

NRSP MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2020

		Sep-20	Dec-19
	Note	----- Rupees -----	
ASSETS			
Cash and balances with SBP and NBP	1	1,651,950,483	1,483,412,144
Balances with other Banks/ NBFIs /MFBs	2	4,810,981,421	3,967,373,842
Lending to financial institutions	3	2,490,079,260	-
Investments - net of provisions	4	5,187,829,878	1,590,417,993
Advances - net of provision	5	28,493,646,572	27,370,611,457
Operating fixed assets	6	1,847,012,307	2,023,314,033
Other assets	7	5,456,611,154	3,338,470,431
Deferred tax asset - net	8	270,509,416	231,670,697
Total Assets		50,208,620,492	40,005,270,596
LIABILITIES			
Deposits and other accounts	9	36,808,291,910	26,650,662,052
Borrowings	10	3,247,375,469	3,764,296,762
Subordinated debt	11	672,360,000	672,360,000
Other liabilities	12	4,266,492,111	4,230,319,096
Deferred tax liability - net		-	-
Total liabilities		44,994,519,490	35,317,637,910
Net assets		5,214,101,002	4,687,632,687
REPRESENTED BY			
Share capital	13	1,498,372,010	1,498,372,010
Statutory reserve		761,817,380	657,079,488
Depositors' protection fund		237,293,109	198,412,206
Unappropriated profit		2,706,963,421	2,330,318,660
		5,204,445,919	4,684,182,365
Surplus/ (deficit) on revaluation of assets		(317,740)	(7,001)
Deferred grants		9,972,822	3,457,323
Total capital		5,214,101,002	4,687,632,687

MEMORANDUM/ OFF-BALANCE SHEET ITEMS

The annexed notes form an integral part of these financial statements.

NRSP MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2020

		Sep-20	Sep-19
	Note	----- Rupees -----	
Mark-up/ return/ interest earned	15	6,510,460,521	5,416,496,106
Mark-up/ return/ interest expensed	16	<u>(2,906,438,395)</u>	<u>(2,426,881,583)</u>
Net mark-up/ interest income		3,604,022,126	2,989,614,523
Provision against non-performing loans and advances		<u>(1,269,615,650)</u>	<u>(1,693,080,557)</u>
Provision for demuntion in the value of investments		<u>(9,207,815)</u>	<u>(20,139,902)</u>
Bad debts written off directly - net of insurance recoveries		<u>(1,278,823,464)</u>	<u>(1,713,220,459)</u>
Net mark-up/ interest income after provisions		2,325,198,662	1,276,394,064
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	17	<u>398,563,409</u>	<u>394,581,603</u>
Dividend income		-	77,481,056
Other income - net	18	<u>329,397,671</u>	<u>136,435,633</u>
Total non mark-up/ non interest income		727,961,079	608,498,292
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses		<u>(2,342,262,486)</u>	<u>(2,638,241,425)</u>
Other charges		<u>(854,171)</u>	<u>(219,361)</u>
Total non mark-up/ non interest expenses		<u>(2,343,116,657)</u>	<u>(2,638,460,786)</u>
		710,043,085	(753,568,430)
Extra ordinary/ unusual items		-	-
PROFIT/ (LOSS) BEFORE TAXATION		710,043,085	(753,568,430)
Taxation - Current		<u>(225,190,344)</u>	<u>(67,706,201)</u>
Prior year		-	-
Deferred		<u>38,836,719</u>	<u>225,462,559</u>
		<u>(186,353,625)</u>	<u>157,756,358</u>
PROFIT/ (LOSS) AFTER TAXATION		523,689,459	(595,812,072)
Unappropriated profit/ (loss) brought forward		2,330,318,660	2,278,585,988
Less: Other comprehensive income		(16,122,334)	(7,925,478)
Profit available for appropriation		<u><u>2,837,885,786</u></u>	<u><u>1,674,848,438</u></u>
APPROPRIATIONS			
Transfer to:			
Statutory reserve		<u>(104,737,892)</u>	-
Depositors' protection fund		<u>(26,184,473)</u>	-
		<u>(130,922,365)</u>	-
Unappropriated profit/ (loss) carried forward		<u><u>2,706,963,421</u></u>	<u><u>1,674,848,438</u></u>
Earnings/ (loss) per share		<u><u>3.50</u></u>	<u><u>(3.98)</u></u>

The annexed notes form an integral part of these financial statements.

**NRSP MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30,2020**

	Sep-20	Sep-19
	----- Rupees -----	-----
Profit/ (loss) after taxation	523,689,459	(595,812,072)
Other comprehensive income/ (loss)		
Items that will not be subsequently reclassified through profit and loss account :		
Loss on remeasurement of employees' retirement benefits - net of tax	(16,122,334)	(7,925,478)
Total comprehensive income for the year	<u>507,567,125</u>	<u>(603,737,550)</u>

The annexed notes form an integral part of these financial statements.

NRSP MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2020

	Sep-20 ----- Rupees -----	Sep-19 ----- Rupees -----
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	710,043,085	(753,568,430)
Less : Dividend income	-	
	710,043,085	(753,568,430)
Adjustments for non-cash changes		
Depreciation	150,936,923	155,658,400
Amortization	152,911,700	100,518,893
Provision against non-performing advances	1,269,615,650	1,693,080,557
Provision against advances to employees	-	498,775
Advances directly written-off - net of insurance recoveries	9,207,815	20,139,902
Unrealized gain on revaluation of investments classified as held-for-trading	-	-
Gain on sale/ redemption of securities	(143,437,672)	(91,554,693)
Unrealized exchange (gain) / loss	(39,069,333)	84,831,500
Unrealized loss/ (gain) on derivative financial asset	62,595,809	(80,457,747)
Gain on sale of fixed assets	7,018,988	(13,603)
Finance charges on leased assets	115,178,302	74,463,888
Amortization of deferred grants	(55,617,712)	(1,048,991)
Provision for gratuity and leave encashment	73,014,569	71,469,529
	1,602,355,038	2,027,586,410
(Increase)/ decrease in operating assets		
Lending to financial institutions	(2,490,079,260)	(342,000)
Net investment in held for trading securities	5,227,415	2,834,579,714
Advances	(2,402,111,061)	(4,167,913,387)
Other assets (excluding advance taxation)	(2,137,322,116)	(1,093,609,670)
	(7,024,285,022)	(2,427,285,343)
Increase/ (decrease) in operating liabilities		
Bills payable	(52,023,444)	(7,514,421)
Borrowings from financial institutions	(477,851,960)	(1,789,228,483)
Deposits	10,157,629,859	1,136,046,007
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	(65,478,851)	785,761,485
	9,562,275,603	125,064,588
Payment against provision held against off- balance sheet obligations		
Income tax paid	(212,367,839)	(157,756,358)
Gratuity and leave ensachment paid (including contributions)	(10,176,523)	(2,674,654)
	4,627,844,342	(1,188,633,787)
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(3,037,850,490)	(697,580,841)
Net investment in held-to-maturity securities	(427,562,601)	(614,225,725)
Investment in operating fixed assets	(53,363,369)	(159,340,051)
Interest income on depositors' protection fund	-	5,572,515
Dividend received from mutual funds	-	-
Sale proceeds from property and equipment disposed-off	1,324,921	352,263
	(3,517,451,539)	(1,465,221,839)
Net cash flow from/ (used in) investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Grants received	62,133,211	(2,923,710)
Net payments of lease obligations	(160,380,096)	(150,293,356)
	(98,246,884)	(153,217,066)
Net cash flow from/ (used in) financing activities		
Increase/ (decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	1,012,145,918	(2,807,072,692)
	5,450,785,986	6,844,951,850
Cash and cash equivalents at the end of the year	6,462,931,904	4,037,879,158

The annexed notes form an integral part of these financial statements.

	Note	Sep-20 ----- Rupees -----	Dec-19 -----
1 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		570,175,684	560,336,948
Balance with State Bank of Pakistan	1.1	998,318,266	880,708,958
Balance with National Bank of Pakistan in			
Current account		272,223	28,836
Deposit accounts		83,184,310	42,337,402
		<u>1,651,950,483</u>	<u>1,483,412,144</u>

- 1.1** 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% (2019: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

	Note	Sep-20 ----- Rupees -----	Dec-19 -----
2 BALANCES WITH OTHER BANKS			
In Pakistan			
Local currency current accounts	2.1	85,288,396	63,348,593
Local currency deposit accounts	2.2	3,225,693,025	3,286,294,367
Local currency term deposits	2.3	1,500,000,000	617,730,882
		<u>4,810,981,421</u>	<u>3,967,373,842</u>

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

- 2.2** These represent deposits with commercial banks and Islamic banks payable on demand carrying mark-up/profit ranging from 5% to 8.15% (2019: 10.25% to 12.50%) per annum.

- 2.3** Local currency term deposits include amount of Rs 1,500 Million (2019: Rs 617.7 million) which carrying mark-up/profit from 9.5% to 10.15% (2019: 13.5% to 14.25%)

	Note	Sep-20 ----- Rupees -----	Dec-19 -----
3 LENDING TO FINANCIAL INSTITUTIONS			
Call money lendings		-	-
Repurchase agreement lendings (Reverse repo)		2,490,079,260	-
		<u>2,490,079,260</u>	<u>-</u>

- 3.1** 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. These carried mark-up at the rate of 7% to 8% (2019: 12.25%) are due to mature in October 2020.

3.2 Securities held as collateral against lending to financial institutions

	Held by Bank	Further given as collateral	Total
As at September 30, 2020			
Market treasury bills (MTBs)	2,510,000,000	-	2,510,000,000
As at December 31, 2019			
Market treasury bills (MTBs)	-	-	-

4 INVESTMENTS - NET OF PROVISIONS	Note	Sep-20 ----- Rupees -----	Dec-19 ----- Rupees -----
Held to maturity			
Federal Government Securities			
Market treasury bills (MTBs)		1,595,725,996	1,191,609,401
Ijarah Sukuks		253,613,582	149,957,479
		1,849,339,578	1,341,566,879
Available for sale			
Federal Government Securities			
Market treasury bills (MTBs)		3,338,808,040	243,649,000
Deficit on revaluation of available for sale investments		(317,740)	(7,000)
		3,338,490,300	243,642,000
Held for trading			
Mutual funds		-	5,209,113
		<u>5,187,829,878</u>	<u>1,590,417,993</u>

The T-Bills carry mark up at the rate of 8.1% to 10.8% (2019: 10.92% to 12.55%) per annum and are due to mature in October and November 2020.

Ijarah Sukuk carried mark up at the rate of 5.24% per annum and matured in two years.

The T-Bills carry mark up at the rate of 8% to 8.13% (2019: 12.60%) per annum and are due to mature in October and November 2020.

This represents units held in funds as tabulated below:

Fund name	Mar-20		Dec-19	
	No. of units	Rupees	No. of units	Rupees
Alfalah GHP Money Market Fund	-	-	16,653	1,634,153
Alfalah GHP Sovereign Fund	-	-	107	12,141
Askari Sovereign Cash Fund	-	-	4,971	533,860
Atlas Money Market Fund	-	-	0	108
Faysal Money Market Fund	-	-	6,592	713,483
Faysal Financial Sector Opportunity Fund-	-	-	192	20,865
Faysal Savings Growth Fund	-	-	0	33
First Habib Cash Fund	-	-	813	81,519
Lakson Money Market Fund	-	-	-	-
MCB Cash Management Optimizer	-	-	3,188	321,815
NAFA Money Market Fund	-	-	109,570	1,083,397
HBL Money Market Fund	-	-	6,732	731,226
HBL Cash Fund	-	-	-	-
Primus / AWT - ISLAMIC INCOME FUND	-	-	8	865
UBL Liquidity Plus Fund	-	-	749	75,649
		<u>-</u>		<u>5,209,113</u>

5 ADVANCES - NET OF PROVISION

Loan type	Sep-20		Dec-19	
	Number	Rupees	Number	Rupees
Micro credit	330,159	23,244,923,984	330,461	21,915,522,516
Islamic financing	21,965	6,163,763,280	21,385	5,853,238,237
	352,124	29,408,687,264	351,846	27,768,760,754
Less: Provision held				
Specific	11,666	(393,869,519)	6,743	(141,715,892)
General		(521,171,173)		(256,433,405)
		(915,040,692)		(398,149,297)
Advances - net of provisions		<u>28,493,646,572</u>		<u>27,370,611,457</u>

Particulars of non performing loans

Advances include Rs 1,268 million (2019: 450 million) which as detailed below, have been placed under non performing status.

Category of classification	Sep-20			Dec-19		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	-----Rupees-----			-----Rupees-----		
OAEM	320,402,270	-	-	195,885,182	-	-
Sub-Standard	303,235,167	74,264,222	74,264,222	85,232,812	20,403,360	20,403,360
Doubtful	633,035,638	309,147,056	309,147,056	90,811,814	43,791,191	43,791,190
Loss	11,245,041	10,458,241	10,458,241	78,471,559	77,521,341	77,521,341
	<u>1,267,918,116</u>	<u>393,869,519</u>	<u>393,869,519</u>	<u>450,401,366</u>	<u>141,715,891</u>	<u>141,715,892</u>

This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 2 % (2019: 1%) in accordance with the requirement of Prudential Regulations issued by the State Bank of Pakistan.

Particulars of provision against non-performing advances

	Sep-20			Dec-19		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	141,715,893	256,433,406	398,149,298	238,020,547	228,490,380	466,510,927
Charge for the year	1,004,985,761	264,629,889	1,269,615,650	1,792,526,418	27,943,026	1,820,469,443
Amounts written off	(752,976,736)	-	(752,976,736)	(1,888,831,072)	-	(1,888,831,072)
Reversals	-	-	-	-	-	-
Closing balance	<u>393,724,918</u>	<u>521,063,294</u>	<u>914,788,212</u>	<u>141,715,893</u>	<u>256,433,406</u>	<u>398,149,298</u>

Particulars of advances written off	Sep-20	Dec-19
	-----Rupees-----	
Against provisions	752,976,736	1,888,831,072
Directly charged to profit & loss account	9,207,815	24,571,874
	<u>762,184,550</u>	<u>1,913,402,946</u>

6 OPERATING FIXED ASSETS

Capital work-in-progress	31,444,375	38,484,276
Property and equipment	1,713,531,944	1,868,796,418
Intangible assets	102,035,988	116,033,339
	<u>1,847,012,307</u>	<u>2,023,314,033</u>

6.1 Capital work-in-progress

Civil works	2,381,037	13,903,268
ATM machines installation	-	-
Implementation of Oracle Softwares	29,063,338	24,581,008
	<u>31,444,375</u>	<u>38,484,276</u>

6.2 Property and equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At September 30,2020	Rate of depreciation (%)
	As At January 01,2020	Additions	Disposal	As At September 30,2020	As At January 01,2020	Charge for the year	Disposal	As At September 30,2020		
Rupees										
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	467,653,027	24,788,910	(10,709,530)	481,732,407	129,158,997	35,516,162	(2,725,146)	161,950,014	319,782,393	10
Office equipment	286,332,654	4,087,860	(990,846)	289,429,669	156,693,638	34,063,547	(743,106)	190,014,080	99,415,589	20
Computer equipment	397,641,821	3,885,374	(793,134)	400,734,062	290,506,001	55,555,119	(681,349)	345,379,771	55,354,291	33.33
Vehicles	94,566,275	1,181,810	-	95,748,085	36,610,146	11,216,019	0	47,826,165	47,921,920	20
	1,499,613,585	33,943,955	(12,493,510)	1,521,064,030	612,968,783	136,350,848	(4,149,601)	745,170,030	775,894,001	
Leased assets										
Vehicles	116,909,563	127,640	-	117,037,203	73,511,558	14,271,031	-	87,782,589	29,254,614	20
Right-of-use	1,090,483,362	82,527,438	-	1,173,010,800	151,729,753	112,897,718	-	264,627,471	908,383,329	
	2,707,006,511	116,599,033	(12,493,510)	2,811,112,033	838,210,093	263,519,597	(4,149,601)	1,097,580,089	1,713,531,944	

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At December 31,2019	Rate of depreciation (%)
	As At January 01,2019	Additions	Disposal	As At December 31,2019	As At January 01,2019	Charge for the year	Disposal	As At December 31,2019		
Rupees										
Owned assets										
Freehold land	253,090,088	329,720	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	353,675,666	114,000,241	(22,880)	467,653,027	86,155,672	43,021,055	(17,730)	129,158,997	338,494,030	10
Office equipment	259,042,754	31,056,710	(3,766,810)	286,332,654	114,926,021	45,465,171	(3,697,554)	156,693,638	129,639,016	20
Computer equipment	338,651,089	64,581,977	(5,591,245)	397,641,821	208,360,722	87,217,939	(5,072,660)	290,506,001	107,135,820	33.33
Vehicles	56,322,678	40,458,534	(2,214,937)	94,566,275	24,310,058	14,121,740	(1,821,652)	36,610,146	57,956,129	20
	1,260,782,275	250,427,182	(11,595,872)	1,499,613,585	433,752,473	189,825,906	(10,609,596)	612,968,783	886,644,803	
Leased assets										
Vehicles	115,687,331	1,222,232	-	116,909,563	52,173,872	21,337,686	-	73,511,558	43,398,005	20
Right-of-use	-	1,090,483,362	-	1,090,483,362	-	151,729,753	-	151,729,753	938,753,610	
	1,376,469,606	1,342,132,777	(11,595,872)	2,707,006,511	485,926,345	362,893,344	(10,609,596)	838,210,093	1,868,796,418	

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.

6.3 Intangible assets

Computer softwares	<u>102,035,988</u>	<u>116,033,339</u>
Computer softwares		
Cost		
Opening balance	365,069,167	264,909,230
Additions during the year	26,016,512	100,159,937
Closing balance	<u>391,085,679</u>	<u>365,069,167</u>
Amortization		
Opening balance	<u>(249,035,828)</u>	<u>(215,747,028)</u>
Charge for the year	<u>(40,013,863)</u>	<u>(33,288,800)</u>
Closing balance	<u>(289,049,691)</u>	<u>(249,035,828)</u>
Net book value	<u>102,035,988</u>	<u>116,033,339</u>

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.

7 OTHER ASSETS	Sep-20	Dec-19
	-----Rupees-----	
Income / mark-up accrued on		
Loans and Advances	4,356,657,334	2,307,559,543
Bank deposits	43,940,504	17,019,687
Lending to financial institutions	2,421,943	-
Advances to employees		
Personal advances - net of provision	7.1 154,415,965	141,278,790
Operational	1,244,818	16,225,253
Advances to suppliers	20,844,165	14,959,314
Prepayments	55,780,939	60,311,106
Income tax refundable (payments less provisions)	108,982,930	78,938,495
FED/Sales tax refundable	-	864,819
Fair value of derivative financial instrument	208,148,837	250,634,032
Insurance claims receivables	97,683,040	82,621,905
Crop and livestock insurance claims	290,017,805	268,977,801
Receivable from Employees' Provident Fund	-	-
Receivable from parent company	236,574	171,532
Others	116,236,300	98,908,154
	<u>5,456,611,154</u>	<u>3,338,470,431</u>
Less : Provisions held against classified other assets	-	-
Other assets - net of provisions	<u>5,456,611,154</u>	<u>3,338,470,431</u>

- 7.1 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 Breakup of employee advances and provision held there against is as follow:

	Number		Amount	
	Sep-20 Numbers	Dec-19 Numbers	Sep-20 ----- Rupees -----	Dec-19 -----
Advances against Salary	925	727	53,280,158	33,192,375
Advances for house	21	21	55,477,130	60,946,405
Advances for cars - note 7.1.1	50	50	38,034,276	42,647,109
Advances for motorbike - note 7.1.1	11	21	683,818	1,310,347
Other personal advances			6,940,582	3,182,554
	<u>1,007</u>	<u>819</u>	<u>154,415,965</u>	<u>141,278,790</u>
Less provision held				
Specific			-	-
General			-	-
			<u>154,415,965</u>	<u>141,278,790</u>

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 7.71% to 16.42% (2019: 7.56% to 13.11%) per annum however interest rate charged to the employee is fixed at 5% (2019: 5%) per annum.

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.

8 DEFERRED TAX ASSET - NET

Deferred tax asset arising on account of deductible temporary differences on:

	Sep-20 ----- Rupees -----	Dec-19 -----
Amortization on intangible assets	-	-
Lease liability	294,890,641	306,514,673
Grants	2,313,661	1,002,624
Un-realized exchange loss on borrowings	-	72,279,020
Provision for non-performing loans	-	115,463,296
Minimum tax	-	112,029,283
	<u>620,217,910</u>	<u>607,288,896</u>

Deferred tax liability arising on account of taxable temporary differences on:

Accelerated depreciation allowance - owned assets	(73,547,549)	(12,822,569)
Accelerated depreciation allowance - leased assets	(261,257,479)	(284,823,968)
Amortization on intangible assets	(1,146,972)	(1,069,625)
Un-realized gain on derivative financial instrument	-	(72,683,869)
Un-realised mark-up on Government Securities	(11,544,610)	(4,218,168)
Un-realised mark-up on capital gains on Mutual Funds	-	-
	<u>(349,708,494)</u>	<u>(375,618,199)</u>
	<u>270,509,416</u>	<u>231,670,697</u>

	Sep-20		Dec-19	
	No of accounts	Rupees	No of accounts	Rupees
9 DEPOSITS AND OTHER ACCOUNTS				
Conventional				
Current deposits	333,915	1,695,270,154	302,646	1,621,850,588
Saving deposits	798,162	7,502,082,544	796,327	5,135,405,820
Fixed deposits	6,495	21,780,962,967	5,939	16,592,973,673
	1,138,572	30,978,315,665	1,104,912	23,350,230,081
Islamic				
Current deposits	49,807	878,032,860	42,890	651,289,200
Saving deposits	21,053	1,904,972,353	20,685	1,174,911,369
Fixed deposits	2,061	3,046,971,033	1,370	1,474,231,402
	72,921	5,829,976,245	64,945	3,300,431,971
	1,211,493	36,808,291,910	1,169,857	26,650,662,052
Particulars of Deposits by ownership				
Individual depositors	1,208,898	17,035,535,723	1,167,707	8,609,707,762
Institutional depositors				
Corporation / firms etc.	2,441	15,839,328,631	2,015	12,250,200,835
Banks & financial institutions	154	3,933,427,556	135	5,790,753,455
	2,595	19,772,756,187	2,150	18,040,954,290
Total	1,211,493	36,808,291,910	1,169,857	26,650,662,052

	Sep-20	Dec-19
	-----Rupees-----	
10 BORROWINGS		
Borrowings from Banks / Financial Institutions		
In Pakistan	2,687,206,802	2,990,058,762
Outside Pakistan	560,168,667	774,238,000
	3,247,375,469	3,764,296,762
Borrowings from Banks / Financial Institutions in Pakistan		
Secured		
Pak Oman Investment Company Limited	111,111,108	166,666,664
Allied Bank Limited (Term Finance)	100,000,000	175,000,000
United Bank Limited (Running Finance)	-	700,651,757
Askari Bank Limited (Running Finance)	349,977,720	300,000,330
Allied Bank Limited (Running Finance)	199,005,723	199,842,393
Faysal Bank Limited (Running Finance)	449,952,085	450,000,405
National Bank of Pakistan (Running Finance)	977,160,165	997,897,213
Bank Alfalah Ltd (Running Finance)	-	-
Borrowing from BOP (Running Finance)	500,000,000	-
	2,687,206,802	2,990,058,762
Borrowings from Banks / Financial Institutions outside Pakistan		
	Sep-20	Dec-19
	-----Rupees-----	
ECO Trade & Development Bank	560,168,667	774,238,000
	560,168,667	774,238,000

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 has a grace period of one year and principal amount is repayable in six equal semi-annual installments of USD 1.7 million each commencing from October, 2018 and culminating on April 2021. The loan carries markup at the rate of six month USD LIBOR plus a spread of 2.7% per annum.

The Bank entered 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.

	Sep-20	Dec-19
	-----Rupees-----	
11 SUBORDINATED DEBT		
KfW - Germany	<u>672,360,000</u>	<u>672,360,000</u>

The Bank entered into a loan agreement with KfW - Germany, shareholder of the Bank, on December 29, 2014 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.

	Sep-20	Dec-19
	-----Rupees-----	
12 OTHER LIABILITIES		
Mark-up / return / interest payable on		
Deposits and other accounts	809,074,753	795,855,275
Borrowings	435,094,939	372,743,112
Payable for employees' benefit plans		
Employees' gratuity fund	334,616,174	304,390,486
Accumulated compensated absences	221,671,082	166,351,211
Provident Fund	11,242,537	401,403
Payable to employees' - final settlement	1,845,249	(4,997,770)
Obligation under finance lease		
Right-of-use asset	1,059,808,752	1,010,048,627
Company's vehicles	29,851,205	16,074,393
Vehicles sub-leased to employees'	-	30,824,128
	1,089,659,957	1,056,947,148
Payable to suppliers	10,027,986	17,843,194
Withholding tax payable	119,878,718	84,461,775
Sindh Workers' Welfare Fund	5,586,555	4,741,385
Accrued expenses	74,194,650	44,754,751
Security deposits against Islamic financing	573,415,733	586,288,969
Payable to the parent company	38,526,750	34,859,640
Insurance payable	29,484,894	38,238,402
Unearned / deferred income on Islamic financing	381,162,051	521,509,841
Unearned / deferred income o ATM and SMS services	21,808,307	55,692,298
Bills payable	91,546,401	143,569,844
Others	17,655,373	6,668,131
	<u>4,266,492,111</u>	<u>4,230,319,096</u>

13 SHARE CAPITAL

Authorized capital

Sep-20	Dec-19		Sep-20	Dec-19
-----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>

Issued, subscribed and paid-up capital

Sep-20	Dec-19		Sep-20	Dec-19
-----Number-----			-----Rupees-----	
		Ordinary shares of Rs 10 each		
<u>149,837,201</u>	<u>149,837,201</u>	fully paid in cash	<u>1,498,372,010</u>	<u>1,498,372,010</u>

The shareholders of the Bank are as follows:

Sep-20	Dec-19		Sep-20	Dec-19
-----Number-----			-----Rupees-----	
77,999,550	77,999,550	NRSP	779,995,500	779,995,500
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
23,837,201	23,837,201	KfW Germany	238,372,010	238,372,010
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
8,000,000	8,000,000	Acumen Capital Markets LLP	80,000,000	80,000,000
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalullah Qureshi	1,500	1,500
<u>150</u>	<u>150</u>	Dr. Rashid Bajwa	<u>1,500</u>	<u>1,500</u>
<u>149,837,201</u>	<u>149,837,201</u>		<u>1,498,372,010</u>	<u>1,498,372,010</u>

	Sep-20	Dec-19
	-----Rupees-----	
14 DEFERRED GRANTS		
Opening balance	3,457,323	9,645,271
Grants received from		
SBP	1,936,630	2,239,565
KfW	42,669,711	14,809,162
SWF - PMIC	-	-
Union Pay	9,948,000	-
Karandaz	7,578,870	-
	62,133,211	17,048,727
Interest income	0	0
Amortization of grants during the year	(55,617,712)	(23,236,675)
	<u>9,972,822</u>	<u>3,457,323</u>

This represents grant received from State Bank of Pakistan (SBP) under the National Financial Literacy Program (NFLP) for activities related to financial inclusion and under the Financial Innovation Challenge Fund (FCIF) for activities related to establishment of Islamic Banking.

This represents grant received under an agreement with KfW-Germany (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.

	Sep-20	Sep-19
	-----Rupees-----	
15 MARK-UP / RETURN / INTEREST EARNED		
Interest / mark-up on		
Advances	5,170,341,920	4,402,002,556
Lending to financial institutions	55,000,592	57,777,007
Investments in government securities	143,437,672	91,554,693
Deposits accounts, placements with other bank / financial institutions	201,883,154	237,662,703
Employees' loan	7,348,215	6,930,244
Profit on Islamic financing	932,448,968	620,568,903
	<u>6,510,460,521</u>	<u>5,416,496,106</u>
16 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	2,184,522,135	1,964,353,556
Profit Sharing Islamic Deposits	263,291,824	154,466,288
Borrowings	339,345,979	224,807,681
Ammortization of loan processing fee on borrowings	4,028,749	5,588,713
Finance lease charges	115,178,300	74,463,898
Other costs of deposits	71,408	3,201,447
	<u>2,906,438,395</u>	<u>2,426,881,583</u>
	Sep-20	Sep-19
	-----Rupees-----	
17 FEE, COMMISSION AND BROKERAGE INCOME		
Loan processing fee on advances	303,628,806	308,003,847
Other banking services fee	90,359,401	82,761,350
Commission Income	4,575,201	3,816,406
	<u>398,563,409</u>	<u>394,581,603</u>
18 OTHER INCOME - NET		
Investment income	18,302	33,835,253
Amortization of deferred grant	55,617,712	1,048,991
Gain on disposal of fixed assets - Annexure I	(7,018,988)	13,603
Unrealized (loss)/ gain on derivative financial instrument	(62,595,809)	80,457,747
Unrealized exchange gain/ (loss) on borrowings	39,069,333	(84,831,500)
Write off recovered	284,278,813	102,727,269
Other services income	20,028,307	3,184,270
	<u>329,397,671</u>	<u>136,435,633</u>