NRSP MFBL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31,2024

	Note	31-Mar-24	(Audited) 31-Dec-23
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	*6*	2,759,680	2,430,905
Balances with other MFBs / Banks / NBFIs	*7*	4,627,414	5,358,586
Lendings to financial institutions	*8*	-	1,022,414
Investments	*9*	5,871,690	5,605,817
Advances	*10*	35,208,507	34,424,287
Property and equipment	*11*	578,830	590,628
Right-of-use assets	*12*	761,658	693,803
Intangible assets	*13*	13,267	15,265
Deferred tax assets	*14*	3,433,902	3,476,890
Other assets	*15*	1,049,086	907,885
		54,304,034	54,526,480
LIABILITIES			
Bills payable	*17*	109,296	90,401
Borrowings	*18*	4,545,221	4,872,928
Deposits and other accounts	*19*	40,811,183	41,057,861
Lease liabilities	*20*	1,015,845	946,075
Subordinated debt	*21*	2,277,721	2,237,604
Deferred grants	*22*	(879)	288
Deferred tax liabilities	*23*	-	-
Other liabilities	*24*	3,328,675	3,350,274
		52,087,062	52,555,431
NET ASSETS		2,216,972	1,971,049
REPRESENTED BY			
Share capital / head office capital account - net		1,498,372	1,498,372
Advance against future issue of right shares		1,000,000	1,000,000
Statutory and general reserves		1,032,393	983,436
Depositors' protection fund		403,091	389,585
Surplus/ (Deficit) on revaluation of assets	25	(381)	(255)
Unappropriated / Unremitted profit		(1,716,503)	(1,900,090)
		2,216,972	1,971,049
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

NRSP MFBL FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31,2024

	Note	Quarter Ended		Period Ended	
		31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
		Rupees in '000			
Mark-up / Return / Interest earned	26	2,680,743	1,685,785	2,680,743	1,685,785
Mark-up / Return / Interest expensed	27	(1,777,824)	(1,201,952)	(1,777,824)	(1,201,952)
Net mark-up / interest income		902,919	483,833	902,919	483,833
NON MARK-UP / INTEREST INCOME					
Fee and commission income	28	72,596	153,063	72,596	153,063
Dividend income		-	-	-	-
Foreign exchange income		-	-	-	-
Income / (Loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	29	258,816	82,385	258,816	82,385
Net gains/(loss) on derecognition of financial assets measured at	31	6,142	10,945	6,142	10,945
Other income	32	5,165	14,639	5,165	14,639
Total non-markup / interest Income		342,719	261,032	342,719	261,032
Total income		1,245,638	744,865	1,245,638	744,865
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	33	(807,846)	(823,936)	(807,846)	(823,936)
Workers welfare fund		-	-	-	-
Other charges	34	(402)	-	(402)	-
Total non-markup / interest expenses		(808,248)	(823,936)	(808,248)	(823,936)
Profit / (Loss) before credit loss allowance		437,390	(79,071)	437,390	(79,071)
Credit loss allowance and write offs - net	35	(87,569)	(222,411)	(87,569)	(222,411)
Other income / expense items (to be specified)		-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION		349,821	(301,482)	349,821	(301,482)
Taxation	36	105,038	-	105,038	-
PROFIT / (LOSS) AFTER TAXATION		244,783	(301,482)	244,783	(301,482)
		Rupees			
Basic earnings / (loss) per share	37	1.6	(2.0)	1.6	(2.0)
Diluted earnings / (loss) per share		1.6	(2.0)	1.6	(2.0)

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

President/Chief Executive   Chief Financial Officer   Director   Director   Director

NRSP MFBL FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2024

	Quaarter Ended		Period Ended	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	-------------(Rupees in '000)-------------			
Profit / (Loss) after taxation for the period	244,783	(301,482)	244,783	(301,482)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branches	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	-
Others (to be specified)	-	-	-	-
	-	-	-	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in equity investments - net of tax	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
Others (to be specified)	-	-	-	-
	-	-	-	-
Total comprehensive income	244,783	(301,482)	244,783	(301,482)

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

NRSP MFBL FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31,2024

	Note	31-Mar-24	31-Mar-23
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		349,821	(301,482)
Less: Dividend income		-	-
		349,821	(301,482)
Adjustments:			
Depreciation		24,000	30,619
Depreciation on right-of-use assets		34,320	31,175
Amortization		3,553	9,184
Mark-up / Return / Interest expense on lease liability against right-of-use assets		35,340	27,905
Impairment of assets		-	-
Credit loss allowance and write-offs	*35*	238,664	455,756
Loss/ (Gain) on sale / disposal of property and equipment		3,062	130
Finance charges on leased assets		-	-
Gain on sale/ redemption of securities		(273,518)	(11,273)
Loss on Termination of Leased Agreements		(6,142)	(10,945)
Amortization of deferred grant		(1,801)	(867)
Provision for gratuity and leave encashment		33,911	34,355
Others (to be specified)		-	-
		91,389	566,039
		441,210	264,557
(Increase) / Decrease in operating assets			
Lendings to financial institutions		-	-
Securities classified as FVPL		-	-
Advances		(1,022,884)	(461,318)
Others assets (excluding advance taxation)		(131,052)	(116,669)
		(1,153,936)	(577,987)
Increase / (Decrease) in operating liabilities			
Bills Payable		18,896	(26,250)
Borrowings from financial institutions		(287,591)	(1,075,000)
Deposits		(246,679)	(1,743,769)
Other liabilities (excluding current taxation)		(10,773)	200,172
		(526,147)	(2,644,847)
Payments against off-balance sheet obligations		-	-
Income tax paid		(69,430)	(67,519)
Gratuity and leave ensachment paid (including contributions)		(41,070)	(67,340)
Net cash flow from / (used in) operating activities		(1,349,373)	(3,093,136)
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investments in amortised cost securities		106,540	224,740
Net Investments in FVOCI Securities		(99,025)	-
Dividends received		-	-
Investments in property and equipment		(17,579)	8,072
Interest income on depositors' protection fund		1,266	11,112
Proceeds from sale of property and equipment		760	196
Others (to be specified)		-	-
Net cash flow from / (used in) investing activities		(8,038)	244,120
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/ Payments of Subordinated debt		-	-
Receipts/ Payments of long term liabilities		-	-
Payment of lease liability against right-of-use assets		(68,037)	(67,647)
Issue of share capital		-	-
Proceeds against future issue of right shares		-	1,000,000
Grants received		634	964
Dividend paid		-	-
Remittances made to/ received from head office		-	-
Others (to be specified)		-	-
Net cash flow from / (used in) financing activities		(67,403)	933,317
Increase/(Decrease) in cash and cash equivalents		(1,424,814)	(1,915,699)
Cash and cash equivalents at beginning of the period		8,811,908	6,188,756
Cash and cash equivalents at end of the period		7,387,094	4,273,057

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

NRSP MFBL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31,2024

	Capital Reserve									
	Share capital / head office capital account	**Advance against issue of shares**	**Statutory reserve**	**Depositors' protection fund**	**Revenue reserve (to be specified)**	**Surplus/(deficit) on revaluation of Investments**	**Surplus/(deficit) on revaluation of Property and equipment / Non Banking Assets**	**Others (to be specified)**	**Unappropriated/ Unremitted profit/ (loss)**	**Total**
					Rupees in '000					
Opening Balance as at January 1, 2023	**1,498,372**	**-**	**815,767**	**305,381**	**-**	**-**	**-**	**-**	**(2,530,559)**	**88,961**
Profit / (Loss) after taxation (January 31 2023)	-	-	-	-	-	-	-	-	(301,482)	(301,482)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer to depositors' protection fund	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Other appropriations (to be specified)	-	-	-	11,112	-	-	-	-	-	11,112
Transactions with owners, recorded directly in equity										-
Dividend (separate line for each dividend)	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Discount on issue of shares written off against share premium account.	-	-	-	-	-	-	-	-	-	-
Advance against future issue of right shares		1,000,000	-	-	-	-	-	-	-	1,000,000
Balance as at March 31, 2023	**1,498,372**	**1,000,000**	**815,767**	**316,493**	**-**	**-**	**-**	**-**	**(2,832,041)**	**798,591**
Profit / (loss) after taxation (December 31, 2023)	-		-	-	-	-	-	-	1,139,829	1,139,829
Other comprehensive income - net of tax	-		-	-	-	-	-	-	1,709	1,709
Transfer to statutory reserve	-		167,669	-	-	-	-	-	(167,669)	-
Transfer to depositors' protection fund	-		-	41,917	-	-	-	-	(41,917)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-		-	-	-	-	-	-	-	-
Other appropriations (to be specified)	-		-	31,175	-	(255)	-	-	-	30,920
Transactions with owners, recorded directly in equity										-
Dividend (separate line for each dividend)	-		-	-	-	-	-	-	-	-
Issue of share capital	-		-	-	-	-	-	-	-	-
Discount on issue of shares written off against share premium account.	-		-	-	-	-	-	-	-	-
Advance against future issue of right shares		-								-
Opening Balance as at January 1, 2024	**1,498,372**	**1,000,000**	**983,436**	**389,585**	**-**	**(255)**	**-**	-	**(1,900,090)**	**1,971,049**
Impact of adopting IFRS 9 - net of deferred tax	-	-	-	-	-	-	-	-	-	-
Restated Balance as at January 1, 2024	**1,498,372**	**1,000,000**	**983,436**	**389,585**	**-**	**(255)**	**-**	**-**	**(1,900,090)**	**1,971,049**
Profit / (Loss) after taxation (March 31, 2024)	-	-	-	-	-	-	-	-	244,783	244,783
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	48,956.60	-	-	-	-	-	(48,957)	-
Transfer to depositors' protection fund	-	-	-	12,239.15	-	-	-	-	(12,239)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Other appropriations (to be specified)	-	-	-	1,266	-		-	-	-	1,266
Transactions with owners, recorded directly in equity										-
Dividend (separate line for each dividend)	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Discount on issue of shares written off against share premium account.	-	-	-	-	-	-	-	-	-	-
Advance against future issue of right shares		-								-
Closing balance (March 31, 2024)	**1,498,372**	**1,000,000**	**1,032,393**	**403,091**	**-**	**(255)**	**-**	**-**	**(1,716,503)**	**2,217,098**

President/Chief Executive   Chief Financial Officer   Director   Director   Director

NRSP MFBL FINANCIAL STATEMENTS
NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31,2024

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

The Bank was established to mobilize funds for providing microfinance banking and related services to low income and underserved segment of society

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 133 (2023: 133) as at the year end including 37 (2023: 37) Islamic branches.

National Rural Support Programme (NRSP) is holding company of the Bank which holds 57.40% (2023: 57.40%) shares of the Bank.

1.1 Capital Adequecy Ratio (CAR)

The Bank is required to maintain the Capital Adequacy Ratio of at least 15% of its risk weighted assets, however, its CAR stood at negative 6.02% as at

To address the shortfall, the parent company has placed a share deposit money of 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 2,000 million for foreseeable future so that regulatory CAR threshold is maintained and the Bank achieves growth and profitability. Furthermore, shareholders of the Bank have provided their in principle approval for issuance of right shares amounting to Rs. 3,500 million and authorised the Board to undertake necessary action for such right issue in due course. The Parent Company has also confirmed its commitment for equity injection and unconditional financial support to the Bank. The management believes that in view of above measures, financial health of the Bank shall be improved and accordingly the Bank will be able to comply with requirement for maintenance of minimum regulatory CAR threshold.

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the requirements of Banking Policy & Regulations Department (BPRD) of State Bank of Pakistan (SBP) via circular no. 3 of 2023 dated February 09, 2023.

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounitng Standards (IFAS) issued by the Institiute of the Chartered Accountants of Pakistan as notified under the Companies Act, 2017;

- Provisions of and directives issued under The Microfinance Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and

- directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP)

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

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 via circular no. 3 of 2022 dated 05 July 2022, decided to extend the implementation of IFRS 9 from January 01, 2024 for Microfinance Banks (MFBs). . Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the MFB for the year ended December 31, 2023.

3.1 Amendments to approved accounting standards that are effective in the current period

The following amendments are effective for the year ended December 31, 2023. These amendments 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.

		from Accounting period beginning o
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	January 01, 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	January 01, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabil	January 01, 2023
IAS 12	Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two	January 01, 2023

3.2 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments 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

Standard and IFRIC		**Effective date (annual periods**
IFRS 16	Leases' -Clarification on how seller-lessee subsequently measures sale and lea	January 01, 2024
IAS 1	Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
IAS 7	Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Su	January 01, 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS -17	Insurance Contracts (including the June 2020 and December 2021	January 01, 2026

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:

		Effective date
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2024

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 financial

SBP vide its BPRD Circular No. 04 of 2019 dated October 23, 2019 had directed banks in Pakistan to implement IFRS 9 with effect from January 01, 2021. Though keeping in view of COVID-19 impact and banking industry representations, SBP vide its BPRD Circular No. 03 dated July 05, 2022 has deferred the implementation of IFRS 9 from January 01, 2022 to January 01, 2024 for Microfinance Banks. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general

Accordingly the requirements of these standards have not been considered in preparation of these financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023

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

4.1 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments/ estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/ estimates and associated assumptions are based on historical experience and various other factors that are believed to be

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

a) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- The Bank's criteria for assessing if there has been a significant increase in credit risk.
- Determination of associations between macroeconomic scenarios and, economic inputs. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

b) Operating fixed assets/ intangible assets

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

c) Fair value of derivative financial instruments

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

d) Employees' benefits

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

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

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

f) Provisions and contingencies

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

g) Taxation

Current Tax

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

Deffered tax

The Bank records deferred tax assets / liabilities using the tax rates, enacted or substantively enacted by the reporting date expected to be applicable at the time of its reversal. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the

4.2 MATERIAL ACCOUNTING POLICY INFORMATION

During the year, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2024. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies

4.2.1 Financial instruments - initial recognition

a) Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market

b) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value ,except in the case of financial assets and financial liabilities recorded at FVPL, transaction

c) Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
• Amortized cost
• Fair value though Other comprehensive income (FVOCI), and
• Fair value through profit and loss (FVTPL)

d) Financial assets and liabilities

Due from banks, Loans and advances to customers and investments

The Bank measures Due from banks, Loans and advances to customers and Investments at amortized cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'best case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and

In contrast, contractual terms that introduce a more than de Minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such

e) Debt instruments at FVOCI

The Bank applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:
• The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
• The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise assets that had previously been classified as financial investments available. for-sale. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds more than

f) Equity instruments at FVOCI

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which

g) Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

4.2.2 Derecognition of financial assets and liabilities

a) Derecognition for substantial modification of Financial assets

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already

For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is

b) Derecognition other than for substantial modification Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

c) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the

d) Reclassification of financial assets and liabilities

From January 01, 2022 the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Bank did not reclassify any of its

4.2.3 Impairment of financial assets

a) Overview of the ECL principles

IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing incurred loss approach with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLS that represent the ECLS that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLS and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1	When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the
Stage 3	Loans considered credit-impaired. The bank records an allowance for the LTECLs.

b) The calculation of ECLS

The Bank calculates ECLS based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the
LGD	The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive,
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract

When estimating the ECLS, the Bank considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. Impairment losses and releases

The mechanics of the ECL method are summarized below:

Stage 1	The 12mECL is calculated as the portion of LTECLS that represent the ECLS that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLS. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and
Stage 3	For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

c) Debt instruments measured at fair value through OCI

The ECLS for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the

d) Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:
• GDP Growth
• Consumer price indices
• Unemployment rates
• policy rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material

e) ECL on government guaranteed credit exposure

ECL on credit exposure (in local currency) that have been guaranteed by the Government of Pakistan and Government Securities, has not been estimated due to exemption available under IFRS instructions issued by SBP through circular no. 3 of 2022 dated July 05, 2022.

f) Two track approach for stage 3 loans

As per instructions issued by SBP, the bank used two track approach for ECL assessment on stage 3 loans. As per this approach the bank calculated provision /ECL both under Prudential Regulations (PRS) issued by SBP for microfinance banks and IFRS 9 and higher amount has been taken and final ECL.

4.2.4 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.

4.2.5 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

4.2.6 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 equipment 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

Depreciation is charged on the straight line at rates specified in 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.

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

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

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 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-

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.

4.2.7 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

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

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,

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

4.2.8 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

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 recognized in the balance sheet to reflect the full value of plan deficit or surplus.

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 (2023: 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, 2023 by an independent actuary

b) Defined Contribition plan

The Bank operates an approved defined contribution provident fund for all permanent employees. Equal monthly contributions at the rate of 10%

4.2.9 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

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

4.2.10 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

4.2.11 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

4.2.12 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

Classification	DPD Criteria			
Days passed due based classification (DPD)	General loans	Housing loans	Enterprise loans	Enterprise loans (Property colletral)
OAEM	30-59	90-179	90-179	90-179
Substandard	60-89	180-364	180-364	180-364
Doubtful	90-179	365-729	365-544	365-544
Loss	180-209	730-1944	545-1214	545-1944
Write Off	=>210	=>1945	=>1215	=>1945
Suspension Percentage				
OAEM	0%	0%	100%	100%
Substandard	100%	100%	100%	100%
Doubtful	100%	100%	100%	100%
Loss	100%	100%	100%	100%
Write Off	100%	100%	100%	100%

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.

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.

4.2.13 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

4.2.14 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

4.2.15 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

4.2.16 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

4.2.17 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

4.3 Transition Disclosures

4.3.1 The following paras set outt he impact of adopting IFRS9 on the statement of financial position,and retainedearnings including the effect ofre placing prior accounting policy of incurred credit loss calculations with IFRS9's Expected Credit Loss(ECLs). A reconciliation between the carrying amounts under prior accounting policy to the balances reported under IFRS9 as of 31 December 2023 is, as follows:

Description	Note	Old financial reporting framework		eclassificati	measureme	Current IFRS-9 reporting framework	
		Category	Amount			Amount	Amount
			----------------------- Rupees"000"			-----------------------------	
Financial Assets							
Cash and balanc	6	Cash and balances with SBP and NBP (amortized cost)	2,419,392	11,513	-	2,430,905	Amortized cost
Balances with otl	7	Balances with other Banks/ NBFIs /MFBs (Amortized Cost)	5,164,273	194,370	(57)	5,358,586	Amortized cost
Lending to financ	8	Lending to financial institutions (Amortized Cost)	1,020,000	2,414	-	1,022,414	Amortized cost
Investments in D	9	Held-to-Maturity	2,658,906	-	-	2,658,906	Amortized Cost
		Available for Sale	2,946,912	0	-	2,946,912	Fair Value through OCI
Advances	10	Advances (Amortized Cost)	31,886,462	2,645,867	(108,042)	34,424,287	Amortized cost
Other assets	15	Income / markup accrued (amortized cost)	3,762,063	(2,854,164)	(14)	907,885	Amortized cost
Non-financial assets							
Deferred tax ass	14	Deferred tax asset	3,459,593	-	17,297	3,476,890	Deferred tax asset
Financial Liabilities							
Borrowings	18	Borrowings (Amortized cost)	(4,651,094)	(221,834)	-	(4,872,928)	Amortized cost
Deposits and oth	19	Deposits and other accounts (Amortized cost)	(39,569,766)	(1,488,095)	-	(41,057,861)	Amortized cost
Subordinated del	21	Subordinated-Debt (Amortized cost)	(1,442,360)	(795,244)	-	(2,237,604)	Amortized cost
Other liabilities	24	Other liabilities (Amortized Cost)	(6,910,307)	2,505,173	18,384	(4,386,750)	Amortized cost
Total Impact of adopting IFRS 9			**744,074**	**-**	**(72,432)**	**671,642**	

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

		Audited
	31-Mar-24	31-Dec-23
	Rupees in '000	

6 CASH AND BALANCES WITH TREASURY BANKS

	31-Mar-24	31-Dec-23
In hand - Local currency	865,906	753,490
With State Bank of Pakistan in		
Local currency current account	1,272,626	1,009,357
Local currency deposit account (to be specified)	-	-
	1,272,626	1,009,357
With National Bank of Pakistan in		
Local currency current account	37,718	16,485
Local currency deposit account (to be specified)	568,985	640,060
	606,703	656,545
Accrued Markup	14,445	11,513
Less: Credit loss allowance	-	-
Total	**2,759,680**	**2,430,905**

7 BALANCES WITH OTHER MFBs / BANKs / NBFIs

	31-Mar-24	Audited 31-Dec-23
	Rupees in '000	
- In current account	39,162	89,970
- In deposit account	2,327,790	2,751,804
- In Fixed accounts	2,022,500	2,322,500
	4,389,452	5,164,274
Accrued Markup	238,019	194,369
Less: Credit loss allowance	(57)	(57)
	4,627,414	**5,358,586**

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	-	1,020,000
Reverse repo agreements	-	-
Income / mark-up accrued on Lending to FIs	-	2,414
	-	1,022,414
Less: Credit loss allowance	-	-
Lendings to Financial Institutions - net of credit loss allowance	**-**	**1,022,414**

9 INVESTMENTS

9.1 Investments by type:

	31-Mar-24				Audited 31-Dec-23			
	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value	Fair Value / Amortised cost	Credit Loss Allowance	Surplus / (Deficit)	Carrying Value
	Rupees in '000							
Classified as Amortised Cost								
Federal Government securities	2,687,565	-		2,687,565	2,658,906	-	-	2,658,906
Provincial Government securities	-	-	-	-	-	-	-	-
Non Government debt securities	-	-	-	-	-	-	-	-
Others (to be specified)	-	-	-	-	-	-	-	-
	2,687,565	-	-	2,687,565	2,658,906	-	-	2,658,906
Classified as FVOCI								
Federal Government securities	3,184,506	-	(381)	3,184,125	2,947,292	-	(381)	2,946,911
Provincial Government securities	-	-	-	-	-	-	-	-
Non Government debt securities	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-
Others (to be specified)	-	-	-	-	-	-	-	-
	3,184,506	-	(381)	3,184,125	2,947,292	-	(381)	2,946,911
Classified as FVPL								
Federal Government securities	-	-	-	-	-	-	-	-
Provincial Government securities	-	-	-	-	-	-	-	-
Non Government Debt securities	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-
Others (to be specified)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Total investments	**5,872,071**	**-**	**(381)**	**5,871,690**	**5,606,198**	**-**	**(381)**	**5,605,817**

10 ADVANCES

Loan Type	Performing				Non Performing		Total	
	Stage 1		Stage 2		Stage 3			
	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23	31-Mar-24	31-Dec-23
					Rupees in '000			
Micro Credits								
Secured	11,585,656	11,312,999	471,054	258,490	201,322	81,584	12,258,032	11,653,073
Unsecured	8,164,577	9,468,598	817,809	103,272	294,502	467,951	9,276,888	10,039,821
Islamic financing	11,615,356	11,357,068	106,065	105,669	403,455	324,514	12,124,876	11,787,251
Income/Markup Accrued	3,013,683	2,631,859	12,990	11,296	27,324	2,713	3,053,997	2,645,868
Advances - gross	**34,379,272**	**34,770,524**	**1,407,918**	**478,727**	**926,603**	**876,762**	**36,713,793**	**36,126,013**
Additional General Provision							(592,067)	(784,587)
Credit loss allowance against advances								
- Stage 1	(290,344)	(282,648)	-	-	-	-	(290,344)	(282,648)
- Stage 2	-	-	(226,241)	(37,135)	-	-	(226,241)	(37,135)
- Stage 3	-	-	-	-	(396,634)	(597,356)	(396,634)	(597,356)
	(290,344)	(282,648)	(226,241)	(37,135)	(396,634)	(597,356)	(913,219)	(917,139)
Advances - net of credit loss allowance	**34,088,928**	**34,487,876**	**1,181,677**	**441,592**	**529,969**	**279,406**	**35,208,507**	**34,424,287**

10.1 Advances - Particlurs of credit loss allowance

10.1.1 Advances - Exposure

	Note	31-Mar-24			31-Dec-23		
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
		Rupees in '000			Rupees in '000		
Gross carrying amount		34,770,830	478,480	876,703	30,521,410	168,131	3,973,375
New advances		6,494,713	-	-	28,937,135	396,224	120,689
Advances derecognised or repaid		(4,958,349)	(284,980)	(228,500)	(22,353,088)	(89,805)	(593,155)
Transfer to stage 1		273,060	(236,380)	(36,680)	22,987	(17,244)	(5,743)
Transfer to stage 2		(1,577,153)	1,588,929	(11,776)	(85,608)	86,641	(1,033)
Transfer to stage 3		(561,715)	(136,714)	698,429	(647,897)	(31,677)	679,574
		(329,444)	930,855	421,473	5,873,529	344,139	200,332
Amounts written off / charged off	10.2	(21,800)	(14,407)	(398,897)	(1,624,109)	(33,790)	(3,297,004)
Changes (to be specific)		-	-	-	-	-	-
Closing balance		**34,379,272**	**1,407,918**	**926,603**	**34,770,830**	**478,480**	**876,703**

10.2 Particulars of write offs / charge offs:

	31-Mar-24	31-Dec-23
	Rupees in '000	
Against credit loss allowance	435,104	4,954,903
Directly charged to profit & loss account	-	1,599
	435,104	4,956,502
	435,104	4,956,502

10.2.1 Movement in impairment allowance for credit losses is as follows:

Balance at beginning of the year	1,701,727	4,357,778
Impact of Re-measurement due to adoption of IFRS 9		108,043
Charge/(Reversal) for the period	238,663	2,190,809
Reversals		-
Advances written off	(435,104)	(4,954,903)
Balance at end of the year	1,505,286	1,701,727

			Audited
		31-Mar-24	**31-Dec-23**
11 PROPERTY AND EQUIPMENT		**Rupees in '000**	
Capital work-in-progress	*11.1*	40,746	32,397
Property and equipment		538,084	558,231
		578,830	590,628

11.1 Capital work-in-progress

Civil works	18,487	10,138
Equipment	-	-
Advances to suppliers	-	-
Implementation of Oracle Softwares	22,259	22,259
	40,746	32,397

11.1.1 The Note 11.2 and 11.3 would be disclosed only, if there is / are significant addition(s) and disposal(s) of property and equipment during the quarter

	31-Mar-24	**31-Mar-23**
11.2 Additions to property and equipment	**Rupees in '000**	

The following additions have been made to property and equipment during the period:

Capital work-in-progress	(8,349)	20,856
Property and equipment		
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	2,762	174
Electrical office and computer equipment	4,721	13,585
Vehicles	192	532
Others		-
	7,675	14,291
Total	**(674)**	**35,147**

			31-Mar-24	31-Mar-23
11.3	**Disposal of property and equipment**		**Rupees in '000**	

The net book value of property and equipment disposed off during the period is as follows:

	31-Mar-24	31-Mar-23
Freehold land	-	-
Leasehold land	-	-
Buidling on freehold land	-	-
Buidling on leasehold land	-	-
Furniture and fixture	(9,794)	-
Electrical office and computer equipment	(1,432)	(2,136)
Vehicles	(2,331)	-
Others	-	-
Total	**(13,557)**	**(2,136)**

12 RIGHT-OF-USE ASSETS

	31-Mar-24			31-Dec-23		
	Buidlings	Others (to be specified)	Total	Buidlings	Others (to be specified)	Total
	Rupees'000			Rupees'000		
At January 1, 2024						
Cost	1,375,148	-	1,375,148	1,195,827	-	1,195,827
Accumulated Depreciation	(681,345)	-	(681,345)	(549,386)	-	(549,386)
Net Carrying amount at January 1, 2024	693,803	-	693,803	646,441	-	646,441
Additions during the year	110,852	-	110,852	255,094	-	255,094
Deletions during the year	(8,677)	-	(8,677)	(75,773)	-	(75,773)
Depreciation Charge for the year	(34,320)	-	(34,320)	(131,959)	-	(131,959)
Net Carrying amount at March 31, 2024	761,658	-	761,658	693,803	-	693,803

13 INTANGIBLE ASSETS

	31-Mar-24	Audited 31-Dec-23
	Rupees in '000	
Computer software	13,267	15,265
Others (to be specified)	-	-
	13,267	15,265

13.1 Additions to intangible assets

The following additions have been made to intangible assets during the period:

	31-Mar-24	31-Mar-23
	Rupees in '000	
Developed internally	-	-
Directly purchased	1,556	-
Through business combinations	-	-
Total	1,556	-

			Audited
		31-Mar-24	31-Dec-23
14	**DEFERRED TAX ASSETS**	**Rupees in '000**	
	Deductible temporary differences on		
	- Tax losses carried forward	2,508,241	2,502,170
	- Post retirement employee benefits	64,214	66,577
	- Deficit on revaluation of investments	84	126
	- Accelerated tax depreciation	21,709	20,085
	- Amortization on intangible assets	1,599	1,659
	- Credit loss allowance against advances, off balance sheet etc.	496,744	561,570
	- Lease liability	335,229	312,205
	- ACT- TY-2025	58,058	-
	- ACT- TY-2024	159,015	140,636
	- Minimum tax-TY-2022	90,317	90,317
	- Minimum tax-TY-2023	54,274	54,274
	- Grants	(290)	95
	- Others (to be specified if material)	-	-
		3,789,194	3,749,714
	Taxable temporary differences on		
	- Surplus on revaluation of property and equipment	-	-
	- Surplus on revaluation of investments	-	-
	- Accelerated tax depreciation	(251,644)	(229,282)
	- Un-realised mark-up on Government Securities	(66,318)	(14,993)
	- Receivable from Employees' gratuity fund	(37,330)	(28,549)
	- Others (to be specified if material)	-	-
		(355,292)	(272,824)
		3,433,902	3,476,890

			Audited
		31-Mar-24	31-Dec-23
15	**OTHER ASSETS**	**Rupees in '000**	
	Income / Mark-up accrued in local currency - net of credit loss allowance	-	-
	Income / Mark-up accrued in foreign currency - net of credit loss allowance	-	-
	Advances, deposits, advance rent and other prepayments	70,360	83,965
	Advance taxation	80,247	76,534
	Less : Provisions held against Advance Tax	(12,979)	(12,979)
	Branch adjustment account	84,439	(511)
	Mark to market gain on forward foreign exchange contracts	-	-
	Insurance claims receivables	246,227	255,181
	Crop and livestock insurance claims	259,514	272,016
	Receivable from Employees' Gratuity Fund	113,121	86,512
	Staff Advances	71,811	68,991
	Others (to be specified, if material)	136,355	78,185
		1,049,095	907,894
	Less: Credit loss allowance held against other assets	9	9
	Other assets - net of credit loss allowance	1,049,086	907,885
	satisfaction of claims	-	-
	Other assets - Total	1,049,086	907,885

			Audited
		31-Mar-24	31-Dec-23
		Rupees in '000	
17	**BILLS PAYABLE**		
	In Pakistan	109,296	90,401
	Outside Pakistan	-	-
		109,296	90,401

				Audited
			31-Mar-24	31-Dec-23
18	**BORROWINGS**		Rupees in '000	
	Secured			
	Borrowings from Banks / Financial Institutions in Pakistan			
	National Bank of Pakistan (Running Finance-2,000M)	*18.1*	1,599,999	2,000,000
	Borrowing from BOP (Term Finance)	*18.2*	100,000	100,000
	Borrowing from Pakistan Mortgage Refinance Company Limited (Term Finance)	*18.3*	125,664	126,122
	National Bank of Pakistan (Running Finance-2,500M)	*18.4*	2,402,480	2,424,972
	Total secured		4,228,143	4,651,094
	Mark-up / return / interest payable on above Borrowings		317,078	221,834
	Unsecured			
	Call borrowings		-	-
	Overdrawn nostro accounts		-	-
	Others (to be specified)		-	-
	Total unsecured		-	-
			4,545,221	4,872,928

18.1 The Bank entered into running finance facility agreement amounting to Rs 2,000 million with National Bank of Pakistan to participate in Government's scheme of PMYB&ALS. 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 un-utilized amount of financing. The term of the loan is 1 year commencing from December 18, 2023. As at the period end, the facility has been availed upto Rs 1,599 million (2023: 2,000 million).

18.2 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% margi

18.3 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 at 6.50% and for next five years at 8.50%.

This loan is secured through a first pari passu charge on the present and future current assets of the Bank with 25% margin.

18.4 The Bank entered into running finance facility agreement amounting to Rs 2,424 million with National Bank of Pakistan to participate in Government's scheme of Prime Minister Youth Programme for financing under Youth Programme. The principal amount is repayable at the end of the term and carries mark-up at the rate of Three month KIBOR + 0.5% per annum payable on quarterly basis. The term of the loan is from March 29, 2023 to December 31, 2023. As at the period end, the facility has been fully availed (2023: 2,424 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. The charge is on 50% facility amount and 50% is secured through Government of Pakistan.

19 DEPOSITS AND OTHER ACCOUNTS

	31-Mar-24	Audited 31-Dec-23
	Rupees in '000	
Individual Customers		
Current deposits	5,452,729	4,962,426
Savings deposits	5,677,698	5,067,196
Term deposits	8,325,637	9,330,680
Others	131,140	17,941
Mark-up / return / interest payable on Deposits	1,758,496	1,488,096
	21,345,700	20,866,339
Financial Institutions		
Current deposits	57	972
Savings deposits	44,940	2,416,300
Term deposits	1,983,300	1,497,741
Others	-	-
	2,028,297	3,915,013
Corporation / firms etc.		
Current deposits	2,003,910	2,307,904
Savings deposits	4,161,322	4,160,936
Term deposits	11,271,954	9,807,669
Others	-	-
	17,437,186	16,276,509
	40,811,183	41,057,861

20 LEASE LIABILITIES

	31-Mar	Audited 31-Dec
	Rupees in '000	
At beginning of period / year	946,075	876,615
Additions during the period / year	87,863	148,586
Interest expense	35,340	127,155
Payment	(53,433)	(206,281)
Closing balance	1,015,845	946,075

21 SUBORDINATED DEBT

KfW - Germany	21.1	672,360	672,360
TFCs Subordinated Debt	21.2	770,000	770,000
Mark-up / return / interest payable on Subordinated Debt		835,361	795,244
		2,277,721	2,237,604

21.1 The Bank entered into a loan agreement with KfW - Germany, 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 which is now extended till June 30, 2025. All foreign currency risks in connection with the transaction rest with the KfW.

21.2 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 exercisable after obtaining written approval of SBP at any point on or after a period of 5 years from the issue date. The issue has Lock in and Lock absorbency clause.

			Audited
		31-Mar-24	31-Dec-23
22 DEFERRED GRANT		Rupees in '000	
Opening balance		288	3,634
Grant Received during the year			
SBP		-	85
KfW	22.2	634	11,519
Grant recognised as income during the year		(1,801)	(14,949)
Closing balance		(879)	288

22.1 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.

22.2 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.

			Audited
23 OTHER LIABILITIES		31-Mar-24	31-Dec-23
Mark-up / Return / Interest payable in local currency		-	-
Mark-up / Return / Interest payable in foreign currency		-	-
Unearned commission and income on bills discounted		-	-
Accrued expenses		143,106	155,246
Advance payments		-	-
Current taxation		38,805	49,701
Acceptances		-	-
Unclaimed dividends		-	-
Dividends payable		-	-
Mark to market loss on forward foreign exchange contracts		-	-
Branch adjustment account		-	-
Unremitted head office expenses		-	-
Payable to defined benefit plan		194,588	201,747
Payable to defined contribution plan		8,684	496
Charity fund balance		8	24
Credit loss allowance against off-balance sheet obligations	*23.1*	-	-
Security deposits against lease		379,300	428,870
Unearned / deferred income on Islamic financing		1,853,420	1,843,266
Unearned / Deferred income on LPF ATM and SMS services		258,223	265,034
Payable to the parent company		269,219	219,031
Withholding tax payable		86,115	78,886
Others (to be specified, if material)		97,207	107,973
		3,328,675	3,350,274

		31-Mar-24	Audited 31-Dec-23
		Rupees in '000	
24	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS**		
Surplus / (deficit) on revaluation of			
- FVOCI - debt	9.1	(255)	(255)
- FVOCI - equity		-	-
- Property and equipment		-	-
- Non-banking assets acquired in satisfaction of claims		-	-
		(255)	(255)
Deferred tax on surplus / (deficit) on revaluation of:			
- FVOCI - debt		-	-
- FVOCI - equity		-	-
- Property and equipment		-	-
- Non-banking assets acquired in satisfaction of claims		-	-
		-	-
		(255)	(255)

			31-Mar-24	Audited 31-Dec-23
			Rupees in '000	
25	**CONTINGENCIES AND COMMITMENTS**			
	-Guarantees (including acceptances, endorsements And other obligations)	25.1	-	-

25.1 -Other contingent liabilities

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. while deciding the appeal filed by NRSP Bank the CIR (A) decided certain issues in favour of NRSP Bank whereas certain issues were remanded back with directions to officer. The ADCIR while finalizing the remand back proceedings disallowed provision against non- performing loans and advances of Rs. 19.42 million being the difference of the charge for the year towards provision against non- performing loans and actual write off against the aforesaid provision. Further, he also disallowed the refund adjustment claim of 34.30 million from previous years against demand of TY 2016 without assigning any reason thereof, resultantly aggregate tax demand of Rs. 41.10 million was raised.
The hearing of appeal have been concluded and the CIR(A) has upheld the disallowance of the provision against non-performing loans advances of Rs. 19.42 million and with respect to refund adjustment aggregating Rs. 34.30 million the CIR(A) has directed the assessing officer to ascertain the amount of refundable after making proper verifications and adjusting the same. Later on, the ADCIR issued notice for further amendment of assessment for the TY2016 on account of adjustment of tax refunds by NRSP Bank against tax demand and charged default surcharge of Rs. 22.39 million. As a result of final amendment, the aggregate tax demand of Rs. 63.49 million was raised. The NRSP Bank filed appeal before CIR(A) against the order of the ADCIR. The appeal filed on further amendment is pending adjudication with CIR(A).

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 has deleted the penalty of 86.4 and raised demand of Rs. 86.4million. The Bank has filed an appeal before ATIR against the order of Commissioner Appeal which is pending till date

iv) The Inland Revenue authorities have concluded the tax audit proceedings initiated under section 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 & conferences, markup, provision against non-performing loans and actuarial loss on employee's retirement benefit were partially disallowed thereby raising tax demand of Rs. 8.55million. 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 an 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 raising 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 ATIR has directed the CIR(A) to reconsider the matter after providing proper opportunity to the NRSP Bank. The hearing of appeal has been concluded and the decision of CIR(A) is awaited.

vi) Sindh Sales Tax Authorities issued show- cause Notice whereby it was observed that NRSP Bank had not discharge its due sales tax liability of Rs. 17.67 million in the province of Sindh during the tax period January 2015 to December 2015. Against the Notice comprehensive response was filed. The Notice culminated into passing the OIO dated 04 August 2023 through which Sindh sales tax demand of Rs 0.47 million along with penalty of Rs 0.02 million was raised. NRSP Bank has challenged the OIO before the Commissioner Appeal Sind Revenue Board ["CA(SRB)"], hearing of the appeal has been concluded however the appellate order is awaited.

vii) 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.

viii) The Inland Revenue authorities issued show cause notice under section 161/205 of the Ordinance for the Tax Year 2017 in order to verify the withholding compliance. Requisite information was provided. The ACIR has raised demand of Rs. 4.96 million on account of short deduction of tax along with the surcharge of Rs. 3.6million. Major heads on which short deduction of tax was detected are rent charges; salary & wages; printing & stationary; fixed assets; and mark-up on deposit; communication; meeting & conference etc. The NRSP Bank has filed appeal against the decision of CIR. The CIR(A) has remanded back the case to CIR with direction to issue fresh order after affording proper opportunity of being heard to the NRSP Bank.

ix) Assessment of NRSP Bank for TY-2022 was amended by the ADCIR whereby net demand of Rs. 362.7 million was raised. Major issues under amendment proceeding is disallowance of provision for non-performing loan/advances. Being aggrieved with the order of ADCIR, NRSP Bank has filed an appeal with CIR(A) which is pending adjudication to date.

x) The Inland Revenue authorities issued show cause notice under section 161/205 of the Ordinance for the Tax Year 2016 in order to verify the withholding compliance. Requisite information was provided. The ACIR has raised demand of Rs. 45.62 million on account of short deduction of tax. Major heads on which short deduction of tax was detected are vehicle running and maintenance; rent charges; fixed assets; and mark-up on deposit. The NRSP Bank filed rectification application to allow tax credit on mark up on deposit and rent which was earlier not considered by the ACIR while computing the tax demand, the rectification application of the NRSP Bank is partially accepted and total demand under this order was rectified to Rs. 14.09 million. NRSP Bank filed appeal before CIR (A) which has been decided against NRSP Bank. NRSP Bank has filed appeal before the ATI R against order of the CIR(A). The ATIR after hearing of the appeal has vacated the order of ACIR and CIR(A) and remanded the case to the taxation officer for denovo proceedings after fulfilling all the legal requirements of the law for the year under appeal. Remand back proceedings has been finalized and order o Rs. 9.0m along with the surcharge of 7 million has been ordered by CIR. Being aggrieved, the Bank has filed appeal to CIR (A) against the decision of CIR

xi) Tax authorities of the Punjab Revenue Authority (PRA) have passed the Order in Original No. ENF-IV, UNIT13/22/2023 dated Nov 13, 2023 whereby demand for Punjab Sales Tax amounting to Rs 697.5 million and penalty of Rs 34.87 million have been raised for alleged short payment of Sales tax and Sales tax withholding for the year 2019, 2020, 2021 and 2022. The Bank has preferred appeal against the order along with stay application before the Commissioner (Appeals) PRA which has annulled the order the remanded back the case to Commissioner. The Bank has also got the stay from Honorable Lahore High Court. The Bank has also paid Rs. 30million against order in order to avoid recovery from authority.

		31-Mar-24	31-Mar-23
		Rupees in '000	

26 MARK-UP / RETURN / INTEREST EARNED

Loans and advances		1,725,482	1,179,028
Mark-up Discount	26.1	(20,017)	(68,903)
Investment		14,699	11,273
Lendings to financial institutions		24,684	-
Balances with other MFBs / banks / NBFIs		230,439	97,826
Markup / Return on Islamic Finaning		657,899	442,429
Income From Government Subsidy Scheme	26.2	47,557	24,132
		2,680,743	1,685,785

26.1 The Bank, during the last 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.

26.2 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 and Prime Minister Program of the Federal Government of Pakistan.

27 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	1,286,913	851,469
Islamic deposits	265,551	112,193
Borrowings	98,030	137,945
Subordinated debt	89,297	72,441
Lease liabilities	35,340	27,904
Others	2,693	-
	1,777,824	1,201,952

28 FEE & COMMISSION INCOME

Loan processing fees	39,738	135,939
Branchless banking Income	-	-
Branch banking customer fees	22,964	8,490
Card related fees	6,034	3,919
Commission income	3,860	4,715
	72,596	153,063

29 GAIN / (LOSS) ON SECURITIES

Realised	29.1	57,852	16,724
Unrealised	9.1	200,964	65,661
		258,816	82,385

29.1 Realised gain on:

Federal Government securities	57,852	16,724
	57,852	16,724

31 NET GAIN / LOSS ON FINANCIAL ASSETS / LIABILITIES MEASURED AT AMORTISED COST

Gain on derecognition of financial assets measured at amortised cost	6,142	10,945
loss on derecognition of financial assets measured at amortised cost	-	-
	6,142	10,945

32 OTHER INCOME

	31-Mar-24	31-Mar-23
	Rupees in '000	
Gain on sale of property and equipment - net	(3,062)	(130)
Grant income	1,801	867
Others* (to be specified)	6,426	13,902
	5,165	14,639

33 OPERATING EXPENSES

	31-Mar-24	31-Mar-23
	Rupees in '000	
Total compensation expense	519,883	502,220
Directors' fees and allowances	-	504
Rent, taxes, insurance, electricity, etc.	81,625	65,803
Legal and professional charges	9,463	50,416
Communications	24,901	27,427
Repairs and maintenance	5,086	6,014
Stationery and printing	12,234	12,781
Training & development	2,604	723
Travelling & conveyance	48,251	49,904
Advertisement and publicity	946	238
Donations	-	-
Charity	-	-
Auditors' remuneration	82	-
Depreciation	24,000	30,619
Amortization	3,553	9,184
Amortization (IFRS-16)	34,320	31,175
IT Related Expense	24,530	22,072
Others (to be specified, if material)	16,368	14,856
	807,846	823,936

34 OTHER CHARGES

	31-Mar-24	31-Mar-23
	Rupees in '000	
Penalties imposed by State Bank of Pakistan	402	-
Penalties imposed by other regulatory bodies (to be specified)	-	-
Others (to be specified, if material)	-	-
	402	-

35 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

	Note	31-Mar-24	31-Mar-23
		Rupees	
Credit loss allowance against loans & advances	10.1	238,664	447,099
Credit loss allowance against off balance sheet obligations		-	-
Credit loss allowance against Bank Balances		-	-
Credit loss allowance against Staff Advances		-	
Credit loss allowance against lending to financial institutions		-	
Bad debts written off directly		-	8,657
Recovery of written off / charged off bad debts		(151,095)	(233,345)
		87,569	222,411

36 TAXATION

	31-Mar-24	31-Mar-23
Current	62,049	-
Prior periods	-	-
Deferred	42,989	-
	105,038	-

37 BASIC EARNINGS/ (LOSS) PER SHARE

	31-Mar-24	31-Mar-23
Profit for the period	244,783	(301,482)
Weighted average number of ordinary shares	149,837,201	149,837,201
Basic earnings per share	1.63	(2.01)