



NRSP MICROFINANCE BANK LIMITED
Condensed Financial Statements Un-Audited
AS AT SEPTEMBER 30, 2021

NRSP MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2021

		Un-Audited Sep-21	Audited Dec-20
	Note	----- Rupees -----	
ASSETS			
Cash and balances with SBP and NBP	1	2,391,832,095	2,867,959,229
Balances with other Banks/ NBFIs /MFBs	2	5,681,487,413	4,933,304,012
Lending to financial institutions	3	-	1,494,680,500
Investments - net of provisions	4	7,349,919,475	8,637,899,021
Advances - net of provision	5	28,094,181,137	27,932,421,535
Operating fixed assets	6	1,455,140,663	1,673,856,241
Other assets	7	4,910,441,872	5,184,703,429
Deferred tax asset - net		493,321,553	436,336,658
Total Assets		50,376,324,209	53,161,160,624
LIABILITIES			
Deposits and other accounts	8	36,371,694,462	39,284,549,013
Borrowings	9	3,530,000,401	3,395,943,704
Subordinated debt	10	1,442,360,000	672,360,000
Other liabilities	11	4,493,479,770	4,297,853,281
Deferred tax liability - net		-	-
Total liabilities		45,837,534,633	47,650,705,998
Net assets		4,538,789,576	5,510,454,625
REPRESENTED BY			
Share capital	12	1,498,372,010	1,498,372,010
Statutory reserve		815,766,516	815,766,516
Depositors' protection fund		265,239,742	253,792,891
Unappropriated profit		1,950,398,310	2,929,766,104
		4,529,776,577	5,497,697,521
Surplus/ (deficit) on revaluation of assets		(1,507,000)	372,600
Deferred grants	21	10,519,998	12,384,504
Total capital		4,538,789,576	5,510,454,625
MEMORANDUM/ OFF-BALANCE SHEET ITEMS	22		

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

President/ Chief Executive

Chairman

Director

Director

NRSP MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2021

		Un-Audited	Audited
		Sep-21	Sep-20
	Note	----- Rupees -----	
Mark-up/ return/ interest earned	13	5,404,523,881	6,510,460,521
Mark-up/ return/ interest expensed	14	(2,896,327,737)	(2,906,438,395)
Net mark-up/ interest income		2,508,196,144	3,604,022,126
Provision against non-performing loans and advances	5	(1,902,178,220)	(1,269,615,650)
Provision for demuniton in the value of investments			
Bad debts written off directly - net of insurance recoveries	5	(10,532,726)	(9,207,815)
		(1,912,710,945)	(1,278,823,464)
Net mark-up/ interest income after provisions		595,485,198	2,325,198,662
NON MARK-UP/ NON INTEREST INCOME			
Fee, commission and brokerage income	15	414,637,010	398,563,409
Dividend income		-	-
Other income - net	16	403,291,400	329,397,671
Total non mark-up/ non interest income		817,928,409	727,961,079
NON MARK-UP/ NON INTEREST EXPENSES			
Administrative expenses	27	(2,336,704,388)	(2,342,262,486)
Other charges	28	(6,852,754)	(854,171)
Total non mark-up/ non interest expenses		(2,343,557,142)	(2,343,116,657)
		(930,143,534)	710,043,085
Extra ordinary/ unusual items		-	-
PROFIT/ (LOSS) BEFORE TAXATION		(930,143,534)	710,043,085
Taxation - Current	29	(79,047,826)	(225,190,344)
Prior year		-	-
Deferred		57,159,895	38,836,719
		(21,887,930)	(186,353,625)
PROFIT/ (LOSS) AFTER TAXATION		(952,031,465)	523,689,459
Unappropriated profit/ (loss) brought forward		2,929,766,108	2,330,318,664
Less: Other comprehensive income		(27,336,329)	(16,122,334)
Profit available for appropriation		1,950,398,314	2,837,885,790
APPROPRIATIONS			
Transfer to:			
Statutory reserve		-	(104,737,892)
Depositors' protection fund		-	(26,184,473)
		-	(130,922,365)
Unappropriated profit/ (loss) carried forward		1,950,398,314	2,706,963,425
Earnings/ (loss) per share	30	(6.35)	3.50

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

President/ Chief Executive

Chair

Director

Director

**NRSP MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30,2021**

Note	Un-Audited Sep-21	Audited Sep-20
	----- Rupees -----	-----
Profit/ (loss) after taxation	(952,031,465)	523,689,459
Other comprehensive income/ (loss)		
Items that will not be subsequently reclassified through profit and loss account :		
Loss on remeasurement of employees' retirement benefits - net of tax	(27,336,329)	(16,122,334)
Total comprehensive income for the year	<u>(979,367,794)</u>	<u>507,567,125</u>

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

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NRSP MICROFINANCE BANK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2021

	Share capital	Capital reserves		Revenue reserve	Total
		Statutory reserve	Depositors' protection fund	Unappropriated profit	
----- Rupees -----					
Balance as at January 01, 2020	1,498,372,010	657,079,488	198,412,206	2,330,318,660	4,684,182,365
Profit for the year	-	-	-	523,689,459	523,689,459
Other comprehensive income/ (loss) for the year	-	-	-	(16,122,334)	(16,122,334)
Total comprehensive income for the year	-	-	-	507,567,125	507,567,125
Transfer to statutory reserve	-	104,737,892	-	(104,737,892)	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	26,184,473	(26,184,473)	-
- Return on investments - net of tax	-	-	12,696,430	-	12,696,430
	-	-	38,880,903	(26,184,473)	12,696,430
Balance as at September 30, 2020	1,498,372,010	761,817,380	237,293,109	2,706,963,421	5,204,445,919
Profit for the year	-	-	-	269,745,681	269,745,681
Other comprehensive income/ (loss) for the year	-	-	-	20,493,422	20,493,422
Total comprehensive income for the year	-	-	-	290,239,103	290,239,103
Transfer to statutory reserve	-	53,949,136	-	(53,949,136)	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	13,487,284	(13,487,284)	-
- Return on investments - net of tax	-	-	3,012,498	-	3,012,498
	-	-	16,499,782	(13,487,284)	3,012,498
Balance as at December 31, 2020	1,498,372,010	815,766,516	253,792,891	2,929,766,104	5,497,697,521
Profit for the year	-	-	-	(952,031,465)	(952,031,465)
Other comprehensive income/ (loss) for the year	-	-	-	(27,336,329)	(27,336,329)
Total comprehensive income for the year	-	-	-	(979,367,794)	(979,367,794)
Transfer to statutory reserve	-	-	-	-	-
Transfer to depositors' protection fund:					
- 5% of the profit after tax for the year	-	-	-	-	-
- Return on investments - net of tax	-	-	11,446,851	-	11,446,851
	-	-	11,446,851	-	11,446,851
Balance as at September 30, 2021	1,498,372,010	815,766,516	265,239,742	1,950,398,310	4,529,776,577

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

President/ Chief Executive

Chairman

Director

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NRSP MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2021

	Un-Audited Sep-21	Audited Sep-20
Note	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	(930,143,534)	710,043,085
Less : Dividend income	-	-
	(930,143,534)	710,043,085
Adjustments for non-cash changes		
Depreciation	223,832,161	263,834,641
Amortization	41,233,982	40,013,982
Provision against non-performing advances	1,902,178,219	1,269,615,650
Provision against advances to employees	-	-
Advances directly written-off - net of insurance recoveries	10,532,726	9,207,815
Unrealized gain on revaluation of investments classified as held-for-trading	-	-
Gain on sale/ redemption of securities	(397,070,850)	(143,437,672)
Unrealized exchange (gain) / loss	(12,714,334)	(39,069,333)
Unrealized loss/ (gain) on derivative financial asset	14,573,523	62,595,809
Gain on sale of fixed assets	395,857	7,018,988
Loss on Termination of Leased Agreements	3,536,171	-
Finance charges on leased assets	95,772,453	115,178,298
Amortization of deferred grants	(9,490,144)	(55,617,712)
Provision for gratuity and leave encashment	117,786,301	73,014,569
	1,990,566,064	1,602,355,034
(Increase)/ decrease in operating assets		
Lending to financial institutions	1,494,680,500	(2,490,079,260)
Net investment in held for trading securities	-	5,209,113
Advances	(2,074,470,545)	(2,402,111,061)
Other assets (excluding advance taxation)	177,924,329	(2,158,492,586)
	(401,865,716)	(7,045,473,793)
Increase/ (decrease) in operating liabilities		
Bills payable	193,382,386	(52,023,444)
Borrowings from financial institutions	1,017,390,535	(477,851,960)
Deposits	(2,912,854,551)	10,157,629,859
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	28,851,117	(65,478,851)
	(1,673,230,513)	9,562,275,603
Payment against provision held against off- balance sheet obligations		
Income tax paid	(88,064,252)	(212,367,839)
Gratuity and leave encashment paid (including contributions)	(104,301,196)	(10,176,523)
Net cash flow from operating activities	(1,207,039,147)	4,606,655,566
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	1,998,809,550	(3,038,168,230)
Net investment in held-to-maturity securities	(316,377,120)	(421,015,096)
Investment in operating fixed assets	(49,036,487)	(39,345,811)
Interest income on depositors' protection fund	-	-
Dividend received from mutual funds	-	-
Sale proceeds from property and equipment disposed-off	529,463	1,578,463
Net cash flow from/ (used in) investing activities	1,633,925,406	(3,496,950,673)
CASH FLOW FROM FINANCING ACTIVITIES		
Grants received	7,625,638	62,133,211
Net payments of lease obligations	(162,455,629)	(159,692,186)
Net cash flow from/ (used in) financing activities	(154,829,991)	(97,558,975)
Increase/ (decrease) in cash and cash equivalents	272,056,268	1,012,145,918
Cash and cash equivalents at the beginning of the year	7,801,263,241	5,450,785,986
Cash and cash equivalents at the end of the year	8,073,319,508	6,462,931,904

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

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		Un-Audited Sep-21	Audited Dec-20
	Note	----- Rupees -----	
1 CASH AND BALANCES WITH SBP AND NBP			
Cash in hand		558,809,143	663,685,096
Balance with State Bank of Pakistan	1.1	1,092,721,801	1,201,939,362
Balance with National Bank of Pakistan in			
Current account		10,951,153	5,224,770
Deposit accounts		729,349,999	997,110,001
		<u>2,391,832,095</u>	<u>2,867,959,229</u>

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

		Sep-21	Dec-20
	Note	----- Rupees -----	
2 BALANCES WITH OTHER BANKS			
In Pakistan			
Local currency current accounts	2.1	43,977,369	105,515,784
Local currency deposit accounts	2.2	5,337,510,044	4,327,788,228
Local currency term deposits	2.3	300,000,000	500,000,000
		<u>5,681,487,413</u>	<u>4,933,304,012</u>

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

2.2 These represent deposits with commercial banks and Islamic banks payable on demand carrying mark-up/profit ranging from 6.50% to 9.25% (2020: 5% to 7.25%) per annum.

2.3 Local currency term deposits include amount is 300 million in September 2021 at 8.5% (2020: Rs 500 million) (2020: 9.5%)

		Sep-21	Dec-20
	Note	----- Rupees -----	
3 LENDING TO FINANCIAL INSTITUTIONS			
Call money lendings	3.1	-	-
Repurchase agreement lendings (Reverse repo)	3.2	-	1,494,680,500
		<u>-</u>	<u>1,494,680,500</u>

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

3.2 Securities held as collateral against lending to financial institutions

	Held by Bank	Further given as collateral	Total
As At September 30, 2021			
Market treasury bills (MTBs)	-	-	-
As at December 31, 2020			
Market treasury bills (MTBs)	1,500,000,000	-	1,500,000,000

	Note	Sep-21 ----- Rupees -----	Dec-20 ----- Rupees -----
4 INVESTMENTS - NET OF PROVISIONS			
Held to maturity			
Federal Government Securities			
Market treasury bills (MTBs)	4.1	1,790,004,660	1,824,767,302
Ijarah Sukuks	4.2	305,343,315	252,774,020
		2,095,347,975	2,077,541,322
Term Deposit Receipts (TDRs)	4.3	1,400,000,000	1,000,000,000
		3,495,347,975	3,077,541,322
Available for sale			
Federal Government Securities			
Market treasury bills (MTBs)	4.4	3,856,078,500	5,559,985,099
Deficit on revaluation of available for sale investments		(1,507,000)	372,600
		3,854,571,500	5,560,357,699
Held for trading			
Mutual funds		0	0
		7,349,919,475	8,637,899,021

4.1 The T-Bills carry mark up at the rate of 7.21% to 7.38% (2020: 7.07% to 7.11%) per annum and are due to mature in November, December 2021 and February 2022.

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

4.3 The TDRs amounting to Rs.1,000 million and Rs.400 million carry mark up at the rate of 9.5% (2020: 10.15%) per annum and will mature in December 2021 & July 2022.

4.4 The T-Bills carry mark up at the rate of 7.22% to 7.48% (2020: 7.09% to 7.15%) per annum and are due to mature in November, December 2021, January and March 2022.

5 ADVANCES - NET OF PROVISION

Loan type	Note	Un-Audited		Audited	
		Sep-21		Dec-20	
		Number	Rupees	Number	Rupees
Micro credit		299,695	23,100,780,722	321,520	22,897,996,048
Islamic financing		20,282	6,804,927,315	22,099	6,391,843,706
		319,977	29,905,708,037	343,619	29,289,839,753
Less: Provision held					
Specific		33,837	(1,136,062,133)	11,944	(422,149,085)
General					
Mandatory	5.1		(242,429,517)		(251,988,904)
Additional	5.2		(433,035,250)		(683,280,229)
			(1,811,526,899)		(1,357,418,218)
Advances - net of provisions			28,094,181,137		27,932,421,535

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

5.2 In the view of the business challenges posed by the COVID-19 outbreak, the management has exercised prudence and recorded General provision of Rs.433 million during the Period ended September 30 2021, in addition to the statutory requirement of 1% on net of specific provisions and loans secured against gold or other collateral with appropriate margin. Further, the management believes that its current policies for managing credit, liquidity and market risk are adequate in response to the current situation.

5.3 Particulars of provision against non-performing advances

	Un-Audited			Audited		
	Sep-21			Dec-20		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	422,149,085	935,269,132	1,357,418,217	141,715,892	256,433,405	398,149,297
Charge for the year	2,161,982,584	(259,804,365)	1,902,178,219	1,047,277,016	678,835,727	1,726,112,743
Amounts written off	(1,448,069,535)	-	(1,448,069,535)	(766,843,822)	-	(766,843,822)
Reversals	-	-	-	-	-	-
Closing balance	1,136,062,133	675,464,767	1,811,526,901	422,149,085	935,269,132	1,357,418,217
					Un-Audited	Audited
					Sep-21	Dec-20
				Note	-----Rupees-----	

5.4 Particulars of advances written off

Against provisions	1,448,069,535	766,843,822
Directly charged to profit & loss account	10,532,726	15,255,294
	1,458,602,261	782,099,116

6 OPERATING FIXED ASSETS

Capital work-in-progress	6.1	35,747,279	38,586,143
Property and equipment	6.2	689,237,354	772,607,072
Right of use assets	6.2.3	675,741,737	774,557,328
Intangible assets	6.3	54,414,293	88,105,698
		1,455,140,663	1,673,856,241

6.2 Property and equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At September 30,2021	Rate of depreciation (%)
	As At January 01,2021	Additions	Disposal	As At September 30,2021	As At January 01,2021	Charge for the year	Disposal	As At September 30,2021		
Rupees										
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	483,633,260	14,292,598	(1,419,834)	496,506,024	173,107,304	36,663,102	(1,014,813)	208,755,593	287,750,431	10
Office equipment	287,065,023	3,658,079	(25,000)	290,698,102	198,362,590	32,512,555	(4,861)	230,870,284	59,827,817	20
Computer equipment	406,010,426	25,924,302	(1,686,366)	430,248,362	355,600,808	35,613,697	(1,186,206)	390,028,299	40,220,062	33.33
Vehicles	95,958,470	244,386	-	96,202,856	51,532,457	10,900,578	0	62,433,035	33,769,821	20
	1,526,086,987	44,119,364	(3,131,200)	1,567,075,151	778,603,159	115,689,932	(2,205,880)	892,087,211	674,987,941	
Leased assets										
Vehicles	117,253,046	213,410	-	117,466,456	92,129,802	11,087,240	-	103,217,042	14,249,414	20
	1,643,340,033	44,332,774	(3,131,200)	1,684,541,607	870,732,961	126,777,172	(2,205,880)	995,304,253	689,237,354	

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At December 31,2020	Rate of depreciation (%)
	As At January 01,2020	Additions	Disposal	As At December 31,2020	As At January 01,2020	Charge for the year	Disposal	As At December 31,2020		
Rupees										
Owned assets										
Freehold land	253,419,808	-	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	467,653,027	26,762,513	(10,782,280)	483,633,260	129,158,997	46,735,479	(2,787,172)	173,107,304	310,525,956	10
Office equipment	286,332,654	4,729,526	(3,997,157)	287,065,023	156,693,638	45,358,344	(3,689,393)	198,362,590	88,702,433	20
Computer equipment	397,641,821	12,602,422	(4,233,817)	406,010,426	290,506,001	68,756,527	(3,661,721)	355,600,808	50,409,618	33.33
Vehicles	94,566,275	1,392,195	-	95,958,470	36,610,146	14,922,311	0	51,532,457	44,426,013	20
	1,499,613,585	45,486,656	(19,013,254)	1,526,086,987	612,968,783	175,772,662	(10,138,286)	778,603,159	747,483,828	
Leased assets										
Vehicles	116,909,563	343,483	-	117,253,046	73,511,558	18,618,245	-	92,129,802	25,123,244	20
	1,616,523,148	45,830,139	(19,013,254)	1,643,340,033	686,480,340	194,390,907	(10,138,286)	870,732,961	772,607,072	

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

6.2.3 Right of use assets	Note	Un-Audited Sep-21	Audited Dec-20
-----Rupees-----			
Right of use assets - Initial Recognition under IFRS-16		774,557,328	938,753,610
Additions during the period		94,396,575	127,415,732
Deletions during the year		(96,157,178)	(151,641,718)
Depreciation charged during the period		(97,054,989)	(139,970,297)
Net book value at the end		<u>675,741,737</u>	<u>774,557,328</u>

6.3 Intangible assets

Computer softwares	<u>54,414,293</u>	<u>88,105,698</u>
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6.3.1 Computer softwares

Cost

Opening balance	391,085,679	365,069,167
Additions during the year	7,542,578	26,016,512
Closing balance	<u>398,628,257</u>	<u>391,085,679</u>

Amortization

Opening balance	(302,979,981)	(249,035,828)
Charge for the year	(41,233,983)	(53,944,153)
Closing balance	<u>(344,213,964)</u>	<u>(302,979,981)</u>
Net book value	<u>54,414,293</u>	<u>88,105,698</u>

6.3.2 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.

7 OTHER ASSETS	Note	Un-Audited Sep-21	Audited Dec-20
-----Rupees-----			
Income / mark-up accrued on			
Loans and Advances		4,282,535,102	4,266,118,482
Bank deposits		48,468,239	85,211,777
Lending to financial institutions		-	1,528,650
Advances to employees			
Personal advances - net of provision		133,978,595	148,724,995
Operational		14,804,073	2,564,551
Advances to suppliers		22,393,209	24,138,444
Prepayments		64,524,586	43,330,592
Income tax refundable (payments less provisions)		-	-
FED/Sales tax refundable		49,581,526	46,423,284
Fair value of derivative financial instrument		(0)	91,667,278
Insurance claims receivables		50,054,307	73,122,975
Crop and livestock insurance claims		166,169,997	317,365,745
Receivable from Employees' Provident Fund		375,500	-
Receivable from parent company		68,655	236,574
Others		77,488,084	84,270,082
		<u>4,910,441,872</u>	<u>5,184,703,429</u>
Less : Provisions held against classified other assets		-	-
Other assets - net of provisions		<u>4,910,441,872</u>	<u>5,184,703,429</u>

	Un-Audited Sep-21		Audited Dec-20	
	No of accounts	Rupees	No of accounts	Rupees
8 DEPOSITS AND OTHER ACCOUNTS				
Conventional				
Current deposits	360,013	2,214,248,655	336,881	1,986,977,864
Saving deposits	786,474	9,248,944,749	794,398	9,445,938,775
Fixed deposits	5,707	18,533,645,350	6,429	21,042,751,342
	1,152,194	29,996,838,754	1,137,708	32,475,667,981
Islamic				
Current deposits	55,931	578,131,624	50,970	936,264,992
Saving deposits	21,180	2,108,402,485	21,204	2,577,613,007
Fixed deposits	3,186	3,688,321,599	2,508	3,295,003,033
	80,297	6,374,855,708	74,682	6,808,881,032
	1,232,491	36,371,694,462	1,212,390	39,284,549,013

	Note	Un-Audited	Audited
		Sep-21	Dec-20
-----Rupees-----			
9 BORROWINGS			
Borrowings from Banks / Financial Institutions			
In Pakistan	9.1	3,530,000,401	3,128,648,871
Outside Pakistan	9.2	-	267,294,834
		3,530,000,401	3,395,943,704

9.1 Borrowings from Banks / Financial Institutions in Pakistan

Secured

Pak Oman Investment Company Limited	9.1.1	-	55,555,552
Allied Bank Limited (Term Finance)	9.1.2	-	75,000,000
United Bank Limited (Running Finance)	9.1.3	-	-
Askari Bank Limited (Running Finance)	9.1.4	345,000,000	349,397,720
Allied Bank Limited (Running Finance)	9.1.5	195,000,400	199,585,723
Faysal Bank Limited (Running Finance)	9.1.6	0	449,952,086
National Bank of Pakistan (Running Finance)	9.1.7	1,000,000,000	999,160,165
Bank Alfalah Ltd (Running Finance)	9.1.8	490,000,000	499,997,625
Borrowing from BOP (Running Finance)	9.1.9	500,000,000	500,000,000
Borrowing from BOP (Term Finance)	9.1.10	500,000,000	-
Borrowing from Pakistan Mortgage Refinance Company Limited	9.1.11	500,000,000	-
		3,530,000,401	3,128,648,871

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

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

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

- 9.1.3** 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+1% per annum. As at period end the facility was not availed.(2020: nil).

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

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

- 9.1.5** The Bank entered into running finance facility agreement amounting to Rs 200 million with Allied Bank Limited to finance its operations. The principal amount is repayable at the end of the term and carries mark-up at the rate of three months KIBOR + 1% per annum payable on quarterly basis. The term of the loan is 1 year commencing from September 24, 2018. As at period end the facility has been availed upto Rs. 195 million (2019: Rs 199.5 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.

- 9.1.6** The Bank entered into running finance facility agreement amounting to Rs 500 million with Faysal Bank Limited to finance its operations. The principal amount 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 27, 2018. As at the period end, the facility has not been availed (2020: nil).

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.

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

- 9.1.8** 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 One month KIBOR + 1% per annum payable on quarterly basis. The term of the loan is 1 year commencing from June 25, 2018. As at the year end, the facility has been availed upto Rs.490 million (2020 : Rs 499.99 million).

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

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

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.

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

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

- 9.1.11** The Bank entered into a loan agreement amounting to Rs 500 million with Pakistan Mortgage Refinance Company Limited to participate into Government Mark-up Subsidy Scheme and Credit Gaurantee Scheme. The principal amount is repayable in 32 quarterly installments commencing from June 15, 2022 and culminating in September 30 2023. Markup rate is fixed for first five

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

9.2 Borrowings from Banks / Financial Institutions outside Pakistan		Un-Audited Sep-21	Audited Dec-20
	Note	-----Rupees-----	
ECO Trade & Development Bank	9.2.1	-	175,000,000
Exchange Currency Swap - ECO Borrowing	9.2.1	-	92,294,834
		-	<u>267,294,834</u>

- 9.2.1** The Bank entered into a loan agreement amounting to USD 10 million with ECO Trade and Development Bank on January 30, 2017 and the loan amount was received on April 18, 2017. The loan has a grace period of one year and principal amount is repayable in six equal semi-annual installments of USD 1.7 million each commencing from October, 2018. The loan fully paid on April 2021. The loan carries markup at the rate of six month USD LIBOR plus a spread of 2.7% per annum.

The Bank entered into a cross currency swap and interest rate swap agreement with JS Bank Limited on April 5, 2017 to mitigate any foreign currency risk and interest rate risk.

	Note	Un-Audited	Audited
		Sep-21	Dec-20
		#	#
		-----Rupees-----	
10 SUBORDINATED DEBT			
KfW - Germany	10.1	672,360,000	672,360,000
TFCs Subordinated Debt	10.2	770,000,000	-
		<u>1,442,360,000</u>	<u>672,360,000</u>

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

10.2 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. TFC is redeemable in part or full after five years from issue, subject to SBP approval.

	Note	Un-Audited	Audited
		Sep-21	Dec-20
		#	#
		-----Rupees-----	
11 OTHER LIABILITIES			
Mark-up / return / interest payable on			
Deposits and other accounts		854,463,183	911,892,686
Borrowings		518,946,280	457,549,283
Payable for employees' benefit plans			
Employees' gratuity fund		30,641,503	25,284,618
Accumulated compensated absences		231,284,421	184,654,329
Provident Fund		-	10,688,941
Payable to employees' - final settlement		1,881,951	3,543,730
Obligation under finance lease			
Right-of-use asset		894,692,523	946,582,501
Company's vehicles		4,421,002	25,266,829
Vehicles sub-leased to employees'		-	-
		<u>899,113,525</u>	<u>971,849,331</u>
Payable to suppliers		20,921,135	25,744,825
Withholding tax payable		22,911,800	28,769,985
Income tax payable		176,375,647	262,847,335
Sindh Workers' Welfare Fund		29,448,460	22,697,706
Accrued expenses		79,867,334	43,169,117
Security deposits against Islamic financing		573,302,579	558,954,850
Payable to the parent company		131,300,993	140,799,867
Insurance payable		41,056,864	33,250,371
Unearned / deferred income on Islamic financing		471,160,030	474,684,180
Unearned / Deferred income on LPF ATM and SMS services		82,270,890	45,003,675
Bills payable		289,349,789	95,967,403
Others		39,183,386	501,048
		<u>4,493,479,770</u>	<u>4,297,853,281</u>

12 SHARE CAPITAL

12.1 Authorized capital

Un-Audited Sep-21 -----Number-----	Audited Dec-20 -----Number-----		Un-Audited Sep-21 -----Rupees-----	Audited Dec-20 -----Rupees-----
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>

12.2 Issued, subscribed and paid-up capital

Un-Audited Sep-21 -----Number-----	Audited Dec-20 -----Number-----		Un-Audited Sep-21 -----Rupees-----	Audited Dec-20 -----Rupees-----
<u>149,837,201</u>	<u>149,837,201</u>	Ordinary shares of Rs 10 each fully paid in cash	<u>1,498,372,010</u>	<u>1,498,372,010</u>

12.3 The shareholders of the Bank are as follows:

Un-Audited Sep-21 -----Number-----	Audited Dec-20 -----Number-----		Un-Audited Sep-21 -----Rupees-----	Audited Dec-20 -----Rupees-----
85,999,550	77,999,550	NRSP	859,995,500	779,995,500
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
-	23,837,201	KfW Germany	-	238,372,010
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
-	8,000,000	Acumen Capital Markets LLP	-	80,000,000
23,837,201	-	PROPARCO France	238,372,010	-
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalullah Qureshi	1,500	1,500
150	150	Dr. Rashid Bajwa	1,500	1,500
<u>149,837,201</u>	<u>149,837,201</u>		<u>1,498,372,010</u>	<u>1,498,372,010</u>

	Un-Audited Sep-21	Audited Sep-20
Note	-----Rupees-----	
13 MARK-UP / RETURN / INTEREST EARNED		
Interest / mark-up on		
Advances	3,636,494,592	5,170,341,920
Lending to financial institutions	61,352,639	55,000,592
Investments in government securities	397,070,850	143,437,672
Deposits accounts, placements with other bank / financial institutions	376,163,540	201,883,154
Employees' loan	5,495,540	7,348,215
Profit on Islamic financing	927,905,052	932,448,968
Income from Government Subsidy Scheme	41,668	-
	<u>5,404,523,881</u>	<u>6,510,460,521</u>
14 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	2,202,693,812	2,184,522,135
Profit Sharing Islamic Deposits	395,774,927	263,291,824
Borrowings	200,198,188	339,345,979
Ammortization of loan processing fee on borrowings	1,883,337	4,028,749
Finance lease charges	2,497,175	5,780,129
Finance lease charges (IFRS 16)	93,275,274	109,398,171
Other costs of deposits	5,025	71,408
	<u>2,896,327,737</u>	<u>2,906,438,395</u>
	Un-Audited	Audited
	Sep-21	Sep-20
Note	-----Rupees-----	
15 FEE, COMMISSION AND BROKERAGE INCOME		
Loan processing fee on advances	333,632,687	303,628,806
Other banking services fee	73,877,690	90,359,401
Commission Income	7,126,633	4,575,201
	<u>414,637,010</u>	<u>398,563,409</u>
16 OTHER INCOME - NET		
Investment income	-	18,302
Amortization of deferred grant	9,490,144	55,617,712
Gain on disposal of fixed assets - Annexure I	(395,857)	(7,018,988)
Unrealized (loss)/ gain on derivative financial instrument	(14,573,523)	(62,595,809)
Unrealized exchange gain/ (loss) on borrowings	12,714,334	39,069,333
Gain / (Loss) on Termination of Leased Agreements	(3,536,171)	-
Write off recovered	384,937,267	284,278,813
Other services income	14,655,206	20,028,307
	<u>403,291,400</u>	<u>329,397,671</u>