfan
Switch HP 2620-48	89,238	89,237	1	4,000	3,999	Assets Auction	Muhammad Irfan
Switch HP 2920-24G	340,000	339,997	3	8,000	7,997	Assets Auction	Muhammad Irfan
Switch NSK-CS6128P	4,129,184	4,129,144	40	4,000	3,960	Assets Auction	Muhammad Irfan
Switch TP-Link 16 Port	2,200	2,200	-	4,000	4,000	Assets Auction	Muhammad Irfan
TP Link 16 Port Switch	2,400	2,400	-	4,000	4,000	Assets Auction	Muhammad Irfan
TP Link Switch 16 Port	2,350	2,350	-	4,000	4,000	Assets Auction	Muhammad Irfan
UPS 3 KVA Esp 3000VA	673,120	666,576	6,544	32,199	25,655	Assets Auction	Majid Husain
UPS 3 KVA Esp 3000VA with 4 Batteries	84,140	83,322	818	3,880	3,062	Assets Auction	Majid Husain
UPS 3 KVA with 8 Dry Batteries	117,265	117,264	1	3,880	3,879	Assets Auction	Majid Husain
UPS 4 KVA Apex Wave 6 Batteries	115,272	114,151	1,121	3,880	2,759	Assets Auction	Majid Husain
UPS ESP 808-E (ESP-3000 VA)	95,940	95,939	1	3,880	3,879	Assets Auction	Majid Husain
UPS Homage 1000 watt	26,600	26,600	-	3,880	3,880	Assets Auction	Majid Husain
Vivo V7 Mobile (Muhammad Ali Zaidi - Audit Dept.)	20,000	20,000	-	-	-	As Per Policy	Syed Ali Zaidi
Wifi Router (TP Link)	5,050	5,050	-	8,000	8,000	Assets Auction	Muhammad Irfan
Wireless Bridge UBNT	50,715	50,222	493	8,000	7,507	Assets Auction	Muhammad Irfan
Xiaomi Mobile phone (POCO M3) Syed Ali Zaidi 04200 VP	20,000	3,333	16,667	16,667	-	Cleared to Staff Member	Syed Ali Zaidi
Sub-total :	14,672,594	13,950,515	722,079	1,467,582	745,504		
Grand total :	21,508,365	20,078,727	1,429,638	3,188,414	1,758,776		


Syed Ali Zaidi

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021


Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements.
Balance sheet as at December 31, 2021

	2021 Rupees	2020 Rupees
ASSETS		
Cash and Balances with SBP and NBP	1,217,845,923	1,293,446,129
Balances with Other Banks/NBFIs/MFBs	674,736,012	1,611,072,234
Investment- net of provisions	298,978,743	248,468,024
Islamic Financing and related assets - net of provisions	7,048,622,506	6,208,535,741
Operating fixed assets	469,196,203	533,305,366
Other assets	214,886,938	261,451,130
Total Assets	9,924,266,325	10,156,278,624
LIABILITIES		
Deposits and other accounts		
- Current accounts	917,616,091	936,264,992
- Saving accounts	2,270,588,018	2,577,613,007
- Term deposits	3,366,237,599	3,295,003,033
	6,554,441,708	6,808,881,032
Other Liabilities	2,085,778,711	2,154,200,540
Total Liabilities	8,640,220,419	8,963,081,572
NET ASSETS	1,284,045,906	1,193,197,052
REPRESENTED BY:		
Islamic Banking Fund	440,000,000	440,000,000
Unappropriated profit	844,045,906	753,197,052
	1,284,045,906	1,193,197,052
Remuneration of the Shariah Advisor	1,200,000	1,200,000


S.A. Jilani




President / Chief Executive



Chairman



Director



Director

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

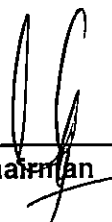
Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements.
Profit and loss account for the year ended December 31, 2021.

		2021 Rupees	2020 Rupees
	Note		
Profit / return earned		1,489,585,057	1,361,985,131
Profit / return expensed	2	(525,542,539)	(390,090,840)
Net profit / return / income	4	964,042,518	971,894,291
Provisions against non-performing financing	5	(219,208,280)	(179,390,942)
Bad debts written off directly	7	(1,105,739)	(1,992,190)
		(220,314,019)	(181,383,132)
Net return earned after provisions		743,728,499	790,511,159
OTHER INCOME	8		
Fee, Commission and brokerage income	9	62,159,473	64,440,085
Total other income		805,887,972	854,951,244
OTHER EXPENSES			
Administrative expenses		(540,095,385)	(550,441,399)
		265,792,587	304,509,845
Extraordinary/unusual items		-	-
PROFIT BEFORE TAXATION		265,792,587	304,509,845

S.A.Z.



President / Chief Executive



Chairman



Director



Director

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021


Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements.
Statement of Sources and Uses of Charity Fund for the year ended December 31, 2021.

	2021 Rupees	2020 Rupees
Opening balance	-	-
Additions during the period		
- Received from customers on delayed payments	9,102,243	6,075,271
- Non-Shariah compliant income	276,682	77,987
- Profit on charity account	216,642	147,870
- Others	-	-
	9,595,567	6,301,128
Payments / utilization during the period		
- Abdul Sattar Edhi Foundation	-	6,301,128
	-	6,301,128
Closing Balance	<u>9,595,567</u>	<u>-</u>

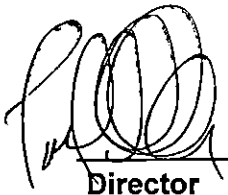
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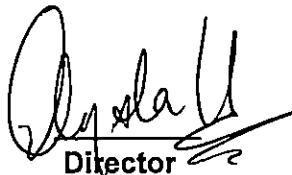
President / Chief Executive



Chairman



Director



Director

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements
Notes to the Annexure for the year ended December 31, 2021.

A-1 As at the year end, the Bank is operating 40 (2020: 40) Islamic branches. Islamic Microfinance Division (IMD) is operating a General pool to manage profit and loss distribution.

FEATURES OF GENERAL POOL

In this pool, savings and terms deposits are accepted on Mudarbah basis. The Bank invests the funds given by account holders in Islamic assets like Murabaha, Ijarah, Diminishing Musharakah, Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. The profit earned is shared on the basis of profit & loss sharing ratio. In case of loss, the same is borne by the depositors in proportionate to their investment and the bank bear the loss of its efforts / services in managing Mudarabah.

The profit of the pool is calculated from the income earned on all the remunerative assets booked by utilizing the funds from pool and is distributed between bank and depositors based on declared sharing ratio. The ratio for Bank (mudarib) and depositors is 50:50 for general pool.

As per policy of the Bank, weightages are declared three days before start of each month. Gift (Hiba) given during the current period Rs 22,721,689 (2020: Rs 8,880,492).

Brief highlights of profit earned and distributed to depositors and retained by IMD are as under:

	2021	2020
	-----Rupees-----	
Gross income / profit	1,539,105,966	1,355,470,659
Administrative expenses of pool	(285,191,420)	(168,268,651)
Net distributable share	<u>1,253,914,546</u>	<u>1,187,202,008</u>
Profit paid to PLS accounts / Certificates	507,694,935	383,742,339
Bank equity share	<u>283,968,066</u>	<u>437,478,313</u>
Bank Mudarib Share	<u>462,251,546</u>	<u>365,981,356</u>
Total	<u>1,253,914,547</u>	<u>1,187,202,008</u>
Return on average earning assets	19.10%	21.16%
Return on average PLS / Deposits	7.74%	9.46%

Suspended income amounting to Rs.701,342 (2020: Rs.3,030,659) was realised upon reverting of NPLs to Regular (Normal & Watchlist) classification as per relief given by SBP. The income will be passed on to depositor through General pool when received from customers.

All types of direct administrative expenses of General pool are shared with the depositors. However, equity holders have the option to absorb all or part of administrative expenses. All general and specific provisions created against non-performing financing and diminution in the value of investment as under Prudential Regulations and other SBP directives have not been passed on to the PLS depositors. However, income reversals due to classification of assets and losses due to actual write-offs have been considered as expenses of the pool.

	Note	2021	2020
		-----Rupees-----	
A-2 ISLAMIC FINANCING AND RELATED ASSETS-NET			
Murabah financing	A-2.1	4,670,776,791	4,805,562,804
Ijarah under IFAS 2	A-2.2	1,442,152,543	1,389,698,183
Diminishing Musharaka (FPMI)	A-2.3	<u>1,087,407,081</u>	<u>196,582,716</u>
		7,200,336,415	6,391,843,703
Less: Provisions held against non-performing facilities		(151,713,909)	(183,307,962)
		<u>7,048,622,506</u>	<u>6,208,535,741</u>

Signature

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements
Notes to the Annexure for the year ended December 31, 2021.

A-2.1 Murabaha

	2021				2020			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total
	Rupees				Rupees			
Murabaha financing - net	2,972,241,486	910,556,138	8,100,000	3,890,897,624	3,160,508,859	900,753,065	-	4,061,261,924
Deferred income	504,727,914	270,923,547	4,227,705	779,879,166	513,124,436	231,176,444	-	744,300,880
Gross investment in murabaha financing	<u>3,476,969,400</u>	<u>1,181,479,685</u>	<u>12,327,705</u>	<u>4,670,776,790</u>	<u>3,673,633,295</u>	<u>1,131,929,509</u>	<u>-</u>	<u>4,805,562,804</u>

A-2.2 Net book value of Ijarah assets / investment under IFAS 2

	2021				2020			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total
	Rupees				Rupees			
Asset acquired under Ijarah	794,113,025	1,030,107,658	18,506,341	1,842,727,024	677,094,918	1,095,575,360	14,883,486	1,787,553,764
Accumulated depreciation on Ijarah	(287,759,526)	(111,956,113)	(858,839)	(400,574,478)	(254,329,676)	(142,791,612)	(734,293)	(397,855,581)
Net Assets / investment in Ijarah	<u>506,353,499</u>	<u>918,151,545</u>	<u>17,647,502</u>	<u>1,442,152,546</u>	<u>422,765,242</u>	<u>952,783,748</u>	<u>14,149,193</u>	<u>1,389,698,183</u>

A-2.2.1 Net Investment under Ijarah

	2021				2020			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total
	Rupees				Rupees			
Ijarah rentals receivable	289,373,217	813,514,312	18,699,163	1,121,586,692	234,467,672	854,470,263	14,956,989	1,103,894,924
Residual value	260,997,018	327,537,339	5,587,705	594,122,062	223,561,021	332,113,585	3,280,252	558,954,858
Minimum Ijarah payments	550,370,235	1,141,051,651	24,286,868	1,715,708,754	458,028,693	1,186,583,848	18,237,241	1,662,849,782
Profit for future periods	(44,016,737)	(222,900,106)	(6,639,366)	(273,556,209)	(35,263,451)	(233,800,100)	(4,088,048)	(273,151,599)
Net Assets / investment in Ijarah	<u>506,353,498</u>	<u>918,151,545</u>	<u>17,647,502</u>	<u>1,442,152,546</u>	<u>422,765,242</u>	<u>952,783,748</u>	<u>14,149,193</u>	<u>1,389,698,183</u>

A-2.3 Diminishing Musharaka

	2021				2020			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total	Not later than one year	later than one year but not later than three years	later than three year but not later than five years	Total
	Rupees				Rupees			
Diminishing Musharaka investment	42,010,655	304,848,344	515,420,302	862,279,301	16,627,376	121,976,058	57,979,282	196,582,716
Net Assets / investment in Ijarah	<u>42,010,655</u>	<u>304,848,344</u>	<u>515,420,302</u>	<u>862,279,301</u>	<u>16,627,376</u>	<u>121,976,058</u>	<u>57,979,282</u>	<u>196,582,716</u>

Signature

NRSP MICROFINANCE BANK LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements
Notes to the Annexure for the year ended December 31, 2021.

A-2.4 8,260 loans aggregating to Rs. 1,590.02 million were deferred/ restructured/ rescheduled during the year out of which 2,662 loans amounting to Rs. 435.89 million are outstanding at year end.
(2020: 4,250 deferred/ restructured/ rescheduled loans amounting to Rs 929.39 million were outstanding at year end.)

A-3 MATURITY PROFILES OF FUNDS

Maturity profile of funds mobilised under various modes:

	2021						Total
	Upto 1 month	Over 1 month upto 3 months	Over 3 month upto 6 months	Over 6 month upto 1 year	Over 1 year upto 2 year	Over 2 year upto 3 year	
Term accounts	148,048,000	455,903,000	131,948,231	716,821,973	787,025,195	1,126,491,200	3,366,237,599
Saving accounts	2,270,588,017	-	-	-	-	-	2,270,588,017
	<u>2,418,636,017</u>	<u>455,903,000</u>	<u>131,948,231</u>	<u>716,821,973</u>	<u>787,025,195</u>	<u>1,126,491,200</u>	<u>5,636,825,616</u>
	2020						Total
	Upto 1 month	Over 1 month upto 3 months	Over 3 month upto 6 months	Over 6 month upto 1 year	Over 1 year upto 2 year	Over 2 year upto 3 year	
Term accounts	16,895,000	136,900,000	63,488,500	1,237,395,000	826,910,204	1,013,414,329	3,295,003,033
Saving accounts	2,577,613,007	-	-	-	-	-	2,577,613,007
	<u>2,594,508,007</u>	<u>136,900,000</u>	<u>63,488,500</u>	<u>1,237,395,000</u>	<u>826,910,204</u>	<u>1,013,414,329</u>	<u>5,872,616,040</u>

A-4 Sectors of economy/business where Mudarbah based deposits have been deployed:

All earning assets of Islamic banking group are jointly financed by Unrestricted Investments/PLS deposits account holders and the Bank. Detail of jointly financed gross earning assets are:

	2021	2020
	Rupees	
Agri business	3,992,345,875	3,649,459,088
Livestock and Dairy farming	662,642,765	671,404,424
Micro enterprises	2,545,347,775	2,070,980,191
	7,200,336,415	6,391,843,703
GOP Ijarah Sukuk	298,978,743	248,468,024
	<u>7,499,315,158</u>	<u>6,640,311,727</u>

Agri business
Livestock and Dairy farming
Micro enterprises

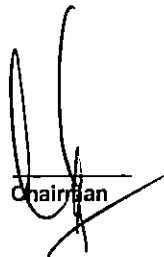
GOP Ijarah Sukuk

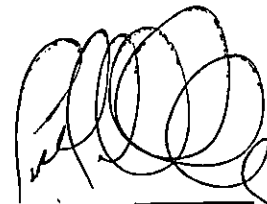


President / Chief Executive

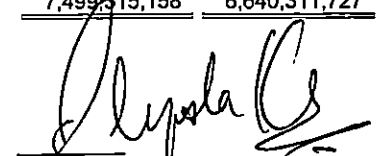


Chairman





Director



Director