

NRSP MICROFINANCE BANK LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2019



	Note	Sep-19 Un-Audited Rupees	Dec-18 Audited Rupees
ASSETS			
Cash and balances with SBP and NBP	7	1,061,191,094	1,120,907,602
Balances with other Banks/NBFIs/MFBs	8	2,476,688,064	3,699,044,248
Lending to financial institutions	9	997,544,000	2,522,202,000
Investments - net of provisions	10	2,136,642,594	3,458,697,984
Advances - net of provision	11	25,765,814,755	23,311,121,826
Operating fixed assets	12	2,125,654,992	1,008,607,370
Other assets	13	4,451,820,233	3,136,557,194
Deferred tax asset - net		318,910,099	93,447,540
Total Assets		39,334,265,831	38,350,585,764
LIABILITIES			
Deposits and other accounts	14	27,399,221,135	26,263,175,128
Borrowings	15	3,109,585,398	4,531,799,881
Subordinated debt	16	672,360,000	672,360,000
Other liabilities	17	4,147,517,551	2,275,492,814
Deferred tax liability - net		-	-
Total Liabilities		35,328,684,084	33,742,827,823
Net Assets		4,005,581,747	4,607,757,941
REPRESENTED BY:			
Share capital	18	1,498,372,010	1,498,372,010
Statutory reserve		640,217,411	640,217,411
Depositors' protection fund		186,509,776	180,937,261
Unappropriated profit		1,674,848,438	2,278,585,988
		3,999,947,635	4,598,112,670
Surplus / (Deficit) on revaluation of assets		(38,458)	-
Deferred grants		5,672,570	9,645,271
Total capital		4,005,581,747	4,607,757,941
MEMORANDUM / OFF BALANCE SHEET ITEMS		-	

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

NRSP MICROFINANCE BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2019



	Note	Sep-19 Rupees	Sep-18 Rupees
Mark-up / return / interest earned	19	5,416,496,106	4,683,054,132
Mark-up / return / interest expensed	20	(2,426,876,583)	(1,629,008,094)
Net mark-up / interest income		2,989,619,523	3,054,046,038
Provision against non-performing loans and advances	11.3	(1,693,080,557)	(987,385,266)
Provision for diminution in the value of investments		-	-
Bad debts written off directly - net of insurance recoveries	11.4	(20,139,902)	(16,403,898)
		(1,713,220,459)	(1,003,789,164)
Net mark-up / interest income after provisions		1,276,399,064	2,050,256,874
NON MARK-UP / NON INTEREST INCOME			
Fee, commission and brokerage income	21	394,581,603	437,438,606
Dividend income		-	-
Other income - net	22	213,916,689	49,882,335
Total non mark-up / non interest income		608,498,292	487,320,941
		1,884,897,356	2,537,577,815
NON MARK-UP / NON INTEREST EXPENSES			
Administrative expenses	23	(2,638,246,425)	(2,133,900,666)
Other charges	24	(219,361)	(813,250)
Total non mark-up / non interest expenses		(2,638,465,786)	(2,134,713,916)
		(753,568,430)	402,863,899
Extra ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		(753,568,430)	402,863,899
Taxation - Current	25	(67,706,201)	(254,575,391)
Prior year		-	(54,419,293)
Deferred		225,462,559	200,570,460
		157,756,358	(108,424,224)
PROFIT / (LOSS) AFTER TAXATION		(595,812,072)	294,439,675
Unappropriated profit brought forward		2,278,585,988	1,849,115,619
Less: Other comprehensive income		(7,925,478)	(19,922,448)
Profit available for appropriation		1,674,848,438	2,123,632,846
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		-	(58,887,935)
Depositors' protection fund		-	(14,721,984)
		-	(73,609,919)
Unappropriated profit carried forward		1,674,848,438	2,050,022,927
Earnings per share	26	(3.98)	1.97

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

NRSP MICROFINANCE BANK LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON SEPTEMBER 30, 2019



Note	Sep-19 Rupees	Sep-18 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(753,568,430)	402,863,899
Less: Dividend income	-	-
	(753,568,430)	402,863,899
Adjustments:		
Depreciation	155,658,400	118,438,040
Amortization of intangible assets	100,518,893	27,524,634
Provision against non-performing advances	1,693,080,557	987,385,266
Provision against advances to employees	498,775	-
Advances directly written off - net of recoveries	20,139,902	16,403,898
Unrealized gain on revaluation of investments classified as held for trading	(38,457)	(20,262)
Gain on sale / redemption of securities	-	-
Unrealized exchange loss	(80,457,747)	-
Unrealized gain on derivative asset	84,831,500	(19,922,448)
Gain on sale of fixed assets	(13,603)	(3,611,580)
Finance charges on leased assets	72,037,292	-
Amortization of deferred grant	(1,048,991)	(617,750)
Provision for gratuity and leave encashment	-	-
	2,045,206,521	1,125,579,798
(Increase) / decrease in operating assets		
Lendings to financial institutions	(342,000)	-
Net investment in held-for-trading securities	2,723,263,405	361,112,779
Advances	(4,167,913,387)	(3,147,804,938)
Other assets (excluding advance taxation)	(1,540,729,397)	(1,637,923,749)
	(2,985,721,379)	(4,424,615,908)
Increase / (decrease) in operating liabilities		
Bills payable	-	-
Borrowings from financial institutions	(1,507,045,983)	322,163,227
Deposits and other accounts	1,136,046,007	(848,732,554)
Other liabilities (excluding bills payable, current taxation, gratuity and leave encashment, finance lease)	1,872,024,737	170,801,420
	1,501,024,761	(355,767,907)
Payments against provisions held against off-balance sheet obligations	-	-
Income tax paid	157,756,358	(108,424,224)
Gratuity and Leave encashment paid (including contributions)	-	-
	(35,302,169)	(3,360,364,342)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(697,580,842)	(99,472,737)
Net investment in held-to-maturity securities	(703,627,173)	688,466,982
Investment in operating fixed assets	(1,373,660,362)	(565,091,335)
Interest income on depositor's protection fund	5,572,515	-
Dividend received from mutual funds	-	-
Sale proceeds from property and equipment disposed-off	449,049	4,265,585
Net cashflow from / (used in) investing activities	(2,768,846,813)	28,168,495
CASH FLOW FROM FINANCING ACTIVITIES		
Grant received	(2,923,710)	745,390
Net payments of lease obligations	-	0
Net cash used in financing activities	(2,923,710)	745,390
Net (decrease) / increase in cash and cash equivalents	(2,807,072,692)	(3,331,450,457)
Cash and cash equivalents at beginning of the year	6,844,951,850	6,866,319,779
Cash and cash equivalents at end of the year	30 <u>4,037,879,158</u>	<u>3,534,869,322</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



7 CASH AND BALANCES WITH SBP AND NBP	Note	Sep-19	Dec-18
		(Un-Audited)	(Audited)
-----Rupees-----			
Cash in hand		426,494,457	374,339,561
Balances with State Bank of Pakistan	7.1	613,938,077	743,212,216
Balances with National Bank of Pakistan in			
Current account		28,836	28,836
Deposit accounts		20,729,724	3,326,989
		<u>1,061,191,094</u>	<u>1,120,907,602</u>

7.1 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% (2018: 5%) of the Bank's demand deposits and time deposits with tenor of less than one year.

8 BALANCES WITH OTHER BANKS / NBFIs / MFBS	Note	Sep-19	Dec-18
		(Un-Audited)	(Audited)
-----Rupees-----			
In Pakistan			
Local currency current accounts		68,494,129	92,297,293
Local currency deposit accounts		2,408,193,935	3,206,746,955
Local currency term deposits		-	400,000,000
		<u>2,476,688,064</u>	<u>3,699,044,248</u>

9 LENDING TO FINANCIAL INSTITUTIONS	Note	Sep-19	Dec-18
		(Un-Audited)	(Audited)
-----Rupees-----			
Call money lending		500,000,000	2,025,000,000
Repurchase agreement lendings	9.1 & 9.2	497,544,000	497,202,000
		<u>997,544,000</u>	<u>2,522,202,000</u>

9.1 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.

9.2 Securities held as collateral against lending to financial institutions	December 31, 2018		
	Held by bank	Further given as collateral	Total
	-----Rupees-----		
Market treasury bills (MTBs)	<u>500,000,000</u>	<u>-</u>	<u>500,000,000</u>

10 INVESTMENTS - NET OF PROVISIONS	Sep-19	Dec-18
	(Un-Audited)	(Audited)
-----Rupees-----		
Held to maturity		
Federal Government securities		
Pakistan Investment Bonds (PIBs)	-	-
Market Treasury Bills	1,289,391,751	599,040,701
Ijarah Sukuks	149,670,001	136,393,878
	<u>1,439,061,752</u>	<u>735,434,579</u>
Available for Sale		
Market Treasury Bills	<u>697,580,842</u>	<u>-</u>
	697,580,842	-
Held for trading		
Mutual funds	-	2,723,263,405
Less: Provision in diminution in value of investments	-	-
Investments - net of provision	<u>2,136,642,594</u>	<u>3,458,697,984</u>

11 ADVANCES - NET OF PROVISION

Loan type	Note	Sep-19		Dec-18	
		Un- Audited		Audited	
		Number	Rupees	Number	Rupees
Micro credit		359,441	22,045,483,091	383,854	20,638,998,148
Islamic financing		19,087	5,008,502,510	15,504	3,138,634,605
		378,528	27,053,985,601	399,358	23,777,632,753
Less: Provision held					
Specific	11.1	28,761	(1,039,615,663)	13,536	(238,020,547)
General	11.2		(248,555,183)	-	(228,490,380)
		28,761	(1,288,170,846)	13,536	(466,510,927)
Advances - net of provisions			<u>25,765,814,755</u>		<u>23,311,121,826</u>

11.1 Particulars of non performing loans

Advances include Rs 1,314 million (2018: Rs 646.3 million) which as detailed below, have been placed under non performing status.

Category of classification	Sep-19			Dec-18		
	Un-Audited			Audited		
	Amount outstanding	Provisions required	Provisions held	Amount outstanding	Provisions required	Provisions held
	-----Rupees-----			-----Rupees-----		
OAEM	73,484,801	-	-	144,865,634	-	-
Sub-Standard	51,009,850	12,063,329	12,063,329	168,877,107	41,973,936	41,973,936
Doubtful	320,435,906	158,534,013	158,534,013	272,785,681	136,364,871	136,364,871
Loss	869,073,860	869,018,321	869,018,321	59,740,244	59,681,740	59,681,740
	<u>1,314,004,417</u>	<u>1,039,615,663</u>	<u>1,039,615,663</u>	<u>646,268,666</u>	<u>238,020,547</u>	<u>238,020,547</u>

11.2 This represents general provision maintained against unsecured microcredit advances net of specific provision at the rate of 1 % (2018: 1%) in accordance with the requirement of Prudential Regulations issued by the State Bank of Pakistan.

11.3 Particulars of provision against non-performing advances

	Sep-19			Dec-18		
	Specific	General	Total	Specific	General	Total
	-----Rupees-----			-----Rupees-----		
Opening balance	238,020,547	228,490,380	466,510,927	21,554,082	206,830,436	228,384,518
Charge for the year	1,673,015,754	20,064,803	1,693,080,557	1,103,212,196	21,659,944	1,124,872,140
Amounts written off	(871,420,637)	-	(871,420,637)	(886,745,731)	-	(886,745,731)
Reversals	-	-	-	-	-	-
Closing balance	<u>1,039,615,664</u>	<u>248,555,183</u>	<u>1,288,170,847</u>	<u>238,020,547</u>	<u>228,490,380</u>	<u>466,510,927</u>

11.4 Particulars of advances written off

	Note	Sep-19	Dec-18
		(Un-Audited)	(Audited)
		-----Rupees-----	
Against provision		871,420,637	886,745,731
Directly charged to profit & loss account		20,139,902	29,984,417
		<u>891,560,539</u>	<u>916,730,148</u>

12 OPERATING FIXED ASSETS

Capital work-in-progress	12.1	82,018,829	68,901,907
Property and equipment	12.2	1,996,629,866	890,543,261
Intangible assets	12.3	47,006,297	49,162,202
		<u>2,125,654,992</u>	<u>1,008,607,370</u>

12.1 Capital work-in-progress

Civil works		19,647,067	41,516,997
Computer equipments		-	2,803,902
Intangible assets		62,371,762	24,581,008
		<u>82,018,829</u>	<u>68,901,907</u>

12.2 Property and equipment

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At September 30,2019	Rate of depreciation (%)
	As At January 01,2019	Additions	Disposal	As At September 30,2019	As At January 01,2019	Charge for the year	Disposal	As At September 30,2019		
-----Un-Audited-----										
-----Rupees-----										
Owned assets										
Freehold land	253,090,088	329,720	-	253,419,808	-	-	-	-	253,419,808	-
Furniture and fixtures	353,675,666	105,982,496	-	459,658,162	86,155,672	31,417,968	0	117,573,640	342,084,522	10
Office equipment	259,042,754	29,769,494	(25,000)	288,787,248	114,926,021	33,957,166	(694)	148,882,493	139,904,755	20
Computer equipment	338,651,089	62,402,565	(876,600)	400,177,054	208,360,722	63,723,407	(465,460)	271,618,669	128,558,385	33.33
Vehicles	56,322,678	36,765,886	-	93,088,564	24,310,058	9,680,683	0	33,990,741	59,097,823	20
	<u>1,260,782,275</u>	<u>235,250,161</u>	<u>(901,600)</u>	<u>1,495,130,836</u>	<u>433,752,473</u>	<u>138,779,224</u>	<u>(466,154)</u>	<u>572,065,543</u>	<u>923,065,293</u>	
Leased assets										
Vehicles	115,687,331	2,094,606	-	117,781,937	52,173,872	16,879,176	-	69,053,048	48,728,889	20
Right of Use	-	1,100,649,008	-	1,100,649,008	-	-	-	75,813,324	1,024,835,684	
	<u>1,376,469,606</u>	<u>1,337,993,775</u>	<u>(901,600)</u>	<u>2,713,561,781</u>	<u>485,926,345</u>	<u>155,658,400</u>	<u>(466,154)</u>	<u>716,931,915</u>	<u>1,996,629,866</u>	

Particulars	COST				ACCUMULATED DEPRECIATION				Net Book Value As At December 31,2018	Rate of depreciation (%)
	As At January 01,2018	Additions	Disposal	As At December 31,2018	As At January 01,2018	Charge for the year	Disposal	As At December 31,2018		
-----Audited-----										
-----Rupees-----										
Owned assets										
Freehold land	-	253,090,088	-	253,090,088	-	-	-	-	253,090,088	-
Furniture and fixtures	230,099,632	123,681,896	(105,862)	353,675,666	57,766,933	28,460,777	(72,038)	86,155,672	267,519,994	10
Office equipment	182,674,110	81,444,426	(5,075,782)	259,042,754	81,322,216	38,584,879	(4,981,074)	114,926,021	144,116,733	20
Computer equipment	271,249,157	72,709,572	(5,307,640)	338,651,089	143,167,167	70,179,840	(4,986,285)	208,360,722	130,290,367	33.33
Vehicles	33,048,415	27,082,550	(3,808,287)	56,322,678	19,543,563	8,098,733	(3,332,238)	24,310,058	32,012,620	20
	<u>717,071,314</u>	<u>558,008,532</u>	<u>(14,297,571)</u>	<u>1,260,782,275</u>	<u>301,799,879</u>	<u>145,324,229</u>	<u>(13,371,635)</u>	<u>433,752,473</u>	<u>827,029,802</u>	
Leased assets										
Vehicles	87,100,413	28,586,918	-	115,687,331	32,551,851	19,622,021	-	52,173,872	63,513,459	20
Right of Use	-	-	-	-	-	-	-	-	-	
	<u>804,171,727</u>	<u>586,595,450</u>	<u>(14,297,571)</u>	<u>1,376,469,606</u>	<u>334,351,730</u>	<u>164,946,250</u>	<u>(13,371,635)</u>	<u>485,926,345</u>	<u>890,543,261</u>	



	Sep-19 (Un-Audited)	Dec-18 (Audited)
12.3 Intangible assets	-----Rupees-----	
Computer softwares	47,006,297	49,162,202
12.3.1 Computer softwares		
Cost		
Opening balance	264,909,230	220,106,206
Additions during the year	22,549,665	44,803,024
Closing balance	287,458,895	264,909,230
Amortization		
Opening balance	(215,747,028)	(177,329,590)
Charge for the year	(24,705,570)	(38,417,438)
Closing balance	(240,452,598)	(215,747,028)
Net book value	47,006,297	49,162,202

12.3.2 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.

	Sep-19 (Un-Audited)	Dec-18 (Audited)
13 OTHER ASSETS	-----Rupees-----	
Income / mark-up accrued on		
Loans and Advances	2,999,369,779	1,743,606,173
Bank deposits	6,264,182	9,587,582
Lending to financial institutions	1,014,780	2,911,746
Accrued income on investment	2,153,245	-
Advances to employees		
Personal advances - net of provision	140,908,569	163,924,139
Operational	18,882,564	3,769,051
Advances to suppliers	48,189,887	73,979,406
Prepayments	78,407,599	109,294,320
Income tax refundable (payments less provisions)	170,017,162	18,726,159
FED/Sales tax refundable	-	26,705,615
Fair value of derivative financial instrument	397,378,901	297,629,380
Receivable from parent company	171,532	-
Insurance claims receivables	78,785,877	65,941,894
Crop and livestock insurance claims	406,735,863	434,578,460
Receivable from Employees' Provident Fund	-	6,174,422
Others	103,540,293	179,728,847
	4,451,820,233	3,136,557,194
Less : Provisions held against classified other assets	-	-
Other assets - net of provisions	4,451,820,233	3,136,557,194

13.1 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.

	Sep-19		Dec-18	
	Un Audited	Audited	Un Audited	Audited
	No of accounts	Rupees	No of accounts	Rupees
14 DEPOSITS AND OTHER ACCOUNTS				
Conventional				
Current deposits	277,965	1,389,778,349	215,372	1,266,901,893
Saving deposits	796,088	5,693,201,804	798,206	4,555,376,409
Fixed deposits	5,503	17,813,469,403	3,423	18,478,829,522
	<u>1,079,556</u>	<u>24,896,449,556</u>	<u>1,017,001</u>	<u>24,301,107,824</u>
Islamic				
Current deposits	37,625	213,286,617	26,241	363,153,549
Saving deposits	20,507	991,104,973	19,498	760,050,330
Fixed deposits	1,257	1,298,379,989	484	838,863,425
	<u>59,389</u>	<u>2,502,771,579</u>	<u>46,223</u>	<u>1,962,067,304</u>
	<u>1,138,945</u>	<u>27,399,221,135</u>	<u>1,063,224</u>	<u>26,263,175,128</u>

	Note	Sep-19	Dec-18
		(Un-Audited)	(Audited)
		-----Rupees-----	
15 BORROWINGS			
Borrowings from Banks / Financial Institutions			
In Pakistan	15.1	2,042,571,398	3,374,617,381
Outside Pakistan	15.2	1,067,014,000	1,157,182,500
		<u>3,109,585,398</u>	<u>4,531,799,881</u>

15.1 Borrowings from Banks / Financial Institutions in Pakistan

Secured

Pak Oman Investment Company Limited (TF II)	15.1.1	-	80,000,000
Pak Oman Investment Company Limited	15.1.2	222,222,220	277,777,776
United Bank Limited (Term Finance)	15.1.3	20,000,000	70,000,000
United Bank Limited (Running Finance)	15.1.4	300,000,220	749,253,420
Askari Bank Limited (Running Finance)	15.1.5	200,000,000	349,202,623
Allied Bank Limited (Running Finance)	15.1.6	100,348,958	150,002,596
Allied Bank Limited (Term Finance)	15.1.7	200,000,000	200,000,000
Faysal Bank Limited (Running Finance)	15.1.8	-	498,380,966
National Bank of Pakistan (Running Finance)	15.1.9	1,000,000,000	1,000,000,000
Bank Alfalah Ltd (Running Finance)	15.1.10	-	-
		<u>2,042,571,398</u>	<u>3,374,617,381</u>

15.1.1 The Bank entered into a loan agreement amounting to Rs 800 million with Pak Oman Investment Company Limited to finance its operations. The principal amount is repayable in ten equal-semi annual installments of Rs 80 million each commencing from October 16, 2014 and culminating in April 2019. Markup is chargeable at the rate of six months KIBOR+1.85% per annum payable on semi-annual basis.

The loan is secured through a guarantee issued by the SBP under Microfinance Credit Guarantee Facility (MCGF) in favor of the Pak Oman Investment Company Limited for 40% of the outstanding principal and a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.

15.1.2 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 hypothecation charge on the present and future current assets of the Bank.

- 15.1.3** The Bank entered into a loan agreement amounting to Rs 300 million with United Bank Limited to finance its operations. The principal amount is repayable in six equal semi-annual installments of Rs 50 million each commencing from November 30, 2016 and culminating in November 2019. Markup is chargeable at the rate of six months KIBOR+2% per annum payable on semi-annual basis.
- This loan is secured against a demand promissory note and a first pari passu hypothecation charge on the present and future current assets of the Bank with 25% margin.
- 15.1.4** 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 months KIBOR+1% per annum. As at Period end the facility has been availed upto Rs 300 million (2018: 749 million).
- The loan is secured through a first hypothecation charge ranking pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.
- 15.1.5** 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 One month KIBOR + 1% per annum payable on quarterly basis.
- This loan is secured against a demand promissory note and a first hypothecation charge ranking pari passu on the present and future current assets of the Bank.
- 15.1.6** 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.
- This loan is secured against a demand promissory note and a first hypothecation charge ranking pari passu on the present and future current assets of the Bank.
- 15.1.7** 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 hypothecation charge ranking first pari passu with all prior charges on the present and future current assets of the Bank with 25% margin.
- 15.1.8** 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.
- This loan is secured against a demand promissory note and a first hypothecation charge ranking pari passu on the present and future current assets of the Bank.
- 15.1.9** 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.
- This loan is secured against a demand promissory note and a first pari passu hypothecation charge on the present and future current assets of the Bank.
- 15.1.10** 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 + 1.25% per annum payable on quarterly basis.
- This loan is secured against a demand promissory note and a first pari passu hypothecation charge on the present and future current assets of the Bank.

	Note	Sep-19 (Un-Audited)	Dec-18 (Audited)
-----Rupees-----			
15.2	Borrowings from Banks / Financial Institutions outside Pakistan		
	First Agreement-Second Tranche	-	-
	ECO Trade & Development Bank	1,067,014,000	1,157,182,500
		<u>1,067,014,000</u>	<u>1,157,182,500</u>

- 15.2.1** 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 and culminating on April 2021. The loan carries markup at the rate of six month USD LIBOR plus a spread of 2.7% per annum.
- The Bank entered into a cross currency swap and interest rate swap agreement with JS Bank Limited on April 5, 2017 to mitigate any foreign currency risk and interest rate risk.

	Note	Sep-19 (Un-Audited)	Dec-18 (Audited)
-----Rupees-----			
16	SUBORDINATED DEBT		
	KfW - Germany	672,360,000	672,360,000

- 16.1** 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 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.

17 OTHER LIABILITIES

Note	Sep-19 (Un-Audited)	Dec-18 (Audited)
	-----Rupees-----	
Mark-up / return / interest payable on		
Deposits and other accounts	918,352,452	706,951,339
Borrowings	327,006,200	235,089,697
Payable for employees' benefit plans		
Employees' gratuity fund	298,297,436	250,264,277
Accumulated compensated absences	171,133,161	142,445,967
Provident Fund	11,438,529	-
Payable to employees' - final settlement	687,714	4,478,786
Obligation under finance lease		
Right of Use Assets	1,041,602,242	-
Company's vehicles	22,438,073	38,222,142
Vehicles sub-leased to employees'	30,824,128	35,847,199
	1,094,864,443	74,069,341
Payable to suppliers	10,893,558	8,452,910
Withholding tax payable	19,720,793	23,458,573
Sindh Workers' Welfare Fund	3,619,145	3,404,784
Accrued expenses	144,821,325	31,605,664
Security deposits against Islamic financing	605,541,494	376,890,571
Payable to the parent company	33,856,364	29,034,097
Insurance payable	32,971,557	26,811,169
Unearned / deferred income on Islamic financing	336,985,335	219,289,654
Bills payable	125,099,372	132,613,793
Others	12,228,673	10,632,192
	<u>4,147,517,551</u>	<u>2,275,492,814</u>

18 SHARE CAPITAL**18.1 Authorized capital**

<u>Sep-19</u> <u>(Un-Audited)</u>	<u>Dec-18</u> <u>(Audited)</u>		<u>Sep-19</u> <u>(Un-Audited)</u>	<u>Dec-18</u> <u>(Audited)</u>
-----Number-----			-----Rupees-----	
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>

18.2 Issued, subscribed and paid-up capital

<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>
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18.3 The shareholders of the Bank are as follows:

77,999,550	77,999,550	National Rural Support Program	779,995,500	779,995,500
24,000,000	24,000,000	International Finance Corporation (IFC)	240,000,000	240,000,000
23,837,201	23,837,201	KfW Germany	238,372,010	238,372,010
16,000,000	16,000,000	Acumen Fund USA	160,000,000	160,000,000
8,000,000	8,000,000	Acumen Capital Markets LLP	80,000,000	80,000,000
150	150	Mr. Shoaib Sultan	1,500	1,500
150	150	Mr. Fazalullah Qureshi	1,500	1,500
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>

	Note	Sep-19 -----Rupees-----	Sep-18
19 MARK-UP / RETURN / INTEREST EARNED			
Interest / mark-up on			
Advances		4,402,002,556	4,195,148,189
Lending to financial institutions		57,777,007	756,233
Investments in government securities		91,554,693	59,738,840
Deposits accounts, placements with other bank / financial institutions		237,662,703	146,423,189
Employees' loan		6,930,244	2,323,600
Profit on Islamic financing		620,568,903	278,664,081
		<u>5,416,496,106</u>	<u>4,683,054,132</u>
20 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		1,964,353,556	1,290,200,783
Profit Sharing Islamic Deposits		154,466,288	96,259,284
Borrowings		224,807,681	205,121,979
Ammortization of loan processing fee on borrowings		5,588,713	24,424,565
Finance lease charges		6,492,432	5,945,033
Finance Cost on Right of Use Assets		67,971,466	-
Other costs of deposits		3,196,447	7,056,450
		<u>2,426,876,583</u>	<u>1,629,008,094</u>
21 FEE, COMMISSION AND BROKERAGE INCOME			
Loan processing fee on advances		308,003,847	318,213,189
Other banking services fee		82,761,350	116,773,432
Commission Income		3,816,406	2,451,985
		<u>394,581,603</u>	<u>437,438,606</u>
22 OTHER INCOME - NET			
Investment income		111,316,309	23,160,800
Amortization of deferred grant	20	1,048,991	617,750
Gain on disposal of fixed assets - Annexure I		13,603	3,611,580
Unrealized gain on derivative financial instrument		80,457,747	97,270,898
Unrealized exchange loss on borrowings		(84,831,500)	(110,410,000)
Write off recovered		102,727,269	31,803,878
Other services income		3,184,270	3,827,429
		<u>213,916,689</u>	<u>49,882,335</u>

		Sep-19	Sep-18
	Note	-----Rupees-----	
23	ADMINISTRATIVE EXPENSES		
	Staff salaries and benefits	1,659,497,024	1,358,107,501
	Charge for defined benefit plans	-	
	Contribution for defined contribution plan	-	
	Non-Executive directors' fee	3,595,250	3,522,055
	Trainings	17,528,543	14,307,845
	Legal and professional charges	18,363,639	12,804,476
	Communication	62,122,280	62,363,698
	Postage, courier etc.	17,353,815	10,224,925
	Verification fee	25,905,229	34,551,937
	Repair and maintenance	19,364,449	11,162,153
	Stationary and printing	57,741,731	42,656,364
	Advertisement and publicity	20,239,733	3,499,177
	Depreciation	12.2 155,658,400	118,438,040
	Amortization	12.3 100,518,893	27,524,638
	Staff travel	21,306,068	21,210,613
	Fuel and power	62,163,328	48,966,396
	Vehicle running and maintenance	20,261,091	13,736,753
	Office supplies	6,933,072	5,957,644
	Meetings and conferences	19,511,019	18,180,929
	Utilities	53,213,388	34,819,124
	Rent expenses	46,493,144	102,625,731
	Flex Cube Maintenance Fee	48,789,620	38,089,363
	Insurance expenses	104,100,955	66,362,454
	Security and administration	75,629,056	66,080,130
	Donations	7,070	284
	Auditor's remuneration	3,051,986	6,104,796
	Corporate social responsibility	496,394	378,177
	Financial charges on leased vehicles	-	-
	Miscellaneous expenses	18,401,248	12,225,463
		<u>2,638,246,425</u>	<u>2,133,900,666</u>
24	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	5,000	813,250
	Provision for Sindh Workers' Welfare Fund	214,361	-
		<u>219,361</u>	<u>813,250</u>

		Sep-19	Sep-18
26 EARNINGS PER SHARE			
Profit after taxation	Rupees	<u>(595,812,072)</u>	<u>294,439,675</u>
Weighted average ordinary shares	Number	<u>149,837,201</u>	<u>149,837,201</u>
Basic and diluted earning per share	Rupees	<u>(3.98)</u>	<u>1.97</u>

	Note	Sep-19	Sep-18
		-----Rupees-----	
27 CASH AND CASH EQUIVALENTS			
Cash and balances with SBP and NBP	7	1,061,191,094	734,583,546
Balances with other banks / NBFIs / MFBS	8	2,476,688,064	2,350,285,776
Call money lendings	9	500,000,000	450,000,000
		<u>4,037,879,158</u>	<u>3,534,869,322</u>
	Credit/ sales staff	Banking /support staff	Total
		----- Number -----	

28 NUMBER OF EMPLOYEES				
For the Period ended on September 30 , 2019				
Permanent	1,781	875	2,656	
Temporary / contractual	301	44	345	
Total	<u>2,082</u>	<u>919</u>	<u>3,001</u>	
Daily Wages	28	396	424	
	<u>2,110</u>	<u>1,315</u>	<u>3,425</u>	
For the Period ended on December 31 , 2018				
Permanent	1,694	1,016	2,710	
Temporary / contractual	510	177	687	
Total	<u>2,204</u>	<u>1,193</u>	<u>3,397</u>	
Daily Wages	121	383	504	
	<u>2,325</u>	<u>1,576</u>	<u>3,901</u>	

	Sep-19		Dec-18	
	Branches	Service center	Branches	Service centers
	----- Number -----		----- Number -----	
Branches at beginning of the year	143	-	104	1
Add: Opened during the year	15	-	39	-
Less: Closed / merged during the year	(3)	0	-	(1)
As at end of the year	<u>155</u>	<u>-</u>	<u>143</u>	<u>-</u>