NRSP Microfinance Bank

ANNUAL REPORT 2022

NRSP Microfinance Bank

آپ کی ترقی کا ہمسفر

Islamic Banking

NRSP Microfinance Bank

ترقی کا سفر، شریعت کے ساتھ

FORICASH

اب بینکنگ ہوئی آسان

NRSP Microfinance Bank Limited

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OUR VISION

To become the leading Microfinance Bank in Pakistan.

OUR MISSION

We believe in harnessing the potential of the people through inclusive finance, for poverty reduction and a brighter future.

OUR CORE VALUES

INTEGRITY

We endeavor to make integrity and honesty an integral part of our operations.

TRANSPARENCY

We provide the highest level of disclosure and transparency to our stakeholders.

INNOVATION

We consistently strive to offer innovative products bringing value to our customers.

ACCOUNTABILITY

We take complete responsibility for our decisions and actions.

Chairman's Message
Dr. Rashid Bajwa
Chairman

It is my pleasure to present to you the Annual Report of NRSP Microfinance Bank for the year 2022. This year has been a challenging year for the microfinance industry, with the country's overall economic situation becoming more uncertain due to IMF conditionality, political turmoil and high inflation. The massive floods that hit the country have also had a profound impact on the people which have badly affected their repayment capacity.

The tough economic conditions & massive floods in the country have undoubtedly had an impact on financial performance of microfinance banks, including NRSP MF Bank. However, we are taking necessary steps to mitigate these effects by maintaining a prudent approach to risk management, enhanced focus on recoveries, cost efficiency, and innovation in our secured product offerings. As a result, we expect growth in deposit and secured loan portfolio in the near future. The Bank has prepared a 5-years strategic business plan to bring the Bank out of current difficulties and to put the Bank on sustainable growth path in secured business segments. The Board and Management of the Bank are committed to achieve the goals set in the strategic plan.

We are glad to have continued to serve the underserved communities in Pakistan, providing access to financial services and promoting financial inclusion. We believe that our efforts have helped to create positive economic and social impacts in the communities we serve, particularly during these difficult times.

At the same time, we remain committed to our environmental and social responsibilities, recognizing the importance of sustainability and the role that we can play in building a better future for all by empowering underserved communities of Pakistan.

I would like to express my sincere gratitude to our shareholders, customers, employees and regulators for their unwavering support and dedication to the Bank. We would remain focused on delivering value to our stakeholders and achieving sustainable growth in the years to come.

Sincerely,
Dr. Rashid Bajwa
Chairman, NRSP Microfinance Bank Limited

President's Message
Mr. Riaz Bangash
CEO

It is with great pleasure and deep reverence that I present the Annual Report of NRSP Microfinance Bank for the year 2022, During the last 11 years, NRSP Bank continued to serve its clients, as one of leading microfinance banks in the country.

As of December 31, 2022, NRSP Microfinance Bank has a loan portfolio of PKR 32.39 billion and a deposit portfolio of PKR 32.44 billion, serving a vast client base of 258,952 borrowers and 1,166,656 depositors across Pakistan through extensive branch network in all provinces, as well as Azad Kashmir (AJK) and Gilgit Baltistan.

The recent floods have had a significant impact on the microfinance industry, especially on the farmers who are among the most affected. The floods have caused extensive damage to agricultural lands, leading to the loss of crops and livestock, and affecting the livelihoods of thousands of farmers who rely on these lands for their income. This has had a ripple effect on the microfinance industry, as many farmers, who were previously able to repay their loans are now struggling to do so. In turn, this has put a strain on microfinance institutions, making it difficult for them to meet their own financial obligations and maintain sustainable operations.

Despite these challenges, the microfinance industry remains committed to supporting those affected by the floods. NRSP MFBL have implemented relief programs to help farmers get back on their feet. In this regard, around 17,326 borrowers were given relief involving an amount of more than PKR 1.67 billion. While the road to recovery may be long and difficult, we remain hopeful that with the support of our partners, we can help rebuild the livelihoods of those affected by the floods.

Further, I am delighted to share that in 2022, NRSP Microfinance Bank has worked extensively on gender equality by taking various initiatives, including recruitment of female staff, conduct of training & awareness sessions, designating women champions, etc.

As we look to the future, NRSP Microfinance Bank remains steadfast in our commitment to promoting financial inclusion and community development, particularly in rural hinterlands. We are dedicated to exploring new opportunities to expand our outreach, improve our services, promote financial literacy and financial education across the nation.

I would like to express my sincere thanks to our esteemed customers, shareholders, employees, and partners for their steadfast support of NRSP Microfinance Bank. Together, we will continue to build a brighter and more inclusive future for all.

Yours sincerely,

Riaz Bangash
President & CEO

Corporate Governance

Directors' Report – Year 2022

On behalf of the Board of Directors, I am pleased to present the 14th Annual report of the Bank with the audited Financial Statements and Auditors' Report thereon, for the year ended December 31,2022.

Corporate Reporting Framework

The Bank has continued to comply with the best corporate governance practices and the Directors are pleased to inform that:

- The financial statements prepared by the management of the Bank presents a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements.
- The Bank has followed international accounting standards (as applicable in Pakistan) in preparation of accounts. Also there has been no departure from the said standards.
- As a continuous process, efforts have been made to effectively implement the internal control system.
- There are no doubts about the Bank's ability to continue as a going concern.
- The Board has functional Audit Committee comprising of non - executive members which has defined terms of reference. The Board has met four times during the financial year 2022.

Performance Review

The Bank has 258,952 active borrowers as at December 31, 2022 mostly in rural areas and has posted a loss before tax of PKR 6,222 million. Operational activity showed encouraging results, where gross advances stood as high as PKR 32,386 million at financial year-end.In pursuance of the Bank's strategy of generating low cost funding for business growth and expansion, the Bank has focused on scaling up its deposit base to PKR 32,444 million at the year end.

The Board of Directors has recommended for non-payment of dividend during the year as after-tax loss comes to PKR 6,222 million and negative retained earnings of PKR 2,531 million at year end.

The operational results for the year are presented below;

The operational results for the year are presented below;

	2022 Rupees	2021 Rupees
Loss before taxation	**(6,222,182,224)**	**(1,862,451,272)**
Less: Taxation-Current	**(115,726,600)**	**(157,811,097)**
-Prior	**(17,577,150)**	**0**
-Deferred	**2,137,192,107**	**788,453,208**
Loss after taxation	**(4,218,293,867)**	**(1,231,809,161)**
Earnings per share	**(28.15)**	**(8.22)**

Capital Adequacy

As of December 31, 2022, the Bank's Capital Adequacy Ratio (CAR) measures at negative 13.22% against the mandatory requirements of 15% under the Prudential Regulations (PR) for Microfinance Banks. The Bank is planning to increase share capital in 2022. In order to show the continuous commitment towards the Bank, the National Rural Support Program (NRSP) has already provided PKR 1 billion as advance against issuance of shares.

Auditors

Statutory Auditors of the Bank, M/S Yousuf Adil, Chartered Accountants, Islamabad, have completed their audit for the year ended December 31, 2022 and shall retire at the conclusion of the 14th Annual General Meeting (AGM), being eligible, they have offered themselves for reappointment and the Board also recommended their appointment as auditor for the year ending December 31, 2023.

Transfer to reserves:

As per the requirements of Microfinance Institutions Ordinance, 2001 and Prudential Regulations for Microfinance Banks issued by the State Bank of Pakistan, the Bank is required to transfer an amount equivalent to 20% of profit after tax to the Statutory Reserve and 5% of profit after tax to Depositors' Protection Fund along with profits on investments for such fund. As the Bank has sustained losses in 2022, therefore, no transfer to these funds has been made except for the profitsof earlier investments out of previous years' balances.

Directors

During the year under review directors were as under:

Sr.	Directors	
1	Dr. Rashid Bajwa	Nominee Director of National Rural Support Program (NRSP) – Holding company
2	Mr. Shoaib Sultan Khan	Nominee Director of National Rural Support Program (NRSP) – Holding company
3	Mr. Fazlullah Qureshi	Nominee Director of National Rural Support Program (NRSP) – Holding company
4	Mr. Naved A. Khan	Independent Director
5	Dr. Ayesha Khan	Nominee Director of Acumen Fund USA
6	Dr. Shahida Jaffrey	Nominee Director of National Rural Support Program (NRSP) – Holding company
7	Mr. Stephen Rasmussen	Independent Director
8	Mr. Jesse C. Fripp	Nominee Director of PROPARCO
9	Mr. Zahoor Hussain Khan	EX-Officio director - President/CEO

Pattern of Shareholding

The Pattern of shareholding of the Bank as at December 31, 2022 as required under section 227 of the Companies Act, 2017 is as follows:

No of Shareholder(s)	From	To	Total Shares Held
3	101	150	450
4	16,000,000	85,999,550	149,836,751
			149,837,201

Categories of Shareholder

Particular	Number	Shares held	Percentage
Corporate entities	4	149,836,751	99.99970%
Individuals (by directors)	3	450	0.00030%

Shareholder holding above 5% of voting shares

Shareholders	Shares	%age held
National Rural Support Program (NRSP) – Holding company	85,999,550	57.39%
PROPARCO (France)	23,837,201	15.91%
International Finance Corporation – IFC	24,000,000	16.02%
Acumen Fund USA	16,000,000	10.68%
Total Shares	149,836,751	

Appreciation and Acknowledgement

On behalf of the Board of the Bank, I would like to express my sincere gratitude to the State Bank of Pakistan for its guidance; to the shareholders and clients for their support; and to the employees for their commitment.

Chairman
Date: April 7, 2023

Report of Shariah Advisor

For the year 2022

بسم اللہ الرحمن الرحیم

الحمدللہ رب العالمین و الصلوٰۃ و السلام علی خاتم الانبیاء و المرسلین و علٰی آلہ و اصحابہ و عترتہ و من تبعھم باحسان الی یوم الدین۔

اما بعد !

The year under review was the 8th year of Islamic Banking being operated in the NRSP Microfinance Bank Ltd. NRSP Microfinance Bank Ltd. has 40 standalone Islamic Banking Branches (IBBs) and 3 Islamic Banking operational windows. The worldwide success of Islamic Banking is now an open fact. The main attraction for the establishment of an Islamic Banks in the Pakistan is to serve the Muslims looking for Shariah compliant transactions especially in their financial affairs. Shariah Compliance is regarded as the foundation of Islamic Banking, hence, no Islamic Bank can function without strong Shariah compliance mechanism. Therefore, a proper Shariah compliance mechanism has been put in place by Islamic Microfinance Division (IMD) in order to ensure that all the activities carried out in line with the Islamic principles and maintain trust of the depositors and other stakeholders on the system.

IMD has an independent Shariah Compliance Department (SCD), playing an important role towards accomplishment of the objective of ensuring Shariah compliance. In addition, the unit also focuses on goals of the Board of Directors (BOD) of the bank under the supervision of the Resident Shariah Advisor (RSA) to ensure Shariah-compliance in all processes, procedures, products and operations. SCD conducted Islamic banking trainings, awareness seminars, research into Shariah related issues, and Shariah compliance reviews of transactions for the year.

Besides SCD, IMD has an internal Shariah audit function as an essential component of Shariah compliance mechanism to promote internal accountability and transparency through ongoing checks on all activities of IMD. This ensures compliance of activities with approved polices, State Bank of Pakistan (SBP) instructions & guidelines and RSA decisions. IMD also has product development function for developing Shariah compliant products to grow deposits and assets sides of the IMD through introduction of new deposit products, alternative Shariah Complaint financing products and extensive marketing of Islamic Banking operations.

As per Shariah Governance Framework (SGF), the Board of Directors and Executive Management are solely responsible to ensure that the operations of IMD are conducted in a manner that always comply with Shariah principles, I am required to submit a report on the overall Shariah compliance environment of IMD. For this purpose, I have performed/considered the following tasks:

- The above-mentioned mechanism is of high level in Shariah Compliance and bank level of Shariah compliance is to the highest standards. Therefore, in my opinion the affair of Islamic Banking has been carried out in accordance with the rules and principles of Shariah during the year.
- The Islamic Banking Division of the Bank has complied with Shariah rules and principles in the light of Fatawa (decisions), rulings and guidelines issued by me (RSA).
- The Islamic Banking Division has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Advisory committee.
- Bank has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations. The mechanism comprising of Internal Shariah Audit Unit, a Shariah Compliance Department, Resident Shariah Advisor in the bank and regular / frequent in-house and external trainings for Islamic Banking staff in line with Shariah Governance Framework of SBP is in place.
- All sources of income of the bank are Shariah compliant and any earning which has been realized from sources or by means prohibited by Islamic rules and principles have been transferred to the Charity Account which will be distributed as per approved Charity policy of the bank. During the year 2022, an amount of Rs. 14,783,029/- has been transferred to Charity account in which a very minor portion has been created from sources or by means prohibited by Shariah Rules & Principles and major portion recovered as default obligation amount due to late payments.

- The bank has a comprehensive profit & Loss distribution and Pool Management system. During the year under review, profit distribution mechanism, allocation of funds, income & expenses, weightages and other affairs of the IMD of the bank are in conformity with the guidelines that have been approved by the RSA in accordance with Islamic rules and principles.
- During the period under the review, RSA has recommended to the management to continue to develop the skills of Islamic banking staff. In this regard the Training Division of HRD has arranged various trainings in Training Center of the bank and nominated sizable number of staff members for trainings.The SCD also conducted sessions, Group discussions with IBBs & IBWs staff during visits/remotely for Shariah Compliance Reviews/Inspections.
- The RSA has been provided with adequate resources by enabling to discharge duties in effective manner.

Conclusion:

Based on the strength and capacity of the Shariah Compliance Department and policies/guidelines for Shariah compliance issued by IMD, I am of the opinion that an effective mechanism is in place to ensure Shariah compliance in overall operations of IMD in the NRSP MFB Ltd.

May Allah ﷻ bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter and forgive our mistakes. Ameen

We bear witness only to what we know, and we could not well guard against the unseen! (Surah Yusuf, Verse:81)

Resident Shariah Advisor of the Bank

شریعہ بورڈ رپورٹ
برائے سال 2022

بسم اللہ الرحمن الرحیم

الحمدللہ رب العالمین والصلوۃ والسلام علی خاتم الانبیاء والمرسلین وعلی آلہ واصحابہ وعترتہ ومن تبعھم باحسان الی یوم الدین۔

اما بعد !

زیر نظر سال این آر ایس پی مائیکروفنانس بینک لمیٹڈ (اسلامک ڈویژن) کے اسلامی بینکاری کا آٹھواں سال تھا۔ اس وقت این آر ایس پی مائیکروفنانس بینک لمیٹڈ (اسلامک ڈویژن) پورے ملک میں چالیس مخصوص اسلامی بینکاری کی شاخوں اور تین روایتی بینکاری کی شاخوں میں' اسلامک ونڈوز' کے ذریعے سے اسلامی بینکاری کی خدمات سرانجام دے رہا ہے۔

دنیا بھر میں اسلامی بینکاری کی کامیابی ایک مسلم حقیقت ہے ۔پاکستان میں اسلامی بینکاری کے انعقاد کا بنیادی مقصداُن صارفین کو خدمات فراہم کرنا ہے جن کی توجہ کا مرکز شریعہ کمپلائنٹ ٹرانزیکشنز (خصوصا مالی معاملات)ہیں۔چونکہ شریعت کے تحت ہی اسلامی بینکاری جائز ہے ۔ اس لئے شریعہ کمپلائنس کو اسلامی بینکاری کی بنیاد سمجھا جاتا ہے۔ اس لئے کوئی بھی بینک شرعی اصولوں کی مضبوط تعمیل کے بغیر اسلامی بینکاری نہیں کر سکتا۔لہذااسلامی مائیکروفنانس ڈویژن کی طرف سے ایک بہترین شرعی امور کی تعمیل کا طریقہ کار وضع کیا گیا ہے۔تاکہ اس بات کو یقینی بنایا جا سکے کہ اسلامک ڈویژن کی طرف سے کی جانے والی تمام سرگرمیاں اسلامی اصولوں کے مطابق ہوں اور متعلقین (ڈپازٹر اور دیگر حصہ داران)کا اس نظام پر اعتماد برقرار رہے۔ شریعہ کمپلائنس ڈیپارٹمنٹ ، این آر ایس پی مائیکروفنانس بینک لمیٹڈ (اسلامک ڈویژن) کے ڈھانچےکا ایک اہم جُزو ہے جوکہ شریعت کے احکام کی تعمیل کو یقینی بنانے کے لئے اہم کردار ادا کررہاہے۔ اس کے علاوہ ،شریعہ کمپلائنس ڈیپارٹمنٹ،ڈویژن کے تمام معاملات میں شریعہ کمپلائنس انچارج اور شریعہ ایڈوائزرکی زیر نگرانی میں بورڈ آف ڈائریکٹرزکے اہداف پر خصوصی توجہ دیتا ہے تاکہ تمام انتظامی امور، طریقہ کار، پروڈکٹس اور بینکاری آپریشنزاسلامی اصولوں کے مطابق سرانجام پائیں۔ مزید یہ کہ شریعہ کمپلائنس ڈیپارٹمنٹ تربیتی و آگاہی پروگرامز میں عملی شرکت کے ساتھ ساتھ ، شرعی امور سے متعلق تحقیق اور بینکاری سے متعلق معاملات کا شرعی نقطہ نظر سے جائزہ بھی لیتا ہے۔ شریعہ کمپلائنس ڈیپارٹمنٹ کے علاوہ این آر ایس پی اسلامک ڈویژن کا ایک منظم انٹرنل شریعہ آڈٹ یونٹ بھی ہے جوکہ بینک کے اسلامی بینکاری سے متعلق اندرونی معاملات کی جانچ پڑتال اور شفافیت کو یقینی بنانے کے لئے شریعہ کمپلائنس نظام کا ایک اہم حصہ ہے۔ یہ یونٹ اس بات کو یقینی بناتا ہے کہ تمام تر معاملات اسٹیٹ بینک آف پاکستان کی جاری کردہ پالیسیوں، نوٹیفیکیشنز، سرکولرز اور شریعہ ایڈوائزرکی جاری کردہ ہدایات اور رہنمائی کے تحت سرانجام پائیں۔

اسلامک پروڈکٹ ڈیولپمنٹ بھی بینک کےاسلامک ڈویژن کا ایک اہم فعال جُزو ہے ۔ جس کا مقصدشرعی اصولوں کے مطابق ڈویژن کے لئے سرمایہ کاری کے مواقعوں اور ڈپازٹس کی سہولتوں کو بہتر بنانے کے لئے نئی اور متبادل شریعہ کمپلائنٹ پروڈکٹس کی دستیابی کو یقینی بنانا ہے تاکہ اسلامک ڈویژن کو ترقی کے مواقع فراہم کیے جائیں۔

شریعہ گورننس فریم ورک کے تحت بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ ہی اس بات کی ذمہ دار ہیں کہ اسلامک ڈویژن کے معاملات کو ہمیشہ شرعی اصولوں کے مطابق چلائیں۔

تاہم اس ضمن میں میری ذمہ داری ہے کہ میں اسلامک مائیکروفنانس ڈویژن کی شرعی اصولوں کی تعمیل سے متعلق مجموعی کارکردگی کی رپورٹ پیش کروں۔ اس مقصد کے لئے میں نے درج ذیل امور، زیر نظر دورانیہ میں، سرانجام دیے ہیں۔

- اس سال کے دوران تمام دستوری طریقہ کار(مینولز)،دستاویزات، پروڈکٹ پروگرامز/اسٹرکچرز، متعلقہ معاہدات، مارکیٹنگ کے اشتہارات اور بروشرزکا بخوبی جائزہ لیا اور ان کی منظوری دی۔
- اسلامک ڈویژن کی سرگرمیاں بالخصوص شریعہ آڈٹ اور شریعہ کمپلائنس ریویو کے سالانہ منصوبوں (پلان)کی منظوری دی۔

دوران سال انٹرنل شریعہ آڈٹ اور شریعہ کمپلائنس ریویو رپورٹس جو کہ شرعی مسائل پر مبنی تھیں، مجھے بھیجی گئیں جن پر میں نے شرعی نقطہ نظر سے تجاویز ورہنمائی فراہم کی۔

- اسلامک ڈویژن کی ماہانہ آمدنی، اخراجات کے گوشواروں اور پول مینجمنٹ سرگرمیوں کا جائزہ لیا اوران کی منظوری دی ، اسکے ساتھ ساتھ بینک انتظامیہ کی طرف سے بھیجے گئے تمام مسائل کا جواب بھی دیا۔
- اس سال ڈویژن کے عملے کی صلاحیتوں کو بڑھانے کے لیے اور انہیں شرعی اصولوں کے عدم تکمیل کے سلسلے میں پیش آنے والے خطرات اور کاروبار پر اس کے اثرات سے پوری طرح آگاہ کرنے کے لئے بینک کے تربیتی ڈویژن کی جانب سے منعقد کی گئی مختلف اسلامک بینکنگ ٹریننگز میں بطور ٹرینر بھی شرکت کی۔
- عملے کی تربیت کےعلاوہ عوامی بیداری کے پروگراموں میں بھی حصہ لیاتاکہ اس کے ذریعے بینک کے صارفین اورعام لوگوں کو یہ اعتماد ملے کہ این آر ایس پی اسلامک ڈویژن کا انتظام و انصرام ایسےپیشہ ورانہ افراد کرتے ہیں، جن کے پاس اسلامی بینکاری کا وسیع تجربہ موجودہے۔

اس لئے مذکورہ بالا امور کی بنیاد پر میری رائے یہ ہے کہ

- مذکورہ بالامیکینزم شرعی اصولوں کی تعمیل احسن انداز سے کررہا ہے اور اسلامی بینکاری کے معاملات کو شرعی اصولوں کی روشنی میں سرانجام دیا گیا ہے۔

- بینک کے اسلامک ڈویژن نے میرے فتاویٰ کی روشنی میں تمام معاملات کے سرانجام دہی میں شرعی اصولوں اور وقوانین کی تعمیل کی ہے۔ اسلامک ڈویژن نے اسٹیٹ بینک آف پاکستان کی شریعہ ایڈوائزری کمیٹی کی طرف سے جاری کردہ تمام ہدایات /فرامین/قوانین/احکامات کی تعمیل کی ہے۔
- بینک کے پاس اپنے تمام معاملات میں شریعت کی تعمیل کو یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔ یہ میکینزم ، انٹرنل شریعہ آڈٹ ، شریعہ کمپلائنس ڈیپارٹمنٹ، بینک کے ریزیڈنٹ شریعہ ایڈوائزر اور اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق اور اسلامک ڈویژن کے عملے کی تربیت سے متعلق پروگرام پر مشتمل ہے۔
- بینک کی آمدنی کے تمام ذرائع شریعت کے مطابق ہیں اور کوئی بھی ایسی آمدنی جو غیر شرعی طور پر ناجائز ذرائع سے حاصل کی گئی ہو، اس کو چیریٹی اکاونٹ میں منتقل کردیا گیا ہے۔ جس کو بینک کی منظور شدہ چیریٹی پالیسی کے مطابق تقسیم کیا جائے گا۔ سال 2022 میں -/14,783,029 روپے چیریٹی اکاونٹ میں منتقل کیے گئے۔ جس میں کچھ حصہ اس آمدنی کا تھا جو فاسد معاملات سے حاصل ہوئی ۔ جبکہ ایک بڑا حصہ تاخیر سے ادائیگی کی وجہ سے چیریٹی کی مد میں وصول کیا گیا تھا۔
بینک کے پاس منافع اور نقصان کی تقسیم اور پول مینجمنٹ کا جامع نظام موجود ہے۔ رواں سال کے دوران منافع کی تقسیم کا طریقہ کار، فنڈز کی تقسیم ، آمدنی، اخراجات، ویٹیج اور اسلامک ڈویژن کے دیگر امور، اسلامی اصولوں کے مطابق اور شریعہ ایڈوائزر کی طرف سے بیان کردہ ہدایات کی روشنی میں ادا کیے گئے۔
- دورانِ سال شریعہ ایڈوائزر نے اسلامی بینکاری کے عملے کی پیشہ ورانہ مہارتوں کو بڑھانے کے لئے انتظامیہ کو سفارشات پیش کیں، اس سلسلے میں ہیومن ریسورس ڈیپارٹمنٹ کے ٹریننگ یونٹ نے مختلف ٹریننگز کا اہتمام کیا اور شریعہ کمپلائنس ڈیپارٹمنٹ نے برانچوں اور ونڈوز کے عملے کے ساتھ مل کر گروپ ڈسکشن اور مختلف تربیتی سیشنز کا بھی انعقاد کیا۔

- ریزیڈنٹ شریعہ ایڈوائزر کو اپنی ذمہ داریوں سے عہدہ براہ ہونے کے لئے موزوں وسائل بھی فراہم کیے گئے ہیں۔

نتیجہ:
اسلامک ڈویژن کے مضبوط شریعہ کمپلائنس ڈیپارٹمنٹ، پالیسی اور ہدایات کی بنیاد پر میرا موقف یہ ہے کہ بینک کےاسلامک ڈویژن کے مجموعی آپریشنز میں شرعی اصولوں کے مطابق معاملات کو انجام دینے کے لیے موثر طریقہ کار موجود ہے۔
اللہ تعالی اپنی رضا کے مطابق کاموں کو انجام دینے کی توفیق عطا فرمائے، ہمیں دنیا و آخرت میں کامرانی عطا فرمائے اور ہماری لغزشوں کو معاف فرمائے۔ آمین
اور ہم نے وہی بات کہی ہے جو ہمارے علم میں آئی ہے، اور غیب کی نگہبانی توہمارے بس میں نہیں تھی۔
آیت 81سورہ یوسف

ریزیڈنٹ شریعہ ایڈوائزر

Yousuf Adil
Chartered Accountants

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YOUSUF ADIL

INDEPENDENT AUDITORS' REPORT

To the members of NRSP Microfinance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of NRSP Microfinance Bank Limited (the Bank), which comprise the Balance Sheet as at December 31, 2022, and profit or loss account, statement of comprehensive income, the statement of changes in equity, 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 accompanying statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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) and Microfinance Institutions Ordinance, 2001, 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, 2022 and of the loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to Note 1.1 to the financial statements, which indicates that the Bank incurred a loss after tax of Rs. 4,218 million during the year and accumulated losses stood at Rs. 2,530 million as at December 31, 2022. The Bank was not compliant with the regulatory requirements of minimum paid up capital (free of losses) and the Capital Adequacy Ratio as at December 31, 2022. As stated in note 1.1, these events or conditions, along with the other matters set forth in note 1.1 indicate the existence of material uncertainty that may cast a significant doubt on the Bank's ability to continue as a going concern. Based on Bank's business plan and parent company's commitment for equity injection and unconditional financial support, the management believes that Bank is a going concern. Accordingly, financial statements have been prepared on going concern basis.

Emphasis of Matter

We draw attention to note 15.1 to the financial statements, which describes that management has recognized net deferred tax asset of Rs 3,362 million as at December 31, 2022. Based on financial projections for future years, approved by the Board, the management believes that, the Bank will be able to realize the deferred tax asset. The preparation of projections involves management's assumptions regarding future business and economic

conditions and therefore any significant change in such assumptions or actual outcome that is different from assumptions may have an effect on the recoverability of the deferred tax asset in future. Our opinion is not modified in respect of this matter.

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) and Microfinance Institutions Ordinance, 2001, 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. 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) 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.

Other Matter

The financial statements of the bank for the year ended December 31, 2021 were audited by another auditor, who expressed an unqualified opinion on those financial statements on April 22, 2022.

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

Chartered Accountants
Islamabad
Date: April 07, 2023
UDIN: AR202210134dU5BxOeVu

BALANCE SHEET

As at December 31, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Cash and balances with SBP and NBP	8	1,819,603,458	2,611,549,980
Balances with other Banks/NBFIs/MFBs	9	4,369,152,215	6,806,536,615
Lending to financial institutions	10	-	-
Investments - net of provisions	11	2,435,811,437	6,782,215,699
Advances - net of provision	12	28,027,829,813	27,178,816,015
Operating fixed assets	13	1,356,094,857	1,340,988,129
Other assets	14	2,820,455,701	5,435,818,554
Deferred tax asset - net	15	3,361,981,972	1,224,789,867
Total Assets		**44,190,929,453**	**51,380,714,859**
LIABILITIES			
Deposits and other accounts	16	32,444,154,687	34,126,738,258
Borrowings	17	5,144,971,811	6,935,832,100
Subordinated debt	18	1,442,360,000	1,442,360,000
Other liabilities	19	5,066,848,062	4,596,811,470
Deferred tax liability - net		-	-
Total Liabilities		**44,098,334,560**	**47,101,741,828**
Net Assets		**92,594,893**	**4,278,973,031**
REPRESENTED BY:			
Share capital	20	1,498,372,010	1,498,372,010
Statutory reserve		815,766,515	815,766,515
Depositors' protection fund		305,381,345	269,646,194
Unappropriated profit/(loss)		(2,530,558,517)	1,693,039,358
		88,961,353	**4,276,824,077**
Surplus / (Deficit) on revaluation of assets		-	(2,638,100)
Deferred grants	21	3,633,540	4,787,054
Total capital		**92,594,893**	**4,278,973,031**
MEMORANDUM / OFF BALANCE SHEET ITEMS	22		

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

President / Chief Executive	Chairman	Director	Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
Mark-up / return / interest earned	23	4,187,706,686	7,989,338,470
Mark-up / return / interest expensed	24	(3,973,293,188)	(3,790,046,982)
Net mark-up / interest income		**214,413,498**	**4,199,291,488**
Provision against non-performing loans and advances	12.5	(4,578,692,406)	(3,957,367,941)
Provision for diminution in the value of investments		-	-
Bad debts written off directly - net of insurance recoveries	12.6	(12,511,517)	(30,403,454)
		(4,591,203,923)	**(3,987,771,395)**
Net mark-up / interest income after provisions		**(4,376,790,425)**	**211,520,093**
NON MARK-UP / NON INTEREST INCOME			
Fee, commission and brokerage income	25	550,902,168	484,829,883
Dividend income		-	-
Other income - net	26	967,338,703	601,419,179
Total non mark-up / non interest income		**1,518,240,871**	**1,086,249,062**
NON MARK-UP / NON INTEREST EXPENSES			
Administrative expenses	27	(3,351,906,849)	(3,150,034,864)
Other charges	28	(11,725,820)	(10,185,562)
Total non mark-up / non interest expenses		**(3,363,632,669)**	**(3,160,220,426)**
		(6,222,182,223)	**(1,862,451,271)**
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		**(6,222,182,223)**	**(1,862,451,271)**
Taxation - Current	29	(115,726,600)	(157,811,097)
Prior year		(17,577,150)	-
Deferred		2,137,192,105	788,453,208
		2,003,888,355	**630,642,111**
LOSS AFTER TAXATION		(4,218,293,868)	(1,231,809,160)
Unappropriated profit/(loss) brought forward		1,693,039,358	2,929,766,103
Less: Other comprehensive income		(5,304,007)	(4,917,585)
Unappropriated profit/ (loss) before appropriations		**(2,530,558,517)**	**1,693,039,358**
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		-	-
Depositors' protection fund		-	-
		-	**-**
Unappropriated profit/(loss) carried forward		**(2,530,558,517)**	**1,693,039,358**
Loss per share	30	**(28.15)**	**(8.22)**

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

President / Chief Executive | Chairman | Director | Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
Loss after taxation		(4,218,293,868)	(1,231,809,160)
Other comprehensive income/ (loss)			
Items that will not be subsequently reclassified through profit and loss account:			
Loss on re-measurement of employees' retirement benefits - net of tax		(5,304,007)	(4,917,585)
Total comprehensive loss for the year		**(4,223,597,875)**	**(1,236,726,745)**

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

President / Chief Executive	Chairman	Director	Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Capital reserves			Revenue reserve	
	Share capital	Statutory reserve	Depositors' protection fund	Unappropriated profit	Total
	Rupees				
Balance as at January 1, 2021	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 loss for the year	-	-	-	(4,917,585)	(4,917,585)
Total comprehensive loss 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	-	-	15,853,313	-	15,853,313
Return on investments - net of tax	-	-	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**	**4,276,284,077**
Loss for the year	-	-	-	(4,218,293,868)	(4,218,293,868)
Other comprehensive loss for the year	-	-	-	(5,304,007)	(5,304,007)
Total comprehensive loss for the year	-	-	-	(4,223,597,875)	(4,223,597,875)
Transfer to statutory reserve	-	-	-	-	-
Transfer to depositors' protection fund:					
5% of the profit after tax for the year	-	-	-	-	-
Return on investments - net of tax	-	-	35,735,151	-	35,735,151
	-	-	37,735,151	-	37,735,151
Balance as at December 31, 2022	**1,498,372,010**	**815,766,515**	**305,381,345**	**(2,530,588,517)**	**88,961,353**

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

President / Chief Executive | **Chairman** | **Director** | **Director**

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Lose before taxation		(6,222,182,223)	(1,862,451,271)
Less: Dividend income		-	-
		(6,222,182,223)	**(1,862,451,271)**
Adjustments for non-cash changes:			
Depreciation		145,459,141	162,671,421
Amortization - RoU Asset		129,299,018	128,386,453
Amortization of Intangibles		43,060,789	54,055,109
Provision against non-performing advances		4,578,692,406	3,957,367,941
Advances directly written-off - net of insurance recoveries		12,511,517	30,403,454
Gain on sale / redemption of securities		(390,688,437)	(498,442,471)
Unrealized exchange (gain) / loss		-	(12,714,334)
Unrealized loss/ (gain) on derivative financial asset		-	14,573,523
Gain on sale of fixed assets		(672,987)	(1,758,776)
Loss on termination of lease arrangements		(51,181,050)	4,225,925
Finance charges on leased assets		120,606,338	123,900,651
Amortization of deferred grant		(32,722,421)	(20,988,885)
Provision for gratuity and leave encashment		160,301	(122,463)
Provision of gratuity and leave encashment		132,542,888	139,969,234
		4,687,067,503	**4,081,526,781**
(Increase)/ decrease in operating assets			
Lendings to financial institutions		-	1,496,209,150
Advances		(5,440,217,723)	(3,234,165,872)
Other assets (excluding advance taxation)		2,592,341,870	(356,813,489)
		(2,847,875,853)	**(2,094,770,211)**
Increase / (decrease) in operating liabilities			
Bills payable		(50,240,790)	73,034,317
Borrowings from financial institutions		(1,790,860,289)	4,399,696,485
Deposits		(1,682,583,571)	(5,157,810,755)
Financing cost paid on lease obligation		(120,606,338)	(123,900,651)
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)		- 549,835,061	- 373,149,846
		(3,094,455,927)	**(435,830,758)**
Taxes paid		(168,047,381)	(182,737,127)
Gratuity and Leave encashment paid (including contributions)		(140,495,594)	(147,906,799)
Net cash flow from operating activities		**(7,785,989,475)**	**(642,169,385)**
CASH FLOW FROM INVESTING ACTIVITIES			
Net proceeds from investment in available-for-sale securities		2,851,112,239	3,235,635,012
Net proceeds from / (investment in) held-to-maturity securities		1,888,458,259	(884,397,458)
Investment in operating fixed assets		(176,728,640)	(13,674,508)
Interest income on depositor's protection fund		35,735,151	15,853,313
Sale proceeds from property and equipment disposed-off		1,152,400	3,188,414
Net cash flow from investing activities		**4,599,729,409**	**2,356,604,773**
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received		31,568,907	13,391,435
Net payments of lease obligations		(74,639,763)	(111,003,469)
Net cash used in financing activities		**(43,070,856)**	**(97,612,034)**
(decrease) / increase in cash and cash equivalents		**(3,229,330,922)**	**1,616,823,354**
Cash and cash equivalents at beginning of the year		9,418,086,595	7,801,263,241
Cash and cash equivalents at the end of the year	31	**6,188,755,673**	**9,418,086,595**

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

President / Chief Executive	Chairman	Director	Director

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 145 (2021: 150) as at the year end including 40 (2021: 40) Islamic branches.

National Rural Support Programme (NRSP or "Parent Company") is holding company of the Bank which holds 57.40% (2021: 57.40%) shares of the Bank.

1.1 GOING CONCERN ASSUMPTION:

The Bank has incurred loss after tax amounting to Rs.4,218 million during the year mainly due to the suspension of the markup from roll-over portfolio of advances and provision charged on such portfolio as disclosed in note 12.3. Further, adverse affects of COVID and macro economic challenges of the country have significantly affected the Bank's borrowers' ability to repay the advances which has adverselly affected bank's markup income and capital adequacy ratio (CAR). Consequently, the Bank was not compliant with the regulatory requirements of minimum paid up capital (free of losses) of Rupees one Billion and CAR as at December 31, 2022 which is required to be maintained at least at 15% of risk weighted assets.

The aforementioned conditions create a concern on the Bank's ability to continue as going concern. Subsequent to year end, the Parent Company has placed share deposit money of over Rupees one Billion which shall be converted to share capital ensuing the completion of regulatory requirements. The Bank has also devised business plan in collaboration with the Parent Company to seek additional equity injection of over Rupees 2 Billion during the year 2023 so that minimum paid-up capital requirement and regulatory CAR threshold is maintained and the Bank achieves growth and profitability. The Parent Company has also confirmed its commitment for equity injection and unconditional financial support to the Bank to continue as going concern. The management believes that in view of above measures, the Bank shall be able to continue as a going concern, accordingly, these financial statements have been prepared on a going concern basis.

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;
- Islamic Financial Accounting Standards (IFAS Standards) issued by the The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as are adopted by SBP;
- 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, the requirements of the Microfinance Institutions Ordinance, 2001, the Companies Act, 2017, and said directives shall prevail. 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 through it BPRD Circular No. 03 of 2022 dated July 05, 2022, has deferred the applicability of IFRS 9 to Microfinance banks to accounting periods beginning January 1, 2024. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

4 NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS THAT BECAME EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2022

4.1 The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021. The change: • Permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); • Require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and • Specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework • Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;	January 01, 2022

- Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
  Add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use. — January 01, 2022

- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). — January 01, 2022

Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41) — January 01, 2022

STANDARDS	SUBJECT OF AMENDMENT
IFRS 9 Financial Instruments	**Fees in the '10 per cent test' test for derecongnition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
IFRS 16 Leases	**Lease incentives.** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example
IAS 41 Agriculture	**Taxation in fair value measurements.** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 published today are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated

4.2 NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's / Bank's

operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: • Replacing the requirement for entities to disclose their significant' accounting policies with a requirement to disclose their 'material' accounting policies; and • Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	January 1, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	January 1, 2023
IAS 1	Classification of liabilities as current or non-current (Amendments to IAS 1)	January 1, 2023
IAS 12	Amendments to 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	January 1, 2023
IAS 16	Amendments to IFRS 16 ' Leases' -Lease Liability in a Sale and Leaseback arrangement.	January 1, 2024
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

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

STANDARDS		EFFECTIVE DATE
IFRS 1	First-time Adoption of International Financial Reporting	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023

The Bank expects that the adoption of the above standards will have no material effect on the Bank's financial statements, in the period of initial application.

SBP has deferred the applicability of International Accounting Standard 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these

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 7.4.

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.

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. Advances are classified under non-performing loans (NPLs) and the provision on such is charged as per the guidelines of Prudential Regulation for Microfinance Banks issued by the State Bank of Pakistan (SBP). Further the markup on classified advances is suspended and transferred to reserve account. On March 16, 2022 SBP AC&MFD has issued Circular No. 02 of 2022 making significant revisions to the MFB's Prudential Regulations. Following is the summary of Prudential Regulations, for classification and provisioning of advances.

Classification		New Classification Criteria			
	Previous DPD criteria	General Loans	House Loans	Enterprise Loans	Enterprise Loans (Property Collateral)
Days Passed Due Based					
OAEM	30 - 59	30 - 59	90 - 179	90 - 179	90 - 179
Substandard	60 - 89	60 - 89	180 - 364	180 - 364	180 - 364
Doubtful	90 - 179	90 - 179	365 - 729	365 - 544	365 - 544
Loss	180 - 209	180 - 209	730 - 1944	545 - 1214	545 - 1944
Write off	>=210	>=210	>=1945	>=1215	>=1945
Provision Percentage					
OAEM	0%	0%	0%	10%	10%
Substandard	25%	25%	25%	25%	25%
Doubtful	50%	50%	50%	50%	50%
Loss	100%	100%	100%	100%	100%
Write off	100%	100%	100%	100%	100%

Suspension Percentage

OAEM	0%	0%	0%	100%	100%
Substandard	100%	100%	100%	100%	100%
Doubtful	100%	100%	100%	100%	100%
Loss	100%	100%	100%	100%	100%
Write off	100%	100%	100%	100%	100%

In addition the Bank maintains a watch list of all overdue accounts before they are classified in terms of objective (time-based) criteria. 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 on the rates mentioned above.

In addition to above, a general provision is made equivalent to 1% (2021: 1%) of the net outstanding balance (advances net of specific provisions) in accordance with the requirement of the Regulations. However, where the loans/advances have been secured against gold and/or other liquid assets, the general provisioning against outstanding amount net of such security shall be required.

General and specific provisions are charged to the profit and loss account in the period in which they occur.
Non-performing loans/advances are written off as per the following criteria:

General/Unsecured loans:	NPL shall be charged-off one month after being classified as "Loss".
Housing loans:	NPL shall be charged-off one month after 05 years from the date of classification of financing.
Microenterprise loans:	NPL secured against Mortgaged residential, commercial, and industrial properties (Land & Building only) shall be charged off, one month after 05 years from date of classification. All other NPLs shall be charged off one month after 03 years from the date of classification of financing.

Charge off shall in no way extinguish the MFB's right of recovery of such loans.

7.5.1 Islamic financing and related assets

a) Murabaha

Receivable under Murabaha financing represent cost price plus an agreed profit on sale arrangement. The profit is recorded as deffered income in other liabilities and then income in 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.

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

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. 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.

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 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. 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.

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.

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, 2020 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

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 (2019: 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, 2020 by an independent actuary using the projected unit credit method.
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.

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, 2022.

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.

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.

7.18 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

	Note	2022 Rupees	2021 Rupees
8 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		616,249,507	653,818,533
Balances with State Bank of Pakistan	8.1	905,594,652	1,020,600,234
Balances with National Bank of Pakistan in			
Current account		13,356,808	9,423,752
Deposit accounts		284,402,491	927,707,461
		1,819,603,458	2,611,549,980

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% (2021: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

	Note	2022 Rupees	2021 Rupees
9 BALANCES WITH OTHER BANKS / NBFIs / MFBS			
In Pakistan			
Local currency current accounts	9.1	42,362,475	31,471,011
Local currency deposit accounts	9.2	3,726,789,740	3,575,065,604
Local currency term deposits	9.3	600,000,000	3,200,000,000
		4,369,152,215	6,806,536,615

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 7.25% to 16.70% (2021: 6.70% to 14.00%) per annum.

9.3 Local currency term deposits represent an amount of Rs 600 Million (2021: Rs 3,200 million) that carries mark-up/profit at the rate of 18% (2021: 14.5%) and is due to mature in February 2023.

	Note	2022 Rupees	2021 Rupees
10 LENDING TO FINANCIAL INSTITUTIONS			
Call money lendings		-	-
Repurchase agreement lendings (Reverse repo)		-	-
		-	-

	Note	2022 Rupees	2021 Rupees
11 INVESTMENTS - NET OF PROVISIONS			
Held to maturity			
Federal Government securities			
Market Treasury Bills (MTBs)	11.1	2,125,832,104	1,999,565,729
Ijarah Sukuks	11.2	309,979,333	304,338,170
		2,435,811,437	2,303,903,899
Term Deposit Receipts (TDRs)	11.3	-	1,800,000,000
		2,435,811,437	4,103,903,899
Available for sale			
Federal Government securities			
Market treasury bills (MTBs)		-	2,680,949,900
Deficit on revaluation of available for sale investments		-	(2,638,100)
		-	2,678,311,800
Held for trading			
Mutual funds		-	-
		2,435,811,437	6,782,215,699

11.1 The T-Bills carry mark up at the rate of 15.60% to 16.95% (2021: 7.38% to 9.75%) per annum and are due to mature in January and April 2023. These also include investment held for the purposes of Depositors' Protection Fund with a carrying amount of Rs 287.324 million (2021: Rs 266.408 million) that carries markup at the rate of 16.95% (2021: 8.18%%) per annum and is due to mature in April 2023.

11.2 Ijarah sukuks carry mark up at the rate of 7% to 15% (2021: 6.3% to 6.98%) per annum and are due to mature in 2025.

11.3 The TDR carry mark up at the rate of 11.50% to 13.50% (2021: 11.50% to 13.50%) per annum and is due to mature in June 2022 and December 2022.

11.4 The T-Bills carry mark up at the rate of 11.00% to 14.50% (2021:7.46% to 10.75%) per annum and are due to mature in July and Setember 2022.

12 ADVANCES - NET OF PROVISION

		2022		2021	
Loan type	**Note**	**Number**	**Rupees**	**Number**	**Rupees**
Micro credit		241509	23,793,928,706	296,643	23,647,176,395
Islamic financing		17,443	8,591,678,908	19,588	7,200,336,415
		258,952	32,385,607,614	316,231	30,847,512,810
Less: Provision held					
Specific	12.1	68,224	(4,156,658,205)	30,969	(1,332,725,416)
General			-		
Mandatory	12.2		(201,119,596)		(244,306,672)
Additional	12.3		-		(2,091,664,707)
			(4,357,777,801)		(3,668,696,795)
			28,027,829,813		**27,178,816,015**
Advances - net of provisions					

12.1 Particulars of non performing loans

Advances include Rs 5,168.65 million (2021: Rs. 2,121.55 million) which as detailed below, have been placed under non performing status.

Category of classification	2022 Rupees			2021 Rupees		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
OAEM	276,477,574	4,248,118	4,248,118	87,961,116	-	-
Sub-Standard	518,293,882	127,410,771	127,410,771	44,331,669	10,312,771	10,312,771
Doubtful	666,370,159	330,091,054	330,091,054	1,323,628,008	657,755,440	657,755,440
Loss	3,707,506,110	3,694,908,262	3,694,908,262	665,629,586	664,657,205	664,657,205
	5,168,647,725	4,156,658,205	4,156,658,205	2,121,550,379	1,332,725,416	1,332,725,416

12.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1% (2021: 1%) in accordance with the requirement of Prudential Regulations issued by the State Bank of Pakistan.

12.3 The Bank had restructured a portfolio of 36,203 loans amounting to Rs. 2,617 million as at year end on which the bank had recorded an additional general provision amounting to Rs 2,092 million in the previous year. During the current year, the Bank has reversed the aforementioned general provision and classified the portfolio as loss and 100% specific provision has been made as per prudential regulations.

12.4 As disclosed in note 7.5 of these financial statement, on March 16, 2022 SBP AC&MFD has issued Circular No. 02 of 2022 providing significant revisions/relaxation to the MFB's Prudential Regulations. The impact of the change in days past due criteria has impacted a reversal of provision amounting to 120.653 million.

12.5 Particulars of provision against non-performing advances

	2022 Rupees			2021 Rupees		
	Specific	General	Total	Specific	General	Total
Opening balance	1,332,725,416	2,335,971,379	3,668,696,795	422,149,083	935,269,132	1,357,418,215
Charge for the year	6,713,544,189	(2,134,851,783)	4,578,692,406	2,556,665,694	1,400,702,247	3,957,367,941
Amounts written off	(4,010,264,552)	-	(4,010,264,552)	(1,646,089,361)	-	(1,646,089,361)
Reversals	120,653,152	-	120,653,152	-	-	-
Closing balance	4,156,658,205	201,119,596	4,357,777,801	1,332,725,416	2,335,971,379	3,668,696,795

12.6 Particulars of advances written off

	Note	2022 Rupees	2021 Rupees
Against provisions		3,889,611,400	1,646,089,361
Directly charged to profit & loss account		12,511,517	30,403,454
		3,902,122,917	**1,676,492,815**

13 OPERATING FIXED ASSETS

	Note	2022 Rupees	2021 Rupees
Capital work-in-progress	13.1	28,878,433	8,300,582
Property and equipment	13.2	643,965,891	659,235,830
Right of use assets	13.2.3	646,441,023	619,063,593
Intangible assets	13.3	36,809,510	54,388,124
		1,356,094,857	1,340,988,129

13.1 Capital work-in-progress

Civil works	2,040,166	3,293,042
Implementation of Oracle Financials	26,838,267	5,007,540
	28,878,433	8,300,582

13.2 Property and Equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book value as at December 31, 2022	"Rate of depreciation (%) "
	As at January 01, 2022	Additions	Disposal	As at December 31, 2022	As at January 01, 2022	Charge for the year	Disposal	As at December 31, 2022		
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-		-	-	253,419,808	-
Furniture and fixtures	495,944,179	6,552,611	(326,850)	502,169,940	219,956,320	47,416,881	(167,084)	267,205,917	234,964,023	10
Office equipment	287,765,979	1,827,625	(1,288,155)	288,305,449	237,529,360	30,927,567	(1,265,824)	267,191,103	21,114,346	20
Computer equipment	422,946,799	120,114,872	(2,396,218)	540,665,453	385,168,507	39,751,015	(2,098,902)	422,820,620	117,844,833	20-33.33
Vehicles	95,833,354	1,292,848	(134,000)	96,992,202	65,430,316	18,857,573	(134,000)	84,153,889	12,838,313	20
	1,555,910,119	129,787,956	(4,145,223)	1,681,552,852	908,084,503	136,953,037	(3,665,810)	1,041,371,529	640,181,323	
Leased assets										
Vehicles	116,651,367	880,458	-	117,531,825	105,241,153	8,506,104	-	113,747,257	3,784,568	20
	1,672,561,486	**130,668,414**	**(4,145,223)**	**1,799,084,677**	**1,013,325,656**	**145,459,141**	**(3,665,810)**	**1,155,118,786**	**643,965,891**	

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		
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	355,600,809	43,518,213	(13,950,515)	385,168,507	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	778,603,160	148,758,242	(19,276,899)	908,084,503	647,825,617	
Leased assets										
Vehicles	117253046	213410	(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**	**870,732,963**	**162,671,421**	**(20,078,727)**	**1,013,325,657**	**659,235,830**	

13.2.1 Cost of fully depreciated property plant equipment that are still in use is Rs. 688.26 (2021: 395.75 million)

13.2.2 During the year the management has reassesed the economic benefits of the Computer Equipments acquired after January 1, 2022 and has changed the rate of depreciation on the said assets from 33.33% to 20% per anum, based on assessment that embodying economic benefits shall be availed for five year from new robust installed systems. Had this change in estimate not been done, the depreciation expense would have increased by 11.05 million.

13.2.3 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.

	Note	2022 Rupees	2021 Rupees
13.3 Right of use assets			
Opening balance		619,063,593	774,557,327
Additions during the period		165,861,712	95,196,169
Deletions during the year		(9,185,264)	(122,303,450)
Amortization charged during the year		(129,299,018)	(128,386,453)
Net book value at the end		646,441,023	619,063,593
13.3 Intangible assets			
Computer softwares	13.3.1	36,809,510	54,388,124
13.3.1 Computer softwares			
Cost			
Opening balance		411,423,212	391,085,679
Additions during the year		25,482,175	20,337,533
Closing balance		436,905,387	411,423,212
Amortization			
Opening balance		(357,035,088)	(302,979,979)
Charge for the year		(43,060,789)	(54,055,109)
Closing balance		(400,095,877)	(357,035,088)
Net book value		36,809,510	54,388,124

13.3.2 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.

13.3.3 Cost of fully amortized intangible assets that are still in use is Rs 302.85 million (2021: Rs 190.56 million).

14 OTHER ASSETS	Note	2022 Rupees	2021 Rupees
Income / mark-up accrued on			
Loans and Advances		2,277,309,286	4,783,706,943
Bank deposits		11,682,849	33,178,862
Advances to employees			
Personal advances - Interest bearing	14.1	89,113,276	127,973,384
Personal advances - Non interest bearing		6,864,437	2,004,244
Operational advances		8,670,458	1,339,505
Advances to suppliers		8,541,728	51,548,438
Prepayments	14.2	45,807,380	49,209,182
FED/Sales tax refundable		29,913,404	43,743,927
Provisions against sales tax refundable		(12,979,235)	-
		16,934,169	43,743,927
Insurance claims receivables			
Crop and livestock insurance claims	14.3	173,253,421	103,425,988
Receivable from parent company		87,482,567	124,789,123
Others		258,609	68,655
		94,537,521	114,830,303
		2,820,455,701	5,435,818,554

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:

	Note	Markup Rate in (%) 2022	2021	Amount in Rupees 2022	2021
Advances against Salary		14.92%	11.08%	51,233,747	50,531,438
Advances for house		KIBOR + 1%	KIBOR + 1%	20,071,359	49,806,020
Advances for cars	14.1.1	5%	5%	16,029,991	25,519,268
Advances for motorcycles	14.1.1	5%	5%	1,778,179	2,116,658
				89,113,276	127,973,384
Specific				-	-
General				-	-
				-	-
				89,113,276	127,973,384

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 is KIBOR+1.5% (2021: KIBOR+1.5%) per annum however interest rate charged to the employee is fixed at 5% (2021: 5%) per annum.

14.2 As disclosed in Note 22.1 (ix), This includes an amount of Rs 25.958 million which relates to invoices relating to 2017, 2018, 2019 for which the bank has not been able to claim after implementation of STRIVE software on the web portal of PRA. The Bank has taken up the matter with the PRA Tax Authorities seeking their approval for adjustment/ refund of the said amount however the matter is pending approval. The management has provided 50% provision against the said balance.

14.3 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

	2022 Rupees	2021 Rupees
Deferred tax asset arising on account of deductible temporary differences on:		
Accelerated depreciation allowance - owned assets	16,873,938	14,871,423
Lease liability	289,282,972	248,022,126
Grants	1,199,068	1,388,246
Provision for non-performing loans	1,438,066,674	1,063,922,069
Minimum tax current year	54,273,604	90,316,567
Minimum tax-FY-2022	90,316,567	-
Net Losses C/F	1,690,188,850	-
	3,580,201,673	1,418,520,431
Deferred tax liability arising on account of taxable temporary differences on:		
Accelerated depreciation allowance - leased assets	(214,574,445)	(182,837,404)
Amortization on intangible assets	(457,664)	(17,928)
Un-realised mark-up on Government Securities - T bills	(3,187,592)	(10,875,232)
	(218,219,701)	(193,730,564)
	3,361,981,972	1,224,789,867

15.1 The Bank has recognized deferred tax asset amounting to Rs. 3,361 million as at December 31, 2022 (2021: Rs. 1,224 million), out of which amount of Rs. 1.690 million (2021: 0 million) and Rs. 1,438 million (December 31, 2021 Rs. 1,063 million) has been recorded against business losses and provision for non performing loans respectively. Deferred tax asset has been recorded based on management's best estimate of the probable benefit expected to be realized in future years in the form of reduced tax liability as the Bank would be able to set off the profit earned in those years against the deferred tax asset. In this regard,

the Bank has prepared five years' financial projections for future taxable profits, which has been approved by the Board of the Bank, to assess the recoverability of deferred tax asset. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profit is most sensitive to certain key assumptions such as growth of low cost deposits, growth in high yield consumer advances, investment returns, potential provision against asset, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realized in future.

16 DEPOSITS AND OTHER ACCOUNTS

	2022		2021	
	No of accounts	Rupees	No of accounts	Rupees
Conventional				
Current deposits	340,360	2,486,517,819	367,744	2,596,864,217
Saving deposits	741,533	8,520,941,651	785,532	8,375,368,196
Fixed deposits	4,125	15,521,245,699	5,203	16,600,064,137
	1,086,018	26,528,705,169	1,158,479	27,572,296,550
Islamic				
Current deposits	58,051	1,407,205,910	57,654	917,616,091
Saving deposits	19,995	2,009,989,182	21,036	2,270,588,018
Fixed deposits	2,592	2,498,254,426	3,196	3,366,237,599
	80,638	5,915,449,518	81,886	6,554,441,708
	1,166,656	32,444,154,687	1,240,365	34,126,738,258

16.1 Particulars of Deposits by ownership

Individual depositors	1,163,062	14,172,535,849	1,236,995	15,484,956,552
Institutional depositors				
Corporation / firms etc.	3,422	14,106,081,929	3,178	14,163,150,168
Banks & financial institutions	172	4,165,536,909	192	4,478,631,538
	3,594	18,271,618,838	3,370	18,641,781,706
Total	1,166,656	32,444,154,687	1,240,365	34,126,738,258

16.2 Deposits include related parties balances amounting to Rs 1,218 million (2021: Rs 2,496 million) as disclosed in note 35.

17 BORROWINGS

	Note	2022 Rupees	2021 Rupees
Borrowings from Banks / Financial Institutions			
In Pakistan	17.1	5,144,971,811	6,935,832,100
Outside Pakistan		-	-
		5,144,971,811	**6,935,832,100**

17.1 Borrowings from Banks / Financial Institutions in Pakistan

United Bank Limited (Running Finance)	17.1.1	-	400,000,000
Askari Bank Limited (Running Finance)	17.1.2	345,000,000	345,000,000
Allied Bank Limited (Running Finance)	17.1.3	-	195,583,900
National Bank of Pakistan (Running Finance)	17.1.4	999,971,808	1,000,000,000
Bank Alfalah Ltd (Running Finance)	17.1.5	-	499,500,350
Bank of Punjab (Running Finance)	17.1.6	500,000,003	-
Bank of Punjab (Term Finance)	17.1.7	300,000,000	500,000,000
Pakistan Mortgage Refinance Company Limited (Term Finance)	17.1.8	500,000,000	500,000,000
National Bank of Pakistan (Running Finance)	17.1.9	2,500,000,000	2,500,000,000
National Bank of Pakistan (Reverse Repo Borrowing)	17.1.10	-	995,747,850
		5,144,971,811	6,935,832,100

17.1.1 The Bank entered into a running finance facility agreement initially 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. During the year the facility was repaid in full on April 29, 2022. The facility has expired as at year end.

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.

17.1.2 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 is 1 year commencing from September 26, 2018 and is renewed every year. The terms of facility were updated on November 1, 2022 and the 3 month KIBOR was substituted with 1 month KIBOR. As at the period end, the facility has been availed upto Rs. 345 million (2021: Rs 345 million).

This loan 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.

17.1.3 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 facility is 1 year commencing from September 24, 2018 and renewed every year. As at period end the facility has been repaid in full and the same has expired.

This loan 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.

17.1.4 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 is 1 year commencing from December 26, 2018 and is renewed every year. As at the period end, the facility has been availed by the Bank upto Rs. 999.971 million (2021: Rs 1,000 million).

This loan 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 500 million with Bank Alfalah Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of 1 month KIBOR + 1% per annum payable on quarterly basis. The term of the loan is 1 year commencing from March 31, 2019 and is renewed every year. As at period end the facility has been repaid in full and the same has expired.

This loan 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 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 3 month KIBOR + 1.25% per annum payable on quarterly basis. The term of the loan is 1 year commencing from January 22, 2020 and is renewed every year. As at year end the facility has been fully availed 2022: 500 (2021: Nil).

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.

17.1.7 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 first pari passu charge on the present and future current assets of the Bank with 25% margin.

17.1.8 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. The principal amount is repayable in 32 quarterly installments commencing from September 30, 2023 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% and is payable quarterly.

This loan is secured through a first 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 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 on unutilized amount of facility, 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 first pari passu charge on the present and future current assets of the Bank with 25% margin. The charge is on 50% facility amount and 50% is secured through Government of Pakistan.

17.1.10 This represents Repo Borrowings from National Bank of Pakistan at the rate of 10.55% which matured during the period.

18 SUBORDINATED DEBT

	Note	2022 Rupees	2021 Rupees
KfW - Germany	18.1	672,360,000	672,360,000
TFCs Subordinated Debt	18.2	770,000,000	770,000,000
		1,442,360,000	1,442,360,000

18.1 The Bank entered into a loan agreement with KfW - Germany, a former 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 subordinated 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.

18.2 This represents Rated, Unsecured, subordinated and privately placed Tier II Term Finance Certificates of worth Rs.100,000/- each fully subscribed on July 09, 2021 to improve the Capital Adequacy Ratio at the rate of 3 Month KIBOR plus 3% per annum. The issue is for a period of 7 years from the date of subscription and will mature on July 09, 2028. The issue has assigned preliminary rating of single "A-" (Single "A minus"). The principal amount of issue TFC will be redeemed in four (4) equal quarterly installments during the last year of the issue. The Subordinated Debt agreement has a call option excerciseable after obtaining written approval of SBP at any time on or after a period of 5 years from the issue date. The issue has lock in and loss absorbancy clause.

19 OTHER LIABILITIES

	Note	2022 Rupees	2021 Rupees
Mark-up / return / interest payable on			
Deposits and other accounts		765,476,034	860,878,751
Borrowings	19.1	765,328,432	523,089,286
Payable for employees' benefit plans			
Employees' gratuity fund	19.2	9,463,337	18,112,194
Accumulated compensated absences	19.3	194,806,929	188,806,773
Provident Fund	19.4	496,111	496,178
Payable to employees' - final settlement		3,231,948	581,951
Obligation under lease			
Right-of-use asset	19.6	876,615,065	853,207,438
Company's vehicles	19.5	-	1,207,408
Vehicles sub-leased to employees'		-	833,861
		876,615,065	855,248,707
Payable to suppliers		8,227,713	21,345,322
Withholding tax payable		26,147,562	36,618,325
Income tax payable		189,589,035	227,393,608
Workers' Welfare Fund	19.7	36,494,088	32,781,268
Accrued expenses		93,570,726	84,708,594
Security deposits against Islamic financing		541,660,366	594,122,062
Payable to the parent company		181,199,516	134,112,799
Insurance payable		20,610,254	19,693,934
Unearned / deferred income on Islamic financing		854,577,557	528,030,712
Unearned / deferred income on ATM and SMS services		338,403,524	225,033,171
Bills payable		118,760,930	169,001,720
Payable to customer against Insurance Claims		34,446,272	45,573,362
Payable to Banks/Fis/DFIs/NGOs		-	18,497,305
Others		7,742,663	12,685,448
		5,066,848,062	4,596,811,470

19.1 This includes markup payable amounting to Rs 589.90 million (2021: Rs 474.38 million) in respect of subordinated loan from KFW.

19.2 Employees' gratuity fund

The latest actuarial valuation was carried out at December 31, 2022 on the basis of which, amounts recognised in financial statements in respect of employees' gratuity fund as at December 31, 2022 are as follow:

	2022 Rupees	2021 Rupees
i) Amounts recognized in the balance sheet		
Present value of defined benefit obligation	483,719,705	441,354,925
Fair value of plan assets	(507,397,166)	(457,889,083)
Benefits due but not paid	33,140,798	34,646,352
Net liability	9,463,337	18,112,194
ii) Amounts recognized in the profit and loss account		
Current service cost	90,025,810	96,674,706
Interest cost	46,160,563	35,635,838
Expected return on plan assets	(53,801,967)	(41,535,378)
	82,384,406	90,775,166
iii) Remeasurements chargeable to other comprehensive income		
Actuarial (gains)/ losses from changes in demographic assumptions	-	-
Actuarial gains from changes in financial assumptions	4,582,422	3,226,440
Experience adjustments	(1,405,874)	(5,950,431)
Return on plan assets, excluding interest income	4,293,884	9,650,167
	7,470,432	6,926,176
iv) Changes in present value of defined benefit obligation		
Opening defined benefit obligation	441,354,925	419,223,177
Current service cost for the year	90,025,810	96,674,706
Interest cost for the year	46,160,563	35,635,838
Adjustment for opening payables	(4,559)	14,832
Benefits due but not paid	(20,715,752)	(23,539,311)
Benefits paid during the year	(76,277,830)	(83,930,326)
Remeasurements:		
Actuarial losses from changes in demographic assumptions	-	-
Actuarial gains from changes in financial assumptions	4,582,422	3,226,440
Experience adjustments	(1,405,874)	(5,950,431)
	483,719,705	441,354,925
v) Changes in fair value of plan assets		
Opening fair value of plan assets	457,889,083	426,003,872
Contributions paid during the year	-	-
Interest income on plan assets	53,801,967	41,535,378
Benefit paid during the year from plan assets	-	-
Actuarial (loss) / gain	-	-
Return on plan assets, excluding interest income	(4,293,884)	(9,650,167)
Closing fair value of plan assets	507,397,166	457,889,083

	2022 Rupees	2021 Rupees
vi) Changes in net liability as follows:		
Opening defined benefit obligation	18,112,194	25,284,618
Amounts recognized in the profit and loss account	82,384,406	90,775,166
Remeasurements chargeable in other comprehensive Income	7,470,432	6,926,176
Contributions	-	-
Benefits paid directly by the bank	(98,503,695)	(104,873,766)
	9,463,337	18,112,194

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:

	2022	2021
Discount rate used for Interest Cost in P&L Charge	11.75%	9.75%
Discount rate used for year end obligation	14.50%	11.75%
Expected rate of increase in salaries - per annum	13.50.%	10.75%
Mortality rate	SLIC 2001 - 2005	1 SLIC 2001 - 2005
Average expected remaining working life of employee	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% in Rupees	
	Increase	(Decrease)
Expected impact of change in discount rate	(39,209,412)	46,189,300
Expected impact of change in rate of increment in salaries	47,529,623	(41,071,231)

x) Based on actuarial advice, expense to be charged in profit and loss account during financial year ended December 31, 2022 in respect of employees' gratuity scheme is estimated to be Rs 82.38 million.

x) Expected Benefit Payments for the Next 10 Years and Beyond

FY 2023	79,029,710
FY 2024	69,150,041
FY 2025	87,642,660
FY 2026	74,261,331
FY 2027	76,325,187
FY 2028	79,623,547
FY 2029	82,065,503
FY 2030	95,743,469
FY 2031	101,004,836
FY 2032	89,951,345
FY 2033 onwards	17,126,073,929
The average duration of the defined benefit obligation is	9 Years

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, 2022 are as follows:

		2022 Rupees	2021 Rupees
i)	Amounts recognized in the balance sheet		
	Present value of accumulated compensated absences	178,534,928	171,317,038
	Benefits due but not paid	16,272,001	17,489,734
	Fair value of plan assets	-	-
	Net liability	194,806,929	188,806,772
ii)	Amounts recognized in the profit and loss account		
	Current service cost	17,654,721	22,226,560
	Adjustment for opening payables	424,598	139,634
	(Gains)/Losses arising from PVDBO	14,497,116	12,648,811
	Interest cost	17,582,047	14,179,063
	Remeasurement adjustment	-	-
		50,158,482	49,194,068
iii)	Changes in present value of defined benefit obligation		
	Opening defined benefit obligation	171,317,038	168,869,242
	Current service cost for the year	17,654,721	22,226,560
	Adjustment for opening payables	424,598	139,634
	Interest cost for the year	17,582,047	14,179,063
	Benefits due but not paid	(9,274,626)	(11,062,164)
	Benefits paid during the year	(33,665,996)	(35,684,108)
	Remeasurements:		
	Actuarial (gains)/losses from changes in demographic assumptions	-	-
	Actuarial (gains)/losses from changes in financial assumptions	1,761,363	1,295,089
	Experience adjustments	12,735,753	11,353,722
	Closing defined benefit obligation	178,534,898	171,317,038

	2022	2021
iv) Significant actuarial assumptions were as follows:		
Discount rate - per annum	11.75%	9.75%
Expected rate of increase in salaries - per annum	14.50%	11.75%
Mortality rate	13.50%	10.75%
Average expected remaining working life of employees	SLIC 2001- 2005	SLIC 2001- 2005
Average number of leaves accumulated - per annum	9 years	9 years
	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% in Rupees	
	Increase	(Decrease)
Expected impact of change in discount rate	(14,026,322)	16,536,973
Expected impact of change in rate of increment in salaries	17,061,918	(14,735,210)

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 audited financial statements for the year ended December 31, 2022 are as follows:

	2022 (Audited) Rupees	2021 (Audited) Rupees
Size of the fund	658,961,904	619,404,738
Cost of investments made	658,961,904	576,430,271
Fair value of investments made	658,961,904	576,430,271
%age of investments made	100%	93.06%

	2022		2021	
Breakup of investment - at cost	Rupees	Percentage	Rupees	Percentage
Term deposits with banks	565,000,000	86%	440,000,00	76.33%
Saving deposits with banks	93,961,904	14%	136,430,271	23.67%
	658,961,904	100%	576,430,271	100%

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% (2021: Kibor plus 1.5%) p.a.

	2022 Rupees	2021 Rupees
Finance lease liabilities against vehicles		
Minimum lease payments:		
Not later than one year	-	2,300,820
Later than one year but not later than five years	-	205,543
Later than five years	-	-
	-	2,506,363
Less: Finance cost allocated to future period	-	(465,093)
Present value of minimum lease payments	-	2,041,269
Not later than one year	-	1,841,269
Later than one year but not later than five years	-	200,000
Later than five years		
	-	2,041,269

19.6 Lease liability on right of use asset:

Opening lease liability	853,207,438	946,582,501
Additions during the period	162,550,312	95,196,169
Deletion during the period	(60,366,314)	(118,077,525)
Finance cost on lease liability on right of use assets	120,496,406	122,725,203
Payment of lease liability on right of use assets	(199,272,777)	(193,218,910)
Closing lease liability	876,615,065	853,207,438

19.7 Workers' Welfare Fund:

Sindh Workers' Welfare Fund	12,048,308	12,048,308
Punjab Workers' Welfare Fund	15,269,260	15,269,260
KPK Workers' Welfare Fund	9,176,520	5,463,700
	36,494,088	32,781,268

20 SHARE CAPITAL

20.1 Authorized capital

2022 Number	2021 Numbers		2022 Rupees	2021 Rupees
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	3,000,000,000	3,000,000,000

20.2 Issued, subscribed and paid-up capital

2022 Number	2021 Numbers		2022 Rupees	2021 Rupees
149,837,201	149,837,201	Ordinary shares of Rs. 10 each fully paid in cash	1,498,372,010	1,498,372,010

20.3 The shareholders of the Bank are as follows:

2022 Number	2021 Numbers		2022 Rupees	2021 Rupees
85,999,550	85,999,550	NRSP	859,995,500	859,995,500
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
23,837,201	23,837,201	PROPARCO France	238,372,010	238,372,010
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalulllah Qureshi	1,500	1,500
150	150	Dr. Rashid Bajwa	1,500	1,500
149,837,201	149,837,201		1,498,372,010	1,498,372,010

21 DEFERRED GRANTS

	Note	2022 Rupees	2021 Rupees
Opening balance		4,787,054	12,384,504
Grants received from			
SBP	21.1	870,600	2,390,890
KfW	21.2	30,609,890	3,294,561
Karandaz	21.3	-	7,500,000
		31,480,490	13,185,451
Interest income		88,417	205,984
Amortization of grants during the year		(32,722,421)	(20,988,885)
		3,633,540	4,787,054

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 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 povisions of agreement.

22 MEMORANDUM / OFF BALANCE SHEET ITEMS

22.1 Contingencies

i) 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 a suit in LHC which has granted stay subject to deposit of 10% of tax. The Bank has also 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 and order has been passed by disallowing Provision net of Write off. CIR also has further amended the order by charging surchage for amounting Rs. 22m. The Bank has filed Appeal to CIR(A) and also filed an application of Ractification u/s 221. As per Management assesment the maximum exposure contested against this order is 6.2 million which relates to Disallowance of Provision for Non performing loans.

ii) The income tax assessment for the tax year 2018 was amended by the Assessing Officer Inland Revenue, whereby 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.
Being aggrieved with the decision of the ADCIR, the Bank has filed appeal with the Commissioner Inland Revenue (Appeals) [CIR(A)] which has been decided against order of the Bank. The Bank has filed appeal before the ATIR against order of CIR(A) which is pending adjudication till date. Further, the contingent liability involved is only Rs. 27m as the remaining liability pertains to the provision against non performing loans the effect of which is already taken while recording the tax liability in accounts.

iii) 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.

iv) The Inland Revenue authorities have conclueded the tax audit proceedings intiated under seciton 177 o the Ordinance for the Tax Year 2015. The Inland Revenue authorities accepted the stance of NRSP Bank on most of the issues; however, expenses on account of training, meeting & conferrences, markup, provision against non-performing loans and actuarial loss on employee's retirement benefit were partially disallowed thereby raising tax demand of Rs. 8.55million. The NRSP Bank being aggrieved with the decision filed appeal before CIR(A). The CIR(A) has decided the case against the Bank and passed the order dated Jan 17, 2022. The Bank has file and appeal before ATIR against the order of CIR(A) which is pending adjudication to date.

v) 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 and is remanded back to CIR(A)

vi) Tax authorities of the Sindh Revenue Board (SRB) have passed the Order in Original NO 502 of 2022 dated Mar 10, 2022 whereby demand for Sindh Sales Tax amounting to Rs 0.81 million and penalty of Rs 0.04 million have been raised for alleged short payment of sales tax during the year Jan-13 to Dec-13. Being aggrieved by the decision of the Commissioner the Bank has filed an appeal before CIR(A) which is pending disposal.

vii) Tax authorities of the Sindh Revenue Board (SRB) have passed the Order in Original NO 1116 of 2022 dated May 20, 2022 whereby demand for Sindh Sales Tax amounting to Rs 29.81 million and penalty of Rs 1.5 million have been raised for alleged short payment of sales tax during the year Jan-14 to Dec-14. Being aggrieved by the decision of the Commissioner the Bank has filed an appeal before CIR(A) which is pending disposal.

viii) Sindh Sales Tax Authorities issued notice dated 07 November 2022 regarding sales tax liability of Rs.86.02 million in Sindh which was not discharge by the Bank during the period from January 2015 to December 2015. In compliance to the notice the Bank has provided partial information and is in process of preparing and filing remaining information with authorities.

ix) Bank has unadjusted balance of input tax of approximately Rs.25.958 million pertaining to the tax periods March 2017 to December 2019 which the bank has not been able to claim after implementation of STRIVE software on the web portal of PRA. The Bank has taken up the matter with the PRA Tax Authorities seeking their approval for adjustment/ refund of the said amount however the matter is pending approval.

x) The Bank is defending its stance in various tax proceedings for alleged non/short withholding of tax of which proceedings are not yet culminated. The cummulative impact of such cases is Rs. 232.29 million. The management of the Bank is of the view that ultimate outcome of the proceedings in respect of cases referred to in (i) to (ix) above are expected to be favorable to the Bank. The management further believes that liability, if any, arising on the settlement of the aforementioned cases is not likely to be material.

22.2 Commitments:

'There are no known material capital and other commitments as at December 31, 2022 (2021: Nil).

	Note	2022 Rupees	2021 Rupees
23 MARK-UP / RETURN / INTEREST EARNED			
Interest / mark-up on			
Advances		1,957,181,905	5,566,750,267
Mark-up Discount	23.1	(436,293,069)	-
		1,520,888,836	5,566,750,267
Lending to financial institutions		1,361,373	68,158,846
Investments in government securities		390,688,437	498,442,471
Deposits accounts, placements with other bank / financial institutions		479,582,829	506,840,122
Employees' loan		12,358,098	12,862,163
Profit on Islamic financing		1,617,660,792	1,335,981,579
Income from Government Subsidy Scheme	23.2	165,166,321	303,022
		4,187,706,686	7,989,338,470

23.1 The Bank, during the year, adopted a policy to waive off the markup for overdue period to improve recovery from its customers and to reduce the potential loss in the future. This amount relates to the waiver provided to customers in this regard.

23.2 This income relates to the subsidy received from the government regarding the Government's Markup Subsidy Scheme on Housing Finance and the Kamyab Pakistan Program of the federal government of Pakistan.

	Note	2022 Rupees	2021 Rupees
24 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	24.1	2,654,288,024	2,847,797,672
Profit Sharing Islamic Deposits		497,164,046	525,542,539
Borrowings	24.2	694,222,587	289,441,783
Ammortization of loan processing fee on borrowings		4,505,463	3,359,312
Finance lease charges of leased vehicles		109,932	1,175,448
Finance lease charges of Right-of-use assets		120,496,406	122,725,203
Other costs of deposits		2,506,730	5,025
		3,973,293,188	3,790,046,982

24.1 Mark-up expense on deposits includes amount of Rs 305.47 million (2021: 221.44 million) in respect of deposit account balances of related parties as disclosed in note 35.

24.2 It includes an amount of Rs 241.942 million (2021: Rs 115.37 million) in respect of markup expense on subordinated loans.

	Note	2022 Rupees	2021 Rupees
25 FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee on advances		466,366,910	380,527,216
Other banking services fee		71,456,959	94,650,024
Commission Income		13,078,299	9,652,643
		550,902,168	484,829,883

	Note	2022 Rupees	2021 Rupees
26 OTHER INCOME - NET			
Investment income - Capital gain on AFS T-Bills		(160,301)	122,463
Amortization of deferred grant	21	32,722,421	20,988,885
Gain on disposal of fixed assets - Annexure I		672,987	1,758,776
Un-realized (loss)/ gain on derivative financial instrument		-	(14,573,523)
Un-realized exchange gain/ (loss) on borrowings		-	12,714,334
Gain / (Loss) on Termination of Leased Agreements		51,181,050	(4,225,925)
Write off recovered		886,766,772	566,329,828
Other services income		(3,844,226)	18,304,341
		967,338,703	601,419,179

27 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Staff salaries and benefits		1,539,793,633	1,537,515,564
Charge for defined benefit plans	19.2 &19.3	132,542,888	139,969,234
Contribution for defined contribution plan		81,085,242	85,329,896
Incentives		186,455,482	209,601,858
Non-Executive directors' fee		3,650,000	4,145,506
Trainings		45,169,774	6,291,312
Legal and professional charges		174,401,397	69,839,696
Communication		78,288,621	72,867,397
Postage, courier etc.		12,614,981	11,222,538
Verification fee	27.1	17,275,897	21,413,711
Repair and maintenance		35,995,549	28,852,067
Stationary and printing		51,075,146	44,929,928
Advertisement and publicity		2,423,983	5,487,620
Depreciation	13.2	145,459,141	162,671,421
Amortization	13.3	43,060,789	54,055,109
Amortization of right of use asset	13.2.3	129,299,018	128,386,453
Staff travel		15,709,688	15,163,534
Fuel and power		145,945,336	84,719,754
Vehicle running and maintenance		26,554,372	21,754,463
Office supplies		6,177,566	8,003,733
Meetings and conferences		22,869,765	22,026,827
Utilities		95,642,381	75,506,132
Rent expenses		6,334,601	-
Flex Cube Maintenance Fee		97,590,998	78,719,608
Insurance expenses		79,987,248	121,358,580
Security and administration		118,279,481	111,778,330
Donations	27.2	805,020	276,682
Auditor's remuneration	27.3	5,652,540	5,197,216
Corporate social responsibility		450,660	276,134
Credit Guarentee Expense		254,117	12,682
Miscellaneous expenses		51,061,535	22,661,879
		3,351,906,849	3,150,034,864

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

27.2 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.

	Note	2022 Rupees	2021 Rupees
27.3 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	1,530,100
Special certifications etc.		2,183,440	1,862,100
Out of pocket expenses		300,000	166,016
		5,652,540	5,197,216

28 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	28.1	8,013,000	102,000
Provision for Sindh Workers' Welfare Fund	28.2	3,712,820	10,083,562
		11,725,820	10,185,562

28.1 The SBP imposed penalities related to non-compliance with Fit and proper test (FPT) of BOD, consumer grievances handling mechanism, and non-compliance with prudential regulations regarding restructuring of loans.

	Note	2022 Rupees	2021 Rupees
28.2 Provision for Workers' Welfare Fund			
Sindh Workers' Welfare Fund		-	4,619,862
Punjab Workers' Welfare Fund		-	-
KPK Workers' Welfare Fund		3,712,820	5,463,700
		3,712,820	10,083,562

29 TAXATION

Current tax		
Current year	115,726,600	157,811,097
Prior year	17,577,150	-
Deferred tax	(2,137,192,105)	(788,453,208)
	(2,003,888,355)	(630,642,111)

	2022 %	2021 %
29.1 Reconciliation of average tax rate and applicable tax rate		
Applicable tax rate	33.00	29.00
Effect of change in rate	(0.78)	-
Income charged at different tax rate	(3.59)	(3.22)
Penalties	0.39	-
Remeasurement	(0.36)	(0.11)
Turnover tax charge for the year @ 1.5%	2.64	(4.85)
Prior year tax	(0.86)	-
Others	1.76	13.03
Average effective tax rate	32.21	33.85

30 EARNINGS PER SHARE

		2022	2021
Loss after taxation	Rupees	(4,218,293,868)	(1,231,809,160)
Weighted average ordinary shares	Number	149,837,201	149,837,201
Basic and diluted earning per share	Rupees	(28.15)	(8.22)

31 CASH AND CASH EQUIVALENTS

	Note	2022 Rupees	2021 Rupees
Cash and balances with SBP and NBP	8	1,819,603,458	2,611,549,980
Balances with other banks / NBFIs / MFBS	9	4,369,152,215	6,806,536,615
		6,188,755,673	9,418,086,595

32 NUMBER OF EMPLOYEES

	Credit/ sales staff	Banking /support staff	Total
	Numbers		
For the year ended December 31, 2022			
Permanent	1,258	649	1,907
Temporary / contractual	668	100	768
	1,926	749	2,675
Daily wagers	177	357	534
	2,103	1,106	3,209
For the year ended December 31, 2021			
Permanent	1,423	704	2,127
Temporary / contractual	227	61	288
	1,650	765	2,415
Daily wagers	45	336	381
	1,695	1,101	2,796

33 NUMBER OF BRANCHES/SERVICE CENTRES

	2022		2021	
	Branches	Rabta Offices	Branches	Rabta Offices
	Numbers		Numbers	
Branches at beginning of the year	150	24	154	11
Add: Opened during the year	-	31	-	13
Less: Closed / merged during the year	(5)	(14)	(4)	-
As at end of the year	145	41	150	24

33.1 These include 40 (2021: 40) branches of the Bank's Islamic Microfinance Division.

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	President / CEO		Executives	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Short-term employee benefits				
Fees / Managerial remuneration	10,263,276	10,263,276	208,693,398	187,566,323
Rent and house maintenance	4,618,476	4,618,476	93,911,775	84,404,863
Utilities	1,026,324	1,026,324	20,869,332	18,756,710
Conveyance	1,026,324	1,026,324	20,869,332	18,756,710
Medical	69,518	77,962	4,976,926	7,139,881
Other allowances	-	-	16,846,471	22,100,587
Leave encashment	705,600	705,600	13,849,585	12,629,321
Incentives	-	-	75,609,250	49,213,031
Termination benefits				
Charge for defined benefit plan	1,414,250	1,411,200	29,433,222	26,575,793
Contribution to defined contribution plan	1,026,324	1,026,324	19,766,725	17,987,383
	20,150,092	20,155,486	504,826,016	445,130,602
Number of persons	1	1	203	176

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.

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

Non-executive directors of the Bank were not paid any remunerations except the fee for attending meetings for an aggregate amount of Rs 1.85 million (2021: Rs 4.15 million). Boarding / lodging expenses incurred for such meetings were borne by the Bank.

35 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Bank is a subsidiary of National Rural Support Program (NRSP) which holds 57.40% share capital of the Bank. Therefore, all subsidiaries and associated undertakings of NRSP are related parties of the Bank. Other related parties include staff retirement benefits, directors, key management personnel which include CEO and Head of Departments (HOD's) and entities under common directorship. Remuneration to directors 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:

Transactions during the year:	Relationship with related party	2022 Rupees	2021 Rupees
National Rural Support Program (NRSP)	Parent Company		
Funds deposited		-	
Funds withdrawn		6,000	
Payment of profit on deposits		5,195	3,149
Accrued Rent of Training Centre, NRSP Building and Bwp area office		4,438,232	
Mark-up Accrued on CRFA's for NRSP		7,014,995	
Payable to NRSP Against TFC's Markup Payment		35,633,490	
Receivable from NRSP		189,954	
Payment of rent including advance rent		-	15,486,248
Institute of Rural Management (IRM)	Parent Subsidiary		
Funds deposited		22,693,142	20,989,368
Funds withdrawn		22,354,115	20,433,439
Payment of profit on deposits		30,222	30,480
Employees' Gratuity Fund	Employees' Trust		
Funds deposited		-	-
Funds withdrawn		-	-
Payment of profit on deposits		51,138,759	30,254,535
Benefits paid direcly by the bank on behalf of gratuity fund	Employees' Trust	98,499,043	95,971,557
Employees' Provident Fund Trust			
Funds deposited including terms deposit roll overs		1,328,965,548	742,785,658
Funds withdrawn including term deposits maturity		1,358,344,134	746,385,819
Payment of profit on deposits		107,929,063	34,644,266
Bank's contribution paid to the fund		122,905,429	65,563,947
Expense charged in respect of employer's contribution		122,905,429	65,563,947
Employees' Welfare Trust	Employees' Trust		
Funds deposited		21,552,470	12,933,174
Funds withdrawn		41,348,700	20,583,439
Payment of profit on deposits		3,013,060	3,208,975
Employee Housing Colony	Employees' Trust		
Funds deposited		2,864,050	2,467,696
Funds withdrawn		2,802,576	2,732,143
Payment of profit on deposits		87,352	76,627
NRSP Contributory Provident Fund	Parent Company's Employees' Trust		
Funds deposited		2,387,321,670	1,959,173,005
Funds withdrawn		3,083,309,483	2,035,687,849
Payment of profit on deposits		63,454,385	65,022,494
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust		
Funds deposited		3,188,202,229	2,368,760,263
Funds withdrawn		4,019,544,668	2,439,932,594
Payment of profit on deposits		79,362,217	83,248,526
NRSP Natural Resource Management	Parent Company's Project		
Funds deposited		75,000	-
Funds withdrawn		114,607	577,727
Payment of profit on deposits		4,149	3,672
Rural Support Programmes Network (RSPN)	Common Directorship		
Funds deposited		-	-
Funds withdrawn		-	-
Payment of profit on deposits		914	542

Transactions during the year:	Relationship with related party	2022 Rupees	2021 Rupees
NRSP Green Forest Private Limited	Parent Company's Subsidiary		
Funds deposited		-	-
Funds withdrawn		-	-
Profit on deposits		55,384	34,531
NRSP Agriculture Processing (Pvt) LTd	Parent Company's Subsidiary		
Funds deposited		120,046,491	209,254,888
Funds withdrawn		113,978,116	528,487,175
Profit on deposits		326,803	4,912,025
Dubai Islamic Bank Limited (DIBL)	Common Directorship		
Funds deposited with DIBL		2,232,537,889	4,271,206,629
Funds withdrawn from DIBL		2,314,217,064	5,321,171,695
Profit on deposits received from DIBL		40,446,207	53,322,796
Silk Bank Limited (SBL)	Common Share holder		
Funds deposited with SBL		18,470,470,457	2,875,000,000
Funds withdrawn from SBL		17,110,006,397	2,500,004,718
Profit on deposits received from SBL		77,404,374	32,336,051
Bank Alfalah (BAFL)	Common Shareholder		
Funds deposited with BAFL		519,276,762	700,348
Funds withdrawn from BAFL		519,276,762	700,348
Call money lending to BAFL		400,000,000	1,045,000,000
Call money repayments received from BAFL		400,000,000	1,045,000,000
Profit on call money lending received from BAFL		172,603	364,829
Repayment of Borrowing to Bank Alfalah		499,000,000	
Reverse repo lending to BAFL		-	21,813,878,515
Reverse repo repayments received from BAFL		-	22,810,587,515
Profit on reverse repo lending received from BAFL		-	26,538,245
Markup From Borrowing of Bank Alfalah		43,092,876	15,563,535

Balances Outstanding as at December 31 2022	Relationship with related party		
Payable to NRSP	Parent Organisation	181,199,516	134,112,799
Bank balance with Dubai Islamic Bank Limted	Common Directorship	194,981,606	236,214,574
Markup receivable from Dubai Islamic Bank Limted	Common Directorship	1,400,757	1,948,027
Payable to employees' gratuity fund	Employees' Trust	9,463,337	18,112,194
Payable to staff leave enchashment fund	Employees' Trust	194,806,929	188,806,773
Payable to employees' provident fund	Employees' Trust	496,111	496,178
Balance Maintaind with Silk Bank Limited	Common Share holder	1,845,911,082	408,042,648
Borrowing from Bank Alfalah Limited	Common Directorship	-	499,500,350
Receivable From NRSP	Parent Organisation	258,609	68,655

Deposits accounts contain amounts relating to following related parties:	Relationship with related party		
Institute of Rural Management (IRM)	Parent Company's Subsidiary	2,007,737	1,638,488
Employees' Gratuity Fund	Employees' Trust	507,397,166	456,258,407
Employees' Provident Fund Trust	Employees' Trust	658,961,904	576,430,271
Employees' Welfare Trust	Employees' Trust	16,484,707	33,267,878

Deposits accounts contain amounts relating to following related parties:	Relationship with related party	2022 Rupees	2021 Rupees
Employee Housing Colony	Employees' Trust	1,234,986	1,086,161
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	9,173,238	641,706,666
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	10,540,515	762,520,737
NRSP Rohi Handlooms	Parent Company's Project	3,600	3,393
NRSP Natural Resource Management	Parent Company's Project	110,663	146,121
Rural Support Programmes Network (RSPN)	Common Directorship	10,834	9,920
Pakistan Microfinance Network	Common Directorship	-	-
National Rural Support Programme	Parent Organisation	53,111	53,916
Nrsp Green Forest (Pvt) Limited	Parent Company's Subsidiary	693,137	637,754
Nrsp Agriculture Processing Company Limited	Parent Company's Subsidiary	6,471,345	76,167
Key management personnel		5,753,615	23,137,709

35.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Company Name	Basis of association	Aggregate % of shareholding	
NRSP	Holding Company	57.40%	57.40%
Institute of Rural Management (IRM)	Parent Company's Subsidiary	Nil	Nil
NRSP Green Forest Private Limited	Parent Company's Subsidiary	Nil	Nil
NRSP Agriculture Processing Company Limited	Parent Company's Subsidiary	Nil	Nil
NRSP Contributory Provident Fund	Parent Company's Employees' Trust	Nil	Nil
NRSP Employees Gratuity Fund Trust	Parent Company's Employees' Trust	Nil	Nil
NRSP Bank Employees Contributory Pf Trust	NRSP MFBL Employees' Trust	Nil	Nil
NRSP Bank Employees Gratuity Fund Trust	NRSP MFBL Employees' Trust	Nil	Nil
NRSP Rohi Handlooms	Parent Company's Project	Nil	Nil
NRSP Natural Resource Management	Parent Company's Project	Nil	Nil
Pakistan Microfinance Network	Common Directorship	Nil	Nil
Dubai Islamic Bank Limited (DIBL)	Common Share holder	Nil	Nil
Silk Bank Limited (SBL)	Common Share holder	Nil	Nil
Bank Alfalah Limited (BAFL)	Common Directorship	Nil	Nil

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.

b) **Financial instruments in level 2**
Currently, T-Bills and Ijarah Sukkuks are classified in level 2.

c) **Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

	Level 1 in Rupees	Level 2 in Rupees	Level 3 in Rupees
December 31, 2022			
Financial assets measured at fair value			
Market treasury bills - Available for sale	-	-	-
Market treasury bills - Held to maturity*	-	2,125,949,200	-
Sukkuks - Held to maturity*	-	308,918,038	-
	-	2,434,867,238	-

***Book value of Market Treasurey Bills and Sukuks Held to Maturity is fair approximaiton of their fair value.**

	Level 1 in Rupees	Level 2 in Rupees	Level 3 in Rupees
December 31, 2021			
Financial assets measured at fair value			
Market treasury bills - Available for sale	-	2,678,311,800	
Market treasury bills - Held to maturity	-		
	-	2,678,311,800	-

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and inputs used
Market Treasury Bills	Fair values of investment in market treasury bills is calculated based on the rates from MUFAP.

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, 2022					
Market rate assets					
Advances - net of provision	28,027,829,813	2,287,651,580	12,000,652,017	3,381,654,636	10,357,871,580
Lending to financial institutions	-	-	-	-	-
Investments	2,435,811,437	498,721,795	1,628,171,600	-	308,918,042
Balances with NBP on deposit accounts	284,402,491	284,402,491	-	-	-
Balances with other banks on deposit accounts	4,326,789,740	4,326,789,740	-	-	-
Staff Advances -Interest Bearing	89,113,276	8,911,328	22,278,319	17,822,655	40,100,974
Total market rate assets	35,163,946,757	7,406,476,934	13,651,101,936	3,399,477,291	10,706,890,596
Other non-earning assets					
Cash and balances with SBP and NBP	1,535,200,967	1,535,200,967	-	-	-
Balances with other banks on current accounts	42,362,475	42,362,475	-	-	-
Operating fixed assets	1,356,094,857	-	-	-	1,356,094,857
Other assets (Excluding Staff advances-Interest Bearing)	2,731,342,425	449,500,230	1,205,915,586	245,649,835	830,276,774
Deferred tax asset	3,361,981,972	-	-	-	3,361,981,972
Total non-earning assets	9,026,982,696	2,027,063,672	1,205,915,586	245,649,835	5,548,353,603
Total assets	44,190,929,453	9,433,540,606	14,857,017,522	3,645,127,126	16,255,244,199
Market rate liabilities					
Deposits and other accounts	28,550,430,958	12,476,594,704	4,340,888,034	8,236,971,682	3,495,976,538
Finance lease obligation	876,615,065	-	-	-	876,615,065
Subordinated loan	1,442,360,000	-	-	-	1,442,360,000
Borrowings	5,144,971,811	4,344,971,811	100,000,000	100,000,000	600,000,000
Total market rate liabilities	36,014,377,834	16,821,566,515	4,440,888,034	8,336,971,682	6,414,951,603
Other non-cost bearing liabilities					
Current deposits	3,893,723,729	3,893,723,729	-	-	-
Other liabilities	4,190,232,997	750,690,180	1,468,009,264	531,144,998	1,440,388,555
Total non-cost bearing liabilities	8,083,956,726	4,644,413,909	1,468,009,264	531,144,998	1,440,388,555
Total liabilities	44,098,334,56	21,465,980,424	5,908,897,298	8,868,116,680	7,855,340,158
Net Assets	**92,594,893**				

Represented by	
Share capital	1,498,372,010
Statutory reserve	815,766,515
Depositors' protection fund	305,381,345
Unappropriated profit	(2,530,558,517)
Surplus / (Deficit) on revaluation of assets	-
Deferred grants	3,633,540
Total capital	**92,594,893**

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, 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					
Operating fixed assets	31,471,011	31,471,011	-	-	-
Other assets	1,340,988,129	-	-	-	1,340,988,129
Deferred tax asset	5,435,818,554	894,579,042	2,399,969,428	488,883,386	1,652,386,698
	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	1,498,372,010				
Share capital	815,766,515				
Statutory reserve	269,646,194				
Depositors' protection fund	1,693,039,358				
Unappropriated profit	(2,638,100)				
Surplus / (Deficit) on revaluation of assets	4,787,054				
Deferred grants					
Total Capital	4,278,973,031				

38 CAPITAL MANAGEMENT

The Bank's objectives when managing its capital are:

a) To comply with the capital requirements set by the SBP i.e Rs. 1,000 million (free of losses) required to operate nation wide.
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 is non-compliant with the minimum capital requirements and Capital Adequacy Ratio as stipulated by regulations and intends to comply the required regulatory capital and Capital Adequacy Ratio either through its risk management strategies or by increasing the capital in line with the business and capital needs. In this regard the Parent Company has agreed to inject equity of over Rs. 2,000 million in the year 2023. Subsequent to year end, the parent company has paid Rs. 1,000 million as share deposit money.

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 7th April, 2023..

President / Chief Executive | Chairman | Director | Director

Annexure II
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements

	2022 Rupees	2021 Rupees
ASSETS		
Cash and Balances with SBP and NBP	671,676,900	1,217,845,923
Balances with Other Banks/NBFIs/MFBs	346,979,162	674,736,012
Investment- net of provisions	299,290,476	298,978,743
Islamic Financing and related assets - net of provisions	8,411,579,264	7,048,622,506
Operating fixed assets	411,614,106	469,196,203
Other assets	448,151,660	214,886,938
Total Assets	10,589,291,568	9,924,266,325
LIABILITIES		
Deposits and other accounts		
- Current accounts	1,407,205,910	917,616,091
- Saving accounts	2,009,989,182	2,270,588,018
- Term accounts	2,498,254,426	3,366,237,599
	5,915,449,518	6,554,441,708
Other Liabilities	3,003,796,082	2,085,778,711
Total Liabilities	8,919,245,600	8,640,220,419
NET ASSETS	**1,670,045,968**	**1,284,045,906**
REPRESENTED BY:		
Islamic Banking Fund	440,000,000	440,000,000
Unappropriated profit	1,230,045,968	844,045,906
	1,670,045,968	**1,284,045,906**
Remuneration of the Shariah Advisor	**1,200,000**	**1,200,000**

President / Chief Executive | Chairman | Director | Director

Annexure II
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements

	2022 Rupees	2021 Rupees
Profit / return earned	1,744,008,177	1,489,585,057
Profit / return expensed	(497,164,047)	(525,542,539)
Net profit / return / income	1,246,844,130	964,042,518
Provisions against non-performing financing	(284,114,973)	(219,208,280)
Bad debts written off directly	(1,438,753)	(1,105,739)
	(285,553,726)	(220,314,019)
Net return earned after provisions	961,290,404	743,728,499
OTHER INCOME		
Fee, Commission and brokerage income	47,376,583	62,159,473
Total other income	1,008,666,987	805,887,972
OTHER EXPENSES		
Administrative expenses	(622,666,925)	(540,095,385)
	386,000,062	265,792,587
Extraordinary/unusual items	-	-
PROFIT BEFORE TAXATION	**386,000,062**	**265,792,587**

President / Chief Executive | Chairman | Director | Director

Annexure II
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial results of the Islamic Microfinance Division, as referred to in note 2.2 of the financial statements

	2022 Rupees	2021 Rupees
Opening balance	9,595,567	-
Additions during the period		
- Received from customers on delayed payments	13,583,947	9,102,243
- Non-Shariah compliant income	805,020	276,682
- Profit on charity account	394,062	216,642
- Others	-	-
	14,783,029	9,595,567
Payments / utilization during the period		
- Al-Khidmat Foundation	9,595,567	-
Closing Balance	14,783,029	9,595,567

Annexure II
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

A-1 As at the year end, the Bank is operating 39 (2021: 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.0.00 (2021 Rs. .22,721,689).

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

	2022 Rupees	2021 Rupees
Gross income / profit	1,753,961,669	1,539,105,966
Administrative expenses of pool	(225,442,754)	(285,191,420)
Net distributable share	1,528,518,916	1,253,914,546
Profit paid to PLS accounts / Certificates	490,137,307	507,694,935
Bank equity share	549,224,551	283,968,066
Bank Mudarib Share	489,157,058	462,251,546
Total	1,528,518,916	1,253,914,546
Return on average earning assets	21.06%	19.10%
Return on average PLS / Deposits	9.99%	7.74%

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.

A-2 ISLAMIC FINANCING AND RELATED ASSETS-NET

	Note	2022 Rupees	2021 Rupees
Murabah financing	A-2.1	5,701,162,065	4,670,776,791
Ijarah under IFAS 2	A-2.2	1,288,941,727	1,442,152,543
Diminishing Musharka (FPMI)	A-2.3	1,601,575,117	1,087,407,081
		8,591,678,910	7,200,336,415
Less: Provisions held against non-performing facilities		(180,099,646)	(151,713,909)
		8,411,579,264	7,048,622,506

Annexure II
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

A-2.1 Murabaha

	2022			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five year	Total
	Rupees			
Murabaha financing - net	3,100,968,746	1,263,488,89	178,253,517	4,542,711,162
Deferred income	556,770,083	455,611,599	146,069,218	1,158,450,900
Gross investment in murabaha financing	3,657,738,829	1,719,100,498	324,322,735	5,701,162,062

	2021			
	Rupees			
Murabaha financing - net	2,972,241,486	910,556,138	8,100,000	3,890,897,624
Deferred income	504,727,914	270,923,547	4,227,705	779,879,166
Gross investment in murabaha financing	3,476,969,400	1,181,479,685	12,327,705	4,670,776,790

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

	2022			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five year	Total
	Rupees			
Asset acquired under Ijarah	699,554,946	899,973,747	70,114,943	1,669,643,63
Accumulated depreciation on Ijarah	(255,432,960)	(123,834,788)	(1,434,161)	(380,701,909)
Net Assets / investment in Ijarah	444,121,986	776,138,959	68,680,782	1,288,941,727

	2021			
	Rupees			
Asset acquired under Ijarah	794,113,025	1,030,107,65	18,506,341	1,842,727,024
Accumulated depreciation on Ijarah	(287,759,526)	(111,956,113)	(858,839)	(400,574,478)
Net Assets / investment in Ijarah	506,353,499	918,151,545	17,647,502	1,442,152,546

A-2.2.1 Net Investment under Ijarah

	2022			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five year	Total
	Rupees			
Ijarah rentals receivable	258,651,310	653,678,577	82,239,473	994,569,360
Residual value	228,781,786	294,942,584	17,935,996	541,660,366
Minimum Ijarah payments	487,433,096	948,621,161	100,175,469	1,536,229,726
Profit for future periods	(43,311,109)	(172,482,202)	(31,494,687)	(247,287,998)
Net Assets / investment in Ijarah	444,121,987	776,138,959	68,680,782	1,288,941,728

	2021			
	Rupees			
Ijarah rentals receivable	289,373,217	813,514,312	18,699,163	1,121,586,692
Residual value	260,997,018	327,537,339	5,587,705	594,122,062
Minimum Ijarah payments	550,370,235	1,141,051,651	24,286,868	1,715,708,754
Profit for future periods	(44,016,737)	(222,900,106)	(6,639,366)	(273,556,209)
Net Assets / investment in Ijarah	506,353,498	918,151,545	17,647,502	1,442,152,545

A-2.3 Diminishing Musharaka

	2022			
	Not later than one year	later than one year but not later than three years	later than three year but not later than five year	Total
	Rupees			
Diminishing Musharaka investment	58,837,752	423,305,387	1,119,431,978	1,601,575,117
Net Assets / investment in Ijarah	58,837,752	423,305,387	1,119,431,978	1,601,575,117

	2021			
	Rupees			
Diminishing Musharaka investment	42,010,655	304,848,344	515,420,302	862,279,301
Net Assets / investment in Ijarah	42,010,655	304,848,344	515,420,302	862,279,301

A-3 MATURITY PROFILES OF FUNDS

	2022						
	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	Total
	Rupees						
Term accounts	294,858,048	56,067,000	216,260,000	581,482,000	875,018,500	474,568,878	2,498,254,426
Saving accounts	2,009,989,182	-	-	-	-	-	2,009,989,182
	2,304,847,230	56,067,000	216,260,000	581,482,000	875,018,500	474,568,878	4,508,243,608

	2021						
	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	Total
	Rupees						
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
	2,418,636,017	455,903,000	131,948,231	716,821,973	787,025,195	1,126,491,200	5,636,825,616

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:

	2022 Rupees	2021 Rupees
Agri business	2,458,097,563	3,992,345,875
Livestock and Dairy farming	426,671,504	662,642,765
Micro enterprises	5,706,909,843	2,545,347,775
	8,591,678,910	7,200,336,415
GOP Ijarah Sukuk	299,290,476	298,978,743
	8,890,969,386	7,499,315,158

President / Chief Executive | Chairman | Director | Director

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	Depre-ciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Motor Vehicles-Owned							
70 CC - Bike (Reg # BRL-17-8774, Eng # 9496726, Chassis # JH-277297)	67,000	67,000	-	34,100	34,100	Assets Auction	Hafiz Abdul Aziz
70 CC - Bike (Reg # BRL-17-8776, Eng # 9496915, Chassis # JH-277478)	67,000	67,000	-	29,700	29,700	Assets Auction	Hafiz Abdul Aziz
Sub-Total	134,000	134,000	-	63,800	63,800		
Office Equipment							
Honda EP 2500 CX (Musa Colony)	55,233	55,233	-	-	-	As per Inter Office Memo	
Split AC Orient 1 Ton	14,944	14,944	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC Dawlance	17,354	17,354	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC (Haier 2 Ton)	54,707	54,707	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC (Orient 2 Ton)	54,800	54,800	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC (Orient 2 Ton)	54,800	54,800	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC (Orient 2 Ton)	54,800	54,800	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC (Orient 2 Ton)	72,292	72,292	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 1.5 Ton Orient	47,349	47,349	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 2 Ton Orient	54,700	54,700	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 1.5 Ton Orient	46,400	46,400	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 2 Ton Orient	58,000	58,000	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 2 Ton Orient	58,000	58,000	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Split AC 1 Ton Orient	38,950	38,950	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
DC Inverter Orient 1 Ton	92,536	92,536	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
DC Inverter Orient 1 Ton	118,790	118,790	-	71,274	71,274	Insurance Claim	Claimed in Insurance
DC Inverter Orient 1.5 Ton	99,000	99,000	-	14,740	14,740	Assets Auction	Hafiz Abdul Aziz
Air Cooler	11,000	6,967	4,033	4,400	367	As per Inter Office Memo	
Air Cooler	11,000	6,967	4,033	4,400	367	As per Inter Office Memo	
Oppo A3 S Mobile Phone (Fahad Saif 02957	20,000	20,000	-	-	-	As Per Policy	
Huawei Y9 Mobile Phone (Asif Ali 00128	20,000	20,000	-	-	-	As Per Policy	
Samsung Galaxy J4 (Muhamamd Zafar Iqbal 00066)	20,000	20,000	-	-	-	As Per Policy	
Samsung A70 Mobile Phone(Qasim Naseer 02706	25,000	25,000	-	-	-	As Per Policy	
Samsung A10 Mobile Phone (Zeeshan Ahmed HO Operations 00997)	20,000	20,000	-	-	-	As Per Policy	
Samsung A70 Mobile Phone (Muhammad Waqas Ashraf HO 00986)	40,000	40,000	-	-	-	As Per Policy	
Green Tech-A30S Mobile Phone (Amjad Iqbal Khan HO 06182	40,000	40,000	-	-	-	As Per Policy	
Samsung A10 Mobile Phone (Muhammad Tariq 03131)	20,000	20,000	-	-	-	As Per Policy	
Samsung A20 S Mobile Phone (Wajahat Paracha (02704	25,000	22,917	2,083	2,779	696	Cleared to Staff Member	
Realme 5i Mobile Phone (M.Abdullah 00050	20,000	15,000	5,000	5,000	-	Insurance Claim	
Oppo A12 Mobile Phoe (Ahmed Farhan 06242	23,500	16,319	7,181	7,834	653	Cleared to Staff Member	
Sub-Total	1,288,155	1,265,824	22,331	316,787	294,455		
Furniture and Fixtures							
Office Table 48 x 30 x 30	7,838	2,939	4,899	5,029	130	As per Inter Office Memo	
Computer Chair	3,525	3,525	-	1	1	As per Inter Office Memo	
Wooden Chair	4,606	1,487	3,119	3,196	77	As per Inter Office Memo	
Wooden Chair	4,606	1,487	3,119	3,196	77	As per Inter Office Memo	
Wooden Chair	4,606	1,487	3,119	3,196	77	As per Inter Office Memo	
Visitor Chair	3,800	1,710	2,090	2,153	63	As per Inter Office Memo	
Visitor Chair	3,800	1,552	2,248	2,312	64	As per Inter Office Memo	
Visitor Chair	4,000	1,533	2,467	2,533	66	As per Inter Office Memo	
Link Chair (B-253-H)	8,950	3,062	5,888	6,037	149	As per Inter Office Memo	
Link Chair (B-253-H)	6,910	2,348	4,562	4,677	115	As per Inter Office Memo	
File Rack	12,800	4,432	8,368	8,582	214	As per Inter Office Memo	
File Rack	12,800	4,432	8,368	8,582	214	As per Inter Office Memo	
Sign Board (Back Lit Board)	46,800	31,980	14,820	7,600	(7,220)	As per Inter Office Memo	
Sign Board (Back Lit Board)	43,337	24,030	19,307	3,850	(15,457)	As per Inter Office Memo	
Renovation Expense of Dahranwala Branch	43,472	40,830	2,642	2,642	-	Assets Written-Off	
Renovation Expense of Sambrial Branch	115,000	40,250	74,750	74,750	-	Assets Written-Off	
Sub-Total	326,850	167,084	159,766	138,336	(21,430)		
Computer Equipment							
HP Pro Book 440Core i710510U (1.8 GHz,16 GB Ram, 1 TB Hard Disk+512SSDM2,)Khalid Masood Audit 02854	160,500	49,041	111,459	111,459	(0)	Assets Auction	Khalid Masood
Samsung galaxy A 71 Khalid Masood Head Audit	25,000	2,778	22,222	22,222	0	Assets Auction	Khalid Masood
HP Lasejet Pro 402 M401 DN Printer	34,983	34,983	-	972	972	Assets Auction	-
HP Core i5 (2.5 GHz, 8 GB Ram, 1 TB Hard Disk) Ayaz Mahmood - Audit Officer	87,100	76,143	10,957	11,334	377	Assets Auction	Cleared to Mr. Ayaz Mahmood on Resign
HP Core i5 (1.6 GHz, 8 GB Ram, 1 TB Hard Disk) Khalid Head Audit	89,800	89,799	1	-	(1)	Assets Auction	Khalid Masood
Oppo F3 (Head Internal Audit) Muhammad Khalid Masood 02854	25,000	25,000	-	-	-	Assets Auction	Khalid Masood
Huawei Mate 10 (Aziz Ahmed - Area Manager)	20,000	20,000	-	-	-	Assets Auction	Aziz Ahmed
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	1	1	Assets Auction	0
LED 18.4" Wide	5,327	5,327	-	1	1	Assets Auction	0
Samsung Grand Neo Plus (Zahid Maqbool)	16,000	16,000	-	-	-	Assets Auction	Zahid Maqbool
Lenovo thinkpad E15 Ci5,10th generation,8Gb RAM,1TB Hard Drive,15.6"(Kashif Sajjad 03690)AOM GUJ	123,000	54,666	68,334	71,751	3,417	Assets Auction	Kashif Sajjad
Samsung Galaxy J6 (Zubair Khan)	20,000	20,000	-	-	-	Assets Auction	Zubair Khan
Samsung A03 Mobile phone Shahzad Shakoor 07645-Manager Recovery, Business	20,000	1,111	18,889	19,445	556	Assets Auction	Shahzad Shakoor
Dell Core i5 (2.3 GHz, 8 GB Ram, 1 TB HDD) Wajahat Paracha - IT Department	68,300	68,299	1	1	-	Assets Auction	Wajahat Paracha
Dell Vostro 3558 i3 (2.0 GHz, 4 GB Ram, 500 GB HDD, 15.6" Screen) Mohsin Jameel (03884)Audit Dept.	44,000	44,000	-	-	-	Assets Auction	Mohsin Jameel
Vivo V21 E Mobile for AM OKR Ghaznfar sb 06207	20,000	6,111	13,889	-	(13,889)	Assets Auction	Ghazanfar
Vivo Y20 White Liaqat ALi (06669)	20,000	12,222	7,778	8,889	1,111	Assets Auction	Liaqat Ali
Samsung A13 4/128GB (Latif sb HO Audit)07521	25,000	3,472	21,528	22,917	1,389	Assets Auction	Latif
Samsung Galaxy A3 2019 (Hassan warrich Islamic Division)05570	25,000	25,000	-	-	-	Assets Auction	Hassan Warriach
HP Core i5 (2.2 GHz, 8 GB Ram, 1 TB Hard Disk) Muhammad Shafique 01161	91,263	91,263	-	-	-	Assets Auction	Muhammad Shafique
Dell Core i5 (2.3 GHz, 8 GB Ram, 1 TB HDD) Atif Iqbal - Finance Department 04109	68,300	68,299	1	1	-	Assets Auction	Atif Iqbal
Samsung Galaxy J3 2016 (Atif Iqbal) Manager Treasury04109	20,000	20,000	-	-	-	Assets Auction	Atif Iqbal

Particulars of assets	Cost	Depre-ciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
Vivo Y 21 Mobile Phone for RM Sahiwal 07562	25,000	4,167	20,833	20,835	2	Assets Auction	Niaz Hussain
Computer System with LCD	10,244	10,244	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo, 1.8 Ghz, 4 GB Ram 80 GB Hard Disc)	16,421	16,421	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (P-IV, 3.0 Ghz, 4 GB Ram, 80GB Hard Disk)	12,141	12,141	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo, 2.20 Ghz, 2 GB Ram)	16,000	16,000	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD Dell (Core 2 Duo, 1.86 Ghz, 4 GB Ram,80 GB HDD))	17,000	17,000	-	3,500	3,500	Assets Auction	Aziz ud Din
Intel Core 2 Duo E8400 Processor 3.00Ghz RAM 4GB HDD 250GB	17,500	17,500	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System with LCD (Core 2 Duo, 2.93GHz, 3GB RAM, 80GB HDD	17,800	17,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System with LCD (Core 2 Duo, 80GB HHD and 4 GB Ram)	17,800	17,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System with LCD (Core 2 Duo, 1.8GHz, 2 GB Ram) Hard Drive 250 GB	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System with LCD (Core 2 Duo, 2.0 Ghz, 2 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System with LCD (CORE 2DUO, 3.10, 3.17 GHz, 4 GB Ram, 80 GB Hard Disk)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (INTEL CORE 1086 GHz, 4GB Ram, 80 GB Hard Disk)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo, 2.20 GHz, 4 GB Ram 80 GB HDD)	17,500	17,500	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo, 1.8GHz, 2 GB Ram) Hard Drive 150 GB	17,500	17,500	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer (Core 2 Duo 2.2 GHz, 4 GB RAM, 80 GB HDD & 17" LCD)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Core 2 DUO ,3.00 GHz , 3.00 GHz ,RAM 3 GB, 80 GB H	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer (Core 2 Duo 2.2 GHz, 2 GB RAM, 80 GB HDD & 17" LCD)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer (Core 2 Duo 2.2 GHz, 2 GB RAM, 80 GB HDD & 17" LCD)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer (Core 2 Duo 2.33 GHz, 4 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz U Din
Computer with LCD (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD & 19" LCD)	16,700	16,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer (Core 2 Duo 3.0 GHz, 3 GB RAM, 250 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,700	16,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core i3 3.0 GHz, 4 GB RAM, 250 GB HDD and 19" LCD	16,700	16,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo 3.0 GHz, 2 GB RAM, 250 GB HDD)	16,700	16,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4GB RAM, 250 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 5 GB RAM, 80 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD)	11,300	11,300	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 2 GB RAM, 250 GB HDD)	6,963	6,963	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	8,310	8,310	-	3,500	3,500	Assets Auction	Aziz u Din
Computer System with LCD (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	8,310	8,310	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	8,310	8,310	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	8,310	8,310	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	8,310	8,310	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 80 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Core(TM)2 Duo CPU E8400 @ 3.00GHz (2 CPUs),-3.0GHz 2 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, RAM 2GB, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System Core i3 , 3.30 GHz, 6 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 2 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	As Per Policy	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core i3 3.1 GHz, 2GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	As Per Policy	Aziz ud Din
Computer System (Core i3 3.30 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Cleared to Staff Member	Aziz ud Din
Computer System (Core I3, 3.1GHz,4GB RAM,250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz U Din
Computer System (Core I3, 3.3 GHz,4GB RAM,250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core I3, 3.1GHz,4GB RAM,250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core I3, 3.1GHz,4GB RAM,250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core i3 3.1 GHz, 4 GB RAM, 250 GB HDD)	10,253	10,253	-	3,500	3,500	Assets Auction	Aziz ud Din
"Computer System with LCD (COR 2 DUO 2GB RAM ,3 GHz PROCESSOR,80 GB HDD)"	10,253	8,829	1,424	3,500	2,076	Assets Auction	Aziz ud Din
Scanner G 2410	7,076	7,076	-	457	457	Assets Auction	Hafiz Abdul Aziz
Scanner G 2410	7,772	7,772	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP G 200	7,547	7,547	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP 200	7,480	7,480	-	459	459	Assets Auction	0
Scanner HP Scanjet 200	9,126	9,126	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP Scanjet 200	9,126	9,126	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP Scanjet 200	10,280	10,280	-	458	458	Assets Auction	Hafiz Abdul Aziz
Scanner HP Scanjet 200	10,280	10,280	-	458	458	Assets Auction	Hafiz Abdul Aziz
Scanner HP Scanjet 200	12,300	12,300	-	458	458	Assets Auction	Hafiz Abdul Aziz
Scanner Canon LIDE-120	9,711	9,711	-	458	458	Assets Auction	Hafiz Abdul Aziz
Scanner Canon LIDE-120	9,711	9,711	-	458	458	Assets Auction	Hafiz Abdul Aziz
Scanner Canon LIDE-120	9,711	9,711	-	458	458	As Per Policy	Hafiz Abdul Aziz
Scanner Canon LIDE-120	9,184	9,184	-	458	458	Cleared to Staff Member	Hafiz Abdul Aziz
Scanner Canon LIDE-120	10,826	10,826	-	458	458	As Per Policy	Hafiz Abdul Aziz
Scanner	10,826	10,826	-	458	458	Cleared to Staff Member	Hafiz Abdul Aziz

Particulars of assets	Cost	Depre-ciation	Book value	Sale Proceed	Gain/Loss	Mode of disposal	Particulars of buyers
LCD 19"	5,400	5,400	-	678	678	As Per Policy	Aziz ud Din
LCD 19"	5,400	5,400	-	352	352	As Per Policy	Aziz ud Din
LCD 17"	9,000	9,000	-	352	352	As Per Policy	Aziz ud Din
LCD 17"	9,000	9,000	-	352	352	Cleared to Staff Member	Aziz ud Din
LCD 19"	5,400	5,400	-	352	352	Cleared to Staff Member	Aziz ud Din
LCD 19"	5,400	5,400	-	352	352	Cleared to Staff Member	Aziz ud Din
LCD 19"	5,850	5,850	-	352	352	Cleared to Staff Member	Aziz ud Din
LCD 19"	5,850	5,850	-	352	352	Cleared to Staff Member	Aziz ud Din
LCD 17" Dell	5,850	5,850	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,200	3,200	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,200	3,200	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,200	3,200	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,200	3,200	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,400	3,400	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,400	3,400	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,400	3,400	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17" Dell	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17" Dell	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz U Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LCD 17"	3,120	3,120	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz u Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
LED 18.4" Wide	5,327	5,327	-	352	352	Assets Auction	Aziz ud Din
Computer with LCD (Pentium IV, 3.40 Ghz, 512 MB Ram)	16,000	16,000	-	3,500	3,500	Assets Auction	Abdul Aziz
Computer with LCD	18,400	18,400	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo, 1.86 Ghz, 2 GB Ram)	17,700	17,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo 2.33 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,800	16,800	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer with LCD (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD & 19" LCD)	16,700	16,700	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 2 GB RAM, 80 GB HDD)	11,291	11,291	-	3,500	3,500	Assets Auction	Aziz ud Din
Computer System (Core 2 Duo 3.0 GHz, 4 GB RAM, 250 GB HDD)	6,980	6,980	-	3,500	3,500	Assets Auction	Aziz ud Din
Scanner HP G 200	7,839	7,839	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP G 200	7,839	7,839	-	459	459	Assets Auction	Hafiz Abdul Aziz
Scanner HP G 200	9,500	9,500	-	458	458	As Per Policy	Hafiz Abdul Aziz
Computer system(core 2 duo 3.0 GHz,4GB RAM , 250 GB HDD)	10,253	10,253	-	3,500	3,500	As Per Policy	Aziz ud Din
LCD 17"	3,200	3,200	-	352	352	As Per Policy	Aziz ud Din
Sub-Total	2,396,218	2,098,902	297,316	596,728	299,412		
Grand total	4,145,223	3,665,810	479,413	1,115,650	636,237		

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